ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

England & Wales · Charity number 288462

Details

Other names	ST MICHAEL'S HOSPICE (HASTINGS) LIMITED, ST MICHAEL'S HOSPICE HASTINGS, ST MICHAEL'S HOSPICE
Status	Registered
Legal form	Charitable company
Company number	01776496
Registered	1984-01-20
Register	View on the Charity Commission register

Contact

Address	St. Michaels Hospice 25 Upper Maze Hill St. Leonards-On-Sea TN38 0LB
Phone	01424445177
Email	info@stmichaelshospice.com
Website	www.stmichaelshospice.com

Activities

Objects: TO PROMOTE THE RELIEF OF SICKNESS IN SUCH WAYS AS THE TRUSTEES SHALL FROM TIME TO TIME THINK FIT AND, IN PARTICULAR (BUT WITHOUT PREJUDICE TO THE GENERALITY OF THE FOREGOING), TO PROVIDE SERVICES SO AS TO SUPPORT THE PHYSICAL, PSYCHOLOGICAL, SOCIAL AND SPIRITUAL NEEDS OF THOSE AFFECTED BY LIFELIMITING ILLNESSES.

Activities: Providing healthcare for people with life-limiting disease in Hastings and Rother Districts.

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Classification

- **How:** Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information
- **What:** The Advancement Of Health Or Saving Of Lives, Disability
- **Who:** Elderly/old People, People With Disabilities

Geography

- East Sussex

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£8,029,606	£9,228,390	£14,712,440	196
2024-03-31	£8,255,527	£8,070,361	£15,638,597	175
2023-03-31	£7,544,141	£7,494,197	£15,351,468	175
2022-03-31	£6,836,726	£6,953,700	£15,637,074	183
2021-03-31	£6,697,558	£6,542,393	£15,763,665	193

Trustees

Name	Role	Appointed
Alexander Gillison Rodger		2026-04-01
Anthony Martyn Boardman		2019-03-29
David Maurice Rogers		2024-08-27
David Michael Walker		2024-10-31
Ian Colin Menzies Mr		2021-09-24
Ian Michael Crick		2024-04-01
Kerry Elisabeth Gentleman		2019-03-29
Samantha-Jane Downie		2026-04-01
Simon Andrew Davis		2021-09-24

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ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

England & Wales - Charity number 288462

Accounts

Company Registration No. 01776496 (England and Wales)
Registered Charity No. 288462

St Michael's Hospice Hastings and Rother

Report of the Trustees and consolidated financial statements for the year ended 31 March 2025

THURSDAY
AEHP3MK9
A04 18/12/2025 #92
COMPANIES HOUSE

St Michael's Hospice Hastings and Rother

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Company information

St Michael's Hospice Hastings and Rother, a registered charity and a company limited by guarantee, was established on 8 December 1983 and formally opened its service in April 1987. Its Articles of Association were last revised and agreed on 27 January 2012.

The Trustees of the charity (who are also Directors of the company) are drawn from the local community. The Chair will be recruited from the local community in the event that they are not elected by the Trustees from amongst those on the Board.

Board of Trustees	Anrew Watson (Chair)	(appointed on 27 August 2024)
	Tony Boardman	
	Ian Crick	(appointed on 01 April 2024)
	Simon Davis	
	Kerry Gentleman	(Vice Chair)
	Nigel Kirby-Green	
	Geoff Longmire	
	Ian Menzies	
	Susan Munroe	(resigned on 31 October 2024)
	David Rogers	(appointed on 27 August 2024)
	Magnus Spence	(resigned on 24 March 2025)
	Linda Stevens	(resigned on 31 May 2025)
	James Thomas	(resigned on 18 June 2024)
	David Walker	(appointed on 31 October 2024)
Company Secretary	Darren Mackenzie	
Chief Executive	Dr Karen Clarke	
Leadership Team	Darren Mackenzie	Finance and IT Director
	Dr David Barclay	Medical Director
	Perdita Chamberlain	Income Generation Director
	Evelyn Prodger	Clinical Services Director
	Caroline White	Organisational Development Director

Registered information

Registered charity name	St Michael's Hospice Hastings and Rother
Charity number	288462
Company registration number	01776496
Registered office	25 Upper Maze Hill St Leonards on Sea East Sussex TN38 0LB

Professional advisors

Auditors	Saffery LLP 71 Queen Victoria Street London EC4V 4BE
Bankers	Lloyds Bank Plc 17 Wellington Place Hastings East Sussex TN34 1NX
Solicitors	Gaby Hardwicke 34 Wellington Square Hastings East Sussex TN34 1PN
Investment advisors	Rathbone Investment Management 8 Finsbury Circus London EC2M 7AZ Brewin Dolphin 12 Smithfield Street London EC1A 9LA

The Trustees present their report and accounts for the year ended 31 March 2025 including the Strategic Report for the company.

These accounts comply with the charity's governing document, which states that the charity's objective is to promote the relief of sickness, the Companies Act 2006, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and with the Charities SORP (FRS 102).

St Michael's Hospice is regulated by the Care Quality Commission (CQC) which is the independent regulator of all health and social care services in England.

1. OBJECTIVES AND ACTIVITIES

1.1. Purpose of the charity as set out in the governing document

The charity was established to "promote the relief of sickness in such ways as the Trustees shall from time to time think fit and, in particular (but without prejudice to the generality of the foregoing), to provide services so as to support the physical, psychological, social and spiritual needs of those affected by life-limiting illnesses."

1.2. Main activities of the charity undertaken in relation to those purposes

St Michael's Hospice is dedicated to supporting adults (18+) living with serious, advanced illnesses, helping them live as fully and comfortably as possible. Its mission is to support and enable the community of Hastings and Rother to live well with dying, death and loss.

The Hospice adopts a collaborative, interdisciplinary approach, working closely with NHS services across primary, secondary, and tertiary care, as well as with adult social care, private providers, and voluntary organisations. This ensures seamless, integrated support for patients and families.

Key aims

- Provide specialist palliative and end-of-life care to the Hastings and Rother communities, regardless of diagnosis.
- Offer holistic support to families and carers, helping them remain resilient and independent.
- Ensure patients and families receive clear, compassionate communication, empowering them with knowledge and choices about their care.
- Respect and record patients' preferences for care and place of death, striving to fulfil these wherever possible.
- Deliver expert bereavement support to those coping with loss.

Comprehensive services

St Michael's Hospice offers a wide range of services designed to enhance quality of life and dignity:

- Specialist symptom control to maximise comfort and wellbeing.
- Emotional, social, spiritual, and practical support to help individuals and families navigate the challenges of serious illness.
- Rehabilitation services to promote independence and engagement in meaningful activities.
- In-patient care for those needing intensive support.
- 24/7 telephone advice for patients, families, and healthcare professionals.
- Collaborative care planning with other health and social care providers to ensure continuity and consistency.
- Support for patients to be cared for in their preferred place, whenever possible.
- Care delivered with respect, dignity, and sensitivity to individual needs.

- Assistance from trained volunteers who enhance the Hospice's compassionate environment.
- Bereavement services tailored to the emotional needs of those grieving.

Expert team & education
Care is delivered by a highly skilled interdisciplinary team, including consultants in palliative medicine, specialist nurses and doctors, therapists, social workers, spiritual care leads, wellbeing assistants, and pharmacists. All team members work within professional, legal, and ethical frameworks to ensure the highest standards of care.

The Hospice also plays a vital role in educating and supporting health and social care professionals, including staff in nursing homes, to improve palliative care across the wider community.

1.3. Main activities undertaken to further the charity's purposes for the public benefit
The charity serves a population of c190k living in Hastings and Rother. All the activities undertaken by the charity are to further its charitable purposes for the benefit of the people living within its catchment area and all services are provided free of charge.

Much of the charity's funding comes from local individuals and organisations and most of its beneficiaries are predominantly, but not exclusively, drawn from Hastings and Rother. Services are also available for those who have not been resident locally but need support, e.g. someone who has moved into the area to be closer to their family.

The Trustees have considered the Charity Commission's guidance on public benefit and can confirm that the charity's activity does deliver public benefit. The main benefits that have arisen throughout the year are detailed in the following pages.

1.4. Aims, details of issues the charity seeks to tackle, changes or differences it seeks to make
Through the services it provides, the training it delivers and numerous fundraising activities, the Hospice aims to raise awareness of and support the end of life and bereavement needs of those living in the local area.

1.5. How achievement of aims will further the charity's legal purposes
Providing Hospice care directly fulfils the charity's legal aim of promoting the relief of sickness by supporting the physical, psychological, social and spiritual needs of those affected by life-limiting illness. In addition, it provides holistic emotional and spiritual support to make sense of and cope with supporting someone with a life-limiting illness.

Providing education and training to other health and social care professionals is indirectly fulfilling the charity's aim of promoting the relief of sickness.

Encouraging people to engage in fundraising activities is a way of enabling them to do something positive in someone's memory as well as raising awareness and support for the charity. This therefore indirectly fulfils the charity's aim of promoting relief of sickness.

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

2.1. Governing document

St Michael's Hospice Hastings and Rother is a company limited by guarantee and registered with Companies House. Its Articles of Association were last revised and agreed on 27 January 2012 and will be reviewed in 2025/26. The Trustees of the Charity (who are also Directors of the Company) are drawn from the local community.

2.2. Organisational structure

The Chief Executive is appointed by the Board of Trustees to manage the day-to-day operations of the charity. The Board seeks to ensure that all the charity's activities are within its charitable objects and its responsibilities include setting the strategic direction and approving the business plan and budgets. The Chief Executive and the Leadership Team attend and present information at each formal Board meeting to enable effective decision-making and ensure open and transparent communications.

During the year 2024/25, the Board met formally five times. Additionally, it held a strategy day focused on plans to build a new Hospice and a joint Board meeting with St Wilfrid's Hospice in Eastbourne to discuss assisted dying.

The Clinical Governance and Governance, Audit & Risk Committees met four times whilst the People and Finance & Income Generation Committees met three times. One joint meeting of the Finance & Income Generation and Governance, Audit & Risk Committees was also held during this time. The Nominations Committee met twice during the year to consider the appointment of a new Chair.

The Capital Project Board, established to oversee the development of a new Hospice, met six times during the year. The Capital Appeal Board, established to oversee a capital appeal to support the project met three times.

St Michael's Hospice has one wholly owned subsidiary company that operates its lottery business. The Lottery Board met three times during 2024/25 to scrutinise the operation of the Lottery business and explore opportunities to increase its income and covenant to the Hospice. They also held one strategy day in the year.

Retail ceased operations on 1st April 2025, with trading activities transitioning to the Hospice.

2.3. Recruitment and appointment of Trustees

The Articles of Association state that there must be a minimum of four and a maximum of fifteen Trustees. The initial appointment of Trustees is for a period of three years followed by a second term of three years. Thereafter, the position is reviewed annually up to the maximum of nine years.

For 2024/25, the Board of Trustees delegated responsibility for succession planning, recruitment and induction of Trustees to the Governance, Audit and Risk Committee who then make recommendations to appoint to the Board. The skills of existing Board members are assessed and where a skills gap exists, advertising will take place using the most cost-effective method for the skills being sought whilst ensuring a wide, diverse audience is reached. Members of the Governance, Audit and Risk Committee will then interview candidates who meet the selection criteria. Once appointed, all new Trustees undertake an induction programme specific to their needs.

During this period there have been three Trustee resignations:

- James Thomas: with effect from 19th June 2024
- Susan Munroe: with effect from 1st November 2024
- Magnus Spence: with effect from 24th March 2025

The following appointments were made at General Meetings:

- 7th June 2024
    - Sam Carter was appointed as Chair of the Lottery Board.
- 27th August 2024
    - Andy Watson was appointed as Trustee and Chair designate with effect from 1st September 2024.
    - David Rogers was appointed as Trustee with effect from 1st October 2024.
- 31st October 2024
    - Ian Menzies was reappointed as Trustee and Treasurer
    - Simon Davis was reappointed as Trustee
    - David Walker was appointed as Trustee with effect from 31st October 2024
- 23rd January 2025
    - Nigel Kirby-Green was reappointed as Trustee
    - Susannah Clayton was reappointed as Non-Executive Director to the Lottery Board
    - Helen Snellgrove was reappointed as Non-Executive Director to the Lottery Board

The Trustees who served during the year are shown below alongside their sub-committee membership:

	CAB	CPB	CGC	FIG	GAR	NC	PC
Tony Boardman					X		
Ian Crick		X		X	X	X	
Simon Davis	X			X		X	X
Kerry Gentleman		X	X			X	X

Nigel Kirby-Green					X		
Geoff Longmire				X			
	CAB	**CPB**	**CGC**	**FIG**	**GAR**	**NC**	**PC**
Ian Menzies	X	X		X	X	X	
Susan Munroe		X	X			X	X
David Rogers	X		X				
Linda Stevens					X	X	X
Magnus Spence	X	X		X			
James Thomas			X				
David Walker			X				X
Andy Watson		X				X	X

Key
CAB: Capital Appeal Board
CPB: Capital Project Board
CGC: Clinical Governance Committee
FIG: Finance and Income Generation Committee
GAR: Governance, Audit and Risk Committee
NC: Nominations Committee
PC: People Committee

2.4. Remuneration for key management personnel

The Trustees consider that the Trustees and the Leadership Team comprise the key management individuals of the charity responsible for directing, controlling and operating the charity on a day-to-day basis. All Trustees give their time freely and received no remuneration within the year.

The Hospice directly employs medical consultants, doctors, nurses and other allied healthcare professionals, who are paid at a rate aligned with the relevant national scale. The Leadership Team remuneration is reviewed annually by the People Committee as part of the annual budget cycle where inflation, other hospices and NHS increases are taken into consideration. The Hospice also takes part in salary surveys and benchmarks against a range of peers.

STRATEGIC REPORT

3.1 Introduction from the Chief Executive Officer

I'm pleased to share our 2024/25 Annual Report, highlighting a year of progress with our Hospice strategy. Guided by a public health palliative care approach, we supported over 2,100 individuals; 20% receiving bereavement support – an integral part of our hospice offer.

We implemented year two of the clinical strategy, placing people at the heart of our care – respecting their unique needs, values and preferences and empowering them to make informed choices about their care.

Alongside our clinical work, our compassionate communities strategy continues to grow. We recognise that dying, death, and loss can be deeply isolating experiences and, as people become unwell or take on a caring role, connections can fade. Our goal is to rebuild those vital networks of support—bringing people together and helping to ease loneliness for those living with advanced illness, caring for a loved one, or grieving someone who was important to them.

Financially, the landscape remains challenging and for the first time in many years, the Hospice ended the year with a significant deficit. With just 28% of our running costs covered by the NHS, our reliance on our local community to support us continues to grow. Through our partnership with NHS Sussex and the advocacy work being done by Hospice UK nationally we hope for a future when there is a fairer, more sustainable approach to hospice funding.

Despite the financial challenges we continue to explore options for creating new facilities so that the Hospice can continue to support people long into the future. Both the current site and alternative locations are being considered, and we hope to conclude this in 2025/26. A decision to progress a new development will be dependent on the Trustees being satisfied that the organisation is financially secure enough to embark on such a significant undertaking.

St Michael's Hospice holds a cherished place in our community, and it's thanks to the extraordinary generosity of our volunteers and supporters—who give their time, resources, and donations—that we exist. We are deeply grateful, and we hope they know just how much they mean to us.

As I reflect on the year, I feel incredibly privileged to lead such an aspirational organisation. Our people are passionate, dedicated, and unwavering in their commitment to delivering high-quality care and support to patients and families. It's an honour to be part of this team.

Dr Karen Clarke
Chief Executive

3.2 Achievements in the year 2024/25

Our vision
A kind, resilient and empowered community that is ready, willing, capable and confident to support people living with dying, death and loss.

Our strategy
We aim to become a centre of excellence in palliative care, education and research, while building a compassionate community that supports one another through end-of-life experiences.

We believe our community holds valuable assets that, with support from St Michael's Hospice, can improve end-of-life outcomes for all. Alongside delivering specialist palliative care, we will embed a public health approach—focusing on partnership and collaboration with individuals, families, professionals, and civic institutions.

To achieve our vision, we will:

- Deliver high-quality specialist palliative and end-of-life care
- Educate and collaborate with health and social care partners
- Empower communities through listening, engagement and support
- Influence and advise civic institutions including schools, workplaces, councils, and faith groups.

St Michael's Hospice will act as a catalyst for change—shaping the conversation and experience of dying, death and loss through community development. Our united team ethos underpins everything we do.

Our Hospice shops and Lottery Collectors play a vital role in connecting with communities, reducing isolation, and bringing services closer to where people live.

In 2024/25 the Hospice has focused on delivery of several key strategies to support its vision, mission and values, including:

- Clinical and clinical education
- Organisational development
- Retail and fundraising
- Marketing and communications
- Data, systems and insight
- Compassionate communities

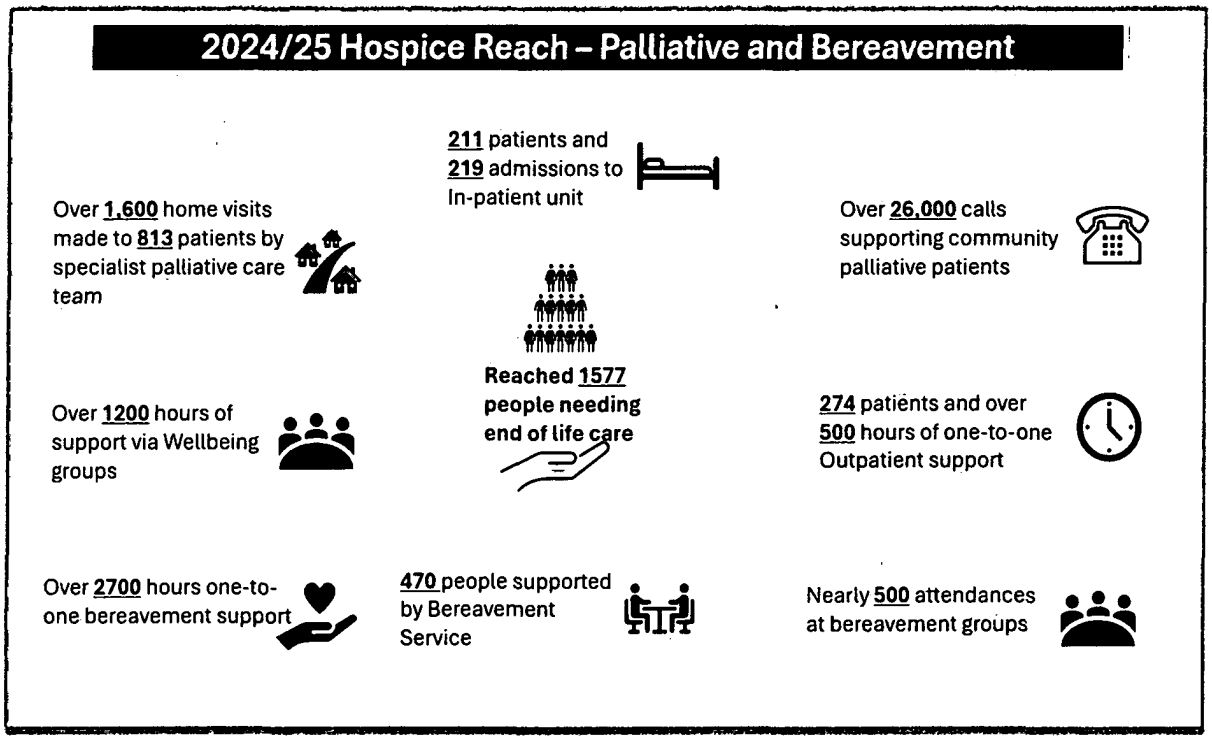
The following section highlights some of the key achievements in 2024/25

3.2.1 Increase clinical reach

In 2024/25 our teams continued to increase the number of clinical contacts with patients and their families. This means more patients were seen in the community.

Bereavement counselling waiting times were reduced due to the introduction of more social and therapeutic groups for those bereaved.

The total number of people supported across all hospice services can be seen in the graphic below.



Hastings has one of the highest rates of deprivation in England. In 2024/25 we gathered demographic data on patients referred to all our services, to produce a comprehensive data set across all patient activity. This will enable us to make more informed decisions on improving accessibility to services for everyone in our community and is part of the Clinical Strategy for 2024-2027.

Following the success of the 2024 Hospice Line pilot, three Sussex hospices launched a second trial in early 2025—this time testing a shared model where one hospice answered patient calls for all. Trained clinical administrators and healthcare assistants provided compassionate first responses, triaged needs, and escalated calls when specialist input was required. Shared patient records ensured continuity of care and spared patients from repeating their medical history. Over 12 weekends, the team handled more than 1,000 calls, supporting 425 patients. This has provided further evidence that a shared support line is more effective, and more efficient than running separate services.

Over the past two years, medical consultants from East Sussex NHS Trust, our Hospice, and St Wilfrid's Hospice (Eastbourne) have begun working as a unified team—bringing real benefits to patient care. Cross-site collaboration has improved equity and continuity. For example, a consultant can assess a patient in hospital and arrange a seamless transfer to a hospice bed, with the care plan following them—avoiding repeat reviews. With a shared pool of eight consultants, patients now have more opportunities for face-to-face consultations in varied settings. One of our consultants, for instance, works in Eastbourne every Thursday, seeing ward patients in the morning and running an outpatient clinic in the afternoon.

The Community Partnerships and Inclusion team continues to progress its work within three interconnected workstreams: clinical activities that support a compassionate community agenda; Hospice-led initiatives to augment or pump prime compassion within a community; and working with the community using an asset-based community development (ABCD) approach.

Led by the community, the Hospice hosts monthly Saturday Socials and weekly Thursday Coffee Stops, designed to reduce loneliness and social isolation. In the year they had 646 and 1262 attendances respectively. These initiatives are supported by community volunteers giving 3043 hours of their time (up from 2885 last year) with 35 volunteers engaged specifically in befriending 116 patients or carers. Of these beneficiaries, 94% reported 'a lot' of reduction in feelings of loneliness and isolation, 88% reported 'a lot' of improvement in their wellbeing. Our volunteers themselves reported a 100% increase in their connectedness to community, as well as a 92% increase in their awareness of people's needs around dying, death and loss.

3.2.2 Improve and demonstrate our effectiveness

In 2024/25, progress continues to be made in using data to support care and decision-making. New tools like Power BI and improved skills in the Data, Systems and Insight team have made a big difference. The Board and managers now regularly use visual dashboards and statistical process charts to guide decisions, monitor progress and seek assurance. This new approach has been well received and is now a key part of how we work.

Trustee visits play an important role in our governance processes. In 2024/25 there were three Trustee visits involving six Trustees. The morning part of the visit is spent with clinical teams focused on either Safe, Caring, Effective or Responsive. The afternoon focuses on Well Led and allows Trustees to spend time with the wider Hospice teams. Guidance is given on questions to incorporate into discussions based on assurance requirements. The Care Quality Commission *"I and We"* statements are included in the planning of these questions. Following their visit, Trustees submit a written report which is shared with the Extended Leadership Team and the Board. Some of the feedback is shown below:

"Improved collaboration was increasing effectiveness – within teams and between teams. The introduction of triage as well as more joined up working is contributing well to achieving a full holistic approach to care"

"Teams were starting to recognise the importance of good, well-presented data to improve ways of working and justify future requirements"
"We have some very capable and passionate people in St Michael's who are thriving in a really supportive and positive environment"

"The Schwartz Rounds are beneficial in bringing teams together"

Feedback is also gathered from the people Trustees meet:

"They asked tough questions! That is not a complaint, they were the right questions, and it is good that they are asked."

"There was a feeling of openness, that you could be honest and discuss some of the concerns as well as some of the successes."

The Care Quality Commission introduced the Single Assessment Framework as part of a transformation programme, and we have created a new Vantage module as a data repository in response to this. As part of the Single Assessment Framework introduction, Relationship Managers, who were the Hospice's contact within the Care Quality Commission and responsible for direct monitoring, were withdrawn. Therefore, there has been no direct monitoring undertaken in 2024 and nor has the Hospice been inspected during 2024/25.

67% of the formal and informal complaints received related to clinical care or support with the main areas highlighting issues with communication, responsiveness of the service, and lack of care and support. Clinical complaints are discussed at Clinical Governance Committee and the Board. Feedback is shared with team members to increase understanding of the impact of a poor experience on patients and families. Lessons learnt and recommendations from the investigations into the complaints inform the Hospice's education, audit and quality improvement priorities. A review of how complaints are managed was carried out and a new process introduced in April 2024 to ensure learning is maximised.

The Care Quality Commission was notified of a complaint which had not been satisfactorily resolved for the complainant. They closed the case on 4th February 2025, but updates continue to be sent following events such as the Ombudsman confirming they are not progressing the complaint.

Regrettably, there are times when the Hospice's services do not meet the expectations of its service users and in 2024/25 there were eight formal complaints with a further 25 concerns or informal complaints raised. A thorough investigation is undertaken into all complaints and a written response provided to the complainant within 20 days.

In response to feedback, we continue to:

- Improve communication skills within the teams through education and observation of practice
- Work closely with external organisations to improve communication, continuity of care and the experience of patients and families
- Gather carer experience - the Voices survey and Views on Care has been launched to help achieve this, as well as seeking monthly feedback during the monthly ward audit.
- Review discharge processes on the In-Patient Unit
- Ensure the website has up to date information about services.

Other complaints related to Income Generation activities and facilities at Hospice sites. Fortunately, as these were relatively few, there were no trends or underlying issues identified.

As a key priority, digital transformation initiatives in 2024/25 included: a new cloud-based telephone system; a new digital tool for celebrating employee and volunteers (Viva Engage); transitioning files and folders to a Microsoft 365 SharePoint infrastructure; digitalising clinical rotas and timesheets and the first steps were taken to introduce generative artificial intelligence.

The Sussex Hospice Alliance (SHA) and NHS Sussex formed a formal partnership, marked by a Memorandum of Understanding (MOU) in September 2024. Since then, the Partnership, and other partners, have been working together to find ways to better meet the needs of more people across Sussex. Collaborating, to share knowledge, improve efficiency, and to make sure that everyone has fair and easy access to high-quality, sustainable palliative and end of life care.

Key objectives include improving quality and outcomes at the end of life and ensuring:

- the best use of public money, enabling the hospices to work with providers across the system to bring the expertise of the hospices as one voice
- working together in response to the strategic plans and to provide a more resilient offer.

This approach provides a framework to enable the hospices to work together to reduce some of the financial sustainability risks for the charities which make up the Sussex Hospice Alliance and also supports the system to deliver within budgetary constraints.

Strong partnerships between the hospices and wider partners are more crucial than ever given the national and local context of system change and financial challenge.

The Alliance's leadership and management development programme "THRIVE" continues to receive positive feedback with seven cohorts of managers across five hospices (n=110) completing the programme. A further cohort will be delivered in 2025/26

3.2.3 Develop and value our people

A new Income Generation Director was appointed in January 2025 bringing a new skillset and fresh ideas for fundraising, retail and lottery. The knowledge and expertise of the previous postholder has been retained to strengthen how we support and value our donors.

We're delighted with the success we've had in recruiting more registered nurses which has enabled us to increase the number of beds we have open. We continue to develop our own pipeline of nursing resource, and two trainee Nurse Associates are in the final stages of completing their training to become Registered Nurse Associates. The Hospice is also using its apprenticeship levy to support an employee to complete an Occupational Therapy apprenticeship which finishes in 2025/26.

The Hospice was the first in the country to achieve Hospice UK's Compassionate Employer's Gold Award after being able to evidence the support provided to enhance employee wellbeing including a Carer's Forum and the Employee Wellbeing and Supervision Framework.

In 2024/25, a wellbeing survey was conducted specifically for retail employees - recognising that their wellbeing needs would differ to those based at the main Hospice site. As a result, we have updated the facilities in several of our shops, creating break spaces, improving signage and display equipment as well as sharing more specific wellbeing support activities with the remote teams.

A series of Core Manager training modules have been created and delivered, upskilling and enabling managers to effectively support their teams and contribute to the Hospice's key objectives.

We introduced Freedom to Speak Up Guardians for the first time, training three employees and a Trustee to be guardians. This was well received, and six concerns were raised and addressed in the first quarter following launch.

3.2.4 Ensure our long-term sustainability

Gross income for the year was £8.02m and expenditure was £9.1m resulting in a year end deficit of £1.08m before investment gains.

Total income was £240k lower than 2023/24. This was principally attributable to a reduction of £695k in legacy revenue, though partially offset by improved income from fundraising (£134k) and additional grant income from the Department Heath and Social Care (£147k).

Total expenditure was £1.03m higher than 2023/24. This is principally attributable to higher employment costs, the consequence of significantly reduced vacancy rates, a consequence of greatly improved retention rates.

Lottery

The Hospice Lottery activity remains in a strong position, growing week on week thanks to the positive effects of having increased canvassers, and pro-active approaches to retention and stewardship. As of March 2025, we had 16,675 players each week, two hundred more players than on average last year.

We now have five canvassers working our local catchment area, reducing the single point of risk associated with our previously having just one canvasser this time last year.

In total, our lottery contributed more than £500,000 to St Michaels Hospice in the last financial year and continues to grow thanks to renewed efforts and ambition within the team.

For every £1 played in the lottery, 54p went to the Hospice (the legal requirement is to pay at least 20p), 18p went into the prize fund and 28p covered the administration, promotion, and legal regulation expenditure.

Retail and E-Commerce operations

Through seven shops and e-commerce, the Retail operation generated £799,631 in income, an increase of £22,230 from 2023/24, and delivered a profit of £37,092. A new shop was opened in a key location, replacing an underperforming shop and several refurbishments of existing shops were undertaken. Income from Gift Aid was not maximised in 2024/25 and requires further effort to ensure this is optimised in future.

Some of the key opportunities identified to strengthen and grow retail income for future years include:

- Introducing a new Shop Standards Framework to improve customer experiences, merchandising, pricing and stock rotation
- Implementing a managers' competency framework to maintain high standards within our shop teams
- Re-energised volunteer recruitment strategy to mitigate gaps in staffing which contributes to lost trading hours and decreased income generation.
- Re-framing E-commerce to focus on high value/collectable and niche items
- Opening an 'Outlet' at the Distribution Centre
- Increased focus on maximising Gift Aid income through all retail channels.

Hospice UK membership

St Michael's Hospice is a member of Hospice UK (HUK), the national charity which exists to support and provide a campaigning voice to hospices across the United Kingdom. This has helped to raise the profile of hospices across government departments and generated some positive results, particularly in relation to raising awareness of the impact of the increasing cost of living on hospices.

4. FINANCIAL REVIEW

4.1 Reserves policy

One of the key risks that the charity faces is a fall in its income because of a drop in donated funds. To sustain the organisation's ability to deliver the services to which it has committed, to the Trustees have agreed to maintain financial reserves as they deem necessary to ensure there can be continuity.

Following the decision to build a new hospice the Trustees designated £5m from its reserves to help fund a new facility.

The fixed asset reserve represents the amount of the total reserves that are tied up in tangible fixed assets, mainly freehold property including the Hospice building. As at 31 March 2025, the Consolidated Balance Sheet total was £14.87 million (2024 – £15.64 million).

4.2 Investment policy and objectives

The charity's investment objective for short-term reserves is to preserve the capital value with a minimum level of risk ensuring that the Hospice is able to meet unanticipated cash flow requirements. Funds treated as short-term would usually be invested only in a mix of short and medium-term deposits.

The investment objective for long-term reserves is to secure a return in excess of inflation, generating an income to support the Hospice's on-going activities. The Hospice has adopted an ethical investment policy to ensure that its investments do not conflict with its aims and therefore precludes direct or indirect investments in companies that generate revenue from tobacco or arms and those companies whose principal activity is either gambling or pornography.

4.3 Investment performance

At 31 March 2025, the market value of the portfolio was £6.5 million, with an estimated yield of 2.4%.

4.4 Risk management

Risk registers are reviewed by the Extended Leadership Team monthly and by the Governance, Audit and Risk, People and Clinical Governance Committees, on a bi-monthly or quarterly basis, identifying potentially significant risks, assessing their likelihood and impact and agreeing mitigating action. Strategic risks are subsequently reported to the Board at each meeting.

The key risks faced by the charity in 2024/25 as identified in risk registers were:
Nursing workforce shortages: the national shortage of specialist palliative care nurses adversely affected the Hospice for the first quarter, where not all available beds were able to be adequately staffed, but thanks to successful recruitment campaigns that risk has been reduced to a tolerable level by the end of the year.

Pay for all clinical employees has been a factor in successfully recruiting a skilled workforce, but sustaining increased salary costs remains challenging against the financial backdrop for many hospices. This will be an ongoing risk in 2025/26.

Reputation damage: The Hospice is known as a quality health care provider, and its reputation is of vital importance. In previous years changes to service delivery, because of workforce shortages, and a reliance on health and social care partners to work collaboratively to provide a seamless service, meant there was an increased risk of complaints and reputational damage. However, a

Community Transformation Plan in 2024/25 has meant this risk has now reduced to a tolerable level.

Funding: Not being able to generate sufficient income to ensure the Hospice can operate effectively, has, despite best efforts, remained a high risk. A combination of increased employment costs, general expenditure and changes in donor behaviour have meant that this continues to be an area of risk.

Business Continuity: Being able to robustly respond to external factors that may impact of the Hospice's ability to operate has been a high-risk factor in 2024/25. However, significant work has been undertaken to strengthen business continuity plans and test their resilience through a desk top exercise. Further work will be concluded around cyber security in 2025/26.

4.5 Fundraising

The Trustees take their responsibilities under the Charities (Protection and Social Investment) Act 2016 seriously and have considered the implications on their fundraising activities.

The Hospice is committed to ensuring that all donors, supporters and partners in fundraising experience the very highest levels of stewardship and support. The Hospice fundraises through a range of income streams, including third party 'in-aid of' events and activities undertaken by the public and individual supporters, groups and businesses, as well as our own drive to generate income through grant-giving trusts, direct mailings, appeals and events. The fundraising environment is very challenging, with the increasing costs of living and our socio/economic demographic being one of limited opportunity means we are reaching for ever more inclusive, accessible and scalable income generation activities that help shift our reliance on less predictable income streams, such as trusts & legacy giving.

St Michael's Hospice Lottery Limited runs a weekly lottery with the profits of the company being gift aided to the charity. The work of the Lottery Team is regulated by the Gambling Commission. It is one of the UK's most successful independent hospice lotteries. However, historic restrictions on communication have hampered efforts to engage and thank supporters, contributing to high attrition. A review of our GDPR practices in line with compliance has resulted in improved opportunity in this area, and we expect to see this favourably impact attrition.

St Michael's Hospice Hastings and Rother is registered with the Fundraising Regulator and abides by the Regulator's Code of Fundraising Practice and the Fundraising Promise. The Hospice is careful to ensure that it takes all reasonable steps to treat a donor fairly, enabling donors to make an informed decision about any potential donation. The Hospice adopts guidance on best fundraising practice provided by regulatory bodies and will continue to do so as these are updated.

During the year to 31 March 2025, there were two complaints in relation to fundraising, however neither required onward reporting to the Charity Commission or Fundraising Regulator.

5. PLANS FOR THE FUTURE

The Board has agreed that the existing Hospice strategy is still fit for purpose and will continue to be the basis on which the Hospice delivers its vision. In 2025/26 the Hospice plans to do the following:

- Increase our income through investing in and developing a more commercial business model
- Optimise the use of digital technologies through improving internal digital capabilities and streamlining processes.
- Use digital solutions to increase income
- Improve efficiency and ensure long-term sustainability by optimising opportunities to collaborate with the Sussex Hospice Alliance, St Wilfrid's Hospice (Eastbourne), East Sussex Healthcare Trust and new partnerships to ensure the best outcomes for beneficiaries,
- Evaluate all clinical services to ensure that they directly align with the Hospice's strategy and mission, are reaching the optimal number of beneficiaries, with good outcomes, and are operating safely, efficiently and effectively.
- Take action to develop and retain a diverse and highly-skilled workforce.

Statement of Trustees' responsibilities

The Trustees (who are also Directors of the charity for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and 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 these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

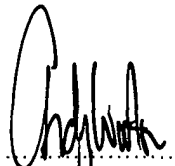
- there is no relevant audit information of which the charitable company's auditor is unaware; and

- the Trustees have taken all steps 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.

The Trustees are responsible for the maintenance and integrity of the charity and the financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors
Saffery LLP were auditors during the period and their reappointment will be considered at the annual general meeting.

On behalf of the Board



30/10/25

Andrew Watson
Trustee

Opinion

We have audited the financial statements of St Michael's Hospice Hastings and Rother (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2025 which comprise the group statement of financial activities, the group and charity balance sheets, the group cash flow statement and the notes to the financial statements, including 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 affairs of the group and the parent charitable company as at 31 March 2025 and of the group's incoming resources and application of resources, including its 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 and parent charitable company 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 or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report which includes the Directors' Report and the Strategic Report has 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 and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report and Strategic Report.

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; 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

As explained more fully in the Statement of Trustees' Responsibilities on pages 17 and 18, the trustees (who are also the directors of the parent 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 the 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 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

We have been appointed as auditors under the Companies Act 2006 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the group and parent 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:
We assessed the susceptibility of the group and parent charitable company's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent charitable company by discussions with trustees and updating our understanding of the sector in which the group and parent charitable company operate.

Laws and regulations of direct significance in the context of the group and parent charitable company include The Companies Act 2006 and guidance issued by the Charity Commission for England and Wales.

Further the group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, through significant fine, litigation or restrictions on the group's operations. We identified the most significant laws and regulations to be those issued by the Care Quality Commission covering health care services and those issued by the Gambling Commission covering the requirements for running a lottery.

Audit response to risks identified:
We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the parent charitable company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud

through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available 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 parent 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 parent 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 parent charitable company and the parent charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Cara Turtington (Senior Statutory Auditor)
for and on behalf of Saffery LLP

Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

17 December 2025

Saffery LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

St Michael's Hospice Hastings and Rother

Consolidated statement of financial activities (incorporating an income and expenditure account) For the year ended 31 March 2025

	Notes	Unrestricted funds £	Restricted funds £	2025 Total funds £	2024 Total funds £
Income and endowments from					
Donations and legacies	3	2,782,917	99,879	2,882,796	3,532,124
Charitable activities					
Hospice services	6	2,600,890	-	2,600,890	2,426,166
Subsidiary and retail activities	4	1,675,835	-	1,675,835	1,669,835
Other trading activities	4	682,809	-	682,809	465,709
Investment income	5	187,276	-	187,276	161,693
Total		7,929,727	99,879	8,029,606	8,255,527
Expenditure on					
Raising donations	7	718,405	-	718,405	658,291
Subsidiary and retail activities	7	1,093,125	-	1,093,125	1,013,316
Charitable activities					
Hospice services	8	7,218,669	198,191	7,416,860	6,398,754
Total		9,030,199	198,191	9,228,390	8,070,361
Net gain/(loss)on investments	14	272,627	-	272,627	101,963
Net income / (expenditure)		(827,845)	(98,312)	(926,157)	287,129
Transfers between funds	23	(3,703)	3,703	-	-
Net movement in funds		(831,548)	(94,609)	(926,157)	287,129
Total funds brought forward		15,510,914	127,683	15,638,597	15,351,468
Total funds carried forward	24	14,679,366	33,074	14,712,440	15,638,597

Continuing operations
All incoming resources and resources expended arise from continuing activities.

The notes on pages 26 to 49 form part of these financial statements.

St Michael's Hospice Hastings and Rother

Consolidated and charity balance sheets
As at 31 March 2025

		Group 2025 £	Charity 2025 £	Group 2024 £	Charity 2024 £
Fixed assets					
Tangible assets	**16**	4,453,604	4,609,598	4,589,783	3,887,165
Investments	**17**	6,512,809	6,512,910	6,090,927	6,091,028
		10,966,413	11,122,508	10,680,710	9,978,193
Current assets					
Stocks	**18**	23,640	23,640	27,781	26,360
Debtors	**19**	898,179	958,165	399,194	1,606,527
Cash at bank and in hand		3,408,675	3,287,776	5,030,600	4,611,212
		4,330,494	4,269,581	5,457,575	6,244,099
Creditors: amounts falling due within one year	**20**	(584,467)	(475,897)	(499,688)	(384,823)
Net current assets		3,746,027	3,793,684	4,957,887	5,859,276
Total assets less current Liabilities		14,712,440	14,916,192	15,638,597	15,837,469
Net assets		14,712,440	14,916,192	15,638,597	15,837,469
Funds	**23**				
Unrestricted funds		14,679,366	14,883,118	15,510,914	15,709,786
Restricted funds		33,074	33,074	127,683	127,683
Total funds		14,712,440	14,916,192	15,638,597	15,837,469

The total income of the Hospice as an individual entity for the year was £7,741,642 (2024 - £7,728,253) and its net deficit was £921,277 (2024 – deficit of £262,133). A Statement of Financial Activities for the Hospice as an individual entity is not included using the exemption given in section 408 of the Companies Act 2006.

The financial statements were approved by the Board of Trustees on 30/10/25 2025 and were signed on its behalf by

Andrew Watson
Trustee

The notes on pages 26 to 49 form part of these financial statements.
Company number 01776496

St Michael's Hospice Hastings and Rother

Consolidated cash flow statement
For the year ended 31 March 2025

	Notes	2025 £	2024 £
Cash flows from operating activities			
Cash (used in) / generated by operations	A	(1,531,788)	640,732
Net cash (used in) / generated by operating activities		(1,531,788)	640,732
Cash flows from investing activities			
Purchase of tangible fixed assets		(133,188)	(229,317)
Purchase of fixed asset investments		(6,670,641)	(735,819)
Proceeds from sale of fixed assets		-	-
Proceeds from sale of investments		6,243,476	825,228
Investment income		187,276	161,693
Net cash (used in) / generated by investing activities		(373,077)	21,785
Change in cash and cash equivalents in the reporting period	B	(1,904,865)	662,517
Cash and cash equivalents at the beginning of the reporting period		5,376,821	4,714,304
Cash and cash equivalents at the end of the reporting period	B	3,471,956	5,376,821

The notes on pages 26 to 49 form part of these financial statements.

Notes to the cash flow statement
For the year ended 31 March 2025

A. Reconciliation of net income to net cash flow

	2025 £	2024 £
Net income/ (expenditure) for the reporting period (as per the statement of financial activities)	(926,157)	287,129
Adjustments for:		
Depreciation charges	267,361	250,627
(Gains)/Losses on investments	(272,627)	(101,963)
Loss/(profit) on disposal of fixed assets	(3,024)	229
Investment income	(187,276)	(161,693)
Increase in stocks	4,141	(2,641)
Decrease in debtors	(498,985)	188,948
Increase/(decrease) in creditors	84,779	180,096
Net cash inflow/(outflow) from operating activities	(1,531,788)	640,732

B. Analysis of cash and cash equivalents

	At 31 March 2024 £	Movement £	At 31 March 2025 £
Cash at bank and in hand	5,030,600	(1,621,925)	3,408,675
Investment cash	346,221	(282,940)	63,281
	5,376,821	(1,904,865)	3,471,956

1. Statutory information

St Michael's Hospice Hastings and Rother is a private charitable company limited by guarantee, registered in England and Wales. The company's registered number and registered office address can be found in the reference and administrative details in the Report of the Trustees.

2. Accounting policies

2.1 Accounting convention

The financial statements of the charitable company, which is a public benefit entity under FRS 102, and group have been prepared in accordance with the second edition of the Charities SORP (FRS 102) "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)" Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value.

2.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Given the Charity's financial position, level of reserves and future strategic plans, the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

2.3.1 Gifts in kind

Gifts donated for resale are included as income when they are sold. Donated items for use in the Hospice are valued at a reasonable approximation to market value. Donated facilities are included at the value to the charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

2.3.2 Fees, contributions and grants

These comprise amounts receivable during the year.

2.3.3 Voluntary income

Voluntary income represents amounts received during the year.

2.3.4 Legacies

Reversionary legacies are accounted for on receipt. Pecuniary and residuary legacies are accounted for at the earlier of receipt of the legacy or the point at which the final accounts of the estate are agreed by the charity. In the event that legacies are settled after the accounting year end they are included in the accounts provided the charity was certain of the amounts to be distributed at the balance sheet date.

The hospice has received notification of a number of legacies which have not been included in these accounts because they are not certain in value or certain of receipt.

2.3.5 Investment income

Investment income comprises amounts receivable during the year.

2. Accounting policies (continued)

2.3.6 Shop income
Shop income represents net invoiced sales of goods, excluding value added tax.

2.3.7 Lottery income
Lottery income generated by one of the trading subsidiaries represents ticket sales received in respect of lotteries held during the year and scratch card sales.

Income from tickets sold in advance of a draw being held is carried forward to the period in which the draw takes place.

2.3.8 Debtors
Income resources recognised in the year but not received at the yearend are included within debtors unless there are doubts as to the estimation of value or likelihood of receipt.

2.4 **Resources expended**
Liabilities are recognised as expenditure as soon as there is a legal obligation or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where cost cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

2.5 **Allocation and apportionment of costs**
Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

2.6 **Tangible fixed assets**
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	2% and 10% on cost
Fixtures, fittings and equipment	15% to 33% on cost
Motor vehicles	25% on cost

Where extensions and improvements have been made to freehold property, depreciation has been charged over the remaining life of the underlying property.

No depreciation is provided on freehold land.

2.7 **Investments**
Listed investments are included at market value at the year end. Gains and losses on disposal and revaluation of investments are charged or credited to the Statement of Financial Activities.

2.8 **Stocks**
Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Donated items are not valued until sold. Consequently, no value is attributed to their stock carrying value, as this cannot be determined with certainty until sold.

2. Accounting policies (continued)

2.9 **Leasing commitments**
Operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

2.10 **Taxation**
The charity is party to a group registration for VAT purposes and is therefore able to recover some but not all of the VAT the charity incurs. Irrecoverable VAT is charged as a single item in the Statement of Financial Activities.

The charity is exempt from corporation tax on its charitable activities and therefore no provision has been made for either corporation tax or deferred tax.

Where a trading subsidiary is registered for VAT the expenditure is shown exclusive of VAT.

Both trading subsidiaries have entered an agreement to covenant their taxable profits to the parent undertaking and therefore no corporation tax provision is required.

2.11 **Fund accounting**
In the Trustees' opinion, with certain exceptions, the incoming resources and resources expended are all derived for the benefit of running the Hospice. Therefore, the Trustees choose to classify all income and expenditure as unrestricted. In certain instances, funds may be designated by the Trustees for specific purposes.

Where funds are received for a significant and specific project these are allocated to restricted funds. These funds are then used to meet the capital costs of that specific project by way of an annual depreciation charge set against the restricted fund. Any funds received in excess of the capital requirements of the project will be used to help with the associated future running costs of the project.

Other restricted funds are those funds donated for purposes specified by the donor and these are tracked and expended in accordance with the donors' wishes.

2.12 **Pension costs and other post-retirement benefits**
The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

2.13 **Critical estimates and judgements**
Management have made certain estimates and judgements in the preparation of the financial statements of the Hospice. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from those estimates. The Trustees consider the evaluation of the useful economic life of fixed assets and the future receipt of legacy debtors at the yearend to be the areas of judgement with a significant effect on the financial statements.

3. Donations and legacies

	2025 £	2024 £
Donations and gifts	289,564	312,239
In memoriam	189,312	161,361
Regular giving and Gift Aid	127,212	86,926
Legacies	2,276,708	2,971,598
	2,882,796	3,532,124

4. Trading activities

	2025 £	2024 £
Lottery income	876,205	892,177
Retail income	799,630	777,658
	1,675,835	1,669,835

Other trading activities	2025 £	2024 £
Fundraising events	394,216	260,269
Arthur Easton hall hire	10,054	13,140
Coffee shop and catering	20,250	3,947
Recycling and other trading	24,015	-
Shared Services income	211,293	157,596
Sundry income	22,981	30,757
	6682,809	465,709

5. Investment income

	2025 £	2024 £
Income from UK listed investments	169,203	145,341
Deposit account interest	12,373	10,652
Rents	5,700	5,700
	187,276	161,693

6. Income from charitable activities

	2025 £	2024 £
Grants	2,599,149	2,423,128
Patient income	1,741	3,038
	2,600,890	2,426,166

	2025 £	2024 £
Grants from government sources received, included in the above, are as follows:		
Hastings and Rother ICB	2,584,610	2,423,128

7. Raising funds

	Raising donations £	Retail costs £	Lottery costs £	Total 2025 £
Staff costs	478,307	487,473	111,340	1,077,120
Cost of sales	-	5,742	-	5,742
Lottery Prizes	-	-	258,301	258,301
Premises	36,046	134,389	-	170,435
Depreciation	25,422	26,625	-	52,047
Other direct costs	178,630	39,742	29,513	247,885
	718,405	693,971	399,154	1,811,530

2024 comparative	Raising donations £	Retail costs £	Lottery costs £	Total 2024 £
Staff costs	467,065	411,157	117,809	996,031
Cost of sales	-	3,147	-	3,147
Lottery Prizes	-		242,083	242,083
Premises	31,834	92,949	-	124,783
Depreciation	24,588	17,557	-	42,145
Other direct costs	131,804	114,729	13,885	263,418
	658,291	639,539	373,777	1,671,607

8. Charitable activities costs

	Direct costs (Note 9) £	Support costs (Note 10) £	Total 2025 £
Hospice services	5,725,602	1,551,536	7,277,138
Other	-	139,722	139,722
	5,725,602	1,691,258	7,416,860

2024 comparative

	Direct costs (Note 9) £	Support costs (Note 10) £	Total 2024 £
Hospice services	5,384,219	895,810	6,280,029
Other	-	118,725	118,725
	5,384,219	1,014,535	6,398,754

9. Direct costs of charitable activities

	2025 £	2024 £
Staff costs	4,471,529	4,189,623
Clinical costs	308,874	352,283
Training costs	85,418	82,052
Premises	250,308	221,060
Depreciation	176,531	170,744
Other direct costs	432,942	368,457
	5,725,602	5,384,219

10. Support costs

Support costs are as follows:

	2025 £	2024 £
Staff costs	1,372,533	709,277
Rates and water	2,257	1,694
Insurance	10,698	11,174
Light and heat	16,149	17,237
Telephone	6,428	6,314
Postage, stationery and IT	53,057	62,757
Sundries	13,395	16,548
Property rental	8,219	11,774
Repairs and maintenance	30,017	21,524
Freehold property depreciation	38,783	37,511
	1,551,536	895,810

Governance costs

	2025 £	2024 £
Bank charges	7,589	3,985
Legal and professional fees	98,969	79,278
Auditors' remuneration	29,764	33,062
Auditors' remuneration in respect of accountancy and other services	3,400	2,400
	139,722	118,725

11. Net income/expenditure

	2025 £	2024 £
Auditors' remuneration for Charity audit		
Current year	18,500	17,160
Prior year	6,264	2,902
Auditors' remuneration in respect of accountancy and other services, including the audit and accountancy fees of subsidiaries	18,312	15,400
Depreciation	267,361	250,627
(Profit) / loss on disposal of fixed assets	(3,024)	229

12. Trustees' remuneration and benefits

There was no Trustees' remuneration or other benefits for the year ended 31 March 2025 nor for the year ended 31 March 2024.

Trustees' expenses

No expenses were reimbursed to any Trustee in the year to 31 March 2025 nor for the year ended 31 March 2024.

13. Staff costs

	2025 £	2024 £
Wages and salaries	5,936,264	4,920,781
Social security costs	554,856	457,295
Other pension costs	420,084	364,386
Temporary, locum and other non-salaried staff costs	6,334	29,790
Other staff costs	23,762	20,712
	6,941,300	5,792,964

The average monthly number of employees (based on head count) during the year was:

	2025 Number	2024 Number
Nursing and medical	96	88
Catering and housekeeping	10	10
Maintenance	13	11
Training	1	1
Fundraising	8	9
Administration	34	24
Bereavement	8	8
Lottery	4	4
Retail	21	20
	196	175

13. Staff costs (continued)

The numbers of employees whose emoluments for the year fell within the following bands were:

	2025 Number	2024 Number
£60,000 to £69,999	1	1
£70,000 to £79,999	-	2
£80,000 to £89,999	3	1
£90,000 to £99,999	1	-
£100,000 to £109,999	1	1
£110,000 to £120,000	1	-

The key management personnel comprise members of the Leadership Team. The total employee benefits of the key management personnel of the charity were £579,167 (2024 - £494,472).

A proportion of the salaried costs for five employees is recharged to St Wilfrid's Hospice (Eastbourne), as these roles support operations across both sites.

14. Gains/(losses) on investments

	2025 £	2024 £
Realised gains	43,474	3,722
Unrealised gains/(losses)	229,153	98,241
	272,627	101,963

15. Comparatives for the statement of financial activities

	Unrestricted funds £	Restricted funds £	2024 Total funds £
Income and endowments from			
Donations and legacies	3,391,176	140,948	3,532,124
Charitable activities			
Hospice services	2,426,166	-	2,426,166
Subsidiaries' trading activities	1,669,835	-	1,669,835
Other trading activities	465,709	-	465,709
Investment income	161,693	-	161,693
Total	8,114,579	140,948	8,255,527
Expenditure on			
Raising donations	658,291	-	658,291
Trading companies' costs	1,013,316	-	1,013,316
Charitable activities			
Hospice services	6,247,135	151,619	6,398,754
Total	7,918,742	151,619	8,070,361
Net (losses)/gains on investments	101,963	-	101,963
Net income	297,800	(10,671)	287,129
Transfers between funds	-	-	-
Net movement in funds	297,800	(10,671)	287,129
Reconciliation of funds			
Total funds brought forward	15,213,114	138,354	15,351,468
Total funds carried forward	15,510,914	127,683	15,638,597

16. Tangible fixed assets

Group	Freehold property	Assets under construction	Fixtures fittings and equipment	Motor vehicles	Totals
	£	£	£	£	£
Cost					
At 1 April 2024	6,409,713	5,000	1,491,782	157,984	8,064,479
Additions	77,206	-	55,982	-	133,188
Disposals	(2,005)	-	-	-	(2,005)
At 31 March 2025	6,484,914	5,000	1,547,764	157,984	8,195,662
Depreciation					
At 1 April 2024	2,068,837	-	1,267,944	137,916	3,474,697
Charge for year	159,567	-	99,144	8,650	267,361
Eliminated on disposal	-	-	-	-	-
At 31 March 2025	2,228,404	-	1,367,088	146,566	3,742,058
Net book value					
At 31 March 2025	4,256,510	5,000	180,676	11,418	4,453,604
At 31 March 2024	4,340,876	5,000	223,839	20,068	4,589,783

Included in freehold property is land of £152,761 (2024 - £152,761) which is not depreciated.

16. Tangible fixed assets (continued)

Charity	Freehold property	Assets under construction	Fixtures fittings and equipment	Motor vehicles	Totals
	£	£	£	£	£
Cost					
At 1 April 2024	5,447,250	5,000	1,464,214	143,484	7,059,948
Additions	933,253	-	56,541	-	989,794
Disposals	-	-	-	-	-
At 31 March 2025	6,380,503	5,000	1,520,755	143,484	8,049,742
Depreciation					
At 1 April 2024	1,808,432	-	1,240,935	123,416	3,172,783
Charge for year	159,567	-	99,144	8,650	267,361
Eliminated on disposal	-	-	-	-	-
At 31 March 2025	1,967,999	-	1,340,079	132,066	3,440,144
Net book value					
At 31 March 2025	4,412,504	5,000	180,676	11,418	4,609,598
At 31 March 2024	3,638,818	5,000	223,279	20,068	3,887,165

17. Fixed asset investments

Group	Listed investments £	Cash held for investment £	Totals £
Market value			
At 1 April 2024	5,744,707	346,221	6,090,928
Additions	6,670,641	-	6,670,641
Disposals	(6,243,476)	-	(6,243,476)
Revaluations	277,656	-	277,656
Cash movement	-	(282,940)	(282,940)
At 31 March 2025	6,449,528	63,281	6,512,809
Net book value			
At 31 March 2025	6,449,528	63,281	6,512,809
At 31 March 2024	5,744,706	346,221	6,090,927

Charity	Shares in group undertakings £	Listed investments £	Cash held for investment £	Totals £
Market value				
At 1 April 2024	101	5,744,707	346,221	6,091,029
Additions	-	6,670,641	-	6,670,641
Disposals	-	(6,243,476)	-	(6,243,476)
Revaluations	-	277,656	-	277,656
Cash movement	-	-	(282,940)	(282,940)
At 31 March 2025	101	6,449,528	63,281	6,512,910
Net book value				
At 31 March 2025	101	6,449,528	63,281	6,512,910
At 31 March 2024	101	5,744,706	346,221	6,091,028

There were no investment assets outside the UK.

17. Fixed asset investments (continued)

Comparative with prior year

Group	Listed investments £	Cash held for investment £	Totals £
Market value			
At 1 April 2023	5,732,154	142,137	5,874,291
Additions	735,819	-	735,819
Disposals	(821,508)	-	(821,508)
Revaluations	98,241	-	98,241
Cash movement	-	204,084	204,084
At 31 March 2024	5,744,706	346,221	6,090,927
Net book value			
At 31 March 2024	5,744,706	346,221	6,090,927
At 31 March 2023	5,732,154	142,137	5,874,291

Charity	Shares in group undertakings £	Listed investments £	Cash held for investment £	Totals £
Market value				
At 1 April 2023	101	5,732,154	142,137	5,874,392
Additions	-	735,819	-	735,819
Disposals	-	(821,508)	-	(821,508)
Revaluations	-	98,241	-	98,241
Cash movement	-	-	204,084	204,084
At 31 March 2024	101	5,744,706	346,221	6,091,028
Net book value				
At 31 March 2024	101	5,744,706	346,221	6,091,028
At 31 March 2023	101	5,732,154	142,137	5,874,392

There were no investment assets outside the UK.

17. Fixed asset investments (continued)

The charity holds 20% or more of the share capital of the following companies:

Company	Country of incorporation	Shares Class	Shares %
St Michael's Hospice (Retail) Limited – 02404963	England & Wales	Ordinary	100%
St Michael's Hospice Lottery Limited – 03351501	England & Wales	Ordinary	100%

St Michael's Hospice (Retail) Limited operates many charity shops. St Michael's Hospice Lottery Limited supports the Hospice through fundraising largely from the operation of a lottery. Both companies covenant their taxable profits to the parent company where possible.

A summary of the result of these undertakings is set out below:

	St Michael's Hospice (Retail) Limited		St Michael's Hospice Lottery Limited	
	2025 £	2024 £	2025 £	2024 £
Turnover	-	770,156	874,188	890,776
Cost of sales	-	(3,147)	(258,301)	(242,083)
Gross profit	-	767,009	615,887	648,693
Administrative expenses	150,965	(696,110)	(140,852)	(142,242)
Other income	-	7,500	-	-
Interest payable	-	(53,250)	-	-
Interest receivable	-	-	2,016	1,402
Net profit/(loss)	150,965	25,149	477,051	507,853
Assets – fixed and current	-	1,015,782	121,029	129,842
Liabilities	(47,730)	(1,214,477)	(120,955)	(129,768)
	(47,730)	(198,695)	74	74
Share capital	100	100	1	1
Retained reserves	(47,830)	(198,795)	73	73
	(47,730)	(198,695)	74	74

18. Stocks

Group	2025 £	2024 £
Stocks	23,640	27,781

Charity	2025 £	2024 £
Stocks	23,640	26,360

19. Debtors

Group: Amounts falling due within one year

	2025 £	2024 £
Trade debtors	23,907	13,795
Legacies due	-	-
Gift aid tax recoverable	-	-
Other debtors and prepayments	191,956	169,362
VAT	44,051	50,106
Accrued income receivable	638,265	165,931
	898,179	399,194

Charity: Amounts falling due within one year	2025 £	2024 £
Trade debtors	23,907	13,345
Amounts owed by group undertakings	59,986	1,229,389
Legacies due	-	-
Gift aid tax recoverable	-	-
Prepayments	191,956	167,392
VAT	44,051	43,953
Accrued income receivable	638,265	152,448
	958,165	1,606,527

20. Creditors
Amounts falling due within one year

Group	2025 £	2024 £
Trade creditors	227,088	291,107
Other tax and social security	143,132	-
Pension creditor	60,670	55,320
Lottery ticket sales paid in advance	96,305	94,722
Other creditors	10,215	845
Accruals and deferred income	47,057	57,694
	584,467	499,688

Charity	2025 £	2024 £
Trade creditors	226,221	286,120
Other tax and social security	143,132	-
Pension creditor	60,670	55,320
Amounts owed to group undertakings	130	4,338
Other creditors	9,829	-
Accruals and deferred income	35,915	39,045
	475,897	384,823

21. Operating lease commitments

Minimum lease payments under non-cancellable operating leases fall due as follows:

Group and Charity	2025 £	2024 £
Expiring:		
Within one year	67,127	65,056
Between one and five years	202,703	217,119
In more than five years	8,390	7,312
	278,220	289,487

22. Pension commitments

For qualifying St Michael's Hospice Hastings and Rother staff, participation in the NHS Superannuation Scheme provides benefits based on final pensionable pay, a defined benefit scheme. The contributions paid by the charity in respect of the NHS Superannuation scheme are accounted for as if the scheme was a defined contribution scheme as the charity is unable to identify its share of the underlying assets and liabilities in the scheme. The Government Actuary, using the Projected Unit Method, determines contributions charged to the Statement of Financial Activities.

For staff that do not qualify to join the NHS Superannuation Scheme, the charity operates two further defined contribution pension schemes. Contributions are charged to the Statement of Financial Activities in the period to which they related.

The total contributions paid to both pension schemes for the year ended 31 March 2025 are shown in note 13. The amount outstanding at the balance sheet date is £2,789 (2024 – £55,320).

23. Movement in funds

Current year	At 1 April 2024	Income	Expenditure	Gains and losses	Transfers	At 31 March 2025
Unrestricted funds						
General fund	5,634,002	7,929,727	(8,641,532)	272,627	(3,703)	5,191,121
Designated funds						
Fixed assets	4,589,783	-	(136,179)	-	-	4,453,604
Capital Appeal	5,287,129	-	(252,488)	-	-	5,034,641
	9,876,912	-	(388,667)	-	-	9,488,245
Restricted funds						
Rolling equipment replacement	25,799	4,734	(25,235)	-	(4,380)	918
Other funds	54,228	95,145	(122,671)	-	5,454	32,156
Big Lottery Compassionate Communities	47,656	-	(50,285)	-	2,629	-
	127,683	99,879	(198,191)	-	3,703	33,074
Total	15,638,597	8,029,606	(9,228,390)	272,627	-	14,712,440

Prior year	At 1 April 2024	Income	Expenditure	Gains and losses	Transfers	At 31 March 2025
Unrestricted funds						
General fund	5,201,794	7,824,450	(7,552,775)	101,963	55,570	5,634,002
Designated funds						
Fixed assets	4,611,320	-	(250,627)	-	229,090	4,589,783
Strategic Development fund	2,000,000	-	(115,340)	-	(1,884,660)	-
Contingency fund	3,400,000	-	-	-	(3,400,000)	-
Capital Appeal	-	287,129	-	-	5,000,000	5,287,129
	15,213,114	8,114,579	(7,918,742)	101,963	-	9,876,914
Restricted funds						
Rolling equipment replacement	49,143	40,390	(63,734)	-	-	25,799
Other funds	53,511	40,792	(40,075)	-	-	54,228
Big Lottery Compassionate Communities	35,700	59,766	(47,810)	-	-	47,656
	138,354	140,948	(151,619)	-	-	127,683
Total	15,351,468	8,255,527	(8,070,361)	101,963	-	15,638,597

23. Movement in funds (continued)

Unrestricted funds
The Trustees have applied the funds as shown above. Of the available funds held at the year-end £4,453,604 (2024 - £4,589,783) is held in the form of land and buildings and other tangible fixed assets.

The Trustees have set up a Capital Appeal Fund in the current year. The fund currently holds a value of £5 million; however, the Trustees do not include this amount in their calculation of free reserves. The funds are ringfenced with the Trustees having the aspiration to raise £10m over the 7 year plan.

The unrestricted General fund together with the Capital Appeal fund total £10,921,131 which represents 13 months of net running costs.

The general fund at the year-end of £5,191,121 (2024 - £5,634,022) represents funds available to the Trustees to pursue and further the activities of the Hospice.

Restricted funds
Rolling Equipment Replacement – funds received to purchase new or upgrade existing equipment are recorded within the Rolling Equipment Replacement fund. Funds received during the year were all fully expended in accordance with their restriction, unless stated otherwise. The additional balance carried forward on the fund represents fixed assets held on the balance sheet.

Other funds – funds received for specific services or provision of small equipment where the balance remaining at the yearend is less than £5,000.

The National Lottery Community Fund RC London and South East Region - The grant from the National Lottery Community Fund RC London and South East Region is to fund a three year project to raise awareness and develop compassionate communities that mobilise to think about how they can support people with life limiting conditions and keep them part of daily life

Transfers out of restricted funds represent unspent balances released from restriction in accordance with the terms of the original donations.

24. Net Assets by fund – current year

Group

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	4,453,604	-	4,453,604
Investments	6,512,808	-	6,512,808
Current assets	4,297,420	33,074	4,330,494
Current liabilities	(584,467)	-	(584,467)
Net assets	14,679,366	33,074	14,712,440

Charity

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	4,609,598	-	4,609,598
Investments	6,512,910	-	6,512,910
Current assets	4,236,507	33,074	4,269,581
Current liabilities	(475,897)	-	(475,897)
Net assets	14,883,118	33,074	14,916,192

Net assets by fund – comparative year
Group

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	4,589,783	-	4,589,783
Investments	6,090,927	-	6,090,927
Current assets	5,329,892	127,683	5,457,575
Current liabilities	(499,688)	-	(499,688)
Net assets	15,510,914	127,683	15,638,597

Charity

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	3,887,165	-	3,887,165
Investments	6,091,028	-	6,091,028
Current assets	6,116,416	127,683	6,244,099
Current liabilities	(384,823)	-	(384,823)
Net assets	15,709,786	127,683	15,837,469

25. Related party transactions

The charity had the following transactions with its subsidiary companies during the year:

	St Michael's Hospice (Retail) Limited		St Michael's Hospice Lottery Limited	
	2025 £	2024 £	2025 £	2024 £
Income during the year	-	516,895	477,051	508,053
Expenditure during the year	-	-	-	-
Balance receivable at the year end	47,730	1,202,190	12,256	23,053

Income is generated from a donation of profits or a recharge of costs incurred on behalf of the subsidiaries. Expenditure is the reimbursement of reasonable costs incurred by the subsidiaries in the course of carrying out their business.

Transfer from Retail Company

Following extensive research to identify the best possible course of action for the operations of St Michael's Hospice (Retail) Limited (Retail), the directors reached a conclusion that all the activities currently undertaken by Retail were capable of being carried out directly by the parent charity St Michael's Hospice Hastings and Rother (the Hospice) in furtherance of its charitable objects.

Effective from 1 April 2024, the Hospice and Retail merged in accordance with the provisions of the signed Asset Transfer Agreement. The directors of Retail and the Hospice resolved that Retail will transfer its assets, undertaking and activities, together with its obligations and commitments, to the Hospice for the Hospice to operate the activities of Retail in succession to it. The trustees of the Hospice resolved that it would be in the best interests of the Hospice and in pursuit of its charitable objects to accept the transfer of the assets, undertaking, and activities of Retail, together with Retail's obligations and commitments. Following the transfer it is intended that Retail will remain dormant.

A summary of the assets and liabilities transferred at 1 April 2024 is as follows:

	2025 £
Land and buildings	852,000
Other fixed assets	560
Cash at bank and on deposit	289,688
Other current assets	27,815
Current liabilities	(1,171,085)
	1,022

A balance of £47,730 remains owing from the Retail company to the Hospice at 31 March 2025.

There are no other transactions with related parties to disclose.

26. Contingent liabilities

There were no contingent liabilities as at 31 March 2025 nor at 31 March 2024.

27. Capital commitments

The charity had no building commitments as at the year-end (2024 - £nil).

28. Contingent assets

The charity was notified of one legacy (2024 – one) which is subject to a life tenancy or other such condition. The total amount of the legacy is estimated at £100,000 (2024 - £100,000). It has not been included in the accounts.

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

England & Wales - Charity number 288462

Accounts

Company Registration No. 01776496 (England and Wales)
Registered Charity No. 288462

St Michael's Hospice Hastings and Rother

Report of the Trustees and consolidated financial statements for the year ended 31 March 2024

St Michael's Hospice Hastings and Rother

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Company information

St Michael's Hospice Hastings and Rother, a registered charity and a company limited by guarantee, was established on 8 December 1983 and formally opened its service in April 1987. Its Articles of Association were last revised and agreed on 27 January 2012.

The Trustees of the charity (who are also Directors of the company) are drawn from the local community. The Chair will be recruited from the local community in the event that they are not elected by the Trustees from amongst those on the Board.

Board of Trustees	Susan Munroe	(Chair)
	Tony Boardman	
	Ian Crick	(appointed on 01 April 2024)
	Simon Davis	
	Kerry Gentleman	(Vice Chair)
	Nigel Kirby-Green	
	Geoff Longmire	
	Ian Menzies	
	David Rogers	(appointed on 27 August 2024)
	Magnus Spence	(appointed on 30 May 2023)
	Linda Stevens	(Vice Chair)
	James Thomas	(resigned on 18 June 2024)
	Andrew Watson	(appointed on 27 August 2024)
Company Secretary	Darren Mackenzie	
Chief Executive	Dr Karen Clarke	
Leadership Team	Darren Mackenzie	Finance and IT Director
	Dr David Barclay	Medical Director
	Perdita Chamberlain	Income Generation Director
	Evelyn Prodger	Clinical Services Director
	Caroline White	Organisational Development Director

Registered information

Registered charity name	St Michael's Hospice Hastings and Rother
Charity number	288462
Company registration number	01776496
Registered office	25 Upper Maze Hill St Leonards on Sea East Sussex TN38 0LB

Professional advisors

Auditors	Saffery LLP Chartered Accountants 71 Queen Victoria Street London EC4V 4BE
Bankers	Lloyds Bank Plc 17 Wellington Place Hastings East Sussex TN34 1NX
Solicitors	Gaby Hardwicke 34 Wellington Square Hastings East Sussex TN34 1PN
Investment advisors	Rathbone Investment Management 8 Finsbury Circus London EC2M 7AZ Brewin Dolphin 12 Smithfield Street London EC1A 9LA

The Trustees present their report and accounts for the year ended 31 March 2024 including the Strategic Report for the company.

These accounts comply with the charity's governing document, which states that the charity's objective is to promote the relief of sickness, the Companies Act 2006, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and with the Charities SORP (FRS 102).

St Michael's Hospice is regulated by the Care Quality Commission (CQC) which is the independent regulator of all health and social care services in England.

1. OBJECTIVES AND ACTIVITIES

1.1. Purpose of the charity as set out in the governing document

The charity was established to "promote the relief of sickness in such ways as the Trustees shall from time to time think fit and, in particular (but without prejudice to the generality of the foregoing), to provide services so as to support the physical, psychological, social and spiritual needs of those affected by life-limiting illnesses."

1.2. Main activities of the charity undertaken in relation to those purposes

The overall aim of St Michael's Hospice is to enable people (over the age of eighteen) living with serious, advanced illness to live as fully as possible and to provide compassionate, expert care at the end of life. The service adopts an interdisciplinary approach and works collaboratively with NHS services in primary, secondary and tertiary care, continuing healthcare, adult social care and with private and voluntary providers.

The Hospice team acts as a resource to provide specialist advice and support to the wider primary care locality. Its aim is to:

- provide specialist and integrated palliative and end of life care and support to the population of Hastings and Rother irrespective of their diagnosis
- provide specialist and holistic support to family members and carers of people living with an advanced, serious illness to enable them to remain as resilient and independent as possible
- ensure that patients and their families or carers receive appropriate information, treatment and support to help manage their illness and the effect of their illness on their wellbeing
- ensure that patients and their families and carers have knowledge and choice regarding how their support and care is delivered.
- ensure that patients' preference as to how they are cared for and die are obtained and recorded, and where possible, achieved
- provide specialist support to people who are bereaved.

The Hospice accepts referrals from any health practitioner and also self-referrals, which are discussed with the GP. The inter-disciplinary team provides high quality holistic palliative and end of life care, enhancing the quality of life for patients nearing the end of their lives and supporting family members and carers. This includes:

- specialist symptom control – to keep patients as comfortable and well as possible
- holistic emotional, social, spiritual and practical support – to make sense of and cope with living with or supporting someone with a life limiting illness.

- rehabilitation - to optimise patients' independence and participation in activities meaningful to them
- in-patient facilities
- 24/7 telephone advice and support for patients, families and health professionals
- respectful and effective working with other relevant primary, secondary, tertiary health and social care providers to ensure maximum continuity and seamless support for patients nearing the end of life and their families
- supporting people to be cared for in their preferred place of care whenever possible and in line with their needs
- ensuring patients in receipt of care are treated with dignity and respect and that their individual needs and preferences are acknowledged
- support from trained volunteers
- expert bereavement support.

Support and care are highly specialised, individualised and delivered by skilled members of an inter-disciplinary team including consultants in palliative medicine, specialist doctors, nurses, health care and wellbeing assistants, therapists, social workers, spiritual support leads and a pharmacist who works in accordance with professional codes of practice (where applicable) legal and ethical principles.

The Hospice provides palliative care training and support to health and social care professionals and nursing homes.

1.3. Main activities undertaken to further the charity's purposes for the public benefit

The charity serves a population of c190k living in Hastings and Rother. All the activities undertaken by the charity are to further its charitable purposes for the benefit of the people living within its catchment area and all services are provided free of charge.

Much of the charity's funding comes from local individuals and organisations and most of its beneficiaries are predominantly, but not exclusively, drawn from Hastings and Rother. Services are also available for those who have not been resident locally but need support, e.g. someone who has moved into the area to be closer to their family.

The Trustees have considered the Charity Commission's guidance on public benefit and can confirm that the charity's activity does deliver public benefit. The main benefits that have arisen throughout the year are detailed in the following pages.

1.4. Aims, details of issues the charity seeks to tackle, changes or differences it seeks to make

Through the services it provides, the training it delivers and numerous fundraising activities, the Hospice aims to raise awareness of, and support the end of life and bereavement needs of those living in the local area.

1.5. How achievement of aims will further the charity's legal purposes

Providing Hospice care directly fulfils the charity's legal aim of promoting the relief of sickness by supporting the physical, psychological, social and spiritual needs of those affected by life-limiting

illness. In addition, it provides holistic emotional and spiritual support to make sense of and cope with supporting someone with a life-limiting illness.

Providing education and training to other health and social care professionals is indirectly fulfilling the charity's aim of promoting the relief of sickness. Encouraging people to engage in fundraising activities is a way of enabling them to do something positive in someone's memory as well as raising awareness and support for the charity. This therefore indirectly fulfils the charity's aim of promoting relief of sickness.

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

2.1. Governing document

St Michael's Hospice Hastings and Rother is a company limited by guarantee and registered with Companies House. Its Articles of Association were last revised and agreed on 27 January 2012. The Trustees of the Charity (who are also Directors of the Company) are drawn from the local community.

2.2. Organisational structure

During the year 2023/24, the Board met formally six times. Additionally, it held two strategy days both focused on plans to build a new Hospice. The Clinical Governance Committee and the Governance, Audit and Risk Committee met six times. The People Committee met three times and the Finance Committee, and the Fundraising Strategy Committee both met twice.

The Chief Executive is appointed by the Board of Trustees to manage the day-to-day operations of the charity. The Board seeks to ensure that all the charity's activities are within its charitable objectives and its responsibilities include setting the strategic direction and approving the business plan and budgets. The Chief Executive and the Leadership Team attend and present information at each formal Board meeting to enable effective decision-making and ensure open and transparent communications.

St Michael's Hospice Hastings and Rother has two wholly owned subsidiary companies, one for its lottery and another for its retail business. The Boards of these companies meet four times a year to scrutinise the operation of these businesses and explore opportunities to increase their income. They also held strategy days within the year.

2.3. Recruitment and appointment of Trustees

The Articles of Association state that there must be a minimum of four and a maximum of fifteen Trustees. The initial appointment of Trustees is for a period of three years followed by a second term of three years. Thereafter, the position is reviewed annually up to the maximum of nine years. The Board of Trustees has delegated responsibility for succession planning, recruitment and induction of Trustees to the Governance, Audit and Risk Committee who then make recommendations to appoint to the Board. The skills of existing Board members are assessed and where a skills gap exists, advertising will take place using the most cost-effective method for the skills being sought whilst ensuring a wide, diverse audience is reached. Members of the Governance, Audit and Risk Committee will then interview candidates who meet the selection criteria. Once appointed, all new Trustees undertake an induction programme specific to their needs.

James Thomas resigned on 18 June 2024. The following appointments were made at General Meetings:

30th May 2023	Magnus Spence was appointed as Trustee
19th September 2023	Susan Munroe was reappointed as Chairman
5th October 2023	Ian Crick was appointed as Trustee with effect from April 2024.
30th January 2024	Nigel Kirby-Green was reappointed as Trustee
27th August 2024	David Rogers was appointed as Trustee
27th August 2024	Andrew Watson was appointed as Trustee

The Trustees who served during the year are shown below and their membership of a sub-committee is indicated using the following key:

♗ Clinical Governance Committee
♦ Finance Committee
Ω Fundraising Strategy Committee
♠ Governance, Audit and Risk Committee
♪ People Committee
✠ Nominations Committee

Tony Boardman Ω
Simon Davis ♦ Ω ♪ ✠
Kerry Gentlemen ♗ ♪ ✠
Nigel Kirby-Green ♠
Geoff Longmire ♦ Ω
Ian Menzies ♦ ♠ ✠
Susan Munroe ♪ ✠
Linda Stevens ♠ ♦ ♪ ✠
James Thomas ♠
Magnus Spence
Ian Crick

2.4. Remuneration for key management personnel

The Trustees consider that the Trustees and the Leadership Team comprise the key management individuals of the charity responsible for directing, controlling and operating the charity on a day-to-day basis. All Trustees give their time freely and received no remuneration within the year.

The Hospice directly employs medical consultants, doctors, nurses and other allied healthcare professionals, who are paid at a rate aligned with the relevant national scale. The Leadership Team remuneration is reviewed annually by the People Committee as part of the annual budget cycle where inflation, other hospices and NHS increases are taken into consideration. The Hospice also takes part in salary surveys and benchmarks against a range of peers.

3. STRATEGIC REPORT

Introduction from the Chief Executive Officer

I am delighted to present the 2023/24 Annual Report. During this year we progressed our Hospice strategy based upon the principles of a public health palliative care approach and focused on supporting the community of Hastings and Rother to live well with dying, death and loss. In total over 2,100 people received Hospice support last year, 20% of whom accessed bereavement support.

Through engagement with our team and external partners, we have developed a new clinical strategy for implementation in 2024/25. The goal is to ensure that by working in partnership, we will prioritise the unique needs, values and preferences of every individual empowering them to actively participate in their care and make informed decisions.

Complementing our clinical services is our compassionate communities strategy which aims to listen to, enable, energise and empower communities. Dying, death and loss are marginalising experiences; as lack of mobility, the burden of care and associated poor mental health increases, connection to established networks decreases. Our goal is to help build those networks of support across our community to tackle loneliness and isolation for those living with advanced illness, caring for someone, or coming to terms with the death of someone important to them.

The financial landscape continues to be challenging with a 31% NHS contribution to our overall running costs. In the Health and Social Care Act 2022, there is a statutory requirement for NHS Integrated Care Boards (ICB) to commission palliative and end of life care (PEoLC). The Sussex hospices are working together with the Sussex ICB to achieve what we hope will be a more equitable and sustainable approach to NHS funding and investment in hospice care in the future.

This will be particularly important to St Michael's Hospice as we embark on an ambitious project to build a new Hospice. Parts of the Hospice building are now over 160 years old and while the building remains safe and patient comfort is prioritised, it is increasingly difficult to create the environment the Hospice wants and needs for patients, their families and friends, the wider community, and the workforce. We have spent time putting the project governance arrangements in place and appointing the project team for the programme to start in earnest in April 2024.

The Hospice holds a special place in our local community, and it is only through the extraordinary support of our volunteers and supporters - who give their time, resources and money, that we can continue to fulfil our strategic objectives. We are deeply grateful and hope they know how much we value them.

As I look back across the year, I feel very privileged to be the Chief Executive of such an aspirational organisation whose people are dedicated and passionate about providing and facilitating high quality care and support to patients and their families.

Dr Karen Clarke
Chief Executive

3.1. Achievements in the year 2023/24

In 2023/24 the Hospice developed several key strategies to support its vision, mission and values:

- Clinical strategy
- Clinical Education strategy
- Organisational Development strategy
- Retail strategy
- Marketing and Communications strategy
- Data, Systems and Insight strategy
- Compassionate Communities strategy
- Fundraising strategy

Our vision

A kind, resilient and empowered community that is ready, willing, capable and confident to support people living with dying, death and loss.

Our strategy

We have an ambitious strategy; to become a centre of excellence for palliative care provision, education and research and to create a compassionate community which supports each other in dying, death and loss. We believe that our community is rich in assets and that with engagement, education and support from the Hospice these can be harnessed to impact better end of life for all. Alongside being a provider of specialist palliative care, we will adopt and embed a public health approach to palliative care as an equally important aspect of our core business. This is an innovative approach founded on principles of partnership and collaboration with the people we serve and those closest to them, our generalist palliative care partners, with neighbourhoods, community organisations and with civic institutions. To achieve our vision we will:

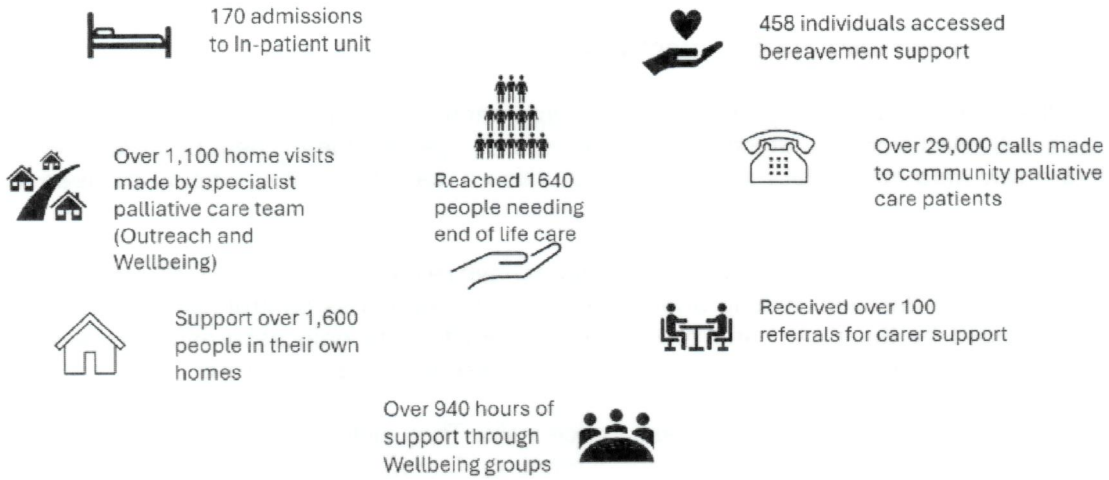
a. Provide high quality specialist palliative and end of life care;
b. Understand, educate and collaborate with health and social care partners;
c. Listen to, enable, energise and empower communities;
d. Influence, support and advise civic institutions, such as schools, workplaces, local councils and cultural or faith organisations.

We see St Michael's Hospice as an influencer and that through investment in community development we have a unique vehicle to shape both the dialogue and experience of dying, death and loss in our communities. The ethos of one united team extends to all areas of the Hospice and is key to our strategy; working together as one team to achieve our vision and mission.
Our Hospice shops will have an integral role to play in being the "face" of the Hospice in local neighbourhoods and providing facilities to enable people to receive our services closer to where they live. Our Lottery Collectors are already playing a significant role in connecting people with the Hospice and reducing social isolation across our catchment areas.

The following section highlights some of the key achievements in 2023/24

3.1.1. Increase clinical reach

In 2023/24 the range and volume of community contacts increased as part of planned transformation work. Bereavement counselling waiting times were significantly reduced due to the introduction of more group bereavement counselling. The total number of people supported across all hospice services can be seen in the graphic below.



Hastings has one of the highest rates of deprivation in England. Steady progress has been made in collecting demographic information on patients referred to enable the Hospice to make comparisons with population data and identify areas where development work is needed. This work will continue in 2024/25 and has been incorporated into the operational work underpinning the Clinical Strategy which was developed across 2023/24 and went live in April 2024.

Work commenced with the data and insight team to ensure data regarding clinical activity is well defined and to support the development of meaningful dashboards for all areas of the Hospice which can be shared with the teams monthly.

Collaboration between St Michaels Hospice (SMH) and two other Sussex hospices has led to the pilot of Hospice Line. The first stage of the pilot was to trial if a Clinical Nurse Specialist (CNS) from one hospice could support patients from the other two hospices remotely. Calls taken at the patient's home hospice were escalated to the CNS where their specialist input was required. 98% of calls were successfully managed, the remaining 2% required additional input not related to the pilot. Over the 15 weekends 18 patients avoided admission to hospital.

Hospice Consultants continue to in-reach into the East Sussex Healthcare NHS Trust (ESHT) through the Conquest Hospital.

The Compassionate Communities progressed its work with three interconnected workstreams:

(i) clinical services that support a compassionate community agenda
(ii) Hospice-led initiatives that augment or pump prime compassion within a community
(iii) working with the community using an asset-based community development (ABCD) approach.

As part of (ii) the Hospice holds Saturday Socials and Thursday Coffee Stops designed to reduce loneliness and social isolation. In the year they had 963 and 508 attendances respectively. These initiatives are supported by community volunteers giving 2885 hours of their time and a further 81 volunteers were engaged in befriending 130 patients. Of these beneficiaries, 90% reported a reduction in feelings of loneliness and isolation, 93% reported an increase in their wellbeing. Our

volunteers themselves reported 94% increase in their connectedness to community as well as 92% increase in their awareness of dying, death and loss.

3.1.2. Improve and demonstrate our effectiveness

2023/24 saw the Hospice take a leap forward with its approach to data and insight. Changes to the way data was extracted from the electronic patient records system, meant new processes were needed to turn raw data into a data story, and also utilise a 'calculate once, employ as needed' approach.

Power BI applications and new skills within the data team have revolutionised how data is presented to allow for data-driven decision making and insight. Statistical process control (SPC) charts are beginning to be used by the Board and governance committees to gain assurance, as well as insight, and the management team are looking to exploit these for decision-making.

During 2023/24 six Trustees led face to face assurance visits. They included attendance at the daily referrals meeting, Infection Prevention and Control meeting, Community Interdisciplinary meeting, and the Clinical Governance Committee.

Trustees had opportunities to meet and speak with employees from across the Hospice enabling them to learn more about individuals, their roles and the work teams are undertaking. All Care Quality Commission (CQC) key lines of enquiry were considered across the Trustee assurance visits. Following a review of Trustee visits in January 2024, the frequency of visits will reduce to four in 2024/25 and the format of the day will change to ensure a sustained focus on CQC quality statements as well as regulation whilst allowing for wider Hospice team involvement.

Some of the survey feedback Trustees gave regarding what they found useful about the visits included:

- *Learning about different parts of the organisation.*
- *Being able to ask questions of grass roots staff encouraging openness and honesty*
- *To update my knowledge of the operational aspects of the hospice*
- *Face to face meetings with our employees and volunteers with some structured discussion which has the flexibility for free ranging discussion as well. This has double impact; 1 it provides Trustees with information for assurance and 2 it gives Trustees visibility within the organisation and helps understanding of our role.*
- *Focus on areas where change is taking place is also very useful.*
- *Getting to understand the breadth of the services we provide, and getting time with the people delivering them*
- *I think the people I've met over the two visits all presented themselves and the work of the hospice very professionally, considering it must feel a bit intimidating. I've especially enjoyed it when there have been a couple of people to meet at the same time, since it allows it to be a bit more relaxing and supportive.*

The new CQC model has now been implemented with the South East region being the first area inspected using this model. The Associate Director - Clinical Improvement, Education & Research has held CQC awareness sessions for the whole Hospice including trustees, which have been well received & encouraged non-clinical staff to think about their roles in providing CQC evidence. The Clinical Services Director / Registered Manager & Associate Director Clinical Improvement, Education & Research are using their networks with other hospices across the region to help understand what the differences are between the old and new CQC framework.

Regrettably, there are times when the Hospice's services do not meet the expectations of its service users and in 2023/24 there were 15 formal complaints with a further 32 concerns or informal complaints raised. A thorough investigation is undertaken into all complaints and a written response provided to the complainant within 20 days.

75% of the formal and informal complaints received related to clinical care or support with the main areas highlighting issues with communication, responsiveness of the service, and lack of care and support. Clinical complaints are discussed at Clinical Governance Committee and the Board. Feedback is shared with team members to increase understanding of the impact of a poor experience on patients and families. Lessons learnt and recommendations from the investigations into the complaints inform the Hospice's education, audit and quality improvement priorities. A review of how complaints are managed was carried out and new processes will be in place from April 2024 to ensure learning is maximised.

In response to feedback we continue to:

- Improve communication skills within the teams through education and observation of practice
- Work closely with external organisations to improve communication and the experience of patients and families
- Gather carer experience - the Voices survey has been launched to help achieve this
- Review discharge processes on the In-Patient Unit
- Ensure the website has up to date information about services.

Other complaints related to Income Generation activities and facilities at Hospice sites. Fortunately, as these were relatively few in number, there were no trends or underlying issues identified.

Digital transformation remains a key priority and in 2023/24 there was further development of the Hospice electronic patient records system SystmOne to enable sharing of records across other healthcare partners.

There has been an expansion of the use of a cloud-based telephony system to support the Hospice's on call process for out of hours and to support the Hospice Line initiative.

Work to improve effectiveness and to support and develop the workforce has continued through the collaboration that exists across the seven adult Sussex hospices.

The collaborative's leadership and management development programme "THRIVE" continues to receive positive feedback with five cohorts of managers across five hospices (n=80) who have now completed the programme. Two further cohorts will be delivered in 2024/25.

3.1.3. Develop and value our people

There has been a change to the Extended Leadership Team (ELT), with the introduction of a Deputy Chief Executive Officer (CEO) role to support the CEO in the day-to-day oversight of the Hospice. This change has been prompted by the decision to build a new Hospice by 2030. The Capital Project will be led by the CEO with support from the Associate Director of Capital Project, Communications and Marketing

Year three of the Organisational Development Strategy has delivered some key areas of improvement some of which are highlighted below.

The Hospice continues to be committed to offering career development opportunities and was delighted to appoint a Nurse Associate who had completed their training with the Hospice. There are a further two Nurse Associates in the pipeline who will complete their training in 2024/25. Despite national nursing shortages, newly qualified nurses and those from other specialities, including a paramedic have been successfully recruited and supported through their induction period, and beyond via a preceptorship programme. An Associate Clinical Nurse Specialist (ACNS) role was developed in 2022/23 and both ACNS become Clinical Nurse Specialists (CNS) in 2023/24 following their training and development programme.

The Hospice is also using its apprenticeship levy to support an employee to complete an Occupational Therapy apprenticeship over four years.

A Wellbeing and Supervision Framework was introduced in 2023/24 to include the various elements of support that all employees can access. In January 2024 the Hospice held its first Schwartz Round, a supportive storytelling forum where the workforce can come together to discuss the emotional and social impact of working in the Hospice.

In addition, a Carer's Forum was established to support employees who have personal caring responsibilities outside of work.

The Hospice has been working with Hospice UK to complete the Compassionate Employers Gold award. This is a programme that recognises and supports employees with caring responsibilities, bereavement and terminal illness. Completion of the programme is due in Spring 2024.

Clinical Supervision is available to everyone to ensure the emotional impact of working in a hospice is not detrimental to an individual's wellbeing.

To support the Hospice's work on equality, diversity and inclusion (EDI), the Hospice participated in the NHS Diversity in Healthcare programme to learn more about making a difference to patients and employees either accessing or working in healthcare.

3.1.4. Ensure our long-term sustainability

Expenditure was closely monitored and was within tolerance levels throughout the year. The cost-of-living crisis continued to impact the Hospice's cost base in addition to having an impact on the Hospice's ability to raise funds.

The Hospice continued to share a Finance and Facilities Director with St Wilfrid's Hospice (Eastbourne) and both organisations availed of joint training and launched a new finance system in the year, to enable a streamlining of processes and financial modelling to be consistent.

Gross income for the year was £8.26m and expenditure was £8.07m resulting in a year end surplus of £185k before investment gains.

a) *Lottery*
The Hospice Lottery activity remains stable, averaging 16,507 players per week during 2023/34. The top prize was increased to £3k for the Spring Special Draw in May 2023 which meant an additional 18,797 tickets were processed, generating additional profit of £12.36k.

There was a significant staff change during the year, with the long-standing Lottery Manager leaving the Hospice. Only two canvassers were available to support with new sign ups,

however, the membership has remained stable and resulted in an income of £891k and a covenant of £508k to the Hospice.

For every £1 played in the lottery, 56p goes to the Hospice (the legal requirement is to pay at least 20p), 18p goes into the prize fund and 26p covers the administration, promotion, and legal regulation expenditure.

b) *Retail and E-Commerce*
Through seven shops and e-commerce, the Retail company generated £770,156 in income, an increase of £122,384 from 2022/23, and delivered a profit of £25,149 for the first time since Covid 19. The increase in income was achieved through some key focus areas including:

- Longer opening hours and more trading days
- Introducing a consistent pricing and brand guide in all
- Ensuring teams were equipped and trained to manage and promote Gift Aid sales,
- An increase in recycling income by 15%
- Increase of Retail on the Road activity and the introduction of Mega Sales
- Increased listings on eBay and a focus on "buy it now" listings which increased the quantity sold by 13.8%, the average sale price by 3.7% which has supported an increase in overall sales of 18% on 2022/23 which helped e-commerce exceed budget by 5%

There has also been a focus on volunteer recruitment to support the increase in opening hours and eBay listings with an additional 36 Retail volunteers starting in role in 2023/24, an increase of 17.5%.

Following extensive research to identify the best possible course of action for the operations of the Retail company, the directors reached a conclusion that all the activities currently undertaken by Retail were capable of being carried out directly by the parent charity in furtherance of its charitable objectives.

Effective from 1 April 2024 the charity and Retail merged in accordance with the provisions of a signed Asset Transfer Agreement. The directors of Retail and the charity resolved that Retail will transfer its assets, undertaking and activities together with its obligations and commitments to the charity for the charity to operate the activities of Retail in succession to it.

Once the transfer is completed Retail will become dormant during the financial year 2024/25

c) *Sussex Hospices Collaboration*
St Michael's Hospice is a member of Hospice UK (HUK), the national charity which exists to support and provide a campaigning voice to hospices across the United Kingdom. This has helped to raise the profile of hospices across government departments and generated some positive results, particularly in relation to raising awareness of the impact of the increasing cost of living on hospices.

The seven adult Sussex Hospices continue to pursue opportunities for collaboration since starting in 2018. Some programmes that are part of the collaboration are referenced in other parts of this report. Since October 2023, the hospices have been working with the Sussex NHS integrated care board (ICB) on proposals to form an alliance. It is hoped that this will be formalised in 2024/25. While each hospice holds fast to its local autonomy and identity, they recognise the benefit of working together to make the most of their knowledge and resources in benefitting patients and families and enhancing our sustainability.

4. FINANCIAL REVIEW

The results for the year are shown in the Statement of Financial Activities. Income totalled £8.26 million (2023 - £7.54 million).

The charity received a grant from Hastings and Rother Clinical Commissioning Group of £2.42 million (2023 - £2.35 million).

Total expenditure was £8.07 million (2023 - £7.49 million) an increase of 7.7%.

The year ended with a surplus before investment movements of £185K (2023 – surplus of £50k).

4.1. Reserves policy

One of the key risks that the charity faces is a fall in its income because of a drop in donated funds. To sustain the organisation's ability to deliver the services it is committed to the Trustees have agreed to maintain financial reserves as they deem necessary to ensure there can be continuity.

Following the decision to build a new hospice by the year 2030 the Trustees have set up a Capital Appeal Fund. The funds are ringfenced with the Trustees aspiring to raise £10m over the 7 year project. The scope of the funds will be finalised in March 2025.

In addition an initial Capital Appeal designated fund of £5 million has been created by transferring the balance on the Strategic Development Fund (£1.9 million) and £3.1 million of the Contingency Fund into the Capital Appeal Fund. The £300k balance on the Contingency Fund has been transferred to the unrestricted General Fund. The balances on the Strategic Development and the Contingency Funds are therefore nil at the year end.

The fixed asset reserve represents the amount of the total reserves that are tied up in tangible fixed assets, mainly freehold property including the Hospice building. As at 31 March 2024, the Consolidated Balance Sheet total was £15.64 million (2023 – £15.35 million).

4.2. Investment Policy and objectives

The charity's investment objective for short-term reserves is to preserve the capital value with a minimum level of risk ensuring that the Hospice is able to meet unanticipated cash flow requirements. Funds treated as short-term would usually be invested only in a mix of short and medium-term deposits.

The investment objective for long-term reserves is to secure a return in excess of inflation, generating an income to support the Hospice's on-going activities. The Hospice has adopted an ethical investment policy to ensure that its investments do not conflict with its aims, and therefore precludes direct or indirect investments in companies that generate revenue from tobacco or arms and those companies whose principal activity is either gambling or pornography.

4.3. Investment performance

At 31 March 2024, the market value of the portfolio was £6.1 million, with an estimated yield of 2.4%.

Members of the Finance and Income Generation Committee review the brief given to the investment managers on an annual basis with regard to the proportion of investments to be held in each asset category, the level of risk which is acceptable and the level of income required.

4.4. Risk management

Risk registers are reviewed by the Leadership Team monthly and by the Governance, Audit and Risk, People and Clinical Governance Committees, on a bi-monthly or quarterly basis, identifying potentially significant risks, assessing their likelihood and impact and agreeing mitigating action. Corporate risks are subsequently reported to the Board at each meeting.

The key risks faced by the charity in 2023/24 as identified in risk registers were:
Nursing workforce shortages: the national shortage of specialist palliative care nurses combined with Brexit and the impact of the pandemic on healthcare workers continued to adversely affect the Hospice, and in particular the community nursing service. Pay for all clinical employees is reviewed annually and benchmarked against equivalent roles in the NHS. The employee assistance programme supports people to get more timely clinical interventions after periods of ill-health and expedites their return to work. Career development pathways continue to be considered and created so that the Hospice is able to develop its own nurses for the future. The Hospice continues to work closely with NHS colleagues to tackle nurse recruitment at system level.

Reputation damage: The Hospice is known as a quality health care provider and its reputation is of vital importance. Changes to service delivery, as a result of workforce shortages, and a reliance on health and social care partners to work collaboratively to provide a seamless, and not duplicated service means there is an increased risk of complaints and reputational damage. Some rebranding of services has taken place to ensure that the public are clear about the Hospice offer and comments and complaints are promptly responded to and investigated to ensure lessons learned are used to improve practice.

Funding: There is a risk that due to the rising cost of living which impacts the Hospice's expenditure and its supporters' ability to donate, the Hospice may be unable to generate sufficient income to ensure the Hospice can operate effectively. A prudent budget has been set for 2024/25 but employment costs alone have increased by 10%. Opportunities to collaborate and share costs are being explored, and new donor stewardship programmes are being implemented.

Risks associated with business continuity, e.g. a major incident, a serious failure in utilities and IT failure due to cyber-attack, virus, breakdown or hacking: Policies and procedures are subject to ongoing review and updating to ensure compliance with best practice and legislation. Vantage-Sentinel continues to provide oversight of the potential risks the charity faces enabling proactive steps to be taken to mitigate these. A new IT team supported by the managed services provider provides monitoring and recommends updates of the IT infrastructure and regular reminders are sent about the potential for phishing and scams.

4.5. Fundraising

The Trustees take their responsibilities under the Charities (Protection and Social Investment) Act 2016 seriously and have considered the implications on their fundraising activities.

The Hospice is committed to its donors and remains dedicated to treating all donors and supporters with the highest level of care, consideration and respect. The Hospice undertakes fundraising

activity via support from volunteer fundraising in the community, applying to and partnering with companies and grant-giving trusts, direct mailings and appeals and the organising of events. The fundraising environment is very challenging with the challenges of the pandemic now being replaced by the cost of living crisis.

St Michael's Hospice Lottery Limited runs a weekly lottery with the profits of the company being gift aided to the charity. The work of the Lottery Team is regulated by the Gambling Commission.

St Michael's Hospice Hastings and Rother is registered with the Fundraising Regulator and abides by the Regulator's Code of Fundraising Practice and the Fundraising Promise. The Hospice is careful to ensure that it takes all reasonable steps to treat a donor fairly, enabling donors to make an informed decision about any potential donation. The Hospice adopts guidance on best fundraising practice provided by regulatory bodies and will continue to do so as these are updated.

During the year to 31 March 2024, there were no complaints in relation to fundraising regulatory activity.

5. PLANS FOR THE FUTURE

2024/25 will be the third year of the current Hospice strategy. In this year the Hospice plans to do the following:

a. Provide high quality specialist palliative and end of life care by:
   - Implement a new clinical strategy
   - maximising available bed capacity and developing our community offer
   - using service user feedback from VOICES and Views on Care to inform quality improvements
   - continuing to increase knowledge and understanding of the CQC Single Assessment Framework

b. Collaborate with health and social care partners by:
   - supporting learning for generalist palliative care colleagues including those in care homes
   - contributing to the pan Sussex education collaboration by providing training for health and social care colleagues
   - develop and grow relationships with new colleagues in the ICB and East Sussex Healthcare Trust

c. Support compassionate communities by:
   - continuing to implement the compassionate communities strategy
   - implementing work to support carers in any setting
   - delivering the Retail Strategy to ensure the shops are thriving and sustainable businesses that support local communities and signpost to the Hospice
   - implementing the Fundraising strategy and Lottery business plan to generate new income, optimise existing income streams and ensure careful stewardship of supporters to enable more people to be supported

d. Influence civic institutions by:
   - improving support and workplace provisions for employees who are carers, to achieve Gold Award accreditation as a Hospice UK Compassionate Employers
   - sharing the knowledge gained from this to support other organisations to become Compassionate Employers
   - discovering all the assets that exist within the Hospices catchment area and exploring opportunities to work together to support people living with dying, death and loss

In addition to these strategic priorities the Hospice will continue its EDI work with a focus on ensuring its clinical services are accessible to all irrespective of ethnicity, religion, sexual orientation, care setting etc. The Board and Leadership Team will also be developing plans to build a new hospice for the Hastings and Rother community.

Statement of Trustees' responsibilities

The Trustees (who are also Directors of the charity for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and 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 these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 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.

The Trustees are responsible for the maintenance and integrity of the charity and the financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors
Saffery LLP were auditors during the period and their reappointment will be considered at the annual general meeting.

On behalf of the Board

S. Munroe ..... 31/10/24 .....

Mrs S C Munroe
Trustee

Opinion

We have audited the financial statements of St Michael's Hospice Hastings and Rother (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the group statement of financial activities, the group and charity balance sheets, the group cash flow statement and the notes to the financial statements, including 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 affairs of the group and the parent charitable company as at 31 March 2024 and of the group's incoming resources and application of resources, including its 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 and parent charitable company 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 or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report which includes the Directors' Report and the Strategic Report has 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 and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report and Strategic Report.

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; 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

As explained more fully in the Statement of Trustees' Responsibilities on page 18, the trustees (who are also the directors of the parent 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 the 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 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

We have been appointed as auditors under the Companies Act 2006 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the group and parent 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:
We assessed the susceptibility of the group and parent charitable company's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent charitable company by discussions with trustees and updating our understanding of the sector in which the group and parent charitable company operate.

Laws and regulations of direct significance in the context of the group and parent charitable company include The Companies Act 2006 and guidance issued by the Charity Commission for England and Wales.

Further the group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, through significant fine, litigation or restrictions on the group's operations. We identified the most significant laws and regulations to be those issued by the Care Quality Commission covering health care services and those issued by the Gambling Commission covering the requirements for running a lottery.

Audit response to risks identified:
We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the parent charitable company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available 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 parent 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 parent 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 parent charitable company and the parent charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Cara Turtington (Senior Statutory Auditor)
for and on behalf of Saffery LLP

Saffery LLP
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

18 November 2024

Saffery LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

St Michael's Hospice Hastings and Rother

Consolidated statement of financial activities (incorporating an income and expenditure account)
For the year ended 31 March 2024

	Notes	Unrestricted funds £	Restricted funds £	2024 Total funds £	2023 Total funds £
Income and endowments from					
Donations and legacies	3	3,548,772	140,948	3,689,720	3,003,999
Charitable activities					
Hospice services	6	2,426,166	-	2,426,166	2,356,176
Subsidiaries' trading activities	4	1,669,835	-	1,669,835	1,538,914
Other trading activities	4	308,113	-	308,113	503,736
Investment income	5	161,693	-	161,693	141,316
Total		8,114,579	140,948	8,255,527	7,544,141
Expenditure on					
Raising donations	7	658,291	-	658,291	623,943
Trading companies' costs	7	1,013,316	-	1,013,316	967,089
Charitable activities					
Hospice services	8	6,247,135	151,619	6,398,754	5,903,165
Total		7,918,742	151,619	8,070,361	7,494,197
Net gain/(loss)on investments	14	101,963	-	101,963	(335,550)
Net income / (expenditure)		297,800	(10,671)	287,129	(285,606)
Transfers between funds	23	-	-	-	-
Net movement in funds		297,800	(10,671)	287,129	(285,606)
Total funds brought forward		15,213,114	138,354	15,351,468	15,637,074
Total funds carried forward	24	15,510,914	127,683	15,638,597	15,351,468

Continuing operations
All incoming resources and resources expended arise from continuing activities.

The notes on pages 29 to 51 form part of these financial statements.

St Michael's Hospice Hastings and Rother

Consolidated and charity balance sheets
As at 31 March 2024

		Group 2024 £	Charity 2024 £	Group 2023 £	Charity 2023 £
Fixed assets					
Tangible assets	**16**	4,589,783	3,887,165	4,611,320	3,890,691
Investments	**17**	6,090,927	6,091,028	5,874,291	5,874,392
		10,680,710	9,978,193	10,485,611	9,765,083
Current assets					
Stocks	**18**	27,781	26,360	25,140	24,163
Debtors	**19**	399,194	1,606,527	588,142	1,581,540
Cash at bank and in hand		5,030,600	4,611,212	4,572,167	4,398,311
		5,457,575	6,244,099	5,185,449	6,004,014
Creditors: amounts falling due within one year	**20**	(499,688)	(384,823)	(319,592)	(193,761)
Net current assets		4,957,887	5,859,276	4,865,857	5,810,253
Total assets less current Liabilities		15,638,597	15,837,469	15,351,468	15,575,336
Net assets		15,638,597	15,837,469	15,351,468	15,575,336
Funds	**23**				
Unrestricted funds		15,510,914	15,709,786	15,213,114	15,436,982
Restricted funds		127,683	127,683	138,354	138,354
Total funds		15,638,597	15,837,469	15,351,468	15,575,336

The total income of the Hospice as an individual entity for the year was £7,728,253 (2023 - £7,058,650) and its net surplus was £262,133 (2023 – deficit of £241,882). A Statement of Financial Activities for the Hospice as an individual entity is not included using the exemption given in section 408 of the Companies Act 2006.

The financial statements were approved by the Board of Trustees on 31/10/2024 and were signed on its behalf by

S. Munroe

Mrs S C Munroe
Trustee

The notes on pages 29 to 51 form part of these financial statements.
Company number 01776496

St Michael's Hospice Hastings and Rother

Consolidated cash flow statement
For the year ended 31 March 2024

	Notes	2024 £	2023 £
Cash flows from operating activities			
Cash generated/(used) in operations	A	640,732	(126,583)
Net cash generated / (used) in operating activities		640,732	(126,583)
Cash flows from investing activities			
Purchase of tangible fixed assets		(229,317)	(184,387)
Purchase of fixed asset investments		(735,819)	(1,879,708)
Proceeds from sale of fixed assets		-	207,063
Proceeds from sale of investments		825,228	1,324,053
Investment income		161,693	141,316
Net cash generated / (used) in investing activities		21,785	(391,663)
Change in cash and cash equivalents in the reporting period	B	662,517	(518,246)
Cash and cash equivalents at the beginning of the reporting period		4,714,304	5,232,550
Cash and cash equivalents at the end of the reporting period	B	5,376,821	4,714,304

The notes on pages 29 to 51 form part of these financial statements.

Notes to the cash flow statement
For the year ended 31 March 2024

A. Reconciliation of net income to net cash flow

	2024 £	2023 £
Net income/ (expenditure) for the reporting period (as per the statement of financial activities)	287,129	(285,606)
Adjustments for:		
Depreciation charges	250,627	229,653
(Gains)/Losses on investments	(101,963)	335,550
Loss/(profit) on disposal of fixed assets	229	(153,073)
Investment income	(161,693)	(141,316)
Increase in stocks	(2,641)	(7,914)
Decrease in debtors	188,948	52,358
Increase/(decrease) in creditors	180,096	(156,235)
Net cash inflow/(outflow) from operating activities	640,732	(126,583)

B. Analysis of cash and cash equivalents

	At 31 March 2023 £	Movement £	At 31 March 2024 £
Cash at bank and in hand	4,572,167	458,433	5,030,600
Investment cash	142,137	204,084	346,221
	4,714,304	662,517	5,376,821

1. Statutory information

St Michael's Hospice Hastings and Rother is a private charitable company limited by guarantee, registered in England and Wales. The company's registered number and registered office address can be found in the reference and administrative details in the Report of the Trustees.

2. Accounting policies

2.1 Accounting convention

The financial statements of the charitable company, which is a public benefit entity under FRS 102, and group have been prepared in accordance with the second edition of the Charities SORP (FRS 102) "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)" Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value.

2.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Given the Charity's financial position, level of reserves and future strategic plans, the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

2.3.1 Gifts in kind

Gifts donated for resale are included as income when they are sold. Donated items for use in the Hospice are valued at a reasonable approximation to market value. Donated facilities are included at the value to the charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

2.3.2 Fees, contributions and grants

These comprise amounts receivable during the year.

2.3.3 Voluntary income

Voluntary income represents amounts received during the year.

2.3.4 Legacies

Reversionary legacies are accounted for on receipt. Pecuniary and residuary legacies are accounted for at the earlier of receipt of the legacy or the point at which the final accounts of the estate are agreed by the charity. In the event that legacies are settled after the accounting year end they are included in the accounts provided the charity was certain of the amounts to be distributed at the balance sheet date.

The hospice has received notification of a number of legacies which have not been included in these accounts because they are not certain in value or certain of receipt.

2.3.5 Investment income

Investment income comprises amounts receivable during the year.

2. Accounting policies (continued)

2.3.6 Shop income
Shop income generated by one of the trading subsidiaries represents net invoiced sales of goods, excluding value added tax.

2.3.7 Lottery income
Lottery income generated by one of the trading subsidiaries represents ticket sales received in respect of lotteries held during the year and scratch card sales.

Income from tickets sold in advance of a draw being held is carried forward to the period in which the draw takes place.

2.3.8 Debtors
Income resources recognised in the year but not received at the yearend are included within debtors unless there are doubts as to the estimation of value or likelihood of receipt.

2.4 **Resources expended**
Liabilities are recognised as expenditure as soon as there is a legal obligation or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where cost cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

2.5 **Allocation and apportionment of costs**
Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

2.6 **Tangible fixed assets**
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	2% and 10% on cost
Fixtures, fittings and equipment	15% to 33% on cost
Motor vehicles	25% on cost

Where extensions and improvements have been made to freehold property, depreciation has been charged over the remaining life of the underlying property.

No depreciation is provided on freehold land.

2.7 **Investments**
Listed investments are included at market value at the year end. Gains and losses on disposal and revaluation of investments are charged or credited to the Statement of Financial Activities.

2.8 **Stocks**
Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Donated items are not valued until sold. Consequently, no value is attributed to their stock carrying value, as this cannot be determined with certainty until sold.

2. Accounting policies (continued)

2.9 **Leasing commitments**
Operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

2.10 **Taxation**
The charity is party to a group registration for VAT purposes and is therefore able to recover some but not all of the VAT the charity incurs. Irrecoverable VAT is charged as a single item in the Statement of Financial Activities.

The charity is exempt from corporation tax on its charitable activities and therefore no provision has been made for either corporation tax or deferred tax.

Where a trading subsidiary is registered for VAT the expenditure is shown exclusive of VAT.

Both trading subsidiaries have entered an agreement to covenant their taxable profits to the parent undertaking and therefore no corporation tax provision is required.

2.11 **Fund accounting**
In the Trustees' opinion, with certain exceptions, the incoming resources and resources expended are all derived for the benefit of running the Hospice. Therefore, the Trustees choose to classify all income and expenditure as unrestricted. In certain instances, funds may be designated by the Trustees for specific purposes.

Where funds are received for a significant and specific project these are allocated to restricted funds. These funds are then used to meet the capital costs of that specific project by way of an annual depreciation charge set against the restricted fund. Any funds received in excess of the capital requirements of the project will be used to help with the associated future running costs of the project.

Other restricted funds are those funds donated for purposes specified by the donor and these are tracked and expended in accordance with the donors' wishes.

2.12 **Pension costs and other post-retirement benefits**
The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

2.13 **Critical estimates and judgements**
Management have made certain estimates and judgements in the preparation of the financial statements of the Hospice. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from those estimates. The Trustees consider the evaluation of the useful economic life of fixed assets and the future receipt of legacy debtors at the yearend to be the areas of judgement with a significant effect on the financial statements.

3. Donations and legacies

	2024 £	2023 £
Donations and gifts	312,239	474,561
In memoriam	161,361	203,137
Regular giving and Gift Aid	86,926	110,237
Legacies	2,971,598	2,092,892
Grants received	157,596	123,172
	3,689,720	3,003,999

4. Trading activities

Trading subsidiaries	2024 £	2023 £
Lottery income	892,177	887,955
Retail income	777,658	650,959
	1,669,835	1,538,914

Other trading activities	2024 £	2023 £
Fundraising events	260,269	316,385
Arthur Easton hall hire	13,140	8,795
Coffee shop and catering	3,947	449
Sundry income	30,757	178,107
	308,113	503,736

5. Investment income

	2024 £	2023 £
Income from UK listed investments	145,341	122,969
Deposit account interest	10,652	12,647
Rents	5,700	5,700
	161,693	141,316

6. Income from charitable activities

	2024 £	2023 £
Grants	2,423,128	2,354,417
Patient income	3,038	1,759
	2,426,166	2,356,176

	2024 £	2023 £
Grants from government sources received, included in the above, are as follows:		
Hastings and Rother ICB	2,423,128	2,354,417

7. Raising funds

	Raising donations £	Trading companies' costs £	Total 2024 £
Staff costs	467,065	528,966	996,031
Cost of sales	-	3,147	3,147
Lottery Prizes	-	242,083	242,083
Premises	31,834	92,949	124,783
Depreciation	24,588	17,557	42,145
Other direct costs	134,804	128,614	263,418
	658,291	1,013,316	1,671,607

2023 comparative

	Raising donations £	Trading companies' costs £	Total 2023 £
Staff costs	425,577	466,009	891,586
Cost of sales	-	32,299	32,299
Lottery Prizes	-	235,596	235,596
Premises	26,410	112,052	138,462
Depreciation	19,343	23,233	42,576
Other direct costs	152,613	97,900	250,513
	623,943	967,089	1,591,032

8. Charitable activities costs

	Direct costs (Note 9) £	Support costs (Note 10) £	Total 2024 £
Hospice services	5,384,219	895,810	6,280,029
Other	-	118,725	118,725
	5,384,219	1,014,535	6,398,754

2023 comparative

	Direct costs (Note 9) £	Support costs (Note 10) £	Total 2023 £
Hospice services	4,781,541	1,020,872	5,802,413
Other	-	100,752	100,752
	4,781,541	1,121,624	5,903,165

9. Direct costs of charitable activities

	2024 £	2023 £
Staff costs	4,189,623	3,599,491
Clinical costs	352,283	424,268
Training costs	82,052	48,792
Premises	221,060	214,722
Depreciation	170,744	157,268
Other direct costs	368,457	337,000
	5,384,219	4,781,541

10. Support costs

Support costs are as follows:

	2024 £	2023 £
Staff costs	709,277	851,279
Rates and water	1,694	1,293
Insurance	11,174	8,998
Light and heat	17,237	15,157
Telephone	6,314	5,140
Postage, stationery and IT	62,757	49,376
Sundries	16,548	33,021
Property rental	11,774	9,106
Repairs and maintenance	21,524	17,694
Freehold property depreciation	37,511	29,808
	895,810	1,020,872

Governance costs

	2024 £	2023 £
Bank charges	3,985	7,484
Legal and professional fees	79,278	64,555
Auditors' remuneration	33,062	24,804
Auditors' remuneration in respect of accountancy and other services	2,400	3,909
	118,725	100,752

11. Net income/expenditure

	2024 £	2023 £
Auditors' remuneration for Charity audit		
Current year	17,160	24,804
Prior year	2,902	-
Auditors' remuneration in respect of accountancy and other services, including the audit and accountancy fees of subsidiaries	15,400	3,909
Depreciation	250,627	229,653
Loss/(profit) on disposal of fixed assets	229	(153,073)

12. Trustees' remuneration and benefits

There was no Trustees' remuneration or other benefits for the year ended 31 March 2024 nor for the year ended 31 March 2023.

Trustees' expenses

No expenses were reimbursed to any Trustee in the year to 31 March 2024 nor for the year ended 31 March 2023.

13. Staff costs

	2024 £	2023 £
Wages and salaries	4,920,781	4,519,842
Social security costs	457,295	432,175
Other pension costs	364,386	339,246
Temporary, locum and other non-salaried staff costs	29,790	133,757
Other staff costs	20,712	63,044
	5,792,964	5,488,064

The average monthly number of employees (based on head count) during the year was:

	2024 Number	2023 Number
Nursing and medical	88	88
Catering and housekeeping	10	10
Maintenance	11	9
Training	1	1
Fundraising	9	10
Administration	24	25
Bereavement	8	8
Lottery	4	5
Retail	20	19
	175	175

13. Staff costs (continued)

The numbers of employees whose emoluments for the year fell within the following bands were:

	2024 Number	2023 Number
£60,000 to £69,999	1	2
£70,000 to £79,999	2	1
£80,000 to £89,999	1	2
£90,000 to £99,999	-	2
£100,000 to £109,999	1	-

The key management personnel comprise members of the Leadership Team. The total employee benefits of the key management personnel of the charity were £494,472 (2023 - £580,642). During the year two member of the key management team resigned from the charity.

14. Gains/(losses) on investments

	2024 £	2023 £
Realised gains	3,722	44,798
Unrealised gains/(losses)	98,241	(380,348)
	101,963	(335,550)

15. Comparatives for the statement of financial activities

	Unrestricted funds £	Restricted funds £	2023 Total funds £
Income and endowments from			
Donations and legacies	2,828,404	175,595	3,003,999
Charitable activities			
Hospice services	2,356,176	-	2,356,176
Subsidiaries' trading activities	1,538,914	-	1,538,914
Other trading activities	503,736	-	503,736
Investment income	141,316	-	141,316
Total	7,368,546	175,595	7,544,141
Expenditure on			
Raising donations	623,943	-	623,943
Trading companies' costs	967,089	-	967,089
Charitable activities			
Hospice services	5,665,896	237,269	5,903,165
Total	7,256,928	237,269	7,494,197
Net (losses)/gains on investments	(335,550)	-	(335,550)
Net income	(223,932)	(61,674)	(285,606)
Transfers between funds	-	-	-
Net movement in funds	(223,932)	(61,674)	(285,606)
Reconciliation of funds			
Total funds brought forward	15,437,046	200,028	15,637,074
Total funds carried forward	15,213,114	138,354	15,351,468

16. Tangible fixed assets

Group	Freehold property	Assets under construction	Fixtures fittings and equipment	Motor vehicles	Totals
	£	£	£	£	£
Cost					
At 1 April 2023	6,292,331	3,500	1,406,543	135,814	7,838,188
Additions	5,817	138,979	62,351	22,170	229,317
Disposals	(3,025)	-	-	-	(3,025)
Transfers	114,590	(137,479)	22,889		
At 31 March 2024	6,409,713	5,000	1,491,783	157,984	8,064,480
Depreciation					
At 1 April 2023	1,917,447	-	1,179,836	129,585	3,226,868
Charge for year	154,188	-	88,108	8,331	250,627
Eliminated on disposal	(2,798)	-	-	-	(2,798)
At 31 March 2024	2,068,837	-	1,267,944	137,916	3,474,697
Net book value					
At 31 March 2024	4,340,876	5,000	223,839	20,068	4,589,783
At 31 March 2023	4,374,884	3,500	226,707	6,229	4,611,320

Included in freehold property is land of £152,761 (2023 - £152,761) which is not depreciated.

16. Tangible fixed assets (continued)

Charity	Freehold property	Assets under construction	Fixtures fittings and equipment	Motor vehicles	Totals
	£	£	£	£	£
Cost					
At 1 April 2023	5,326,843	3,500	1,378,974	121,314	6,830,631
Additions	5,817	138,979	62,351	22,170	229,317
Disposals	-	-	-	-	-
Transfers	114,590	(137,479)	22,889	-	-
At 31 March 2024	5,447,250	5,000	1,464,214	143,484	7,059,948
Depreciation					
At 1 April 2023	1,670,972	-	1,153,883	115,085	2,939,940
Charge for year	137,460	-	87,052	8,331	232,843
Eliminated on disposal	-	-	-	-	-
At 31 March 2024	1,808,432	-	1,240,935	123,416	3,172,783
Net book value					
At 31 March 2024	3,638,818	5,000	223,279	20,068	3,887,165
At 31 March 2023	3,655,871	3,500	225,091	6,229	3,890,691

17. Fixed asset investments

Group	Listed investments £	Cash held for investment £	Totals £
Market value			
At 1 April 2023	5,732,154	142,137	5,874,291
Additions	735,819	-	735,819
Disposals	(821,508)	-	(821,508)
Revaluations	98,241	-	98,241
Cash movement	-	204,084	204,084
At 31 March 2024	5,744,706	346,221	6,090,927
Net book value			
At 31 March 2024	5,744,706	346,221	6,090,927
At 31 March 2023	5,732,154	142,137	5,874,291

Charity	Shares in group undertakings £	Listed investments £	Cash held for investment £	Totals £
Market value				
At 1 April 2023	101	5,732,154	142,137	5,874,392
Additions	-	735,819	-	735,819
Disposals	-	(821,508)	-	(821,508)
Revaluations	-	98,241	-	98,241
Cash movement	-	-	204,084	204,084
At 31 March 2024	101	5,744,706	346,221	6,091,028
Net book value				
At 31 March 2024	101	5,744,706	346,221	6,091,028
At 31 March 2023	101	5,732,154	142,137	5,874,392

There were no investment assets outside the UK.

17. Fixed asset investments (continued)

Comparative with prior year

Group	Listed investments £	Cash held for investment £	Totals £
Market value			
At 1 April 2022	5,512,049	599,755	6,111,804
Additions	1,879,708	-	1,879,708
Disposals	(1,321,070)	-	(1,321,070)
Revaluations	(338,533)	-	(338,533)
Cash movement	-	(457,618)	(457,618)
At 31 March 2023	5,732,154	142,137	5,874,291
Net book value			
At 31 March 2023	5,732,154	142,137	5,874,291
At 31 March 2022	5,512,049	599,755	6,111,804

Charity	Shares in group undertakings £	Listed investments £	Cash held for investment £	Totals £
Market value				
At 1 April 2022	101	5,512,049	599,755	6,111,905
Additions	-	1,879,708	-	1,879,708
Disposals	-	(1,321,070)	-	(1,321,070)
Revaluations	-	(338,533)	-	(338,533)
Cash movement	-	-	(457,618)	(457,618)
At 31 March 2023	101	5,732,154	142,137	5,874,392
Net book value				
At 31 March 2023	101	5,732,154	142,137	5,874,392
At 31 March 2022	101	5,512,049	599,755	6,111,905

There were no investment assets outside the UK.

17. Fixed asset investments (continued)

The charity holds 20% or more of the share capital of the following companies:

Company	Country of incorporation	Shares Class	Shares %
St Michael's Hospice (Retail) Limited – 02404963	England & Wales	Ordinary	100%
St Michael's Hospice Lottery Limited – 03351501	England & Wales	Ordinary	100%

St Michael's Hospice (Retail) Limited operates many charity shops. St Michael's Hospice Lottery Limited supports the Hospice through fundraising largely from the operation of a lottery. Both companies covenant their taxable profits to the parent company where possible.

A summary of the result of these undertakings is set out below:

	St Michael's Hospice (Retail) Limited 2024 £	2023 £	St Michael's Hospice Lottery Limited 2024 £	2023 £
Turnover	770,156	647,772	890,776	887,955
Cost of sales	(3,147)	(32,299)	(242,083)	(235,596)
Gross profit	767,009	615,473	648,693	652,359
Administrative expenses	(696,110)	(629,034)	(142,242)	(134,446)
Other income	7,500	3,187	-	-
Interest payable	(53,250)	(23,430)	-	-
Interest receivable	-	-	1,402	-
Net profit/(loss)	25,149	(33,804)	507,853	517,913
Assets – fixed and current	1,015,782	786,813	129,842	120,124
Liabilities	(1,214,477)	(1,010,657)	(129,768)	(120,050)
	(198,695)	(223,844)	74	74
Share capital	100	100	1	1
Retained reserves	(198,795)	(223,944)	73	73
	(198,695)	(223,844)	74	74

18. Stocks

Group	2024 £	2023 £
Stocks	27,781	25,140

Charity	2024 £	2023 £
Stocks	26,360	24,163

19. Debtors

Group: Amounts falling due within one year

	2024 £	2023 £
Trade debtors	13,795	46,692
Other debtors and prepayments	169,362	130,555
VAT	50,106	51,158
Accrued income receivable	165,931	359,737
	399,194	588,142

Charity: Amounts falling due within one year	2024 £	2023 £
Trade debtors	13,345	46,129
Amounts owed by group undertakings	1,229,389	152,732
Prepayments	167,392	123,647
VAT	43,953	47,295
Accrued income receivable	152,448	359,737
	1,606,527	729,540
Charity: Amounts falling due after one year		
Amounts owed by group undertakings	-	852,000
	1,606,527	1,581,540

Amounts falling due after more than one year related to a loan to St Michael's Hospice (Retail) Limited, in order to purchase a warehouse. Interest is being charged at 2% above the Bank of England interest. The rate applied for this year was 6.25% (2022 - 2.5%) per annum amounting to £53,250 (2023 - £23,430). Of this interest, £31,063 (2023 - £23,430) was received during the year. Following the merger of the Retail operations with the Hospice, the debt was discharged in April 2024.

20. Creditors
Amounts falling due within one year

Group	2024 £	2023 £
Trade creditors	291,107	94,362
Pension creditor	55,320	46,450
Lottery ticket sales paid in advance	94,722	97,573
Other creditors	845	1,394
Accruals and deferred income	57,694	79,813
	499,688	319,592

Charity	2024 £	2023 £
Trade creditors	286,120	87,706
Pension creditor	55,320	46,450
Amounts owed to group undertakings	4,338	-
Other creditors	-	303
Accruals and deferred income	39,045	59,302
	384,823	193,761

21. Operating lease commitments

Minimum lease payments under non-cancellable operating leases fall due as follows:

Group	2024 £	2023 £
Expiring:		
Within one year	65,056	56,751
Between one and five years	224,084	3,971
In more than five years	5,290	-
	294,430	60,722

Charity	2024 £	2023 £
Expiring:		
Within one year	65,056	16,276
Between one and five years	224,084	2,237
In more than five years	5,290	-
	294,430	18,513

22. Pension commitments

For qualifying St Michael's Hospice Hastings and Rother staff, participation in the NHS Superannuation Scheme provides benefits based on final pensionable pay, a defined benefit scheme. The contributions paid by the charity in respect of the NHS Superannuation scheme are accounted for as if the scheme was a defined contribution scheme as the charity is unable to identify its share of the underlying assets and liabilities in the scheme. The Government Actuary, using the Projected Unit Method, determines contributions charged to the Statement of Financial Activities.

For staff that do not qualify to join the NHS Superannuation Scheme, the charity operates two further defined contribution pension schemes. Contributions are charged to the Statement of Financial Activities in the period to which they related.

The total contributions paid to both pension schemes for the year ended 31 March 2024 are shown in note 13. The amount outstanding at the balance sheet date is £55,320 (2023 – £46,450).

23. Movement in funds

Current year	At 1 April 2023 £	Net movement in funds £	Transfers between funds £	At 31 March 2024 £
Unrestricted funds				
General fund	5,201,794	376,638	55,570	5,634,002
Fixed assets	4,611,320	(250,627)	229,090	4,589,783
Strategic Development fund	2,000,000	(115,340)	(1,884,660)	-
Contingency fund	3,400,000	-	(3,400,000)	-
Capital Appeal fund	-	287,129	5,000,000	5,287,129
	15,213,114	297,800	-	15,510,914
Restricted funds				
Rolling equipment replacement	49,143	(23,344)	-	25,799
Other funds	53,511	717	-	54,228
The National Lottery Community Fund RC London and South East Region	35,700	11,956	-	47,656
	138,354	(10,671)	-	127,683
Total	15,351,468	287,129	-	15,638,597

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	7,827,450	(7,552,775)	101,963	376,638
Fixed asset fund	-	(250,627)	-	(250,627)
Strategic development fund	-	(115,340)	-	(115,340)
Contingency fund	-	-	-	-
Capital Appeal Fund	287,129	-	-	287,129
	8,114,579	(7,918,742)	101,963	297,800
Restricted funds				
Rolling equipment replacement	40,390	(63,734)	-	(23,344)
Other funds	40,792	(40,075)	-	717
The National Lottery Community Fund RC London and South East Region	59,766	(47,810)	-	11,956
	140,948	(151,619)	-	(10,671)
Total funds	8,255,527	(8,070,361)	101,963	287,129

23. Movement in funds (continued)

Comparative year	At 1 April 2022 £	Net movement in funds £	Transfers between funds £	At 31 March 2023 £
Unrestricted funds				
General fund	5,326,470	(17,513)	(107,163)	5,201,794
Fixed assets	4,710,576	(206,419)	107,163	4,611,320
Strategic Development fund	2,000,000	-	-	2,000,000
Contingency fund	3,400,000	-	-	3,400,000
	15,437,046	(223,932)	-	15,213,114
Restricted funds				
Rolling equipment replacement	83,288	(34,145)	-	49,143
Other funds	47,115	6,396	-	53,511
SystmOne Implementation	25,730	(25,730)	-	-
The National Lottery Community Fund RC London and South East Region	43,895	(8,195)	-	35,700
	200,028	(61,674)	-	138,354
Total	15,637,074	(285,606)	-	15,351,468

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	7,368,546	(7,050,509)	(335,550)	(17,513)
Fixed asset fund	-	(206,419)	-	(206,419)
	7,368,546	(7,256,928)	(335,550)	(223,932)
Restricted funds				
Rolling equipment replacement	41,713	(75,858)	-	(34,145)
Other funds	77,771	(71,375)	-	6,396
SystmOne Implementation	-	(25,730)	-	(25,730)
The National Lottery Community Fund RC London and South East Region	56,111	(64,306)	-	(8,195)
	175,595	(237,269)	-	(61,674)
Total funds	7,544,141	(7,494,197)	(335,550)	(285,606)

23. Movement in funds (continued)

Unrestricted funds
The Trustees have applied the funds as shown above. Of the available funds held at the year-end £4,589,783 (2023 - £4,611,320) is held in the form of land and buildings and other tangible fixed assets.

The Trustees have set up a Capital Appeal Fund in the current year. The funds are ringfenced with the Trustees having the aspiration to raise £10m over the 7 year plan. The scope of the funds will be finalised in March 2025.

The Trustees have transferred the balance of the designated Strategic Development fund to the capital appeal fund £- (2023 - £2,000,000).

The Contingency fund is no longer considered necessary, so £3,115,340 has been transferred to the new Capital Appeal fund and the balance of £284,660 has been transferred to the unrestricted General fund. The unrestricted General fund together with the Capital Appeal fund total £10,921,131 which represents 16 months of net running costs.

The general fund at the year-end of £5,834,022 (2023 - £5,201,794) represents funds available to the Trustees to pursue and further the activities of the Hospice.

Restricted funds
Rolling Equipment Replacement – funds received to purchase new or upgrade existing equipment are recorded within the Rolling Equipment Replacement fund. Funds received during the year were all fully expended in accordance with their restriction, unless stated otherwise. The additional balance carried forward on the fund represents fixed assets held on the balance sheet.

Other funds – funds received for specific services or provision of small equipment where the balance remaining at the yearend is less than £5,000.

The National Lottery Community Fund RC London and South East Region - The grant from the National Lottery Community Fund RC London and South East Region is to fund a three year project to raise awareness and develop compassionate communities that mobilise to think about how they can support people with life limiting conditions and keep them part of daily life

Transfers out of restricted funds represent unspent balances released from restriction in accordance with the terms of the original donations.

24. Net Assets by fund – current year

Group

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	4,589,783		4,589,783
Investments	6,090,927		6,090,927
Current assets	5,329,892	127,683	5,457,575
Current liabilities	(499,688)		(499,688)
Net assets	15,510,914	127,683	15,638,597

Charity

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	3,887,165		3,887,165
Investments	6,091,028		6,091,028
Current assets	6,116,416	127,683	6,244,099
Current liabilities	(384,823)		(384,823)
Net assets	15,709,786	127,683	15,837,469

Net assets by fund – comparative year

Group

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	4,611,320	-	4,611,320
Investments	5,874,291	-	5,874,291
Current assets	5,047,095	138,354	5,185,449
Current liabilities	(319,592)	-	(319,592)
Net assets	15,213,114	138,354	15,351,468

Charity

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	3,890,691	-	3,890,691
Investments	5,874,392	-	5,874,392
Current assets	5,865,660	138,354	6,004,014
Current liabilities	(193,761)	-	(193,761)
Net assets	15,436,982	138,354	15,575,336

25. Contingent liabilities

There were no contingent liabilities as at 31 March 2024 nor at 31 March 2023.

26. Capital commitments

The charity had no building commitments as at the year-end (2023 - £nil).

27. Contingent assets

The charity was notified of one legacy (2023 – one) which is subject to a life tenancy or other such condition. The total amount of the legacy is estimated at £100,000 (2023 - £100,000). It has not been included in the accounts.

28. Related party transactions

The charity had the following transactions with its subsidiary companies during the year:

	St Michael's Hospice (Retail) Limited		St Michael's Hospice Lottery Limited	
	2024	2023	2024	2023
Income during the year	516,895	422,341	508,053	631,082
Expenditure during the year	-	-	-	-
Balance receivable at the year end	1,202,190	996,195	23,053	8,472

Income is generated from a donation of profits or a recharge of costs incurred on behalf of the subsidiaries. Expenditure is the reimbursement of reasonable costs incurred by the subsidiaries in the course of carrying out their business.

There are no other transactions with related parties to disclose.

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

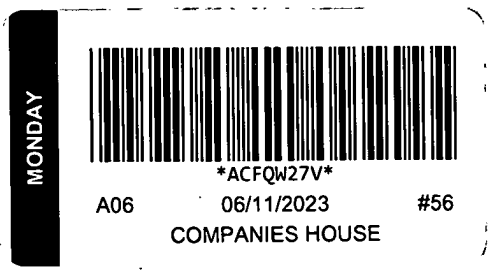
England & Wales - Charity number 288462

Accounts

Company Registration No. 01776496 (England and Wales)
Registered Charity No. 288462

St Michael's Hospice Hastings and Rother

Report of the Trustees and consolidated financial statements for the year ended 31 March 2023



St Michael's Hospice Hastings and Rother

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Company information

St Michael's Hospice Hastings and Rother, a registered charity and a company limited by guarantee, was established on 8 December 1983 and formally opened its service in April 1987. Its Articles of Association were last revised and agreed on 27 January 2012.

The Trustees of the charity (who are also Directors of the company) are drawn from the local community. The Chair will be recruited from the local community in the event that they are not elected by the Trustees from amongst those on the Board.

President	Julian Avery	
Board of Trustees	Susan Munroe (Chair)	
	Tony Boardman	
	Simon Davis	
	Dr Peter Dewhurst	(resigned 31 March 2023)
	Kerry Gentleman	(Vice Chair)
	Nigel Kirby-Green	
	Geoff Longmire	
	Ian Menzies	
	Magnus Spence	(appointed 30 May 2023)
	Linda Stevens	(Vice Chair)
	James Thomas	
Company Secretary	Vinyo Aidam	(to 4 April 2022)
	Darren Mackenzie	(from 4 April 2022)
Chief Executive	Dr Karen Clarke	
Leadership Team	Vinyo Aidam	Finance and IT Director (to 4 April 2022)
	Darren Mackenzie	Finance and IT Director (from 4 April 2022)
	Dr David Barclay	Medical Director (from 3 October 2022)
	Dr Declan Cawley	Medical Director (to 3 October 2022)
	Perdita Chamberlain	Income Generation Director
	Evelyn Prodger	Clinical Services Director
	Rebecca Tiberini	Strategy and Integration Director (to 31 October 2022)
	Caroline White	Organisational Development Director

Registered information

Registered charity name	St Michael's Hospice Hastings and Rother
Charity number	288462
Company registration number	01776496
Registered office	25 Upper Maze Hill St Leonards on Sea East Sussex TN38 0LB

Professional advisors

Auditors	Saffery Champness Chartered Accountants 71 Queen Victoria Street London EC4V 4BE
Bankers	Lloyds Bank Plc 17 Wellington Place Hastings East Sussex TN34 1NX
Solicitors	Gaby Hardwicke 34 Wellington Square Hastings East Sussex TN34 1PN
Investment advisors	Rathbone Investment Management 8 Finsbury Circus London EC2M 7AZ

The Trustees present their report and accounts for the year ended 31 March 2023 including the Strategic Report for the company.

These accounts comply with the charity's governing document, which states that the charity's objective is to promote the relief of sickness, the Companies Act 2006, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and with the Charities SORP (FRS 102).

St Michael's Hospice is regulated by the Care Quality Commission (CQC) which is the independent regulator of all health and social care services in England.

1. OBJECTIVES AND ACTIVITIES

1.1. Purpose of the charity as set out in the governing document

The charity was established to "promote the relief of sickness in such ways as the Trustees shall from time to time think fit and, in particular (but without prejudice to the generality of the foregoing), to provide services so as to support the physical, psychological, social and spiritual needs of those affected by life-limiting illnesses."

1.2. Main activities of the charity undertaken in relation to those purposes

The overall aim of St Michael's Hospice is to enable people (over the age of eighteen) living with serious, advanced illness to live as fully as possible and to provide compassionate, expert care at the end of life. The service adopts an interdisciplinary approach and works collaboratively with NHS services in primary, secondary and tertiary care, continuing healthcare, adult social care and with private and voluntary providers.

The Hospice team acts as a resource to provide specialist advice and support to the wider primary care locality. Its aim is to:

- provide specialist and integrated palliative and end of life care and support to the population of Hastings and Rother irrespective of their diagnosis
- provide specialist and holistic support to family members and carers of people living with an advanced, serious illness to enable them to remain as resilient and independent as possible
- ensure that patients and their families or carers receive appropriate information, treatment and support to help manage their illness and the effect of their illness on their wellbeing
- ensure that patients and their families and carers have knowledge and choice regarding how their support and care is delivered.
- ensure that patients' preference as to how they are cared for and die are obtained and recorded, and where possible, achieved
- provide specialist support to people who are bereaved.

The Hospice accepts referrals from any health practitioner and also self-referrals, which are discussed with the GP. The inter-disciplinary team provides high quality holistic palliative and end of life care, enhancing the quality of life for patients nearing the end of their lives and supporting family members and carers. This includes:

- specialist symptom control – to keep patients as comfortable and well as possible
- holistic emotional, social, spiritual and practical support – to make sense of and cope with living with or supporting someone with a life limiting illness.rehabilitation - to optimise patients' independence and participation in activities meaningful to them
- in-patient facilities
- 24/7 telephone advice and support for patients, families and health professionals
- respectful and effective working with other relevant primary, secondary, tertiary and social care providers to ensure maximum continuity and seamless support for patients nearing the end of life and their families
- supporting people to be cared for in their preferred place of care whenever possible and in line with their needs
- ensuring patients in receipt of care are treated with dignity and respect and that their individual needs and preferences are acknowledged
- support from trained volunteers
- expert bereavement support.

Support and care is highly specialised, individualised and delivered by skilled members of an inter-disciplinary team including consultants in palliative medicine, specialist doctors, nurses, health care and wellbeing assistants, therapists, social workers, spiritual support leads and pharmacist who work in accordance with professional codes of practice (where applicable) legal and ethical principles.

The Hospice provides palliative care training and support to health and social care professionals and nursing homes.

1.3. Main activities undertaken to further the charity's purposes for the public benefit
The charity serves a population of c190k living in Hastings and Rother. All the activities undertaken by the charity are to further its charitable purposes for the benefit of the people living within its catchment area and all services are provided free of charge.

Much of the charity's funding comes from local individuals and organisations and most of its beneficiaries are predominantly, but not exclusively, drawn from Hastings and Rother. Services are also available for those who have not been resident locally but need support, e.g. someone who has moved into the area to be closer to their family.

The Trustees have considered the Charity Commission's guidance on public benefit and can confirm that the charity's activity does deliver public benefit. The main benefits that have arisen throughout the year are detailed in the following pages.

1.4. Aims, details of issues the charity seeks to tackle, changes or differences it seeks to make
Through the services it provides, the training it delivers and numerous fundraising activities, the Hospice aims to raise awareness of, and support the end of life and bereavement needs of those living in the local area.

1.5. How achievement of aims will further the charity's legal purposes

Providing Hospice care directly fulfils the charity's legal aim of promoting the relief of sickness by supporting the physical, psychological, social and spiritual needs of those affected by life-limiting illness. In addition, it provides holistic emotional and spiritual support to make sense of and cope with supporting someone with a life-limiting illness.

Providing education and training to other health and social care professionals is indirectly fulfilling the charity's aim of promoting the relief of sickness. Encouraging people to engage in fundraising activities is a way of enabling them to do something positive in someone's memory as well as raising awareness and support for the charity. This therefore indirectly fulfils the charity's aim of promoting relief of sickness.

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

2.1. Governing document

St Michael's Hospice Hastings and Rother is a company limited by guarantee and registered with Companies House. Its Articles of Association were last revised and agreed on 27 January 2012. The Trustees of the Charity (who are also Directors of the Company) are drawn from the local community.

2.2. Organisational structure

During the year 2022/23, the Board met formally six times. Additionally, it held three strategy days: one focused on Board development and the other two considered strategic developments. The Clinical Governance Committee met six times and the Governance, Audit and Risk Committee met four times. The Finance Committee, People Committee and the Fundraising Strategy Committee all met three times.

The Chief Executive is appointed by the Board of Trustees to manage the day-to-day operations of the charity. The Board seeks to ensure that all the charity's activities are within its charitable objectives and its responsibilities include setting the strategic direction and approving the business plan and budgets. The Chief Executive and the Leadership Team attend and present information at each formal Board meeting to enable effective decision-making and ensure open and transparent communications.

St Michael's Hospice Hastings and Rother has two wholly owned subsidiary companies, one for its lottery and another for its retail business. The Boards of these companies meet four times a year to scrutinise the operation of these businesses and explore opportunities to increase their income. They also held strategy days within the year.

2.3. Recruitment and appointment of Trustees

The Articles of Association state that there must be a minimum of four and a maximum of fifteen Trustees. The initial appointment of Trustees is for a period of three years followed by a second term of three years. Thereafter, the position is reviewed annually up to the maximum of nine years.

The Board of Trustees has delegated responsibility for succession planning, recruitment and induction of Trustees to the Governance, Audit and Risk Committee who then make recommendations to appoint to the Board. The skills of existing Board members are

assessed and where a skills gap exists, advertising will take place using the most cost-effective method for the skills being sought whilst ensuring a wide, diverse audience is reached. Members of the Governance, Audit and Risk Committee will then interview candidates who meet the selection criteria. Once appointed, all new Trustees undertake an induction programme specific to their needs.

The following actions were undertaken at a General Meetings on 31 January:

- Stephen King and Sam Carter re-appointed as Directors of the Retail and Lottery Boards
- Peter Dewhurst and Nigel Kirby-Green re-appointed as Trustees.

The Trustees who served during the year are shown below and their membership of a sub-committee is indicated using the following key:

♗ Clinical Governance Committee
♦ Finance Committee
Ω Fundraising Strategy Committee
♠ Governance, Audit and Risk Committee
♪ People Committee

Tony Boardman Ω
Simon Davis ♦ Ω ♪
Dr Peter Dewhurst ♗ ♠
Kerry Gentlemen ♗ ♪
Nigel Kirby-Green ♠
Geoff Longmire ♦ Ω
Ian Menzies ♦ ♠
Susan Munroe ♪
Linda Stevens ♠ ♦ ♪
James Thomas ♠

2.4. Remuneration for key management personnel

The Trustees consider that the Trustees and the Leadership Team comprise the key management individuals of the charity responsible for directing, controlling and operating the charity on a day to day basis. All Trustees give their time freely and received no remuneration within the year.

The Hospice directly employs medical consultants, doctors, nurses and other allied healthcare professionals, who are paid at a rate aligned with the relevant national scale. The Leadership Team remuneration is reviewed annually by the People Committee as part of the annual budget cycle where inflation, other hospices and NHS increases are taken into consideration. The Hospice also takes part in salary surveys and benchmarks against a range of peers.

3. STRATEGIC REPORT

Introduction from the Chief Executive Officer

I am delighted to present the 2022/23 Annual Report. It has been another complex and challenging year and I am consistently grateful to our employees, volunteers and supporters for enabling us to continue to provide high quality palliative and end of life care and bereavement support for the people of Hastings and Rother.

2022/23 was the first year of our new strategy based upon the principles of a public health palliative care approach. This model recognises that dying, death and loss are social phenomenon and that communities play an integral role in developing social networks of care to support people experiencing dying, death and loss. The Hospice strategy strives to create a partnership between the clinical services it provides and the communities it serves by sharing its skills and knowledge rather than them only being accessed by those with a clinical need. A cornerstone of this strategy is building networks of support for carers to enable and sustain them in their caring roles.

Our in-patient unit remains a key part of our service offer and bed numbers are gradually returning to pre-pandemic levels with 188 admissions in the year. During the winter, we supported the local NHS Trust by offering additional in-patient beds to help reduce pressure in the Conquest Hospital.

In response to changing preferences about where and how patients want to access support and due to national healthcare workforce shortages, we have changed how we provide community support. The Hospice Outreach team offers initial assessments and reviews, at home and in outpatient clinics, and is supported by the Telephone Support Line which is available 24 hours a day, seven days a week.

Our focus on quality improvements is a theme that runs through all our work as we strive to provide personalised, holistic, high-quality care and support to patients and families in an enabling environment that respects their wishes. We also want to share our experiences with others and to this end were invited to give two oral presentations at the Hospice UK conference in 2022: one about our work in relation to equality, diversity and inclusion and the other about how we are integrating our retail business with our compassionate communities strategy. We also presented three posters focusing on a pan Sussex 24/7 hospice line, health care and wellbeing assistants' development, medicines management.

We have worked hard to be a supportive partner to our NHS and social care colleagues despite an ongoing difficult financial landscape. We will continue to focus on financial sustainability whilst increasing our capacity, where possible as we move forward into the next year. We have much to be proud of as I hope you will appreciate when reading this report.

Dr Karen Clarke
Chief Executive

3.1. Achievements in the year 2022/23

In 2022/23 the Hospice reviewed and refreshed its vision, mission and values and launched a new strategy:

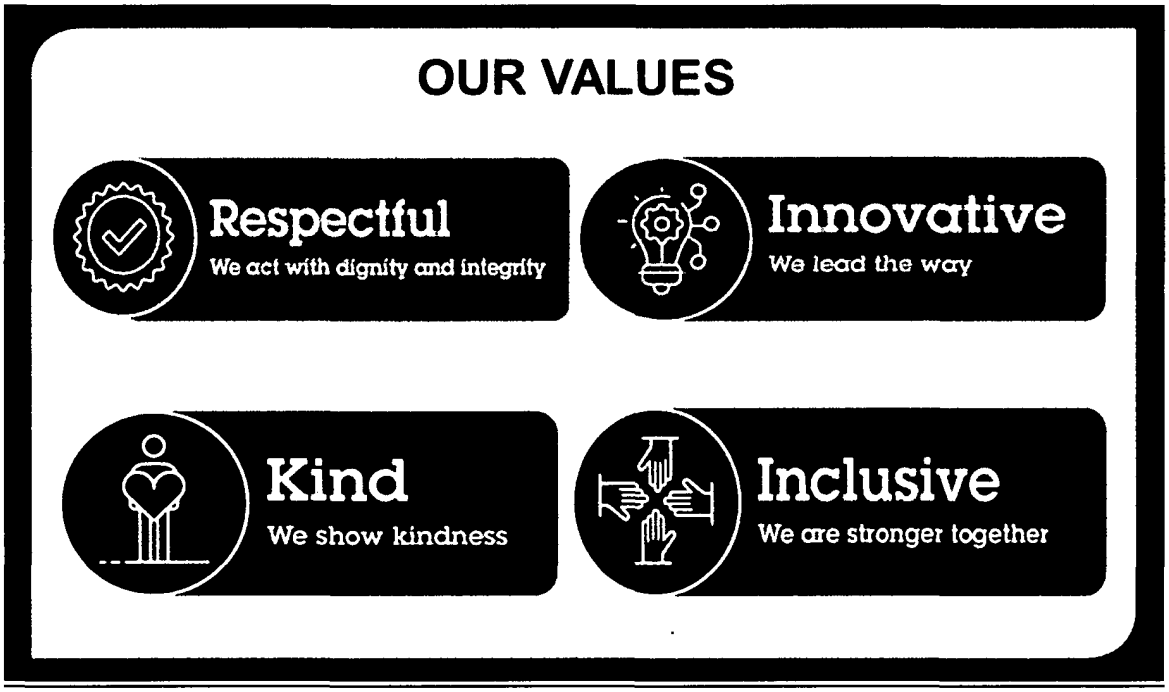
Our vision

A kind, resilient and empowered community that is ready, willing, capable and confident to support people living with dying, death and loss.

Our mission

To support and enable the community of Hastings and Rother to live well with dying, death and loss.

Our values



Our strategy

We have an ambitious strategy; to become a centre of excellence for palliative care provision, education and research and to create a compassionate community which supports each other in dying, death and loss. We believe that our community is rich in assets and that with engagement, education and support from the Hospice these can be harnessed to impact better end of life care for all. Alongside being a provider of specialist palliative care, we will adopt and embed a public health approach to palliative care as an equally important aspect of our core business. This is an innovative approach, founded on the principles of partnership and collaboration with the people we serve and those closest to them, our generalist palliative care partners, with neighbourhoods, community organisations and with civic institutions. To achieve our vision we will:

a) Provide high quality specialist palliative and end of life care;
b) Understand, educate and collaborate with health and social care partners;

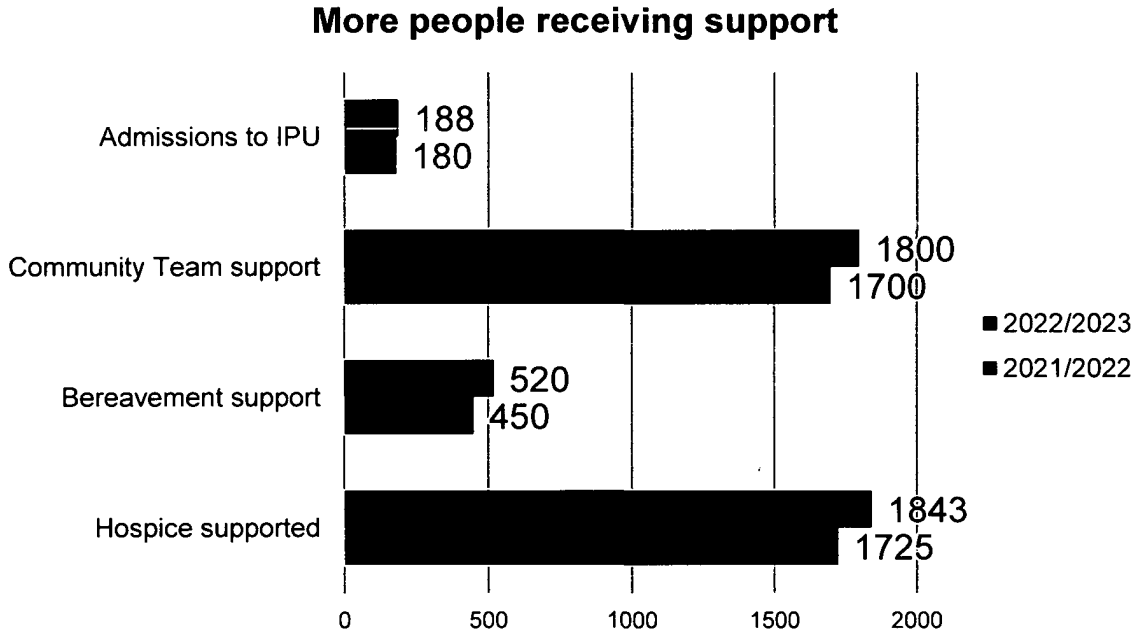
c) Listen to, enable, energise and empower communities;
d) Influence, support and advise civic institutions, such as schools, workplaces, local councils and cultural or faith organisations.

We see St Michael's Hospice as an influencer and that through investment in community development we have a unique vehicle to shape both the dialogue and experience of dying, death and loss in our communities. The ethos of one united team extends to all areas of the Hospice and is key to our strategy; working together as one team to achieve our vision and mission. As we develop and support our compassionate community, our Hospice shops will have an integral role to play in being the "face" of the Hospice in local neighbourhoods and providing facilities to enable people to receive our services closer to where they live. Our Lottery Collectors are already playing a significant role in connecting people with the Hospice and reducing social isolation across our catchment areas.

The following section highlights some of the key achievements in 2022/23.

3.2. Increase clinical reach

In 2022/23 more patients were supported than in the previous year. The total number of people supported in the graph below represents each individual counted once and excludes support to family members and carers and those supported by Community Volunteers.



Hastings has one of the highest rates of deprivation in England and a higher prevalence of heart and respiratory diseases. Steady progress continues to be made, by the Hospice, in supporting those with a non-cancer diagnosis and this increased from 48% to 50% in the year. This remains a key priority.

In addition to in-patient services, the Hospice Outreach team, consisting of Clinical Nurse Specialists and doctors, see patients at home, and in outpatient clinics, for initial assessments and reviews. The rehabilitation, social work, spiritual support and wellbeing teams also visit people at home and in outpatient clinics. This is a post-pandemic service development. The Hospice's Telephone Support Line, supported by nurses, paramedics and healthcare assistants is available 24 hours a day, 7 days a week. There is also access to an on-call doctor if required. The Community team, including Wellbeing, supported over 1,800 patients, made over 1,600 home visits and over 25,000 telephone calls to patients and their carers in this period.

Hospice Consultants continue to in-reach into the East Sussex Healthcare NHS Trust (ESHT) through the Conquest Hospital. Wellbeing and Bereavement services continue to be provided from the Hub on Rye Hill to enable patients in the east of the Hospice's catchment area to access support closer to home.

The demand for bereavement support continues to grow and this year we introduced new groups to support people who felt they did not belong to the regular groups the Hospice offered. In response to this and the findings from the Hospice's Equality, Diversity and Inclusion Audit in February 2021, the Bereavement Team established a Queer Grief Group as part of its RISE (Resilience with Inspirational Support & Empathy) service. It aimed to offer a safe space for queer people to process their grief and therefore provide greater access to bereavement support for those who may feel disenfranchised.

In January 2023, the Board approved the Compassionate Communities strategy which aims to listen to, enable, energise and empower communities. For people who are living with advanced illness, those who are caring for them and those who are bereaved, loneliness and isolation is a tangible problem. As lack of mobility, the burden of care and associated poor mental health increases, connection to established networks decreases. Dying, death and loss are themselves marginalising experiences and so the Compassionate Communities strategy strives to include the 'strangers at the edge' of the community. Through its delivery, the Hospice aims to include people not just marginalised by their health condition, caring responsibilities and/or grief but also where this intersects with race, sex, gender, class, sexuality, age, disability, religion or belief and civil partnership or marital status.

The compassionate community strategy has three interconnected workstreams:

- clinical services that support a compassionate community agenda
- Hospice-led initiatives that augment or pump prime compassion within a community
- working with the community using an asset-based community development (ABCD) approach.

In 2022/23, over a six-month period, an average of 64 people, per month, were supported by a Community Volunteer and 83 people were supported by a Telephone Volunteer Befriender. The Saturday Socials, occurring on the last Saturday of the month, were set up to tackle loneliness and isolation and each month an average of 43 people attend. 17 of those have reported feeling less socially isolated after attending.

3.3. Improve and demonstrate our effectiveness

Five Trustee visits took place in 2022/23 with a revised format where all activities were undertaken jointly rather than each Trustee having a different agenda for the day. The format is based on the Care Quality Commission (CQC) Key Lines of Enquiry and topics to explore to illustrate this are suggested. Feedback is given within two weeks of the visit, so anything highlighted can be considered in a timely way. The positive feedback received was evidenced in a Trustee survey, in January 2023 which demonstrated the value Trustees obtain from the visits including meeting team members, seeing the teams at work and also in relation to providing context and information. The visits remain an important part of governance assurance.

The CQC is undergoing a period of transition and restructure as it moves towards a new model of inspection based on a Single Assessment Framework. A Direct Monitoring call was held with CQC on 1st March 2023 with the Clinical Services Director/Registered Manager and the Associate Director – Quality. Key Lines of Enquiry were discussed, and the outcome was that there was no indication an inspection was required.

Regrettably, there are times when the Hospice's services do not meet the expectations of its service users and in 2022/23 there were ten complaints. A thorough investigation is undertaken into all complaints and a written response provided to the complainant within 20 days. Lessons learnt and recommendations from the investigations inform the Hospice's education, audit and quality improvement priorities. Feedback is shared with team members to increase understanding of the impact of a poor experience on patients and families and learning is shared more widely across relevant teams. In the past year teams have worked to:

- enhance the focus on providing person centred-care
- make sure carer experience is heard and valued
- improve information and communication about services so patients and families know what is available
- provide clarity on who is providing treatment and interventions where care is shared across different organisations.

Digital transformation remains a key priority to enable the Hospice to provide better care and to empower patients, families and carers by increasing access to services, opening new channels of communication and providing people with more ways to access the care and information they need. Phase one of the implementation of a new electronic patient record system (EPRS) SystmOne, a joint initiative with St Wilfrid's Hospice (Eastbourne) was successfully implemented in September 2022. A joint Clinical Lead post was introduced and continued until the end of June 2023 to support phase two of the project. Data sharing with ESHT has been enabled and work is ongoing regarding the best way to roll this out to GPs.

A new Hospice website went live in February 2022 and provides a better user journey, with engaging articles as well as an easy access format that leads users to the information they need about Hospice services and how they can support the organisation.

Work to improve effectiveness and to support and develop the workforce has continued through the collaboration that exists across the seven adult Sussex hospices. Following

the withdrawal of the current learning management system (LMS), Relias, from the UK market, a new LMS needed to be procured. A project team, across five hospices, worked at pace to have this system successfully go live at the beginning of 2023/24.

The collaborative's leadership and management development programme "THRIVE" has received very positive feedback from the three cohorts of managers (49 in total) who completed the programme in 2022/23. Two further cohorts will be delivered in 2023/24.

3.4. Develop and value our people

There has been significant change to the structure of the Extended Leadership Team (ELT), with two Directors (Medical Director and Finance and IT Director) working jointly with St Wilfrid's Hospice (Eastbourne) and plans to share the Clinical Services Director role from October 2023. In addition to this, three Associate Directors have been introduced to cover clinical services, quality, data, education and research. A Head of Business Support was recruited to improve systems and processes and organisational effectiveness.

The first Hospice Annual Celebration event was held in Summer 2022, where employees and volunteers were able to spend some social time together over some food whilst being entertained with live music. Long service and Team awards were presented by the Trustees and Leadership Team. The feedback from this event was overwhelmingly positive and so it will become an annual event.

Year two of the Organisational Development Strategy has delivered some key areas of further improvement some of which are highlighted below.

The Hospice continues to be committed to offering career development opportunities and was delighted when a Trainee Nurse Associate transferred from elsewhere in her second year of training following an enjoyable placement with the Hospice. A Health Care Assistant will commence their Nurse Associate training in September 2023. Despite national nursing shortages, newly qualified nurses and those from other specialities have been successfully recruited and supported through their induction period, and beyond via a preceptorship programme. In response to a lack of specialist nurses in the locality, the Hospice created a new Associate Clinical Nurse Specialist (CNS) role to grow and develop skills in this area. Two Associate CNS are completing their development programmes and will become CNS in 2023/24.

Following the successful implementation of the Nursing Competency Framework in 2021/22, a competency framework for Wellbeing Assistants has been launched and level three of the Registered Nurse skills framework will be launched in 2023/24. In line with the Service Level Agreement with ESHT, all Hospice doctors underwent a formal appraisal. No doctors were due for revalidation and no complaints or concerns relating to doctors were raised.

To support and develop all areas of equality, diversity and inclusion (EDI) a new equality, diversity and inclusion statement has been approved along with a process to evaluate the impact any policy, service development or change will have on EDI across the organisation. The EDI strategy has made progress in raising awareness across a range of topics through Conscious Inclusion workshops and embarking on the Hospice UK's Compassionate

Employers programme where the Hospice achieved the Silver award in November 2022. The aim is to achieve Gold by October 2023.

The volunteer workforce diminished somewhat during Covid and the Hospice has been working on ways to grow this part of the workforce again. There has been a significant increase in the number of Bereavement volunteers recruited this year and a new role of Community Volunteer to support the Compassionate Communities strategy has also proved popular. Volunteer training is being developed as part of the Sussex Hospices Learning Hub collaboration to ensure the right balance of training and skills relevant to the role is available and applied consistently.

3.5. Ensure our long-term sustainability

Expenditure was closely monitored and was within tolerance levels throughout the year. However, the pandemic and the cost of living crisis continued to have a significant impact on the Hospice's ability to raise funds.

The Hospice appointed a joint Finance and IT Director with St Wilfrid's Hospice (Eastbourne) to enable sharing of skills, knowledge and good practice, build relationships with the commissioners and explore further opportunities to share resources and systems. In 2022/23, this has facilitated a joint approach to the implementation of a new EPRS see section 3.3 and in 2023/24 there will be shared finance system.

a) *Lottery*

The Lottery continues to grow, recouping the losses experienced during 2021/22. The canvassers and collectors were fully back at work, supported by promotion at events and utilising the new microsite. The Lottery generated £888k which resulted in a covenant of £518k to the Hospice.

For every £1 played in the lottery, 59p goes to the Hospice (the legal requirement is to pay at least 20p), 17p goes into the prize fund and 17p covers the administration, promotion, and legal regulation expenditure.

b) *Retail and E-Commerce*

All seven shops were trading throughout the year and the recruitment of a Relief Shop Manager has supported shops to open on a consistent basis. Across the company there is a need for greater number of volunteers to improve both high street and e-commerce sales.

The Retail Company generated £648k in income, over £100k in excess of the previous year. Additional costs in the year meant that a covenant was not payable to the Hospice but performance for the first quarter 2023/24 has exceeded expectations.

c) *Sussex Hospices Collaboration*

St Michael's Hospice is a member of Hospice UK (HUK), the national charity which exists to support and provide a campaigning voice to hospices across the United Kingdom. This has helped to raise the profile of hospices across government departments and generated some positive results, particularly in relation to raising awareness of the impact of a rise in energy costs on hospices.

The seven adult Sussex Hospices continue to pursue opportunities for collaboration since starting in 2018. Some programmes that are part of the collaboration are referenced in other parts of this report and in October 2022, five new workstreams were agreed: education, research, data, workforce and NHS engagement. Work will continue to progress these initiatives and more opportunities will be developed in the year ahead. While each hospice holds fast to its local autonomy and identity, they recognise the benefit of working together to make the most of their knowledge and resources in benefitting patients and families and enhancing our sustainability.

d) *"Follow that Duck" – Art trail*
Follow that Duck was an ambitious sculpture trail from Hastings to Bexhill, involving many local businesses, schools and the wider community. The trail was very well received, offering a much-needed opportunity to re-engage with a mass participation event following Covid. Over £200,000 was secured in sponsorship with an overall, post trail profit of £75k. However, the most positive outcomes were the ability to reach new audiences, increased awareness of the Hospice and how it supports patients at the end of life and their families and developing new relationships with local organisations and businesses.

4. FINANCIAL REVIEW

The results for the year are shown in the Statement of Financial Activities. Income totalled £7.54 million (2022 - £6.84 million).

The charity received a grant from Hastings and Rother Clinical Commissioning Group of £2.35 million (2022 - £2.36 million).

Total expenditure was £7.49 million (2022 - £6.95 million) an increase of 7.8%.

The year ended with a surplus before investment movements of £50k (2022 – deficit of £117k).

4.1. Reserves Policy

One of the key risks that the charity faces is a fall in its income because of a drop in donated funds. To sustain the organisation's ability to deliver the services it is committed to the Trustees have agreed to maintain financial reserves as they deem necessary to ensure there can be continuity.

The short-term reserves include a working capital and contingency reserve as well as some designated reserves for essential capital/maintenance works. The contingency funds are set at £3.4 million which amounts to 12 months' expenditure after allowing for an amount of income that can reasonably be relied upon.

There is a firm commitment to improve the physical environment for patients, families, visitors, employees and volunteers. The Trustees have designated a Strategic Development Fund of £2 million to develop facilities on the Hospice site. Site options are currently being considered by an external consultant.

The fixed asset reserve represents the amount of the total reserves that are tied up in tangible fixed assets, mainly freehold property including the Hospice building. As at 31 March 2023, the Consolidated Balance Sheet total was £15.64 million (2022 – £15.83 million).

4.2. Investment Policy and objectives

The charity's investment objective for short-term reserves is to preserve the capital value with a minimum level of risk ensuring that the Hospice is able to meet unanticipated cash flow requirements. Funds treated as short-term would usually be invested only in a mix of short and medium-term deposits.

The investment objective for long-term reserves is to secure a return in excess of inflation, generating an income to support the Hospice's on-going activities. The Hospice has adopted an ethical investment policy to ensure that its investments do not conflict with its aims, and therefore precludes direct or indirect investments in companies that generate revenue from tobacco or arms and those companies whose principal activity is either gambling or pornography.

4.3. Investment performance

At 31 March 2023, the market value of the portfolio was £5.9 million, with an estimated yield of 2%.

Members of the Finance Committee review the brief given to the investment managers on an annual basis with regard to the proportion of investments to be held in each asset category, the level of risk which is acceptable and the level of income required.

4.4. Risk management

Risk registers are reviewed by the Leadership Team on a monthly basis and by the Governance, Audit and Risk, People and Clinical Governance Committees, on a bi-monthly or quarterly basis, identifying potentially significant risks, assessing their likelihood and impact and agreeing mitigating action. Corporate risks are subsequently reported to the Board at each meeting.

The key risks faced by the charity in 2022/23 as identified in risk registers were:

Nursing workforce shortages: the national shortage of specialist palliative care nurses combined with Brexit and the impact of the pandemic on healthcare workers continued to adversely affect the Hospice, and in particular the community nursing service. Pay for all clinical employees is reviewed annually and benchmarked against equivalent roles in the NHS. The employee assistance programme supports people to get more timely clinical interventions and expediting their return to work. Career development pathways continue to be considered and created so that the Hospice is able to develop its own nurses for the future. The Hospice continues to work closely with NHS colleagues to tackle nurse recruitment at system level.

Reputation damage: The Hospice is known as a quality health care provider and its reputation is of vital importance. Changes to service delivery, as a result of workforce shortages, and a reliance on health and social care partners to work collaboratively to

provide a seamless, and not duplicated service means there is an increased risk of complaints and reputational damage. Some rebranding of services has taken place to ensure that the public are clear about the Hospice offer and comments and complaints are promptly responded to and investigated to ensure lessons learned are used to improve practice.

Funding: There is a risk that due to the rising cost of living which impacts the Hospice's expenditure and its supporters' ability to donate, the Hospice may be unable to generate sufficient income to ensure the Hospice and subsidiary companies can operate effectively. A prudent budget has been set for 2023/24, opportunities to collaborate and share costs are being explored, and new donor stewardship programmes are being implemented.

Risks associated with business continuity, e.g. a major incident, a serious failure in utilities and IT failure due to cyber-attack, virus, breakdown or hacking: Policies and procedures are subject to ongoing review and updating to ensure compliance with best practice and legislation. Vantage-Sentinel continues to provide oversight of the potential risks the charity faces enabling proactive steps to be taken to mitigate these. The new IT managed services provider provides monitoring and recommends updates of the IT infrastructure and regular reminders are sent about the potential for phishing and scams.

4.5. Fundraising

The Trustees take their responsibilities under the Charities (Protection and Social Investment) Act 2016 seriously and have considered the implications on their fundraising activities.

The Hospice is committed to its donors and remains dedicated to treating all donors and supporters with the highest level of care, consideration and respect. The Hospice undertakes fundraising activity via support from volunteer fundraising in the community, applying to and partnering with companies and grant-giving trusts, direct mailings and appeals and the organising of events. Following the pandemic, when many of these activities were severely restricted, the impact of the cost of living crisis is now being felt.

St Michael's Hospice Lottery Limited also runs a weekly lottery with the profits of the company being gift aided to the charity. The work of the Lottery Team is regulated by the Gambling Commission.

St Michael's Hospice Hastings and Rother is registered with the Fundraising Regulator and abides by the Regulator's Code of Fundraising Practice and the Fundraising Promise. The Hospice is careful to ensure that it takes all reasonable steps to treat a donor fairly, enabling donors to make an informed decision about any potential donation. The Hospice adopts guidance on best fundraising practice provided by regulatory bodies and will continue to do so as these are updated.

During the year to 31 March 2023, there were no complaints in relation to fundraising.

5. PLANS FOR THE FUTURE

2023/24 will be the second year of the current Hospice strategy. In this year the Hospice plans to do the following:

a. **Provide high quality specialist palliative and end of life care by:**
   - developing a new clinical strategy for implementation in 2024/25
   - maximising available bed capacity through an enhanced workforce and management of building issues
   - more effectively gathering service user feedback to inform quality improvements
   - transitioning to a CQC Single Assessment Framework model through reviewing governance structures, action logs, policies and processes.

b. **Collaborate with health and social care partners by:**
   - supporting learning for generalist palliative care colleagues including those in care homes
   - developing and implementing a stakeholder engagement strategy
   - progressing East Sussex based initiatives with the Integrated Care System (ICS), Sussex Hospices Collaborative (SHC) and St Wilfrid's Hospice, Eastbourne.

c. **Support compassionate communities by:**
   - implementing the compassionate communities strategy
   - designing and implementing an up to date carers strategy to support carers of patients in any setting
   - delivering the Retail Strategy to ensure the shops are thriving and sustainable businesses that support local communities and signpost to the Hospice
   - implementing the Fundraising strategy and Lottery business plan to generate new income, optimise existing income streams and ensure careful stewardship of supporters to enable more people to be supported

d. **Influence civic institutions by:**
   - improving support and workplace provisions for employees who are carers, to achieve Gold Award accreditation as a HUK Compassionate Employers
   - sharing the knowledge gained from this to support other organisations to become Compassionate Employers
   - discovering all the assets that exist within the Hospices catchment area and exploring opportunities to work together to support people living with dying, death and loss

In addition to these strategic priorities the Hospice will continue its EDI work with a focus on ensuring its clinical services are accessible to all irrespective of ethnicity, religion, sexual orientation, care setting etc. The Board and Leadership Team also acknowledge that the Hospice building is beautiful but ageing and so will continue to invest time and resources in considering how further changes can be made to ensure that our facilities for patients, families, employees, volunteers and visitors are as welcoming, accessible, effective and enjoyable as possible.

Statement of Trustees' responsibilities

The Trustees (who are also Directors of the charity for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and 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 these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 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.

The Trustees are responsible for the maintenance and integrity of the charity and the financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Saffery Champness were auditors during the period and their reappointment will be considered at the annual general meeting.

The Trustees have taken advantage of the small companies' regime in preparing the Trustees' Annual Report.

On behalf of the Board

S. Munroe 19/9/23

Mrs S C Munroe
Trustee

Opinion

We have audited the financial statements of St Michael's Hospice Hastings and Rother (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the group statement of financial activities, the group and charity balance sheets, the group cash flow statement and the notes to the financial statements, including 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 affairs of the group and the parent charitable company as at 31 March 2023 and of the group's incoming resources and application of resources, including its 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 and parent charitable company 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 or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report which includes the Directors' Report and the Strategic Report has 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 and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report and Strategic Report.

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; 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

As explained more fully in the Statement of Trustees' Responsibilities on page 15, the trustees (who are also the directors of the parent 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 the 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 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

We have been appointed as auditors under the Companies Act 2006 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the group and parent 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:
We assessed the susceptibility of the group and parent charitable company's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent charitable company by discussions with trustees and updating our understanding of the sector in which the group and parent charitable company operate.

Laws and regulations of direct significance in the context of the group and parent charitable company include The Companies Act 2006 and guidance issued by the Charity Commission for England and Wales.

Further the group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, through significant fine, litigation or restrictions on the group's operations. We identified the most significant laws and regulations to be those issued by the Care Quality Commission covering health care services and those issued by the Gambling Commission covering the requirements for running a lottery.

Audit response to risks identified:
We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the parent charitable company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

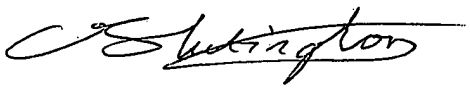
During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available 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 parent 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 parent 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 parent charitable company and the parent charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Cara Turtington (Senior Statutory Auditor)
for and on behalf of Saffery Champness

Saffery Champness
Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

30 October 2023

Saffery Champness is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

St Michael's Hospice Hastings and Rother

Consolidated statement of financial activities (incorporating an income and expenditure account)
For the year ended 31 March 2023

	Notes	Unrestricted funds £	Restricted funds £	2023 Total funds £	2022 Total funds £
Income and endowments from					
Donations and legacies	3	2,828,404	175,595	3,003,999	2,614,475
Charitable activities					
Hospice services	6	2,356,176	-	2,356,176	2,363,692
Subsidiaries' trading activities	4	1,538,914	-	1,538,914	1,453,651
Other trading activities	4	503,736	-	503,736	293,690
Investment income	5	141,316	-	141,316	111,218
Total		7,368,546	175,595	7,544,141	6,836,726
Expenditure on					
Raising donations	7	623,943	-	623,943	514,385
Trading companies' costs	7	967,089	-	967,089	884,221
Charitable activities					
Hospice services	8	5,665,896	237,269	5,903,165	5,555,094
Total		7,256,928	237,269	7,494,197	6,953,700
Net losses on investments	14	(335,550)	-	(335,550)	(9,617)
Net expenditure		(223,932)	(61,674)	(285,606)	(126,591)
Transfers between funds	23	-	-	-	-
Net movement in funds		(223,932)	(61,674)	(285,606)	(126,591)
Reconciliation of funds					
Total funds brought forward		15,437,046	200,028	15,637,074	15,763,665
Total funds carried forward	24	15,213,114	138,354	15,351,468	15,637,074

Continuing operations
All incoming resources and resources expended arise from continuing activities.

The notes on pages 29 to 51 form part of these financial statements.

St Michael's Hospice Hastings and Rother

Consolidated and charity balance sheets
As at 31 March 2023

		Group 2023 £	Charity 2023 £	Group 2022 £	Charity 2022 £
Fixed assets					
Tangible assets	**16**	4,611,320	3,890,691	4,710,576	3,969,397
Investments	**17**	5,874,291	5,874,392	6,111,804	6,111,905
		10,485,611	9,765,083	10,822,380	10,081,302
Current assets					
Stocks	**18**	25,140	24,163	17,226	15,643
Debtors	**19**	588,142	1,581,540	640,500	1,599,665
Cash at bank and in hand		4,572,167	4,398,311	4,632,795	4,457,154
		5,185,449	6,004,014	5,290,521	6,072,462
Creditors: amounts falling due within one year	**20**	(319,592)	(193,761)	(475,827)	(326,623)
Net current assets		4,865,857	5,810,253	4,814,694	5,745,839
Total assets less current Liabilities		15,351,468	15,575,336	15,637,074	15,827,141
Net assets		15,351,468	15,575,336	15,637,074	15,827,141
Funds	**23**				
Unrestricted funds		15,213,114	15,436,982	15,437,046	15,627,113
Restricted funds		138,354	138,354	200,028	200,028
Total funds		15,351,468	15,575,336	15,637,074	15,827,141

The total income of the Hospice as an individual entity for the year was £7,058,650 (2022 - £6,452,989) and its net deficit was £241,882 (2022 – deficit of £10,909). A Statement of Financial Activities for the Hospice as an individual entity is not included using the exemption given in section 408 of the Companies Act 2006.

The financial statements were approved by the Board of Trustees on 19th Sept 2023 and were signed on its behalf by

S. Munroe

Mrs S C Munroe
Trustee

The notes on pages 29 to 51 form part of these financial statements.
Company number 01776496

St Michael's Hospice Hastings and Rother

Consolidated cash flow statement
For the year ended 31 March 2023

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash used in operations	A	(126,583)	(192,410)
Net cash used in operating activities		(126,583)	(192,410)
Cash flows from investing activities			
Purchase of tangible fixed assets		(184,387)	(27,953)
Purchase of fixed asset investments		(1,879,708)	(1,881,283)
Proceeds from sale of fixed assets		207,063	208
Proceeds from sale of investments		1,324,053	366,926
Investment income		141,316	111,218
Net cash used in investing activities		(391,663)	(1,430,884)
Change in cash and cash equivalents in the reporting period	B	(518,246)	(1,623,294)
Cash and cash equivalents at the beginning of the reporting period		5,232,550	6,855,844
Cash and cash equivalents at the end of the reporting period	B	4,714,304	5,232,550

The notes on pages 29 to 51 form part of these financial statements.

Notes to the cash flow statement
For the year ended 31 March 2023

A. Reconciliation of net income to net cash flow

	2023 £	2022 £
Net expenditure for the reporting period (as per the statement of financial activities)	(285,606)	(126,591)
Adjustments for:		
Depreciation charges	229,653	237,808
Losses on investments	335,550	9,617
(Profit) /loss on disposal of fixed assets	(153,073)	64
Investment income	(141,316)	(111,218)
(Increase)/decrease in stocks	(7,914)	38,103
Decrease /(increase) in debtors	52,358	(320,905)
(Decrease)/increase in creditors	(156,235)	80,712
Net cash outflow from operating activities	(126,583)	(192,410)

B. Analysis of cash and cash equivalents

	At 31 March 2022 £	Movement £	At 31 March 2023 £
Cash at bank and in hand	4,632,795	(60,628)	4,572,167
Investment cash	599,755	(457,618)	142,137
	5,232,550	(518,246)	4,714,304

1. Statutory information

St Michael's Hospice Hastings and Rother is a private charitable company limited by guarantee, registered in England and Wales. The company's registered number and registered office address can be found in the reference and administrative details in the Report of the Trustees.

2. Accounting policies

2.1 Accounting convention

The financial statements of the charitable company, which is a public benefit entity under FRS 102, and group have been prepared in accordance with the second edition of the Charities SORP (FRS 102) "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)" Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value.

2.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Given the Charity's financial position, level of reserves and future strategic plans, the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

2.3.1 Gifts in kind

Gifts donated for resale are included as income when they are sold. Donated items for use in the Hospice are valued at a reasonable approximation to market value. Donated facilities are included at the value to the charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

2.3.2 Fees, contributions and grants

These comprise amounts receivable during the year.

2.3.3 Voluntary income

Voluntary income represents amounts received during the year.

2.3.4 Legacies

Reversionary legacies are accounted for on receipt. Pecuniary and residuary legacies are accounted for at the earlier of receipt of the legacy or the point at which the final accounts of the estate are agreed by the charity. In the event that legacies are settled after the accounting year end they are included in the accounts provided the charity was certain of the amounts to be distributed at the balance sheet date.

The hospice has received notification of a number of legacies which have not been included in these accounts because they are not certain in value or certain of receipt.

2.3.5 Investment income

Investment income comprises amounts receivable during the year.

2. Accounting policies (continued)

2.3.6 Shop income
Shop income generated by one of the trading subsidiaries represents net invoiced sales of goods, excluding value added tax.

2.3.7 Lottery income
Lottery income generated by one of the trading subsidiaries represents ticket sales received in respect of lotteries held during the year and scratch card sales.

Income from tickets sold in advance of a draw being held is carried forward to the period in which the draw takes place.

2.3.8 Debtors
Income resources recognised in the year but not received at the year end are included within debtors unless there are doubts as to the estimation of value or likelihood of receipt.

2.4 **Resources expended**
Liabilities are recognised as expenditure as soon as there is a legal obligation or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where cost cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

2.5 ***Allocation and apportionment of costs***
Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

2.6 **Tangible fixed assets**
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	2% and 10% on cost
Fixtures, fittings and equipment	15% to 33% on cost
Motor vehicles	25% on cost

Where extensions and improvements have been made to freehold property, depreciation has been charged over the remaining life of the underlying property.

No depreciation is provided on freehold land.

2.7 **Investments**
Listed investments are included at market value at the year end. Gains and losses on disposal and revaluation of investments are charged or credited to the Statement of Financial Activities.

2.8 **Stocks**
Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Donated items are not valued until sold. Consequently, no value is attributed to their stock carrying value, as this cannot be determined with certainty until sold.

2. Accounting policies (continued)

2.9 **Leasing commitments**
Operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

2.10 **Taxation**
The charity is party to a group registration for VAT purposes and is therefore able to recover some but not all of the VAT the charity incurs. Irrecoverable VAT is charged as a single item in the Statement of Financial Activities.

The charity is exempt from corporation tax on its charitable activities and therefore no provision has been made for either corporation tax or deferred tax.

Where a trading subsidiary is registered for VAT the expenditure is shown exclusive of VAT.

Both trading subsidiaries have entered an agreement to covenant their taxable profits to the parent undertaking and therefore no corporation tax provision is required.

2.11 **Fund accounting**
In the Trustees' opinion, with certain exceptions, the incoming resources and resources expended are all derived for the benefit of running the Hospice. Therefore, the Trustees choose to classify all income and expenditure as unrestricted. In certain instances, funds may be designated by the Trustees for specific purposes.

Where funds are received for a significant and specific project these are allocated to restricted funds. These funds are then used to meet the capital costs of that specific project by way of an annual depreciation charge set against the restricted fund. Any funds received in excess of the capital requirements of the project will be used to help with the associated future running costs of the project.

Other restricted funds are those funds donated for purposes specified by the donor and these are tracked and expended in accordance with the donors' wishes.

2.12 **Pension costs and other post-retirement benefits**
The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

2.13 **Critical estimates and judgements**
Management have made certain estimates and judgements in the preparation of the financial statements of the Hospice. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from those estimates. The Trustees consider the evaluation of the useful economic life of fixed assets and the future receipt of legacy debtors at the year end to be the areas of judgement with a significant effect on the financial statements.

3. Donations and legacies

	2023 £	2022 £
Donations and gifts	474,561	450,098
In memoriam	203,137	208,035
Regular giving and Gift Aid	110,237	100,289
Legacies	2,092,892	1,510,700
Grants received	123,172	345,353
	3,003,999	2,614,475

Grants from government sources received, included in the above, are as follows:	2023 £	2022 £
CJRS Furlough income	-	16,770
Sector support grant (via Hospice UK)	-	220,336

4. Trading activities

Trading subsidiaries	2023 £	2022 £
Lottery income	887,955	919,526
Retail income	650,959	534,125
	1,538,914	1,453,651

Other trading activities	2023 £	2022 £
Fundraising events	316,385	265,125
Arthur Easton hall hire	8,795	2,725
Coffee shop and catering	449	2,096
Sundry income	178,107	23,744
	503,736	293,690

5. Investment income

	2023 £	2022 £
Income from UK listed investments	122,969	80,137
Deposit account interest	12,647	25,381
Rents	5,700	5,700
	141,316	111,218

6. Income from charitable activities

	2023 £	2022 £
Grants	2,354,417	2,362,783
Patient income	1,759	909
	2,356,176	2,363,692

	2023 £	2022 £
Grants from government sources received, included in the above, are as follows:		
Hastings and Rother ICB	2,354,417	2,362,783

7. Raising funds

	Raising donations £	Trading companies' costs £	Total 2023 £
Staff costs	425,577	466,009	891,586
Cost of sales		32,299	32,299
Lottery Prizes		235,596	235,596
Premises	26,410	112,052	138,462
Depreciation	19,343	23,233	42,576
Other direct costs	152,613	97,900	250,513
	623,943	967,089	1,591,032

2022 comparative

	Raising donations £	Trading companies' costs £	Total 2022 £
Staff costs	394,273	396,812	791,085
Cost of sales	-	94,534	94,534
Lottery Prizes	-	193,953	193,953
Premises	15,957	144,535	160,492
Depreciation	13,110	31,658	44,768
Other direct costs	91,045	22,729	113,774
	514,385	884,221	1,398,606

8. Charitable activities costs

	Direct costs (Note 9) £	Support costs (Note 10) £	Total 2023 £
Hospice services	4,781,541	1,020,872	5,802,413
Other	-	100,752	100,752
	4,781,541	1,121,624	5,903,165

2022 comparative

	Direct costs (Note 9) £	Support costs (Note 10) £	Total 2023 £
Hospice services	4,621,112	811,418	5,432,530
Other	-	122,564	122,564
	4,621,112	933,982	5,555,094

9. Direct costs of charitable activities

	2023 £	2022 £
Staff costs	3,599,491	3,600,584
Clinical costs	424,268	342,012
Training costs	48,792	50,298
Premises	214,722	223,536
Depreciation	157,268	183,658
Other direct costs	337,000	221,024
	4,781,541	4,621,112

10. Support costs

Support costs are as follows:

	2023 £	2022 £
Staff costs	851,279	759,929
Rates and water	1,293	354
Insurance	8,998	2,215
Light and heat	15,157	3,886
Telephone	5,140	1,628
Postage, stationery and IT	49,376	7,086
Sundries	33,021	16,344
Property rental	9,106	4,526
Repairs and maintenance	17,694	6,059
Freehold property depreciation	29,808	9,391
	1,020,872	811,418

Governance costs

	2023 £	2022 £
Bank charges	7,484	6,634
Legal and professional fees	64,555	81,990
Auditors' remuneration	24,804	17,710
Auditors' remuneration in respect of accountancy and other services	3,909	16,230
	100,752	122,564

11. Net income/expenditure

	2023 £	2022 £
Auditors' remuneration for Charity audit		
Current year	24,804	13,150
Prior year		4,560
Auditors' remuneration in respect of accountancy and other services, including the audit and accountancy fees of subsidiaries	3,909	16,230
Depreciation	229,653	237,808
Surplus on disposal of fixed assets	153,073	-

12. Trustees' remuneration and benefits

There was no Trustees' remuneration or other benefits for the year ended 31 March 2023 nor for the year ended 31 March 2022.

Trustees' expenses

No expenses were reimbursed to any Trustee in the year to 31 March 2023 nor for the year ended 31 March 2022.

13. Staff costs

	2023 £	2022 £
Wages and salaries	4,519,842	4,407,633
Social security costs	432,175	380,011
Other pension costs	339,246	324,949
Temporary, locum and other non-salaried staff costs	133,757	-
Other staff costs	63,044	39,005
	5,488,064	5,151,598

The average monthly number of employees (based on head count) during the year was:

	2023 Number	2022 Number
Nursing and medical	88	99
Catering and housekeeping	10	15
Maintenance	9	7
Training	1	2
Fundraising	10	9
Administration	25	23
Bereavement	8	6
Lottery	5	5
Retail	19	17
	175	183

13. Staff costs (continued)

The numbers of employees whose emoluments for the year fell within the following bands were:

	2023 Number	2022 Number
£60,000 to £69,999	2	1
£70,000 to £79,999	1	-
£80,000 to £89,999	2	-
£90,000 to £99,999	2	1
£100,000 to £109,999	-	1

The key management personnel comprise members of the Leadership Team. The total employee benefits of the key management personnel of the charity were £580,642 (2022 - £597,564).

14. Gains/(losses) on investments

	2023 £	2022 £
Realised gains	44,798	68,994
Unrealised gains/(losses)	(380,348)	(78,611)
	(335,550)	(9,617)

15. Comparatives for the statement of financial activities

	Unrestricted funds £	Restricted funds £	2022 Total funds £
Income and endowments from			
Donations and legacies	2,478,335	136,140	2,614,475
Charitable activities			
Hospice services	2,363,692	-	2,363,692
Subsidiaries' trading activities	1,453,651	-	1,453,651
Other trading activities	293,690	-	293,690
Investment income	111,218	-	111,218
Total	6,700,586	136,140	6,836,726
Expenditure on			
Raising donations	514,385	-	514,385
Trading companies' costs	884,221	-	884,221
Charitable activities			
Hospice services	5,514,014	41,080	5,555,094
Total	6,912,620	41,080	6,953,700
Net (losses)/gains on investments	(9,617)	-	(9,617)
Net income	(221,651)	95,060	(126,591)
Transfers between funds	1,473	(1,473)	-
Net movement in funds	(220,178)	93,587	(126,591)
Reconciliation of funds			
Total funds brought forward	15,657,224	106,441	15,763,665
Total funds carried forward	15,437,046	200,028	15,637,074

16. Tangible fixed assets

Group	Freehold property	Assets under construction	Fixtures fittings and equipment	Motor vehicles	Totals
	£	£	£	£	£
Cost					
At 1 April 2022	6,378,309	3,500	1,222,156	161,506	7,765,471
Additions			184,387		184,387
Disposals	(85,978)			(25,692)	(111,670)
At 31 March 2023	6,292,331	3,500	1,406,543	135,814	7,838,188
Depreciation					
At 1 April 2022	1,792,204	-	1,114,193	148,498	3,054,895
Charge for year	157,281	-	65,643	6,729	229,653
Eliminated on disposal	(32,038)	-	-	(25,642)	(57,680)
At 31 March 2023	1,917,447	-	1,179,836	129,585	3,226,868
Net book value					
At 31 March 2023	4,374,884	3,500	226,707	6,229	4,611,320
At 31 March 2022	4,586,105	3,500	107,963	13,008	4,710,576

Included in freehold property is land of £152,761 (2022 - £152,761) which is not depreciated.

16. Tangible fixed assets (continued)

Charity	Freehold property	Assets under construction	Fixtures fittings and equipment	Motor vehicles	Totals
	£	£	£	£	£
Cost					
At 1 April 2022	5,412,821	3,500	1,197,269	121,814	6,735,404
Additions	-	-	181,705	-	181,705
Disposals	(85,978)	-	-	(500)	(86,478)
At 31 March 2023	5,326,843	3,500	1,378,974	121,314	6,830,631
Depreciation					
At 1 April 2022	1,567,264	-	1,089,937	108,806	2,766,007
Charge for year	135,746	-	63,946	6,729	206,421
Eliminated on disposal	(32,038)	-	-	(450)	(32,488)
At 31 March 2023	1,670,972	-	1,153,883	115,085	2,939,940
Net book value					
At 31 March 2023	3,655,871	3,500	225,091	6,229	3,890,691
At 31 March 2022	3,845,557	3,500	107,332	13,008	3,969,397

17. Fixed asset investments

Group	Listed investments £	Cash held for investment £	Totals £
Market value			
At 1 April 2022	5,512,049	599,755	6,111,804
Additions	1,879,708	-	1,879,708
Disposals	(1,321,070)	-	(1,321,070)
Revaluations	(338,533)	-	(338,533)
Cash movement	-	(457,618)	(457,618)
At 31 March 2023	5,732,154	142,137	5,874,291
Net book value			
At 31 March 2023	5,732,154	142,137	5,874,291
At 31 March 2022	5,512,049	599,755	6,111,804

Charity	Shares in group undertakings £	Listed investments £	Cash held for investment £	Totals £
Market value				
At 1 April 2022	101	5,512,049	599,755	6,111,905
Additions	-	1,879,708	-	1,879,708
Disposals	-	(1,321,070)	-	(1,321,070)
Revaluations	-	(338,533)	-	(338,533)
Cash movement	-	-	(457,618)	(457,618)
At 31 March 2023	101	5,732,154	142,137	5,874,392
Net book value				
At 31 March 2023	101	5,732,154	142,137	5,874,392
At 31 March 2022	101	5,512,049	599,755	6,111,905

There were no investment assets outside the UK.

17. Fixed asset investments (continued)

The charity holds 20% or more of the share capital of the following companies:

Company	Country of incorporation	Shares Class	Shares %
St Michael's Hospice (Retail) Limited – 02404963	England & Wales	Ordinary	100%
St Michael's Hospice Lottery Limited – 03351501	England & Wales	Ordinary	100%

St Michael's Hospice (Retail) Limited operates many charity shops. St Michael's Hospice Lottery Limited supports the Hospice through fundraising largely from the operation of a lottery. Both companies covenant their taxable profits to the parent company where possible.

A summary of the result of these undertakings is set out below:

	St Michael's Hospice (Retail) Limited		St Michael's Hospice Lottery Limited	
	2023 £	2022 £	2023 £	2022 £
Turnover	647,772	516,745	887,955	919,410
Cost of sales	(32,299)	(94,534)	(235,596)	(193,953)
Gross profit	615,473	422,211	652,359	725,457
Administrative expenses	(652,464)	(555,275)	(134,446)	(115,343)
Other income	3,187	17,381	-	116
Net profit/(loss)	(33,804)	(115,683)	517,913	610,230
Assets – fixed and current	786,813	806,407	120,124	151,530
Liabilities	(1,010,657)	(996,447)	(120,050)	(151,456)
	(223,844)	(190,040)	74	74
Share capital	100	100	1	1
Retained reserves	(223,944)	(190,140)	73	73
	(223,844)	(190,040)	74	74

18. Stocks

Group	2023 £	2022 £
Stocks	25,140	17,226

Charity	2023 £	2022 £
Stocks	24,163	15,643

19. Debtors

Group: Amounts falling due within one year

	2023 £	2022 £
Trade debtors	46,692	135,934
Other debtors and prepayments	130,555	106,540
VAT	51,158	47,259
Accrued income receivable	359,737	350,767
	588,142	640,500

Charity: Amounts falling due within one year	2023 £	2022 £
Trade debtors	46,129	118,473
Amounts owed by group undertakings	152,732	146,799
Prepayments	123,647	101,403
VAT	47,295	37,966
Accrued income receivable	359,737	343,024
	729,540	747,665
Charity: Amounts falling due after one year		
Amounts owed by group undertakings	852,000	852,000
	1,581,540	1,599,665

Amounts falling due after more than one year relates to a loan to St Michael's Hospice (Retail) Limited, in order to purchase a warehouse. Interest is being charged at 2.75% (2022 - 2.5%) per annum, with £23,430 (2022 - £21,300) being received during the year. There are no fixed terms for repayment but the Trustees have given assurances that repayment won't be sought before January 2025.

20. Creditors
Amounts falling due within one year

Group	2023 £	2022 £
Trade creditors	94,362	169,255
Pension creditor	46,450	46,491
Lottery ticket sales paid in advance	97,573	108,648
Other creditors	1,394	6,456
Accruals and deferred income	79,813	144,977
	319,592	475,827

Charity	2023 £	2022 £
Trade creditors	87,706	140,394
Pension creditor	46,450	46,491
Other creditors	303	5,152
Accruals and deferred income	59,302	134,586
	193,761	326,623

21. Operating lease commitments

Minimum lease payments under non-cancellable operating leases fall due as follows:

Group	2023 £	2022 £
Expiring:		
Within one year	56,751	55,215
Between one and five years	3,971	36,438
In more than five years	-	-
	60,722	91,653

Charity	2023 £	2022 £
Expiring:		
Within one year	16,276	19,633
Between one and five years	2,237	16,622
In more than five years	-	-
	18,513	36,255

22. Pension commitments

For qualifying St Michael's Hospice Hastings and Rother staff, participation in the NHS Superannuation Scheme provides benefits based on final pensionable pay, a defined benefit scheme. The contributions paid by the charity in respect of the NHS Superannuation scheme are accounted for as if the scheme was a defined contribution scheme as the charity is unable to identify its share of the underlying assets and liabilities in the scheme. The Government Actuary, using the Projected Unit Method, determines contributions charged to the Statement of Financial Activities.

For staff that do not qualify to join the NHS Superannuation Scheme, the charity operates two further defined contribution pension schemes. Contributions are charged to the Statement of Financial Activities in the period to which they related.

The total contributions paid to both pension schemes for the year ended 31 March 2023 are shown in note 13. The amount outstanding at the balance sheet date is £46,450 (2022 – £46,491).

23. Movement in funds

Current year	At 1 April 2022 £	Net movement in funds £	Transfers between funds £	At 31 March 2023 £
Unrestricted funds				
General fund	5,326,470	(17,513)	(107,163)	5,201,794
Fixed assets	4,710,576	(206,419)	107,163	4,611,320
Strategic Development fund	2,000,000	-	-	2,000,000
Contingency fund	3,400,000	-	-	3,400,000
	15,437,046	(223,932)	-	15,213,114
Restricted funds				
Rolling equipment replacement	83,288	(34,145)	-	49,143
Other funds	47,115	6,396	-	53,511
SystmOne Implementation	25,730	(25,730)	-	-
The National Lottery Compassionate Community Fund RC London and South East Region	43,895	(8,195)	-	35,700
	200,028	(61,674)	-	138,354
Total	15,637,074	(285,606)	-	15,351,468

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	7,368,546	(7,050,509)	(335,550)	(17,513)
Fixed asset fund	-	(206,419)	-	(206,419)
	7,368,546	(7,256,928)	(335,550)	(223,932)
Restricted funds				
Rolling equipment replacement	41,713	(75,858)	-	(34,145)
Other funds	77,771	(71,375)	-	6,396
SystmOne Implementation	-	(25,730)	-	(25,730)
The National Lottery Compassionate Community Fund RC London and South East Region	56,111	(64,306)	-	(8,195)
	175,595	(237,269)	-	(61,674)
Total funds	7,544,141	(7,494,197)	(335,550)	(285,606)

23. Movement in funds (continued)

Comparative year	At 1 April 2021 £	Net movement in funds £	Transfers between funds £	At 31 March 2022 £
Unrestricted funds				
General fund	5,336,522	(20,871)	10,819	5,326,470
Fixed assets	4,920,702	(200,780)	(9,346)	4,710,576
Strategic Development fund	2,000,000	-	-	2,000,000
Contingency fund	3,400,000	-	-	3,400,000
	15,657,224	(221,651)	1,473	15,437,046
Restricted funds				
Rolling equipment replacement	52,987	30,441	(140)	83,288
Other funds	53,454	(5,006)	(1,333)	47,115
SystmOne Implementation	-	25,730	-	25,730
The National Lottery Compassionate Community Fund RC London and South East Region	-	43,895	-	43,895
	106,441	95,060	(1,473)	200,028
Total	15,763,665	(126,591)	-	15,637,074

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	6,700,586	(6,711,840)	(9,617)	(20,871)
Fixed asset fund	-	(200,780)	-	(200,780)
	6,700,586	(6,912,620)	(9,617)	(221,651)
Restricted funds				
Rolling equipment replacement	42,649	(12,208)	-	30,441
Other funds	15,468	(20,474)	-	(5,006)
SystmOne Implementation	25,730	-	-	25,730
The National Lottery Compassionate Community Fund RC London and South East Region	52,293	(8,398)	-	43,895
	136,140	(41,080)	-	95,060
Total funds	6,836,726	(6,953,700)	(9,617)	(126,591)

23. Movement in funds (continued)

Unrestricted funds

The Trustees have applied the funds as shown above. Of the available funds held at the year-end £4,611,320 (2022 - £4,710,576) is held in the form of land and buildings and other tangible fixed assets.

Contingency funds are calculated each year according to the reserves policy set out in the Report of the Trustees. This policy identifies the cash resources needed to sustain twelve months of net running costs in the event of a severe downturn in voluntary income. The Trustees have retained a designated Contingency fund of £3,400,000 (2022 - £3,400,000).

The Trustees have retained a designated Strategic Development fund of £2,000,000 (2022 - £2,000,000).

The general fund at the year-end of £5,201,794 (2022 - £5,326,470) represents funds available to the Trustees to pursue and further the activities of the Hospice.

Restricted funds

Rolling Equipment Replacement – funds received to purchase new or upgrade existing equipment are recorded within the Rolling Equipment Replacement fund. Funds received during the year were all fully expended in accordance with their restriction, unless stated otherwise. The additional balance carried forward on the fund represents fixed assets held on the balance sheet.

Other funds – funds received for specific services or provision of small equipment where the balance remaining at the year end is less than £5,000.

Transfers out of restricted funds represent unspent balances released from restriction in accordance with the terms of the original donations.

24. Net Assets by fund – current year

Group

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	4,611,320	-	4,611,320
Investments	5,874,291	-	5,874,291
Current assets	5,047,095	138,354	5,185,449
Current liabilities	(319,592)	-	(319,592)
Net assets	15,213,114	138,354	15,351,468

Charity

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	3,890,691	-	3,890,691
Investments	5,874,392	-	5,874,392
Current assets	5,865,660	138,354	6,004,014
Current liabilities	(193,761)	-	(193,761)
Net assets	15,436,982	138,354	15,575,336

Net assets by fund – comparative year
Group

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	4,710,576	-	4,710,576
Investments	6,111,804	-	6,111,804
Current assets	5,090,493	200,028	5,290,521
Current liabilities	(475,827)	-	(475,827)
Net assets	15,437,046	200,028	15,637,074

Charity

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	3,969,397	-	3,969,397
Investments	6,111,905	-	6,111,905
Current assets	5,872,434	200,028	6,072,462
Current liabilities	(326,623)	-	(326,623)
Net assets	15,627,113	200,028	15,827,141

25. Contingent liabilities

There were no contingent liabilities as at 31 March 2023 nor at 31 March 2022.

26. Capital commitments

The charity had no building commitments as at the year-end (2022 - £nil).

27. Contingent assets

The charity has been notified of one legacy (2022 – one) which is subject to a life tenancy or other such condition. The total amount of the legacy is estimated at £100,000 (2022 - £100,000). It has not been included in the accounts.

28. Related party transactions

The charity had the following transactions with its subsidiary companies during the year:

	St Michael's Hospice (Retail) Limited		St Michael's Hospice Lottery Limited	
	2023	2022	2023	2022
Income during the year	422,341	360,575	631,082	709,339
Expenditure during the year	-	-	-	-
Balance receivable at the year end	996,195	961,169	8,472	37,530

Income is generated from a donation of profits or a recharge of costs incurred on behalf of the subsidiaries. Expenditure is the reimbursement of reasonable costs incurred by the subsidiaries in the course of carrying out their business.

There are no other transactions with related parties to disclose.

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

England & Wales - Charity number 288462

Accounts

Company Registration No. 01776496 (England and Wales)
Registered Charity No. 288462

St Michael's Hospice Hastings and Rother

Report of the Trustees and consolidated financial statements for the year ended 31 March 2022



St Michael's Hospice Hastings and Rother

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St Michael's Hospice Hastings and Rother

Reference and administrative information

Company information

St Michael's Hospice Hastings and Rother, a registered charity and a company limited by guarantee, was established on 8 December 1983 and formally opened its service in April 1987. Its Articles of Association were last revised and agreed on 27 January 2012.

The Trustees of the charity (who are also Directors of the company) are drawn from the local community. The Chair will be recruited from the local community in the event that they are not elected by the Trustees from amongst those on the Board.

President	Julian Avery	
Board of Trustees	Susan Munroe (Chair)	
	Steve Barnes	(retired 25 March 2022)
	Jayne Black	(appointed 21 Jan 2022, resigned 30 May 2022)
	Tony Boardman	
	Simon Davis	(appointed 24 Sept 2021)
	Dr Peter Dewhurst	
	Nigel Gaymer	(retired 25 March 2022)
	Kerry Gentleman	
	Dr Rosie Guy	(retired 25 March 2022)
	Nigel Kirby-Green	
	Geoff Longmire	
	Ian Menzies	(appointed 24 Sept 2021)
	Ian Ross	(appointed 24 Sept 2021, resigned 9 Jan 2022)
	Linda Stevens	
	James Thomas	(appointed 24 September 2021)
Company Secretary	Vinyo Aidam	(to 4 April 2022)
	Darren Mackenzie	(from 4 April 2022)
Chief Executive	Dr Karen Clarke	
Leadership Team	Vinyo Aidam	Finance and IT Director (to 4 April 2022)
	Darren Mackenzie	Finance and IT Director (from 4 April 2022)
	Dr Declan Cawley	Medical Director
	Perdita Chamberlain	Income Generation Director
	Penny Jones	Nursing and Quality Director (to 31 July 2021)
	Evelyn Prodger	Nursing and Quality Director (from 18 October 2021)
	Rebecca Tiberini	Strategy and Integration Director
	Caroline White	Organisational Development Director

Registered information

Registered charity name	St Michael's Hospice Hastings and Rother
Charity number	288462
Company registration number	01776496
Registered office	25 Upper Maze Hill St Leonards on Sea East Sussex TN38 0LB

Professional advisors

Auditors	Saffery Champness LLP Chartered Accountants 71 Queen Victoria Street London EC4V 4BE
Bankers	Lloyds Bank Plc 17 Wellington Place Hastings East Sussex TN34 1NX
Solicitors	Gaby Hardwicke 34 Wellington Square Hastings East Sussex TN34 1PN
Investment advisors	Rathbone Investment Management 8 Finsbury Circus London EC2M 7AZ

St Michael's Hospice Hastings and Rother

Report of the Trustees and strategic report
For the year ended 31 March 2022

The Trustees present their report and accounts for the year ended 31 March 2022 including the Strategic Report for the company.

These accounts comply with the charity's governing document, which states that the charity's objective is to promote the relief of sickness, the Companies Act 2006, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and with the Charities SORP (FRS 102).

St Michael's Hospice is regulated by the Care Quality Commission (CQC) which is the independent regulator of all health and social care services in England.

1. OBJECTIVES AND ACTIVITIES

1.1. Purpose of the charity as set out in the governing document

The charity was established to "promote the relief of sickness in such ways as the Trustees shall from time to time think fit and, in particular (but without prejudice to the generality of the foregoing), to provide services so as to support the physical, psychological, social and spiritual needs of those affected by life-limiting illnesses."

1.2. Main activities of the charity undertaken in relation to those purposes

The overall aim of St Michael's Hospice is to enable people (over the age of eighteen) living with serious, advanced illness to live as fully as possible and to provide compassionate, expert care at the end of life. The service adopts an interdisciplinary approach and works collaboratively with NHS services in primary, secondary and tertiary care, continuing healthcare, adult social care and with private and voluntary providers.

The Hospice team acts as a resource to provide specialist advice and support to the wider primary care locality. Its aim is to:

- provide specialist and integrated palliative and end of life care and support to the population of Hastings and Rother irrespective of their diagnosis
- provide specialist and holistic support to family members and carers of people living with an advanced, serious illness to enable them to remain as resilient and independent as possible
- ensure that patients and their families or carers receive appropriate information, treatment and support to help manage their illness and the effect of their illness on their wellbeing
- ensure that patients and their families and carers have knowledge and choice regarding how their support and care is delivered.
- ensure that patients' preference as to how they are cared for and die are obtained and recorded, and where possible, achieved
- provide specialist support to people who are bereaved.

The Hospice accepts referrals from any health practitioner and also self-referrals, which are discussed with the GP. The inter-disciplinary team provides high quality holistic palliative and end of life care, enhancing the quality of life for patients nearing the end of their lives and supporting family members and carers. This includes:

- specialist symptom control – to keep patients as comfortable and well as possible
- holistic emotional, social, spiritual and practical support – to make sense of and cope with living with or supporting someone with a life limiting illness.

- rehabilitation - to optimise patients' independence and participation in activities meaningful to them
- in-patient facilities
- 24/7 telephone advice and support for patients, families and health professionals
- respectful and effective working with other relevant primary, secondary, tertiary and social care providers to ensure maximum continuity and seamless support for patients nearing the end of life and their families
- supporting people to be cared for in their preferred place of care whenever possible and in line with their needs
- ensuring patients in receipt of care are treated with dignity and respect and that their individual needs and preferences are acknowledged
- support from trained volunteers
- expert bereavement support.

Support and care is highly specialised, individualised and delivered by skilled members of an inter-disciplinary team including consultants in palliative medicine, specialist doctors, nurses, health care and wellbeing assistants, therapists, social workers, spiritual support lead and pharmacist who work in accordance with professional codes of practice (where applicable) legal and ethical principles.

The Hospice provides palliative care training and support to health and social care professionals and nursing homes.

1.3. Main activities undertaken to further the charity's purposes for the public benefit
The charity serves a population of c190k living in Hastings and Rother. All the activities undertaken by the charity are to further its charitable purposes for the benefit of the people living within its catchment area and all services are provided free of charge.

Much of the charity's funding comes from local individuals and organisations and most of its beneficiaries are predominantly, but not exclusively, drawn from Hastings and Rother. Services are also available for those who have not been resident locally but need support, e.g. someone who has moved into the area to be closer to their family.

The Trustees have considered the Charity Commission's guidance on public benefit and can confirm that the charity's activity does deliver public benefit. The main benefits that have arisen throughout the year are detailed in the following pages.

1.4. Aims, details of issues the charity seeks to tackle, changes or differences it seeks to make
Through the services it provides, the training it delivers and numerous fundraising activities, the Hospice aims to raise awareness of, and support the end of life and bereavement needs of those living in the local area.

1.5. How achievement of aims will further the charity's legal purposes
Providing Hospice care directly fulfils the charity's legal aim of promoting the relief of sickness by supporting the physical, psychological, social and spiritual needs of those affected by life-limiting illness. In addition, it provides holistic emotional and spiritual support to make sense of and cope with supporting someone with a life-limiting illness.

Providing education and training to other health and social care professionals is indirectly fulfilling the charity's aim of promoting the relief of sickness. Encouraging people to engage in fundraising activities is a

way of enabling them to do something positive in someone's memory as well as raising awareness and support for the charity. This therefore indirectly fulfils the charity's aim of promoting relief of sickness.

1.6. Strategies for achieving stated aims

In April 2020, the Hospice was due to launch a new vision, mission and strategic plans. However, the COVID-19 pandemic meant that the Board agreed to delay this. Throughout 2021/22 the charity maintained its four strategic aims:

- Increase clinical reach
- Improve and demonstrate our effectiveness
- Develop and value our people
- Ensure long-term sustainability.

Achievement against those aims will be described in section 3, page 7.

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

2.1. Governing document

St Michael's Hospice Hastings and Rother is a company limited by guarantee and registered with Companies House. Its Articles of Association were last revised and agreed on 27 January 2012. The Trustees of the Charity (who are also Directors of the Company) are drawn from the local community.

2.2. Organisational structure

During the year 2021/22, the Board met formally six times. Additionally, it held a strategy day in October 2021 to refresh and plan the implementation of the new strategy.

Health and Safety (now incorporated into the Governance, Audit and Risk Committee) and the Investment Committees (now incorporated into the Finance Committee) met once. Both the People Committee and the Fundraising Strategy Committee met twice, the Finance Committee met three times. The Clinical Governance Committee met six times; and the Governance, Audit and Risk Committee met nine times (largely due to Trustee and Non-Executive Director recruitment processes).

The Chief Executive is appointed by the Board of Trustees to manage the day-to-day operations of the charity. The Board seeks to ensure that all the charity's activities are within its charitable objectives and its responsibilities include setting the strategic direction and approving the business plan and budgets. The Chief Executive and the Leadership Team attend and present information at each formal Board meeting to enable effective decision-making and ensure open and transparent communications.

St Michael's Hospice Hastings and Rother has two wholly owned subsidiary companies, one for its lottery and another for its retail business. The Boards of these companies meet four times a year to scrutinise the operation of these businesses and explore opportunities to increase their income. They also held strategy days within the year.

2.3. Recruitment and appointment of Trustees

The Articles of Association state that there must be a minimum of four and a maximum of fifteen Trustees. The initial appointment of Trustees is for a period of three years followed by a second term of three years. Thereafter, the position is reviewed annually up to the maximum of nine years.

The Board of Trustees has delegated responsibility for succession planning, recruitment and induction of Trustees to the Governance, Audit and Risk Committee who then make recommendations to appoint to the Board. The skills of existing Board members are assessed and where a skills gap exists, advertising will take place using the most cost-effective method for the skills being sought whilst ensuring a wide, diverse audience is reached. Members of the Governance, Audit and Risk Committee will then interview candidates who meet the selection criteria. Once appointed, all new Trustees undertake an induction programme specific to their needs.

The following actions were undertaken at General Meetings

- 24 September 2021 it was formally recorded that Simon Davis, Ian Ross and James Thomas be appointed to the Board as Trustees and that Ian Menzies be appointed as a Trustee/Treasurer
- 28 January 2022 it was formally recorded that Jayne Black be appointed as a Trustee.

In August 2021, Kerry Gentleman and Linda Stevens were appointed as Vice Chairs.

In the last quarter of 2020/21, the Chairman undertook a governance review and as a result, the frequency of Board meetings and the committee structure was changed and new terms of reference were agreed with effect from 1 June 2021. The Trustees who served during the year are shown below and their membership of a sub-committee is indicated using the following key:

♗ Clinical Governance Committee
♦ Finance Committee
Ω Fundraising Strategy Committee
♠ Governance, Audit and Risk Committee
♪ Health and Safety Committee (integrated into Governance, Audit and Risk Committee from 1 June 2021)
■ Investment Committee (integrated into Finance Committee from 1 June 2021)
● People Committee
Δ Lottery and Retail Boards - Non-Executive Director

Steve Barnes ♦ Δ
Tony Boardman Ω Δ
Simon Davis Ω ●
Dr Peter Dewhurst ♗ ♠
Nigel Gaymer ♦ ♪ ■
Kerry Gentlemen ♗ ●
Dr Rosie Guy ●
Nigel Kirby-Green ♠ ■
Geoff Longmire ■ ♦ Ω
Ian Menzies ♦ ♠
Susan Munroe ■ ● Δ
Linda Stevens ♠ ♦ ●
James Thomas ♠ Δ

2.4. Remuneration for key management personnel

The Trustees consider that the Trustees and the Leadership Team comprise the key management individuals of the charity responsible for directing, controlling and operating the charity on a day to day basis. All Trustees give their time freely and received no remuneration within the year.

The Hospice directly employs medical consultants, doctors, nurses and other allied healthcare professionals, who are paid at a rate aligned with the relevant national scale. The Leadership Team remuneration is reviewed annually by the People Committee as part of the annual budget cycle where inflation, other hospices and NHS increases are taken into consideration. The Hospice also takes part in salary surveys and benchmarks against a range of peers.

3. ACHIEVEMENTS AND PERFORMANCE

Introduction

The pandemic continued to present a unique set of challenges in 2021/22 and the Hospice's virtual support, established in 2020/21, continued and remains a key part of its service offer as people remain anxious about being in close proximity to others. The Hospice directly supported over 1,700 individuals in need of palliative care in the local area, some of whom accessed more than one Hospice service. The services support people at home, in care homes or at the Hospice; this diverse approach enabled patients to be cared for in the place of their choosing.

The Hospice's bereavement service expanded significantly to cope with the increase in demand to support people who were unable to see their loved ones at the end of life or were unable to gather for funerals.

At the same time, St Michael's Hospice has continued to focus on quality improvements, including those related to the new ways it is working, whilst ensuring it provides personalised, holistic, high quality care and support to patients and families in an enabling environment that respects their wishes.

During 2019/20 the Hospice engaged with key internal and external stakeholders to inform its strategic development culminating in plans to launch a new strategy from 1 April 2020. However, this was postponed due to the pandemic and as a result, an interim business plan in response to COVID-19 was implemented. This plan incorporated some aspects of the new strategy but focused on maintaining business as usual priorities during this unprecedented period.

Achievements in relation to the business plan

The following section highlights some of the key achievements in 2021/22 according to the strategic aims identified in section 1.6, page 5.

3.1. Increase clinical reach

In 2021/22 the Hospice supported 1,725 patients (1736, 2020/21) (excluding support provided to family members or given by Hospice Neighbours) and there were 180 admissions to the In-Patient Unit. Of those patients supported, 48% had a non-cancer diagnosis. In addition, 450 clients benefitted from bereavement support

The Community team, including Wellbeing, supported over 1,700 patients and made over 1,350 home visits, despite the challenges with COVID-19. The team also made over 26,000 telephone, and 135 video support calls to patients and their carers in this period.

Work continued to consolidate the new ways of supporting patients and families prompted by the pandemic (integrated clinical services, virtual rather than face to face support etc.). This included continuing to evolve the community service (nursing and wellbeing); maintaining support to care home residents and employees through Project ECHO and other education interventions; bereavement support and telephone befriending.

A third medical Consultant was appointed in June 2021 which enabled the Hospice to extend its input into the Conquest Hospital and to patients in the community. Wellbeing services continued to be provided from the Hub on Rye Hill to enable patients in the east of the Hospice's catchment area to access support closer to home.

Work started in the year on the Hospice's compassionate communities programme. This recognises that compassionate, supportive and strong communities make a significant contribution to enabling people to live with dying, death and loss and a Compassionate Communities Lead was appointed to take forward this work. A successful bid to the Big Lottery has enabled a new community volunteering programme to be developed and new relationships are being built with community groups.

3.2 Improve and demonstrate our effectiveness

The failure of the software developer to invest in the Hospice's electronic patient record system (EPRS) (Crosscare) led to a decision to move to a new EPRS. The new system is the same as the one used within the local NHS Trust and has interoperability with the GP system. A joint project with St Wilfrid's Hospice was initiated, with a go live date of September 2022, and some funding for equipment was secured from NHS England.

Virtual Trustee visits continued until July when the first on site visit, since the pandemic, took place. On a bi-monthly basis two Trustees have individual programmes of activities to undertake throughout the day. The format for the Trustee's assessment is based on the Care Quality Commission's (CQC) key lines of enquiry (KLOE) and Trustees are asked to consider whether, during the visit, they were able to evidence safe, caring, responsive, effective and well-led services. Feedback is then shared with the clinical team.

The Care Quality Commission (CQC) suspended its routine inspection programme in March 2020, in response to Covid-19, and has not yet resumed it. It has continued to use a mix of onsite and off-site monitoring to ensure the public have assurance as to the safety and quality of the care they receive. In accordance with this approach, the Registered Manager, Head of Integrated Clinical Services – Wellbeing and Head of Quality Improvement & Support Services met with the Hospice's CQC inspector for a direct monitoring call which covered the key lines of enquiry in detail. On 3rd March 2022 the CQC carried out a review of the data available to it about the Hospice and as a result, confirmed that there was no evidence to suggest an inspection was required.

Regrettably, there are times when the Hospice's service did not meet the expectations of its service users and in 2021/22 there were seven complaints. All complaints are registered with the Chief Executive and a complaint handler identified. A thorough investigation is undertaken and a written response provided to the complainant within 20 days. Responsibilities for following up on lessons learned are allocated to the appropriate manager. One of the key issues is communication between the different partners (hospital, GP, district nursing, adult social care) supporting patients and this is being followed up by the clinical directors. In this year, a new complaints module on Vantage-Sentinel (the Hospice's incident and risk management platform) was launched and this has provided an opportunity to evidence learning, monitor responsiveness, escalate risks and provide assurances to the Board of Trustees and other key stakeholders.

A digital transformation steering group was established and a roadmap developed which aims to improve systems and effectiveness, enable better information sharing, improve access to information for patients and families, create new ways to engage with supporters and support digital income generation.

3.3 Develop and value our people

In the last year progress has been made with the Organisational Development (OD) strategy. Whilst the pandemic has left a lasting legacy, many positives have come from new ways of working and the Hospice has become a more flexible organisation for the people that work within it. Sharing the OD Strategy with the organisation was well-received and provided a clear focus on how the Hospice plans to continue to develop and value the workforce. The first Employee Satisfaction Survey in three years was issued and an action plan to address the issues raised has been implemented.

In 2021/22, 36 new employees joined the Hospice. Recruitment continues to be very challenging, not just in health care roles, but also in Retail and other non-clinical roles. The jobs market is very open, giving jobseekers more choice and with many people looking for hybrid working. In response to this the Hospice introduced a Working from Home policy to enable more flexible working and formalise the arrangements that were put in place in 2020/21. Benenden Health Care was introduced for all employees in 2020/21 and in the first year has been used 41 times and 132 employees added 43 family members.

Enhancing relationships and links with East Sussex Healthcare Trust and other health and social care partners could be key to resourcing the Hospice's future clinical workforce needs, but in the meantime, the Hospice continues to look at innovative ways to recruit to the clinical workforce.

One of these new initiatives is introducing the role of Nurse Associate. The Hospice's first Nurse Associate started in September 21 and is progressing well with their studies at Brighton University. There are plans for a further two Nurse Associates in 2022/23. The Health Care Assistant (HCA) Passport Programme and Competency Framework have been successful in developing the skills of the nursing team. Many HCA's have progressed to level two of the competency framework and are showing a greater understanding of holistic palliative care with a focus on enablement. The HCA Passport Programme is being presented at the Hospice UK conference in November 2022. Level three of the Registered Nurse competency framework is nearing completion and will complete the career pathway work for nurses.

In line with the Service Level Agreement with East Sussex Healthcare Trust, all Hospice doctors underwent a formal appraisal. No doctors were due for revalidation and no complaints or concerns relating to doctors were raised.

During the height of the pandemic, core volunteer recruitment was halted but a telephone befriending service was established to support people to cope with isolation and loneliness and this is continuing as part of the community volunteering programme. There has been a gradual return of volunteers to existing roles and the Sussex Hospices Collaborative has been working on tailored volunteers' training to ensure volunteers have the skills and knowledge they need to fulfil their roles safely without the training becoming onerous.

A governance structure was put in place to enable the actions from the equality, diversity and inclusion (EDI) audit to be implemented and an EDI Lead was appointed who reports to the EDI steering group and leads the EDI Action Plan Delivery Group. A "Proud to be" series was launched which enables colleagues to share their lived experiences. This work will be presented at the Hospice UK conference in 2022.

An upgraded version of the HR information system was implemented in December 2021 and enabled the Hospice to introduce a Talent Management module to improve the appraisal process. Aligned with the

Hospice's focus on EDI, data monitoring categories have been updated to enable people to identify themselves more accurately.

The Hospice continues to collaborate with hospices across Sussex as part of the Sussex Hospices Collaborative and in January 2022 the first cohort of THRIVE was launched. Developed in partnership, THRIVE is a management development programme aimed at middle managers and includes workshops, action learning sets and individual coaching for groups of 16 participants from seven hospices. Cohorts two and three commence in June and September 2022 respectively.

Another collaborative programme is the Learning Hub which has produced some excellent results in delivering consistency in statutory and mandatory training across five hospices. This was a significant piece of work for all involved but is now embedded and delivering benefit.

3.4 Ensure our long-term sustainability

To ensure the Hospice's long-term sustainability, resources have to be carefully managed. Expenditure was closely monitored and was within tolerance levels throughout the year. However, the pandemic continued to have a significant impact on the Hospice's ability to raise funds with restrictions preventing most face to face fundraising activities and smaller shops being closed due to being unable to achieve adequate social distancing.

The Hospice appointed a joint Finance and IT Director with St Wilfrid's Hospice (Eastbourne) to enable sharing of skills, knowledge and good practice, build relationships with the commissioners and explore further opportunities to share resources and systems. In 2022/23, this has facilitated a joint approach to the implementation of a new EPRS.

Gross income for the year was £6.8 million. Hospice UK successfully negotiated some government funding based on the fact that hospices were part of the NHS response to the pandemic. The support received equated to £220k. Additional further income from the government's job retention scheme (£17k) resulted in a year end deficit of £117k before investment losses.

a) *Lottery*

Despite the volunteer collectors and canvassers being unable to work for parts of the year, the Hospice Lottery generated £920k. This incredible achievement enabled the Lottery to gift a covenant of £610k to the Hospice.

For every £1 played in the lottery, 66p goes to St Michael's Hospice (the legal requirement is to pay at least 20p), 17p goes into the prize fund and 17p covers the administration, promotion, and legal regulation expenditure.

b) *Retail and E-Commerce*

Only four out of seven shops were open for the entire year. One opened in May 2021 and one in December 2021 and the other one remained closed for the year. The Retail Company generated £517k in income and controlled expenditure, which was 12% less than budget, but nevertheless ended the year with a deficit of £116k. It was recognised that 2021/22 was going to be another challenging year for the Retail Company and this result was favourable to a budgeted deficit of £156k.

c) *Sussex Hospices Collaboration*

St Michael's Hospice is a member of Hospice UK (HUK), the national charity which exists to support and provide a campaigning voice to hospices across the United Kingdom.

As reported last year, the Hospice has close links with the other Sussex hospices and all members of the Leadership Team meet with their counterparts in neighbouring hospices. The Chief Executives of all seven Sussex-based hospices, including St Michael's, have been pursuing collaboration since 2018. The Chief Executive gave a presentation about the work of the Sussex Hospices Collaboration at the Hospice UK conference in 2021.

The programmes that are part of the collaboration are referenced in other parts of this report. Work will continue to progress these initiatives and more opportunities will be developed in the year ahead. While each hospice holds fast to its local autonomy and identity, we recognise the benefit of working together to make the most of our knowledge and resources in benefitting patients and families and enhancing our sustainability.

4. FINANCIAL REVIEW

The results for the year are shown in the Statement of Financial Activities. Income totalled £6.84 million (2021 - £6.70 million).

The charity received a grant from Hastings and Rother Clinical Commissioning Group of £2.36 million (2021 - £2.32 million).

Total expenditure was £6.95 million (2021 - £6.54 million) an increase of 6.3%.

The year ended with a deficit before investment movements of £117k (2021 – surplus of £155k).

4.1. Reserves Policy

One of the key risks that the charity faces is a fall in its income because of a drop in donated funds. To sustain the organisation's ability to deliver the services it is committed to the Trustees have agreed to maintain financial reserves as they deem necessary to ensure there can be continuity.

The short-term reserves include a working capital and contingency reserve as well as some designated reserves for essential capital/maintenance works. The contingency funds are set at £3.4 million which amounts to 12 months' expenditure after allowing for an amount of income that can reasonably be relied upon.

The Trustees have designated a Strategic Development Fund of £2 million to develop facilities on the Hospice site. Architects have been appointed and a Capital Project Sub-Committee was established in May 2022 to start working on this project.

The fixed asset reserve represents the amount of the total reserves that are tied up in tangible fixed assets, mainly freehold property including the Hospice building.

As at 31 March 2022, the Consolidated Balance Sheet total was £15.64 million (2021 – £15.76 million).

4.2. Investment Policy and objectives

The charity's investment objective for short-term reserves is to preserve the capital value with a minimum level of risk ensuring that the Hospice is able to meet unanticipated cash flow requirements. Funds treated as short-term would usually be invested only in a mix of short and medium-term deposits.

The investment objective for long-term reserves is to secure a return in excess of inflation, generating an income to support the Hospice's on-going activities. The Hospice has adopted an ethical investment policy to ensure that its investments do not conflict with its aims, and therefore precludes direct or indirect investments in companies that generate revenue from tobacco or arms and those companies whose principal activity is either gambling or pornography.

4.3. Investment performance
At 31 March 2022, the market value of the portfolio was £6.1 million, with an estimated yield of 2%.

Members of the Finance Committee review the brief given to the investment managers on an annual basis with regard to the proportion of investments to be held in each asset category, the level of risk which is acceptable and the level of income required.

4.4. Risk management
Risk registers are reviewed by the Leadership Team on a monthly basis and by the Governance, Audit and Risk, People and Clinical Governance Committees, on a bi-monthly or quarterly basis, identifying potentially significant risks, assessing their likelihood and impact and agreeing mitigating action. Corporate risks are subsequently reported to the Board at each meeting.

The key risks faced by the charity in 2021/22 as identified in risk registers were:

Nursing workforce shortages: the national shortage of specialist palliative care nurses combined with the impact of the pandemic on healthcare workers continued to adversely affect the Hospice, and in particular the community nursing service. Pay for all clinical employees is reviewed annually and benchmarked against equivalent roles in the NHS. The employee assistance programme introduced the prior year is supporting people to get more timely clinical interventions and expediting their return to work. A nursing competency/skills framework has been introduced to enable career progression and new "associate" roles have been introduced to good effect. The Hospice continues to work closely with NHS colleagues to tackle nurse recruitment at system level.

COVID-19: The risks associated with COVID-19 continued to be assessed throughout the year in relation to the people the Hospice supports, income generation, workforce and environment. When restrictions were relaxed the Hospice took a cautious approach to reinstating group Wellbeing activities and even now some patients are reluctant to engage in group activities. The workforce and the services the Hospice is able to offer continues to be impacted by people with COVID-19.

Reputation damage: The Hospice is known as a quality health care provider and its reputation is of vital importance. Changes to service delivery, as a result of COVID-19 and workforce shortages, and a reliance on health and social care partners to work collaboratively to provide a seamless, and not duplicated service means there is an increased risk of complaints and reputational damage. Some rebranding of services has taken place to ensure that the public are clear about the Hospice offer and comments and complaints are promptly responded to and investigated to ensure lessons learned are used to improve practice.

Risks associated with business continuity, e.g. a major incident, a serious failure in utilities and IT failure due to cyber-attack, virus, breakdown or hacking: Policies and procedures are subject to ongoing review and updating to ensure compliance with best practice and legislation. Vantage-Sentinel continues to provide oversight of the potential risks the charity faces enabling proactive steps to be taken to mitigate these. A tendering process was undertaken in 2021/22 and a new IT managed services provider appointed. The new

provider took responsibility for this service from 1 April 2022, completed an audit of the IT infrastructure during the first quarter and an IT development programme was approved by the Board in July 2022.

4.5. Fundraising

The Trustees take their responsibilities under the Charities (Protection and Social Investment) Act 2016 seriously and have considered the implications on their fundraising activities.

The Hospice is committed to its donors and remains dedicated to treating all donors and supporters with the highest level of care, consideration and respect. The Hospice undertakes fundraising activity via support from volunteer fundraising in the community, applying to and partnering with companies and grant-giving trusts, direct mailings and appeals and the organising of events. Many of these activities continued to be severely restricted during 2021/22 due to the pandemic.

St Michael's Hospice Lottery Limited also runs a weekly lottery with the profits of the company being gift aided to the charity. The work of the Lottery Team is regulated by the Gambling Commission.

St Michael's Hospice Hastings and Rother is registered with the Fundraising Regulator and abides by the Regulator's Code of Fundraising Practice and the Fundraising Promise. The Hospice is careful to ensure that it takes all reasonable steps to treat a donor fairly, enabling donors to make an informed decision about any potential donation. The Hospice adopts guidance on best fundraising practice provided by regulatory bodies, and will continue to do so as these are updated.

During the year to 31 March 2022, there were two complaints in relation to fundraising. One was a failure to update the Lottery team that a supporter had died and the second was a supporter who was not issued with a receipt when making a donation. Both incidents were investigated, action taken and responses, with apologies, sent in line with the Hospice policy.

5. PLANS FOR THE FUTURE

The Hospice's new strategy is based on a public health model and adopts the principles of health promoting palliative care. It recognises that compassionate, supportive and strong communities make a significant contribution to enabling people to live with dying, death and loss, and that whilst the Hospice's unique role is to provide specialist palliative and end of life care, it also has roles in:

- understanding, educating and collaborating with generalist palliative care providers
- listening to, enabling, energising and empowering communities
- influencing, supporting and advising civic institutions, such as schools, workplaces, local councils and cultural or faith organisations.

Over the next three years the Hospice plans to do the following:

a. Provide high quality specialist palliative and end of life care

As the specialist palliative care provider in Hastings and Rother, the Hospice's focus is on the total care of individuals with life-limiting illnesses and their families. Its expert multi-disciplinary team will:

- enable people living with serious, advanced, life-limiting illness to live as fully as possible
- provide compassionate, specialist care at the end of life
- support people through the challenges of dying, death and loss
- provide specialist education and advice in relation to dying, death and loss.

b. **Collaborate with health and social care partners**
As the specialist provider, the Hospice will be responsive to the needs of generalist palliative care colleagues through understanding and proactively addressing their needs and the needs of the individuals they support. The Hospice will collaborate with them to ensure integrated clinical services, providing advice 24/7 and its knowledge and expertise will be shared widely to empower others.

c. **Support compassionate communities**
The Hospice recognises the community's ability to support those living with dying, death and loss and will enhance this by encouraging a compassionate community across Hastings and Rother. To sustain a compassionate community, the Hospice will support those closest to the person living with the illness by providing practical and emotional support, and encourage neighbourhoods to build supportive networks to assist those caregivers in their community. This will align with the new Integrated Care System.

The Hospice's income generating activities (fundraising, lottery and retail) will engage communities, encourage wellbeing and address issues such as social isolation and coping with loss.

d. **Influence civic institutions**
Civic institutions such as schools, workplaces, and local councils can support people living with dying, death and loss and the Hospice will positively influence this whilst developing and maintaining relationships with these institutions. Its role will be to support and advise, acting when invited to do so or when a need is identified.

As a large local employer, the Hospice recognises its responsibility in supporting members of its own team affected by life limiting illness, caring responsibilities and bereavement, and aims to be an exemplar organisation in this regard. To this end it is participating in the Hospice UK Compassionate Employers programme and will use the learning from this to support other organisations in Hastings and Rother.

In addition to these strategic priorities the Hospice will continue its EDI work by ensuring each department has an EDI objective and making Conscious Inclusion training part of mandatory training for all employees and Trustees. The Hospice will also be presenting progress following the EDI audit at the Hospice UK conference in November 2022.

There is also a firm commitment to improve the physical environment for patients, families, visitors, employees and volunteers. The Board will consider options, alongside financial and other implications of this in 2022/23.

Plans to bring a public art trail to the streets of Hastings and Rother will finally come to fruition in June 2022 when 30, five-foot rubber duck sculptures will adorn the streets. At the end of the summer, the ducks will be sold, at auction, to help generate income for the Hospice. But raising funds is not the only reason for doing an art trail. Wellbeing is one of the core principles of the Hospice's care and support and an outdoor art trail extends this beyond the Hospice. By following the ducks, the aim is for people to find the opportunity to focus on their own wellbeing, time to admire the sea, concentrate on breathing deeply; a moment to themselves or to enjoy with family and friends, take gentle exercise, or quiet time for reflection.

The ducks are also conversation starters; through them the Hospice hopes to reach more people who may benefit from its care and support. A further aim is that the art trail will enable the Hospice to integrate more with the local community that has so generously supported it for over 35 years.

Statement of Trustees' responsibilities

The Trustees (who are also Directors of the charity for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and 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 these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 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.

The Trustees are responsible for the maintenance and integrity of the charity and the financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors
Saffery Champness LLP were auditors during the period and their reappointment will be considered at the annual general meeting.

The Trustees have taken advantage of the small companies' regime in preparing the Trustees' Annual Report.

On behalf of the board

S Munroe

Mrs S C Munroe
Trustee

11/10/22

Date

Independent auditors' report to the members
For the year ended 31 March 2022

Opinion

We have audited the financial statements of St Michael's Hospice Hastings and Rother (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the group statement of financial activities, the group and charity balance sheets, the group cash flow statement and the notes to the financial statements, including 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 affairs of the group and the parent charitable company as at 31 March 2022 and of the group's incoming resources and application of resources, including its 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 and parent charitable company 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 or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report which includes the Directors' Report and the Strategic Report has 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 and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report and Strategic Report.

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; 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

As explained more fully in the Statement of Trustees' Responsibilities on page 15, the trustees (who are also the directors of the parent 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 the 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 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

We have been appointed as auditors under the Companies Act 2006 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the group and parent 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:
We assessed the susceptibility of the group and parent charitable company's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent charitable company by discussions with trustees and updating our understanding of the sector in which the group and parent charitable company operate.

Laws and regulations of direct significance in the context of the group and parent charitable company include The Companies Act 2006 and guidance issued by the Charity Commission for England and Wales.

Further the group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, through significant fine, litigation or restrictions on the group's operations. We identified the most significant laws and regulations to be those issued by the Care Quality Commission covering health care services and those issued by the Gambling Commission covering the requirements for running a lottery.

Audit response to risks identified:
We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the parent charitable company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that

were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available 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 parent 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 parent 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 parent charitable company and the parent charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Cara Turtington (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

Saffery Champness LLP
Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

1 November 2022

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

St Michael's Hospice Hastings and Rother

Consolidated statement of financial activities (incorporating an income and expenditure account)
For the year ended 31 March 2022

	Notes	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Total funds £
Income and endowments from					
Donations and legacies	3	2,478,335	136,140	2,615,475	2,608,674
Charitable activities					
Hospice services	6	2,363,692	-	2,363,692	2,474,389
Subsidiaries' trading activities	4	1,453,651	-	1,453,651	1,378,770
Other trading activities	4	293,690	-	293,690	117,896
Investment income	5	111,218	-	111,218	117,829
Total		6,700,586	136,140	6,836,726	6,697,558
Expenditure on					
Raising donations	7	514,385	-	514,385	431,049
Trading companies' costs	7	884,221	-	884,221	720,253
Charitable activities					
Hospice services	8	5,514,014	41,080	5,555,094	5,391,091
Total		6,912,620	41,080	6,953,700	6,542,393
Net (losses)/gains on investments	14	(9,617)	-	(9,617)	432,005
Net (expenditure)/income		(221,651)	95,060	(126,591)	587,170
Transfers between funds	23	1,473	(1,473)	-	-
Net movement in funds		(220,178)	93,587	(126,591)	587,170
Reconciliation of funds					
Total funds brought forward		15,657,224	106,441	15,763,665	15,176,495
Total funds carried forward	24	15,437,046	200,028	15,637,074	15,763,665

Continuing operations
All incoming resources and resources expended arise from continuing activities.

The notes on pages 24 to 48 form part of these financial statements.

St Michael's Hospice Hastings and Rother

Consolidated and charity balance sheets
As at 31 March 2022

		Group 2022 £	Charity 2022 £	Group 2021 £	Charity 2021 £
Fixed assets					
Tangible assets	**16**	4,710,576	3,969,397	4,920,703	4,147,866
Investments	**17**	6,111,804	6,111,905	4,059,944	4,060,045
		10,822,380	10,081,302	8,980,647	8,207,911
Current assets					
Stocks	**18**	17,226	15,643	55,329	52,271
Debtors	**19**	640,500	1,599,665	319,595	1,443,102
Cash at bank and in hand		4,632,795	4,457,154	6,803,209	6,396,688
		5,290,521	6,072,462	7,178,133	7,892,061
Creditors: amounts falling due within one year	**20**	(475,827)	(326,623)	(395,115)	(261,919)
Net current assets		4,814,694	5,745,839	6,783,018	7,630,142
Total assets less current Liabilities		15,637,074	15,827,141	15,763,665	15,838,053
Net assets		15,637,074	15,827,141	15,763,665	15,838,053
Funds	**23**				
Unrestricted funds		15,437,046	15,627,113	15,657,224	15,731,612
Restricted funds		200,028	200,028	106,441	106,441
Total funds		15,637,074	15,827,141	15,763,665	15,838,053

The total income of the Hospice as an individual entity for the year was £6,452,989 (2021 - £6,390,938) and its net deficit was £10,909 (2021 – surplus of £662,313). A Statement of Financial Activities for the Hospice as an individual entity is not included using the exemption given in section 408 of the Companies Act 2006.

The financial statements were approved by the Board of Trustees on 20 September 2022 and were signed on its behalf by

S Munroe

Mrs S C Munroe
Trustee

The notes on pages 24 to 48 form part of these financial statements.
Company number 01776496

St Michael's Hospice Hastings and Rother

Consolidated cash flow statement
For the year ended 31 March 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash (used in)/generated from operations	A	(192,410)	547,377
Net cash (used in)/provided by operating activities		(192,410)	547,377
Cash flows from investing activities			
Purchase of tangible fixed assets		(27,953)	(76,522)
Purchase of fixed asset investments		(1,881,283)	(3,140,741)
Proceeds from sale of fixed assets		208	21
Proceeds from sale of investments		366,926	1,840,520
Investment income		111,218	117,829
Net cash used in investing activities		(1,430,884)	(1,258,893)
Change in cash and cash equivalents in the reporting period	B	(1,623,294)	(711,516)
Cash and cash equivalents at the beginning of the reporting period		6,855,844	7,567,360
Cash and cash equivalents at the end of the reporting period	B	5,232,550	6,855,844

The notes on pages 24 to 48 form part of these financial statements.

Notes to the cash flow statement
For the year ended 31 March 2022

A. Reconciliation of net income to net cash flow

	2022 £	2021 £
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(126,591)	587,170
Adjustments for:		
Depreciation charges	237,808	284,071
Losses/(gains) on investments	9,617	(432,005)
Loss/(profit) on disposal of fixed assets	64	389
Investment income	(111,218)	(117,829)
Decrease in stocks	38,103	6,084
(Increase)/decrease in debtors	(320,905)	195,984
Increase in creditors	80,712	23,513
Net cash (outflow)/inflow from operating activities	(192,410)	547,377

B. Analysis of cash and cash equivalents

	At 31 March 2021 £	Movement £	At 31 March 2022 £
Cash at bank and in hand	6,803,209	(2,710,414)	4,632,795
Investment cash	52,635	547,120	599,755
	6,855,844	(1,623,294)	5,232,550

1. Statutory information

St Michael's Hospice Hastings and Rother is a private charitable company limited by guarantee, registered in England and Wales. The company's registered number and registered office address can be found in the reference and administrative details in the Report of the Trustees.

2. Accounting policies

2.1 Accounting convention

The financial statements of the charitable company, which is a public benefit entity under FRS 102, and group have been prepared in accordance with the second edition of the Charities SORP (FRS 102) "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)" Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value.

2.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Given the appropriate consideration of risks and mitigation actions that have been undertaken throughout the Covid-19 pandemic, together with a review of the Charity's financial position, level of reserves and future strategic plans, the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

2.3.1 Gifts in kind

Gifts donated for resale are included as income when they are sold. Donated items for use in the Hospice are valued at a reasonable approximation to market value. Donated facilities are included at the value to the charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

2.3.2 Fees, contributions and grants

These comprise amounts receivable during the year.

2.3.3 Voluntary income

Voluntary income represents amounts received during the year.

2. Accounting policies (continued)

2.3.4 Legacies
Reversionary legacies are accounted for on receipt. Pecuniary and residuary legacies are accounted for at the earlier of receipt of the legacy or the point at which the final accounts of the estate are agreed by the charity. In the event that legacies are settled after the accounting year end they are included in the accounts provided the charity was certain of the amounts to be distributed at the balance sheet date.

The hospice has received notification of a number of legacies which have not been included in these accounts because they are not certain in value or certain of receipt.

2.3.5 Investment income
Investment income comprises amounts receivable during the year.

2.3.6 Shop income
Shop income generated by one of the trading subsidiaries represents net invoiced sales of goods, excluding valued added tax.

2.3.7 Lottery income
Lottery income generated by one of the trading subsidiaries represents ticket sales received in respect of lotteries held during the year and scratch card sales.

Income from tickets sold in advance of a draw being held is carried forward to the period in which the draw takes place.

2.3.8 Debtors
Income resources recognised in the year but not received at the year end are included within debtors unless there are doubts as to the estimation of value or likelihood of receipt.

2.4 **Resources expended**
Liabilities are recognised as expenditure as soon as there is a legal obligation or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where cost cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

2.5 **Allocation and apportionment of costs**
Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

2. Accounting policies (continued)

2.6 **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	2% and 10% on cost
Fixtures, fittings and equipment	15% to 33% on cost
Motor vehicles	25% on cost

Where extensions and improvements have been made to freehold property, depreciation has been charged over the remaining life of the underlying property.

No depreciation is provided on freehold land.

2.7 **Investments**

Listed investments are included at market value at the year end. Gains and losses on disposal and revaluation of investments are charged or credited to the Statement of Financial Activities.

2.8 **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Donated items are not valued until sold. Consequently, no value is attributed to their stock carrying value, as this cannot be determined with certainty until sold.

2.9 **Leasing commitments**

Operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

2.10 **Taxation**

The charity is party to a group registration for VAT purposes and is therefore able to recover some but not all of the VAT the charity incurs. Irrecoverable VAT is charged as a single item in the Statement of Financial Activities.

The charity is exempt from corporation tax on its charitable activities and therefore no provision has been made for either corporation tax or deferred tax.

Where a trading subsidiary is registered for VAT the expenditure is shown exclusive of VAT.

Both trading subsidiaries have entered an agreement to covenant their taxable profits to the parent undertaking and therefore no corporation tax provision is required.

2. Accounting policies (continued)

2.11 Fund accounting

In the Trustees' opinion, with certain exceptions, the incoming resources and resources expended are all derived for the benefit of running the Hospice. Therefore, the Trustees choose to classify all income and expenditure as unrestricted. In certain instances, funds may be designated by the Trustees for specific purposes.

Where funds are received for a significant and specific project these are allocated to restricted funds. These funds are then used to meet the capital costs of that specific project by way of an annual depreciation charge set against the restricted fund. Any funds received in excess of the capital requirements of the project will be used to help with the associated future running costs of the project.

Other restricted funds are those funds donated for purposes specified by the donor and these are tracked and expended in accordance with the donors' wishes.

2.12 Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

2.13 Critical estimates and judgements

Management have made certain estimates and judgements in the preparation of the financial statements of the Hospice. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from those estimates. The Trustees consider the evaluation of the useful economic life of fixed assets and the future receipt of legacy debtors at the year end to be the areas of judgement with a significant effect on the financial statements.

3. Donations and legacies

	2022 £	2021 £
Donations and gifts	450,098	439,308
In memoriam	208,035	230,343
Regular giving and Gift Aid	100,289	96,131
Legacies	1,510,700	645,865
Grants received	345,353	1,197,027
	2,614,475	2,608,674

Grants from government sources received, included in the above, are as follows:	2022 £	2021 £
CJRS Furlough income	16,770	61,841
Sector support grant (via Hospice UK)	220,336	1,056,388
Sector support grant (via CCG)	-	76,798

4. Trading activities

Trading subsidiaries	2022 £	2021 £
Lottery income	919,526	994,999
Retail income	534,125	383,771
	1,453,651	1,378,770

Other trading activities	2022 £	2021 £
Fundraising events	265,125	105,703
Arthur Easton hall hire	2,725	90
Coffee shop and catering	2,096	5
Sundry income	23,744	12,098
	293,690	117,896

5. Investment income

	2022	2021
	£	£
Income from UK listed investments	80,137	80,164
Deposit account interest	25,381	31,965
Rents	5,700	5,700
	111,218	117,829

6. Income from charitable activities

	2022	2021
	£	£
Grants	2,362,783	2,316,290
Palliative care fees	-	157,823
Patient income	909	276
Rents	-	-
	2,363,692	2,474,389

	2022	2021
	£	£
Grants from government sources received, included in the above, are as follows:		
Hastings and Rother CCG	2,362,783	2,316,290

7. Raising funds

	Raising donations £	Trading companies' costs £	Total 2022 £
Staff costs	394,273	396,812	791,085
Cost of sales	-	94,534	94,534
Lottery Prizes	-	193,953	193,953
Premises	15,957	144,535	160,492
Depreciation	13,110	31,658	44,768
Other direct costs	91,045	22,729	113,774
	514,385	884,221	1,398,606

2021 comparative

	Raising donations £	Trading companies' costs £	Total 2021 £
Staff costs	358,487	347,380	705,867
Cost of sales	-	30,875	30,875
Lottery Prizes	-	156,788	156,788
Premises	10,149	107,190	117,339
Depreciation	15,938	33,448	49,386
Other direct costs	46,475	44,572	91,047
	431,049	720,253	1,151,302

8. Charitable activities costs

	Direct costs (Note 9) £	Support costs (Note 10) £	Total 2022 £
Hospice services	4,621,112	811,418	5,432,530
Other	-	122,564	122,564
	4,621,112	933,982	5,555,094

2021 comparative	Direct costs (Note 9) £	Support costs (Note 10) £	Total 2022 £
Hospice services	4,524,189	789,873	5,314,062
Other	-	77,029	77,029
	4,524,189	866,902	5,391,091

9. Direct costs of charitable activities

	2022 £	2021 £
Staff costs	3,600,584	3,535,687
Clinical costs	342,012	406,248
Training costs	50,298	30,130
Premises	223,536	142,182
Depreciation	183,658	223,268
Other direct costs	221,024	186,674
	4,621,112	4,524,189

10. Support costs

Support costs are as follows:

	2022 £	2021 £
Staff costs	759,929	752,311
Rates and water	354	451
Insurance	2,215	1,868
Light and heat	3,886	2,416
Telephone	1,628	1,689
Postage, stationery and IT	7,086	5,653
Sundries	16,344	3,561
Property rental	4,526	6,776
Repairs and maintenance	6,059	3,732
Freehold property depreciation	9,391	11,416
	811,418	789,873

Governance costs

	2022 £	2021 £
Bank charges	6,634	6,976
Legal and professional fees	81,990	45,314
Auditors' remuneration	17,710	10,750
Auditors' remuneration in respect of accountancy and other services	16,230	13,989
	122,564	77,029

11. Net income/expenditure

	2022 £	2021 £
Auditors' remuneration for Charity audit		
Current year	13,150	10,750
Prior year	4,560	-
Auditors' remuneration in respect of accountancy and other services, including the audit and accountancy fees of subsidiaries	16,230	13,989
Depreciation	237,808	284,071
Loss/(surplus) on disposal of fixed assets	-	389

12. Trustees' remuneration and benefits

There was no Trustees' remuneration or other benefits for the year ended 31 March 2022 nor for the year ended 31 March 2021.

Trustees' expenses

No expenses were reimbursed to any Trustee in the year to 31 March 2022 nor for the year ended 31 March 2021.

13. Staff costs

	2022 £	2021 £
Wages and salaries	4,407,633	4,309,770
Social security costs	380,011	361,232
Other pension costs	324,949	310,928
Other staff costs	39,005	4,919
	5,151,598	4,986,849

The average monthly number of employees (based on head count) during the year was:

	2022 Number	2021 Number
Nursing and medical	99	103
Catering and housekeeping	15	15
Maintenance	7	7
Training	2	2
Fundraising	9	11
Administration	23	24
Bereavement	6	8
Lottery	5	5
Retail	17	18
	183	193

13. Staff costs (continued)

The numbers of employees whose emoluments for the year fell within the following bands were:

	2022 Number	2021 Number
£60,000 to £69,999	1	2
£70,000 to £79,999	-	-
£80,000 to £89,999	-	1
£90,000 to £99,999	1	1
£100,000 to £109,999	1	1

The key management personnel comprise members of the Leadership Team. The total employee benefits of the key management personnel of the charity were £597,564 (2021 - £540,462).

14. Gains/(losses) on investments

	2022 £	2021 £
Realised gains	68,994	31,304
Unrealised gains/(losses)	(78,611)	400,701
	(9,617)	432,005

15. Comparatives for the statement of financial activities

	Unrestricted funds £	Restricted funds £	2021 Total funds £
Income and endowments from			
Donations and legacies	2,522,572	86,102	2,608,674
Charitable activities			
Hospice services	2,474,389	-	2,474,389
Subsidiaries' trading activities	1,378,770	-	1,378,770
Other trading activities	117,896	-	117,896
Investment income	117,829	-	117,829
Total	6,611,456	86,102	6,697,558
Expenditure on			
Raising donations	431,049	-	431,049
Trading companies' costs	720,253	-	720,253
Charitable activities			
Hospice services	5,377,619	13,472	5,391,091
Total	6,528,921	13,472	6,542,393
Net (losses)/gains on investments	432,005	-	432,005
Net income	514,540	72,630	587,170
Transfers between funds	(7,926)	7,926	-
Net movement in funds	506,614	80,556	587,170
Reconciliation of funds			
Total funds brought forward	15,150,610	25,885	15,176,495
Total funds carried forward	15,657,224	106,441	15,763,665

16. Tangible fixed assets

Group	Freehold property	Assets under construction	Fixtures fittings and equipment	Motor vehicles	Totals
	£	£	£	£	£
Cost					
At 1 April 2021	6,378,309	-	1,198,154	161,506	7,737,969
Additions	-	3,500	24,453	-	27,953
Transfers	-	-	-	-	-
Disposals	-	-	(451)	-	(451)
At 31 March 2022	6,378,309	3,500	1,222,156	161,506	7,765,471
Depreciation					
At 1 April 2021	1,626,077	-	1,056,715	134,474	2,817,266
Charge for year	166,127	-	57,657	14,024	237,808
Eliminated on disposal	-	-	(179)	-	(179)
At 31 March 2022	1,792,204	-	1,114,193	148,498	3,054,895
Net book value					
At 31 March 2022	4,586,105	3,500	107,963	13,008	4,710,576
At 31 March 2021	4,752,232	-	141,439	27,032	4,920,703

Included in freehold property is land of £152,761 (2021 - £152,761) which is not depreciated.

16. Tangible fixed assets (continued)

Charity	Freehold property	Assets under construction	Fixtures fittings and equipment	Motor vehicles	Totals
	£	£	£	£	£
Cost					
At 1 April 2021	5,412,821	-	1,173,267	121,814	6,707,902
Additions	-	3,500	24,453	-	27,953
Transfers	-	-	-	-	-
Disposals	-	-	(451)	-	(451)
At 31 March 2022	5,412,821	3,500	1,197,269	121,814	6,735,404
Depreciation					
At 1 April 2021	1,431,518	-	1,033,736	94,782	2,560,036
Charge for year	135,746	-	56,380	14,024	206,150
Eliminated on disposal	-	-	(179)	-	(179)
At 31 March 2022	1,567,264	-	1,089,937	108,806	2,766,007
Net book value					
At 31 March 2022	3,845,557	3,500	107,332	13,008	3,969,397
At 31 March 2021	3,981,303	-	139,531	27,032	4,147,866

17. Fixed asset investments

Group	Listed investments £	Cash held for investment £	Totals £
Market value			
At 1 April 2021	4,007,309	52,635	4,059,944
Additions	1,881,283	-	1,881,283
Disposals	(297,932)	-	(297,932)
Revaluations	(78,611)	-	(78,611)
Cash movement	-	547,120	547,120
At 31 March 2022	5,512,049	599,755	6,111,804
Net book value			
At 31 March 2022	5,512,049	599,755	6,111,804
At 31 March 2021	4,007,309	52,635	4,059,944

Charity	Shares in group undertakings £	Listed investments £	Cash held for investment £	Totals £
Market value				
At 1 April 2021	101	4,007,309	52,635	4,060,045
Additions	-	1,881,283	-	1,881,283
Disposals	-	(297,932)	-	(297,932)
Revaluations	-	(78,611)	-	(78,611)
Cash movement	-	-	547,120	547,120
At 31 March 2022	101	5,512,049	599,755	6,111,905
Net book value				
At 31 March 2022	101	5,512,049	599,755	6,111,905
At 31 March 2021	101	4,007,309	52,635	4,060,045

There were no investment assets outside the UK.

17. Fixed asset investments (continued)

The charity holds 20% or more of the share capital of the following companies:

Company	Country of incorporation	Shares Class	Shares %
St Michael's Hospice (Retail) Limited – 02404963	England & Wales	Ordinary	100%
St Michael's Hospice Lottery Limited – 03351501	England & Wales	Ordinary	100%

St Michael's Hospice (Retail) Limited operates many charity shops. St Michael's Hospice Lottery Limited supports the Hospice through fundraising largely from the operation of a lottery. Both companies covenant their taxable profits to the parent company where possible.

A summary of the result of these undertakings is set out below:

	St Michael's Hospice (Retail) Limited		St Michael's Hospice Lottery Limited	
	2022 £	2021 £	2022 £	2021 £
Turnover	516,745	153,582	919,410	994,089
Cost of sales	(94,534)	(5,426)	(193,953)	(182,237)
Gross profit	422,211	148,156	725,457	811,852
Administrative expenses	(555,275)	(453,488)	(115,343)	(109,292)
Other income	17,381	230,190	116	910
Net profit/(loss)	(115,683)	(75,142)	610,230	703,470
Assets – fixed and current	806,407	1,039,862	151,530	155,615
Liabilities	(996,447)	(1,114,219)	(151,456)	(155,541)
	(190,040)	(74,357)	74	74
Share capital	100	100	1	1
Retained reserves	(190,140)	(74,457)	73	73
	(190,040)	(74,357)	74	74

18. Stocks

Group	2022 £	2021 £
Stocks	17,226	55,329

Charity	2022 £	2021 £
Stocks	15,643	52,271

19. Debtors

Group: Amounts falling due within one year

	2022 £	2021 £
Trade debtors	135,934	22,054
Other debtors and prepayments	106,540	117,251
VAT	47,259	33,896
Accrued income receivable	350,767	146,394
	640,500	319,595

Charity: Amounts falling due within one year	2022 £	2021 £
Trade debtors	118,473	22,054
Amounts owed by group undertakings	146,799	283,194
Prepayments	101,403	111,309
VAT	37,966	28,291
Accrued income receivable	343,024	146,254
	747,665	591,102
Charity: Amounts falling due after one year		
Amounts owed by group undertakings	852,000	852,000
	1,599,665	1,443,102

Amounts falling due after more than one year relates to a loan to St Michael's Hospice (Retail) Limited, in order to purchase a warehouse. Interest is being charged at 2.5% per annum, with £21,300 (2021 - £21,300) being received during the year. There are no fixed terms for repayment but the Trustees have given assurances that repayment won't be sought before January 2024.

20. Creditors
Amounts falling due within one year

Group	2022 £	2021 £
Trade creditors	169,255	206,659
Pension creditor	46,491	43,643
Lottery ticket sales paid in advance	108,648	112,724
Other creditors	6,456	2,238
Accruals and deferred income	144,977	29,851
	475,827	395,115

Charity	2022 £	2021 £
Trade creditors	140,394	187,019
Pension creditor	46,491	43,643
Other creditors	5,152	653
Accruals and deferred income	134,586	30,604
	326,623	261,919

21. Operating lease commitments

Minimum lease payments under non-cancellable operating leases fall due as follows:

Group	2022 £	2021 £
Expiring:		
Within one year	55,215	60,510
Between one and five years	36,438	52,234
In more than five years	-	-
	91,653	112,744

Charity	2022 £	2021 £
Expiring:		
Within one year	19,633	20,727
Between one and five years	16,622	14,336
In more than five years	-	-
	36,255	35,063

22. Pension commitments

For qualifying St Michael's Hospice Hastings and Rother staff, participation in the NHS Superannuation Scheme provides benefits based on final pensionable pay, a defined benefit scheme. The contributions paid by the charity in respect of the NHS Superannuation scheme are accounted for as if the scheme was a defined contribution scheme as the charity is unable to identify its share of the underlying assets and liabilities in the scheme. The Government Actuary, using the Projected Unit Method, determines contributions charged to the Statement of Financial Activities.

For staff that do not qualify to join the NHS Superannuation Scheme, the charity operates two further defined contribution pension schemes. Contributions are charged to the Statement of Financial Activities in the period to which they related.

The total contributions paid to both pension schemes for the year ended 31 March 2022 are shown in note 13. The amount outstanding at the balance sheet date is £46,491 (2021 – £43,643).

23. Movement in funds

Current year	At 1 April 2021 £	Net movement in funds £	Transfers between funds £	At 31 March 2022 £
Unrestricted funds				
General fund	5,336,522	(20,871)	10,819	5,326,470
Fixed assets	4,920,702	(200,780)	(9,346)	4,710,576
Strategic Development fund	2,000,000	-	-	2,000,000
Contingency fund	3,400,000	-	-	3,400,000
	15,657,224	(221,651)	1,473	15,437,046
Restricted funds				
Rolling equipment replacement	52,987	30,441	(140)	83,288
Other funds	53,454	(5,006)	(1,333)	47,115
SystmOne Implementation	-	25,730	-	25,730
Big Lottery Compassionate Communities	-	43,895	-	43,895
	106,441	95,060	(1,473)	200,028
Total	15,763,665	(126,591)	-	15,637,074

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	6,700,586	(6,711,840)	(9,617)	(20,871)
Fixed asset fund	-	(200,780)	-	(200,780)
	6,700,586	(6,912,620)	(9,617)	(221,651)
Restricted funds				
Rolling equipment replacement	42,649	(12,208)	-	30,441
Other funds	15,468	(20,474)	-	(5,006)
SystmOne Implementation	25,730	-	-	25,730
Big Lottery Compassionate Communities	52,293	(8,398)	-	43,895
	136,140	(41,080)	-	95,060
Total funds	6,836,726	(6,953,700)	(9,617)	(126,591)

23. Movement in funds (continued)

Comparative year

	At 1 April 2020 £	Net movement in funds £	Transfers between funds £	At 31 March 2021 £
Unrestricted funds				
General fund	4,821,948	798,611	(284,037)	5,336,522
Fixed assets	5,128,662	(284,071)	76,111	4,920,702
Strategic Development fund	2,000,000	-	-	2,000,000
Contingency fund	3,200,000	-	200,000	3,400,000
	15,150,610	514,540	(7,926)	15,657,224
Restricted funds				
Rolling equipment replacement	12,251	38,786	1,950	52,987
Other funds	13,634	33,844	5,976	53,454
	25,885	72,630	7,926	106,441
Total	15,176,495	587,170	-	15,763,665

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	6,611,456	(6,244,850)	432,005	798,611
Fixed asset fund	-	(284,071)	-	(284,071)
	6,611,456	(6,528,921)	432,005	514,540
Restricted funds				
Rolling equipment replacement	44,436	(5,650)	-	38,786
Other funds	41,666	(7,822)	-	33,844
	86,102	(13,472)	-	72,630
Total funds	6,697,558	(6,542,393)	432,005	587,170

23. Movement in funds (continued)

Unrestricted funds

The Trustees have applied the funds as shown above. Of the available funds held at the year-end £4,710,576 (2021 - £4,920,703) is held in the form of land and buildings and other tangible fixed assets.

Contingency funds are calculated each year according to the reserves policy set out in the Report of the Trustees. This policy identifies the cash resources needed to sustain twelve months of net running costs in the event of a severe downturn in voluntary income. The Trustees have retained a designated Contingency fund of £3,400,000 (2021 - £3,400,000).

The Trustees have retained a designated Strategic Development fund of £2,000,000 (2021 - £2,000,000).

The general fund at the year-end of £5,326,470 (2021 - £5,336,522) represents funds available to the Trustees to pursue and further the activities of the Hospice.

Restricted funds

Rolling Equipment Replacement – funds received to purchase new or upgrade existing equipment are recorded within the Rolling Equipment Replacement fund. Funds received during the year were all fully expended in accordance with their restriction, unless stated otherwise. The additional balance carried forward on the fund represents fixed assets held on the balance sheet.

Other funds – funds received for specific services or provision of small equipment where the balance remaining at the year end is less than £5,000.

Transfers out of restricted funds represent unspent balances released from restriction in accordance with the terms of the original donations.

24. Net Assets by fund – current year

Group

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	4,710,576	-	4,710,576
Investments	6,111,804	-	6,111,804
Current assets	5,090,493	200,028	5,290,521
Current liabilities	(475,827)	-	(475,827)
Net assets	15,437,046	200,028	15,637,074

Charity

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	3,969,397	-	3,969,397
Investments	6,111,905	-	6,111,905
Current assets	5,872,434	200,028	6,072,462
Current liabilities	(326,623)	-	(326,623)
Net assets	15,627,113	200,028	15,827,141

Net assets by fund – comparative year
Group

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	4,920,703	-	4,920,703
Investments	4,059,944	-	4,059,944
Current assets	7,071,692	106,441	7,178,133
Current liabilities	(395,115)	-	(395,115)
Net assets	15,657,224	106,441	15,763,665

24. Net assets by fund – comparative year (continued)

Charity

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	4,147,866	-	4,147,866
Investments	4,060,045	-	4,060,045
Current assets	7,785,620	106,441	7,892,061
Current liabilities	(261,919)	-	(216,919)
Net assets	15,731,612	106,441	15,838,053

25. Contingent liabilities

There were no contingent liabilities as at 31 March 2022 nor at 31 March 2021.

26. Capital commitments

The charity had no building commitments as at the year-end (2021 - £nil).

27. Contingent assets

The charity has been notified of one legacy (2021 – one) which is subject to a life tenancy or other such condition. The total amount of the legacy is estimated at £100,000 (2021 - £100,000). It has not been included in the accounts.

28. Related party transactions

The charity had the following transactions with its subsidiary companies during the year:

	St Michael's Hospice (Retail) Limited		St Michael's Hospice Lottery Limited	
	2022	2021	2022	2021
Income during the year	360,575	272,867	709,339	799,284
Expenditure during the year	-	-	-	-
Balance receivable at the year end	961,169	1,089,471	37,530	38,470

Income is generated from a donation of profits or a recharge of costs incurred on behalf of the subsidiaries. Expenditure is the reimbursement of reasonable costs incurred by the subsidiaries in the course of carrying out their business.

There are no other transactions with related parties to disclose.

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

England & Wales - Charity number 288462

Accounts

Company Registration No. 01776496 (England and Wales)
Registered Charity No. 288462

St Michael's Hospice Hastings and Rother

Report of the Trustees and consolidated financial statements for the year ended 31 March 2021

St Michael's Hospice Hastings and Rother

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Registered information

Registered charity name	St Michael's Hospice Hastings and Rother
Charity number	288462
Company registration number	01776496
Registered office	25 Upper Maze Hill St Leonards on Sea East Sussex TN38 0LB

Professional advisors

Auditors	Saffery Champness LLP Chartered Accountants 71 Queen Victoria Street London EC4V 4BE
Bankers	Lloyds Bank Plc 17 Wellington Place Hastings East Sussex TN34 1NX
Solicitors	Gaby Hardwicke 34 Wellington Square Hastings East Sussex TN34 1PN
Investment advisors	Rathbone Investment Management 8 Finsbury Circus London EC2M 7AZ

Company information

St Michael's Hospice Hastings and Rother, a registered charity and a company limited by guarantee, was established on 8 December 1983 and formally opened its service in April 1987. Its Articles of Association were last revised and agreed on 27 January 2012.

The Trustees of the charity (who are also Directors of the company) are drawn from the local community. The Chair will be recruited from the local community in the event that they are not elected by the Trustees from amongst those on the Board.

President	Julian Avery	
Board of Trustees	Irene Dibben (Chair)	(retired 31 December 2020)
	Susan Munroe (Chair)	(Trustee from 25 September 2020 and Chair from 1 January 2021)
	Steve Barnes	
	Evelyn Bignell	(resigned 31 May 2020)
	Tony Boardman	
	Dr Peter Dewhurst	
	Charles Everett	(retired 31 December 2020
	Michael Foster	(retired 31 December 2020)
	Nigel Gaymer	
	Kerry Gentleman	
	Dr Rosie Guy	
	Nigel Kirby-Green	
	Geoff Longmire	
	Linda Stevens	
Company Secretary	Richard Ostle	(until 25 August 2021)
	Vinyo Aidam	(from 25 August 2021)
Chief Executive	Dr Karen Clarke	
Leadership Team	Vinyo Aidam	Director of Finance and Facilities
	Dr Declan Cawley	Medical Director
	Perdita Chamberlain	Director of Income Generation
	Penny Jones	Director of Nursing & Quality (until 31 July 2021)
	Rebecca Tiberini	Director of Wellbeing
	Caroline White	Director of Organisational Development

The Trustees present their report and accounts for the year ended 31 March 2021 including the Strategic Report for the company.

These accounts comply with the charity's governing document, which states that the charity's objective is to promote the relief of sickness, the Companies Act 2006, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and with the Charities SORP (FRS 102).

St Michael's Hospice is regulated by the Care Quality Commission (CQC) which is the independent regulator of all health and social care services in England.

1. OBJECTIVES AND ACTIVITIES

1.1. Purpose of the charity as set out in the governing document

The charity was established to "promote the relief of sickness in such ways as the Trustees shall from time to time think fit and, in particular (but without prejudice to the generality of the foregoing), to provide services so as to support the physical, psychological, social and spiritual needs of those affected by life-limiting illnesses."

1.2. Main activities of the charity undertaken in relation to those purposes

The overall aim of St Michael's Hospice is to enable people (over the age of eighteen) living with serious, advanced illness to live as fully as possible and to provide compassionate, expert care at the end of life. The service adopts an interdisciplinary approach and works collaboratively with NHS services in primary, secondary and tertiary care, continuing healthcare, adult social care and with private and voluntary providers.

The Hospice team acts as a resource to provide specialist advice and support to the wider primary care locality. Its aim is to:

- provide specialist and integrated palliative and end of life care and support to the population of Hastings and Rother irrespective of their diagnosis
- provide specialist and holistic support to family members and carers of people living with an advanced, serious illness to enable them to remain as resilient and independent as possible
- ensure that patients and their families or carers receive appropriate information, treatment and support to help manage their illness and the effect of their illness on their wellbeing
- ensure that patients and their families and carers have knowledge and choice regarding how their support and care is delivered.
- ensure that patients' preference as to how they are cared for and die are obtained and recorded, and where possible, achieved
- provide specialist support to people who are bereaved.

The Hospice accepts referrals from any health practitioner and also self-referrals, which are discussed with the GP. The inter-disciplinary team provides high quality holistic palliative and end of life care, enhancing the quality of life for patients nearing the end of their lives and supporting family members and carers. This includes:

- specialist symptom control – to keep patients as comfortable and well as possible
- holistic emotional, social, spiritual and practical support – to make sense of and cope with living with or supporting someone with a life limiting illness.

- rehabilitation - to optimise patients' independence and participation in activities meaningful to them
- a 24/7 in-patient and community service for patients and families.
- respectful and effective working with other relevant primary, secondary, tertiary and social care providers to ensure maximum continuity and seamless support for patients nearing the end of life and their families
- supporting people to be cared for in their preferred place of care whenever possible and in line with their needs
- ensuring patients in receipt of care are treated with dignity and respect and that their individual needs and preferences are acknowledged
- support from trained volunteers
- expert bereavement support.

Support and care is highly specialised, individualised and delivered by skilled members of an inter-disciplinary team including consultants in palliative medicine, specialist doctors, nurses, health care and wellbeing assistants, therapists, social workers, spiritual support lead and pharmacist who work in accordance with professional codes of practice (where applicable) legal and ethical principles.

The Hospice provides palliative care training and support to health and social care professionals and nursing homes.

1.3. Main activities undertaken to further the charity's purposes for the public benefit

The charity serves a population of 189,270 living in Hastings and Rother. All the activities undertaken by the charity are to further its charitable purposes for the benefit of the people living within its catchment area and all services are provided free of charge.

Much of the charity's funding comes from local individuals and organisations and most of its beneficiaries are predominantly, but not exclusively, drawn from Hastings and Rother. Services are also available for those who have not been resident locally but are in need of support, e.g. someone who has moved into the area to be closer to their family.

The Trustees have considered the Charity Commission's guidance on public benefit and can confirm that the charity's activity does deliver public benefit. The main benefits that have arisen throughout the year are detailed in the following pages.

1.4. Aims, details of issues the charity seeks to tackle, changes or differences it seeks to make

Through the services it provides, the training it delivers and numerous fundraising activities, the Hospice aims to raise awareness of, and support the end of life and bereavement needs of those living in the local area.

1.5. How achievement of aims will further the charity's legal purposes

Providing Hospice care directly fulfils the charity's legal aim of promoting the relief of sickness by supporting the physical, psychological, social and spiritual needs of those affected by life-limiting illness. In addition, it provides holistic emotional and spiritual support to make sense of and cope with supporting someone with a life-limiting illness.

Providing education and training to other health and social care professionals is indirectly fulfilling the charity's aim of promoting the relief of sickness. Encouraging people to engage in fundraising activities is a

way of enabling them to do something positive in someone's memory as well as raising awareness and support for the charity. This therefore indirectly fulfils the charity's aim of promoting relief of sickness.

1.6. Strategies for achieving stated aims

In April 2020, the Hospice was due to launch a new vision, mission and strategic plans. However, the COVID-19 pandemic meant that the Board agreed to delay this until September 2020 and subsequently until September 2021. Throughout 2020/21 the charity maintained its four strategic aims:

- Increase clinical reach
- Improve and demonstrate our effectiveness
- Develop and value our people
- Ensure long-term sustainability.

Achievement against those aims will be described in section 3, page 7.

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

2.1. Governing document

St Michael's Hospice Hastings and Rother is a company limited by guarantee and registered with Companies House. Its Articles of Association were last revised and agreed on 27 January 2012. The Trustees of the Charity (who are also Directors of the Company) are drawn from the local community.

2.2. Organisational structure

During the year 2020/21, the Board met formally eleven times. However, in order to support and keep pace with the changes the Hospice was making in response to COVID-19, the Board met virtually, weekly throughout April and then fortnightly during May, June, July and August. The Board held its annual Strategy Day, virtually, in November 2020.

The Audit, Health and Safety (Hospice and Retail/Lottery), and Clinical Governance Committees met quarterly; the Corporate Governance and Nominations Committee met six times (due to the Chairman recruitment process), the Investment Committee three times, and the Remuneration Committee met twice.

The Chief Executive is appointed by the Board of Trustees to manage the day-to-day operations of the charity. The Board seeks to ensure that all the charity's activities are within its charitable objectives and its responsibilities include setting the strategic direction and approving the business plan and budgets. The Chief Executive and the Leadership Team attend and present information at each formal Board meeting to enable effective decision-making and ensure open and transparent communications.

St Michael's Hospice Hastings and Rother has two wholly owned subsidiary companies, one for its lottery and another for its retail business. The Boards of these companies meet four times a year to scrutinise the operation of these businesses and explore opportunities to increase their income.

2.3. Recruitment and appointment of Trustees

The Articles of Association state that there must be a minimum of four and a maximum of fifteen Trustees. The initial appointment of Trustees is for a period of three years followed by a second term of three years. Thereafter, the position is reviewed annually up to the maximum of nine years.

The Board of Trustees has delegated responsibility for succession planning, recruitment and induction of Trustees to the Corporate Governance and Nominations Committee who then make recommendations to appoint to the Board. The skills of existing Board members are assessed and where a skills gap exists, advertising will take place using the most cost-effective method for the skills being sought whilst ensuring a wide, diverse audience is reached. Members of the Corporate Governance and Nominations Committee will then interview candidates who meet the selection criteria. Once appointed, all new Trustees are issued with a Handbook and an induction programme specific to their needs.

The following actions were undertaken at General Meetings

- 26 June 2020: it was formally recorded that Eve Bignell had resigned from the Board
- 25 September 2020: it was formally recorded that Susan Munroe would be appointed as Trustee and Chair Designate
- 18 December 2020, Susan Munroe was formally appointed as Chairman
- 26 March 2021: it was formally recorded that, Steve Barnes, Nigel Gaymer and Rosie Guy would be re-appointed as Trustees.

The Trustees who served during the year are shown below and their membership of a sub-committee is indicated using the following key:

♦ Audit Committee
♗ Clinical Governance Committee
♠ Corporate Governance and Nominations Committee
♪ Health and Safety Committee
■ Investment Committee
● Remuneration Committee

Steve Barnes ♦
Tony Boardman
Dr Peter Dewhurst ♗ ♠ ● ♦
Irene Dibben (Chair) until 31 December 2020 ♠ ● ■
Charles Everett until 31 December 2020 ● ♠
Michael Foster until 31 December 2020 ♠
Nigel Gaymer ♦ ♠ ♪ ■
Kerry Gentlemen ♗
Dr Rosie Guy ●
Nigel Kirby-Green ♦ ■
Geoff Longmire ■
Susan Munroe from 1 January 2021 ♠ ■ ●
Linda Stevens ♦

Between January to March 2021, the Chairman undertook a governance review and as a result the frequency of Board meetings and the Board committee structure was changed with effect from 1 April 2021.

2.4. Remuneration for key management personnel

The Trustees consider that the Trustees and the Leadership Team comprise the key management individuals of the charity responsible for directing, controlling and operating the charity on a day to day basis. All Trustees give their time freely and received no remuneration within the year.

The Hospice directly employs medical consultants, doctors, nurses and other allied healthcare professionals, who are paid at a rate aligned with the relevant national scale. The Leadership Team remuneration is reviewed annually by the Remuneration Committee as part of the annual budget cycle where inflation, other hospices and NHS increases are taken into consideration. The Hospice also takes part in salary surveys and benchmarks against a range of peers.

3. ACHIEVEMENTS AND PERFORMANCE

Introduction

During 2019/20 the Hospice engaged with key internal and external stakeholders to inform its strategic development culminating in plans to launch a new strategy from 1 April 2020. However this was postponed due to the pandemic and as a result, a one-year business plan in response to COVID-19, incorporating some aspects of the new strategy and based upon the strategic priorities from the previous year was developed.

The impact of COVID-19 meant that unprecedented steps needed to be taken to prevent the spread of the virus and to keep patients, the team and the local community safe. For St Michael's Hospice this meant that:

- we continued to run our in-patient unit, but with visitor restrictions in place. Every effort was made to enable families and friends to be in contact with their loved one, particularly at the end of life
- we kept in regular contact with patients, carers and clients who were in receipt of care and support from our services and we continued to take referrals for bereavement support. Face-to-face Wellbeing, outpatient and bereavement services were suspended and replaced with telephone and virtual support
- our community team worked closely with NHS partners and continued to assess each individual's needs. Telephone support and virtual consultations rather than visits took place wherever possible
- Hospice shops and the Donation Centre were closed until further notice and fundraising events postponed or cancelled
- the Board of Trustees held virtual Board meetings with the Chief Executive on a weekly or fortnightly basis from April to September 2020.

The Hospice was part of the NHS response to the pandemic and relaxed its referral criteria to admit patients with COVID-19, and others, to relieve the pressure in the acute hospital. Occupational Therapists from the Hospice also worked in the hospital and in the community supporting non-hospice patients.

In late December 2020, the in-patient unit had to close to admissions for a period of time following a COVID-19 outbreak. This coincided with a significant rise in cases in Hastings at that time but was something that every hospice encountered at least once during the pandemic.

In 2020/21 the Hospice directly supported over 1,700 individuals in need of palliative care in the local area, some of whom accessed more than one Hospice service. The services support people at home, in care homes or at the Hospice; this diverse approach enables patients to be cared for in the place of their choosing. A further 365 people were supported, on an individual basis, by the Bereavement Service and an additional 47 received a support call after telephoning the Bereavement Call Back Service implemented in response to the pandemic.

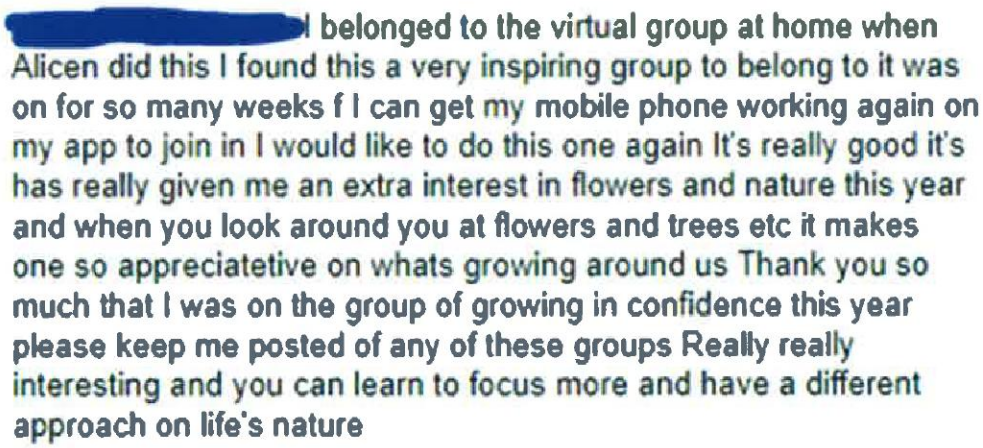
Achievements in relation to the business plan
The following section highlights some of the key achievements in 2020/21 according to the strategic aims identified in section 1.6, page 5.

3.1. Increase clinical reach
The number of patients supported by the Hospice remained consistent with the previous year, 1736 (2020/21) and 1741 (19/20). However, the way patients were supported changed dramatically following the suspension of the face to face Wellbeing Programme and a significantly reduced community nursing visiting service as a result of COVID-19. Plans to integrate clinical services were expedited and an integrated community team approach to supporting patients a home and outpatients was introduced. The result of this was that the Wellbeing team supported 550 individuals compared with 208 the previous year.

Wellbeing Services
The Wellbeing team responded dynamically to the pandemic with the creation of a new blended model to support patients' and carers' holistic needs. The new Wellbeing @ Home virtual programme offers a holistic programme of therapeutic and social group support via Microsoft Teams. This has included:

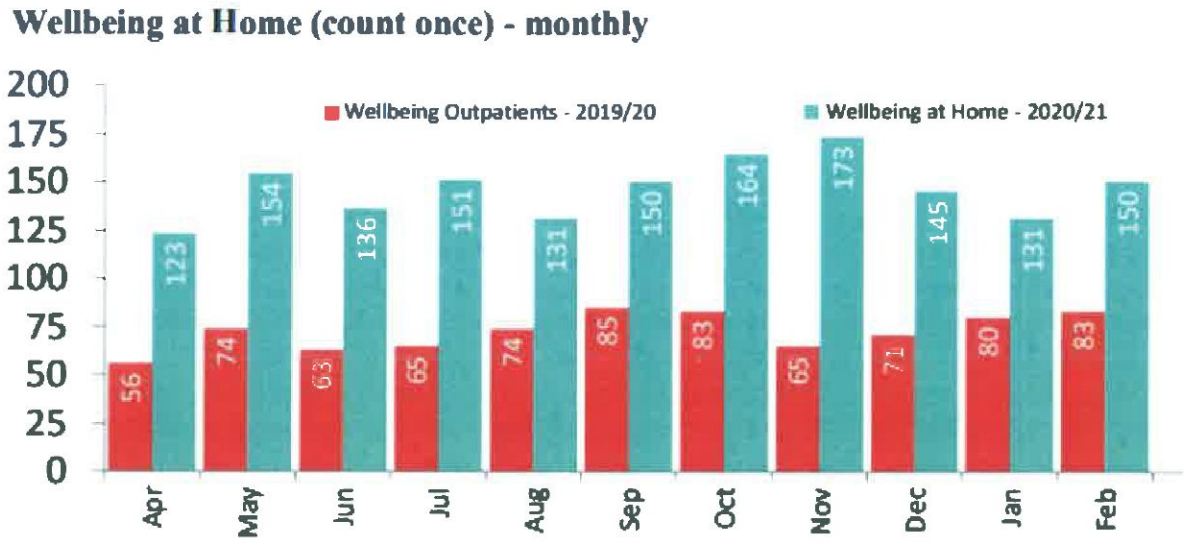
- Embracing Anxiety
- Make your Mark – creative arts
- Nature Appreciation
- Walk to Wellbeing
- Social Coffee Morning.

New Wellbeing IT Support Volunteer roles have been instrumental in supporting patients and families to access these online services. Alongside virtual groups, individualised telephone and video consultations have been utilised to undertake holistic assessments and provide personalised programmes of support tailored to individuals' goals. Throughout the pandemic patients have experienced high levels of social isolation and anxiety and the Hospice has received many examples of positive feedback that the Wellbeing Programme has made a real difference for people living with advanced, serious, life-limiting illness during this challenging time.



A particular success for Wellbeing Services during 2020-21 was the soft launch of Hospice services at the Hub on Rye Hill. Provision of holistic outpatient support from this new site enables the Hospice to offer access to patients, families and bereaved clients in the eastern areas of our catchment area which are more geographically distant from the Hospice in St Leonards on Sea.

The changes in our model of Wellbeing Service provision in 2020-21 have enabled the service to be more responsive and this is reflected in service data where the number of people supported has more than doubled in comparison to 2019-20:



3.1.1.Community Nursing Services

Throughout 2020/21 Community Nursing provision has focused on a responsive 24/7 Telephone Advice and Support Line; personalised telephone and video consultation support alongside outpatient and community visits from the Clinical Nurse Specialists. The pandemic followed by significant shortages in registered nurses within the Hospice at Home Team meant that the provision of face to face nursing visits was suspended for an interim period, whilst a targeted recruitment campaign took place. Despite these challenges, the Community Nursing Team has adopted a much more integrated approach to support patients and families in the community through positive interdisciplinary working with Wellbeing colleagues and external partners. A review of the service by the Director of Wellbeing Services has also provided a focus on driving up quality to evidence consistent safe, caring, responsive, effective and well-led service provision. Community nursing support has been greatly appreciated by patients who have been enabled to remain at home and to die well at home.

The miraculous support that the hospice offered our dad during his difficult journey was second to none. With 'Kathy Gibbs' going the extra mile with home palliative care. The physiotherapist 'Patrick' and Occupational Therapy teams. The Hospice emergency at home call team that were there 24/7 to support me in my times of need for advice and referrals. From the bottom of all of our families hearts.
Thank you!

3.1.2.Inpatient services

To ensure responsiveness the single point of access (SPA) meeting, launched in 2019/20, was extended to cover a 7-day period enabling patients to be allocated to the most appropriate service, including those external to the Hospice, in a timely way.

The Hospice provided in patient services throughout, and was part of the NHS response to, the pandemic. Significant investment was made to ensure adequate personal protective equipment (PPE) was available and additional support, including a Wobble Room, was provided to ensure that the team's own wellbeing was prioritised.

As with all healthcare facilities, at the peak of the pandemic the Hospice placed restrictions on patient visitors to protect vulnerable patients, employees and the wider community. Whilst compassionate visiting was allowed for those nearing the end of life, this was a particularly challenging period. To mitigate some of the impact of this, the Hospice introduced mobile devices, such as tablets, for patients to use to enable them to stay connected to their families and friends. With the support of the Darvell Bruderhof, based in Robertsbridge, wooden hearts and flowers were made to enable patients to feel connected to their loved ones whilst visiting was restricted. The patient's name was engraved onto the wooden heart or flower and a matching shape was sent to a friend or relative with a card to reassure them that, whilst at the Hospice, their loved one was well-cared for, important and valued. These wooden shapes were a symbolic reminder that a connection is not broken by physical separation.

As part of the Hospice's ambition to increase medical input in all settings, a second Consultant in Palliative Medicine was appointed in December 2020 and a further Consultant will take up their position in June 2021. This additional resource has meant that the Hospice has been able to increase its specialist palliative care medical input into the Conquest Hospital and to patients in the community. The Consultant medical on call rota which was extended to hospices in Kent to support during the pandemic continued throughout 2020/21.

3.2 Improve and demonstrate our effectiveness

The Hospice's electronic patient record system (Crosscare) continued to be developed to ensure it is responsive and able to support integrated clinical working, particularly for community patients. The need to report daily activity and COVID patients to NHS England has pushed the system to its limit. New systems to manage the logistics and data capture for virtual consultations have also been introduced and will continue to be fined tuned.

In September 2020, virtual Trustee visits were introduced on a bi-monthly basis. Two Trustees attend each visit and have individual programmes of activities to undertake throughout the day. The format for the Trustee's assessment is based on the Care Quality Commission's (CQC) key lines of enquiry (KLOE) and Trustees are asked to consider whether, during the visit, they were able to evidence safe, caring, responsive, effective and well-led services. Feedback is then shared with the clinical team.

The Registered Manager and Head of Quality and Data met, virtually, with the Hospice's CQC Relationship Manager, as part of the CQC's Engagement processes in February 2021. The "virtual" meeting focused on all of the KLOE and how the Hospice had responded to the pandemic whilst meeting patient and family need. The feedback was positive:

"I left the call feeling you had prepared thoroughly, and I feel reassured you are working within regulation at this challenging time. Thank you for sharing all the good practice you are involved in, I was particularly

impressed by the system working you are driving with your health and social care partners to ensure your patients are receiving the very best care."

The Hospice's incident and risk management platform (Vantage-Sentinel) has vastly improved data capture for accidents, incidents and near misses and this allowed for the development, and monitoring, of health and safety key performance indicators by the Health and Safety Committees. Patient safety data has also been extracted and submitted to Hospice UK to provide benchmarking information of patient falls, medication errors and pressure ulcers. Two new modules have been developed in year: a COVID inspection template was introduced in January 2021 to allow for real-time reporting and monitoring of adherence to COVID safety measures in place, and development work was also completed to improve the tracking of, and investigations into, complaints and concerns. All of these modules give the Hospice an opportunity to evidence learning, escalate risks and provide assurances to the Board of Trustees and other key stakeholders.

In October 2020, architects were appointed to work with the Hospice to improve its physical clinical environment and training facilities. Initial meetings with the Extended Leadership Team have taken place but progress has been slower than hoped due to the pandemic.

3.3 Develop and value our people

The past year has been particularly challenging in terms of developing our people as many training and learning opportunities were suspended. Despite this some of the face to face training was adapted to virtual learning and four of the core management training modules were delivered in this way. Clinical supervision also became more virtual but with access to in-person supervision either in groups or on an individual basis.

The Health Care Assistant (HCA) Competency Framework was introduced and three HCA's were assessed and moved up a level. The first two levels of the Registered Nurse Skills Framework have been established and will be rolled out in 2021/22.

Following the work done to define the organisation's culture in 2019/20, consultation took place during 2020/21 to review and refresh the Hospice's values. As a result of this the Hospice values are now: kind, respectful, innovative and inclusive. In 2021/22, embedding the behaviours to underpin these values will be a priority.

In October 2020, the Hospice commissioned an independent audit to objectively explore current performance and practice on equality, diversity and inclusion (EDI). The process comprised of consultation with employees, volunteers and patients/clients; review of Hospice documents and data; engagement with Hastings and Rother Voluntary Action and with local minority community groups; and with reference to wider relevant research. The audit resulted in several recommendations which have been translated into an action plan which will be implemented in 2020/21. It has the following strategic objectives:

- adopt and embed a strategic approach to equality, diversity and inclusion
- ensure accessibility to, and satisfaction with Hospice services for all local communities, and for individual patients and clients
- cultivate an inclusive organisational culture and increase awareness and understanding of EDI
- build and sustain a diverse workforce (employees and volunteers), which reflects the community served.

Volunteering focused on attracting a more diverse group of volunteers who could support patient facing roles. During the height of the pandemic, core volunteer recruitment was halted but a telephone befriending service was established to support people to cope with isolation and loneliness. New virtual

induction training was developed to support volunteer recruitment and this has been supported by volunteer e-learning buddies to ensure all volunteers can access training.

Corporate Membership of Benenden Health Care came into force in March 2021. This was an addition to the suite of Employee Wellbeing and Support measures introduced during COVID. Other measures included:

- a weekly wellbeing survey, led by the Chief Executive to highlight any immediate issues so that they could be addressed in a timely way
- Working at Home guidance to support employees who were working predominantly at home for the first time or for the majority of their working hours
- a Wellbeing Guide and check list
- clinical support Huddles
- regular "Let's get together" virtual sessions for all employees.

Director drop ins were also introduced during the peak of the pandemic.

The new pay scales were introduced in October 2020 to ensure Hospice salaries were competitive with the NHS and other hospices locally.

Led by Dr Declan Cawley, Interdisciplinary Learning Forums were introduced that are open to all employees and are topic focused and delivered bi-monthly. These are very well attended and receive good feedback.

In line with the Service Level Agreement with East Sussex Healthcare Trust, all Hospice doctors underwent a formal appraisal. No doctors were due for revalidation and no complaints or concerns relating to doctors were raised.

3.4 Ensure our long-term sustainability

To ensure the Hospice's long-term sustainability, resources have to be carefully managed. Expenditure was closely monitored and was within tolerance levels throughout the year. However, the pandemic had a devastating effect on the Hospice's ability to raise funds with most fundraising events cancelled and shops closed for the majority of the year.

Gross income for the year was £6.7 million. Hospice UK successfully negotiated some government funding based on the fact that hospices were part of the NHS response to the pandemic. The support received equated to £1m. Income from the government's job retention scheme (£62k) and additional support from the Clinical Commissioning Group for PPE etc (£77k) resulted in a year end surplus of £155k before investment gains.

a) Lottery

Despite the volunteer collectors and canvassers being unable to work, the Hospice Lottery generated £994k; just 9.7% below the prior year. This was achieved by the Lottery team transferring to a telephone only service and encouraging players who had previously paid their collectors in person to pay over the phone or via direct debit. This was an incredible achievement enabling the Lottery to gift a covenant of £703k to the Hospice; a reduction of only 2.2% compared with the previous year.

For every £1 played in the lottery, 70p goes to St Michael's Hospice (the legal requirement is to pay at least 20p), 16p goes into the prize fund and 14p covers the administration, promotion, and legal regulation expenditure.

b) Retail and E-Commerce

In 2020/21 the Hospice shops were closed and employees furloughed for the majority of the year due to the pandemic. This resulted in a loss of £75k.

c) Sussex Hospices Collaboration

St Michael's Hospice is a member of Hospice UK (HUK), the national charity which exists to support and provide a campaigning voice to hospices across the United Kingdom.

As reported last year, the Hospice has particularly close links with the other Sussex hospices and all members of the Leadership Team meet with their counterparts in neighbouring hospices. Within this and for some time now, the Chief Executives of all seven Sussex-based hospices, including St Michael's, have been pursuing collaboration since 2018. Although the Covid-19 pandemic brought a pause in the collaborative workstreams that had been agreed at the end of 2019, the hospices continued to support one another through mutual aid and knowledge sharing. The workstream programme has now recommenced and is seeing growing momentum:

- A Sussex-wide Project ECHO tele-mentoring hub has been set up to deliver education in care homes
- Some of the hospices are sharing an online platform for mandatory training
- A shared leadership and management development programme is being developed
- There are joint posts between individual hospices
- Work is going on to create a common data set for stakeholder reporting
- The hospices are benchmarking their costs and activity for core services
- A joint Programme Manager has been appointed to coordinate activity
- There is collective representation at key planning forums in the Sussex healthcare system.

Work will continue to progress these initiatives and more opportunities will be developed in the year ahead. While each hospice holds fast to its local autonomy and identity, we recognise the benefit of working together to make the most of our knowledge and resources in benefitting patients and families and enhancing our sustainability.

4. FINANCIAL REVIEW

The results for the year are shown in the Statement of Financial Activities. Income totalled £6.7 million (2020 - £7.64 million).

The charity received a grant from Hastings and Rother Clinical Commissioning Group of £2.32 million (2020 - £2.25 million).

Total expenditure was £6.54 million (2020 - £6.69 million) a reduction of 2.3%.

The year ended with a surplus before investment movements of £155k (2020 - £948k).

4.1. Reserves Policy

A key risk that the charity faces is a fall in its income as a result of a drop in donated funds. In order to sustain the organisation's ability to deliver the services it is committed to, the Trustees have agreed to maintain financial reserves as they deem necessary to ensure there can be continuity.

The short-term reserves include a working capital and contingency reserve as well as some designated reserves for essential capital/maintenance works. The contingency funds are set at £3.4 million which amounts to 12 months' expenditure after allowing for an amount of income that can reasonably be relied upon.

The Trustees have designated a Strategic Development Fund of £2 million to develop facilities on the Hospice site, subject to agreeing a five-year strategic plan.

The fixed asset reserve represents the amount of the total reserves that are tied up in tangible fixed assets, mainly freehold property including the Hospice building. As at 31 March 2021, the Consolidated Balance Sheet total was £15.8 million (2020 -£15.2 million).

4.2. Investment Policy and objectives

The charity's investment objective for short-term reserves is to preserve the capital value with a minimum level of risk ensuring that the Hospice is able to meet unanticipated cash flow requirements. Funds treated as short-term would usually be invested only in a mix of short and medium-term deposits.

The investment objective for long-term reserves is to secure a return in excess of inflation, generating an income to support the Hospice's on-going activities. The Hospice has adopted an ethical investment policy to ensure that its investments do not conflict with its aims, and therefore precludes direct or indirect investments in companies that generate revenue from tobacco or arms and those companies whose principal activity is either gambling or pornography.

4.3. Investment performance

At 31 March 2021, the market value of the portfolio was £4 million, with an estimated yield of 2%. Additional cash of £1.2 million was invested during the year.

Members of the Investment Committee review the brief given to the investment managers on an annual basis with regard to the proportion of investments to be held in each asset category, the level of risk which is acceptable and the level of income required.

4.4. Risk management

Risk registers are reviewed by the Leadership Team on a monthly basis and by the Health and Safety, Audit and Clinical Governance Committees, on a quarterly basis, identifying potentially significant risks, assessing their likelihood and impact and agreeing mitigating action. Corporate risks are subsequently reported to the Board at each meeting.

The key risks faced by the charity in 2020/21 as identified in risk registers were:

COVID-19: A Risk Review was undertaken and shared with the Board and four COVID-19 risk assessments: people we support, income generation, workforce and environment were reviewed on at least a monthly basis and reported to the relevant governance committee. Whilst restrictions have been relaxed the Hospice is taking a cautious approach to opening up its services to group activities. The workforce and the services the Hospice is able to offer continues to be impacted by people having to self isolate after having been in contact with someone with COVID-19.

Nursing workforce shortages: the national shortage of specialist palliative care nurses combined with the impact of the pandemic on healthcare workers continued to adversely affect the Hospice, and in particular the community nursing service. A new pay structure was implemented, an employee assistance programme via Benenden Healthcare was introduced, a digital recruitment campaign was launched alongside more locally targeted campaigns involving posters on the seafront and on buses, and competency/skills frameworks introduced to enable career progression were all put in place throughout the year to address this. The nursing workforce is now stabilising but the Hospice is working closely with NHS colleagues to tackle nurse recruitment at system level.

Reputation damage: The Hospice is known as a quality health care provider and its reputation is of vital importance. Emphasis was placed on engaging key stakeholders and various media channels were used to promote the work of the Hospice and retain the focus on its core purpose - providing good end of life care. Comments and complaints are promptly responded to and investigated to ensure lessons learned are used to improve practice.

Risks associated with business continuity, e.g. a major incident, a serious failure in utilities and IT failure due to cyber-attack, virus, breakdown or hacking: Policies and procedures are subject to ongoing review and updating to ensure compliance with best practice and legislation. The introduction of Vantage-Sentinel has provided greater oversight of the potential risks the charity faces enabling proactive steps to be taken to mitigate these. Strategic, external IT support has been commissioned to ensure resilience in IT systems going forward.

4.5. Fundraising

The Trustees take their responsibilities under the Charities (Protection and Social Investment) Act 2016 seriously and have considered the implications on their fundraising activities.

The Hospice is committed to its donors and remains dedicated to treating all donors and supporters with the highest level of care, consideration and respect. The Hospice undertakes fundraising activity via support from volunteer fundraising in the community, applying to and partnering with companies and grant-giving trusts, direct mailings and appeals and the organising of events. Many of these activities were suspended or severely restricted during 2020/21 due to the pandemic.

St Michael's Hospice Lottery Limited also runs a weekly lottery with the profits of the company being gift aided to the charity. The work of the Lottery Team is regulated by the Gambling Commission.

St Michael's Hospice Hastings and Rother is registered with the Fundraising Regulator and abides by the Regulator's Code of Fundraising Practice and the Fundraising Promise. The Hospice is careful to ensure that it takes all reasonable steps to treat a donor fairly, enabling donors to make an informed decision about any potential donation. The Hospice adopts guidance on best fundraising practice provided by regulatory bodies, and will continue to do so as these are updated.

During the year to 31 March 2021, there were no complaints in relation to fundraising.

5. PLANS FOR THE FUTURE

Despite an aspiration to launch the Hospice's new strategy in April 2021, the impact of COVID-19 and challenges it continues to present led to a decision to postpone this until quarter three of the new financial year. Instead, the Hospice will continue with its interim strategic plan as follows:

a) INCREASE OUR REACH to ensure individuals access the right services and support at the right time

The Hospice team had transformed the way they supported patients and families during the pandemic (integrated clinical services, virtual rather than face to face support etc.). These need to be embedded across clinical services to enable individuals to fully understand and adopt them and to demonstrate consistent standards of high-quality practice. This work also needed to recognise the weariness of the team following a year of unprecedented challenges. Some of this will include:

- reviewing the integrated community service to support patients and families in the context of COVID-19, through development and implementation of a hybrid of support models across seven days a week, ensuring effective internal ownership and engagement
- optimising collaborative working with clinical partners through virtual technology to enable participation in shared clinical meetings with GP, district nursing and East Sussex Healthcare Trust
- maintaining support to care home residents and employees through Project ECHO and other education interventions, bereavement support and telephone befriending
- establishing sustainable community and clinical led support (including Hospice Neighbours) in more geographically remote areas.

b) IMPROVE AND DEMONSTRATE OUR EFFECTIVENESS by having measurable, evidence-based objectives informed by user feedback

In order to achieve greater reach without incurring significant, additional costs, the Hospice must ensure that it is working effectively and efficiently. Furthermore, it must ensure that it is providing safe, caring, effective, responsive and well-led care to meet its regulatory obligations but more importantly the needs of patients and families. This focus on quality assurance, continuous improvement and cost-effectiveness should extend to all areas of the business. To improve and demonstrate our effectiveness, the Hospice will continue to:

- embed the Outcome, Assessment and Complexity Collaboration measures (OACC) in all settings
- implement an integrated user engagement strategy to ensure key stakeholders are engaged and consulted on key issues
- utilise the capability of the Vantage-Sentinel system to enhance complaints and policy management and reporting

- proactively engage with opportunities for collaboration across Sussex Hospices and to positively influence the Integrated Care System at place and system-level
- develop and implement plans for digital transformation across all areas of the organisation.

c) **DEVELOP AND VALUE OUR PEOPLE to play an active role in achieving our shared purpose and culture**

People are the Hospice's most valuable asset and so attracting, developing and retaining good people are key to its success both in terms of quality care and long-term sustainability. The team's resilience was severely tested in 2020/21 and so people strategies need to ensure there continues to be a focus on wellbeing. Priorities for 2021/22 include:

- developing an organisational development strategy to include: behaviours /values, professional development, succession planning, recruitment, training, workforce planning/change, performance management
- embedding one unified, flexible clinical workforce including via: single roster system; rotation between clinical settings; interdisciplinary education events and journal clubs.
- ensuring the appropriate governance structure is in place to enable the actions from the EDI audit, relating to employees and volunteers, to be planned and implemented
- investing in and supporting the team's development and wellbeing, including by reviewing and enhancing the clinical supervision framework
- continuing to research, develop and implement strategies to address clinical workforce gaps through innovative recruitment initiatives, exploring opportunities for collaboration, robust and supportive induction programmes and internal career development
- continuing to increase the number of patient-facing volunteer roles.

d) **ENSURE LONG-TERM SUSTAINABILITY within a financial, environmental, social, technological and governance framework**

The Hospice must ensure that it carefully manages the funds that are given, granted and earned by it to maintain business continuity, but it must also ensure that it remains vigilant in securing new sources of income to enable it to continue to serve the local population. During 2021/22 the Hospice will:

- collaborate with St Wilfrid's Hospice (Eastbourne) to share a Finance Director
- begin team consultation on a capital project to improve the clinical/patient/team environment and education and conference facilities
- research and develop a new income generation strategy using data to inform plans for generating income during COVID recovery
- continue to develop and implement initiatives that recruit new and retain players and increases income from the Lottery Company
- develop and implement a retail strategy to align with the compassionate community agenda whilst increasing profitability.

Statement of Trustees' responsibilities

The Trustees (who are also Directors of the charity for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and 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 these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 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.

The Trustees are responsible for the maintenance and integrity of the charity and the financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors
Saffery Champness LLP were auditors during the period and their reappointment will be considered at the annual general meeting.

The Trustees have taken advantage of the small companies' regime in preparing the Trustees' Annual Report.

On behalf of the board

S. Munroe

02 / 12 / 2021

Mrs S C Munroe
Trustee

Independent auditors' report to the members
For the year ended 31 March 2021

Opinion

We have audited the financial statements of St Michael's Hospice Hastings and Rother (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the group statement of financial activities, the group and charity balance sheets, the group cash flow statement and the notes to the financial statements, including 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 affairs of the group and the parent charitable company as at 31 March 2021 and of the group's incoming resources and application of resources, including its 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 and parent charitable company 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 or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report which includes the Directors' Report and the Strategic Report has 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 and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report and Strategic Report.

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; 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

As explained more fully in the Statement of Trustees' Responsibilities on page 18, the trustees (who are also the directors of the parent 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 the 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 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

We have been appointed as auditors under the Companies Act 2006 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the group and parent 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:
We assessed the susceptibility of the group and parent charitable company's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent charitable company by discussions with trustees and updating our understanding of the sector in which the group and parent charitable company operate.

Laws and regulations of direct significance in the context of the group and parent charitable company include The Companies Act 2006 and guidance issued by the Charity Commission for England and Wales.

Further the group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, through significant fine, litigation or restrictions on the group's operations. We identified the most significant laws and regulations to be those issued by the Care Quality Commission covering health care services and those issued by the Gambling Commission covering the requirements for running a lottery.

Audit response to risks identified:
We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the parent charitable company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that

were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available 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 parent 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 parent 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 parent charitable company and the parent charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Cara Turtington (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

Saffery Champness LLP
Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

16 December 2021

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

St Michael's Hospice Hastings and Rother

Consolidated statement of financial activities (incorporating an income and expenditure account)
For the year ended 31 March 2021

	Notes	Unrestricted funds £	Restricted funds £	2021 Total funds £	2020 Total funds £
Income and endowments from					
Donations and legacies	3	2,522,572	86,102	2,608,674	2,825,498
Charitable activities					
Hospice services	6	2,474,389	-	2,474,389	2,453,837
Subsidiaries' trading activities	4	1,378,770	-	1,378,770	1,762,282
Other trading activities	4	117,896	-	117,896	511,850
Investment income	5	117,829	-	117,829	89,765
Total		6,611,456	86,102	6,697,558	7,643,232
Expenditure on					
Raising donations	7	431,049	-	431,049	475,008
Trading companies' costs	7	720,253	-	720,253	899,874
Charitable activities					
Hospice services	8	5,377,619	13,472	5,391,091	5,320,447
Total		6,528,921	13,472	6,542,393	6,695,329
Net gains/(losses) on investments	14	432,005	-	432,005	(217,962)
Net income		514,540	72,630	587,170	729,941
Transfers between funds	23	(7,926)	7,926	-	-
Net movement in funds		506,614	80,556	587,170	729,941
Reconciliation of funds					
Total funds brought forward		15,150,610	25,885	15,176,495	14,446,554
Total funds carried forward	24	15,657,224	106,441	15,763,665	15,176,495

Continuing operations
All incoming resources and resources expended arise from continuing activities.

The notes on pages 27 to 51 form part of these financial statements.

Consolidated and charity balance sheets
As at 31 March 2021

		Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
Fixed assets					
Tangible assets	**16**	4,920,703	4,147,866	5,128,662	4,322,377
Investments	**17**	4,059,944	4,060,045	2,384,536	2,384,637
		8,980,647	8,207,911	7,513,198	6,707,014
Current assets					
Stocks	**18**	55,329	52,271	61,413	56,373
Debtors	**19**	319,595	1,443,102	515,579	1,413,124
Cash at bank and in hand		6,803,209	6,396,688	7,457,907	7,232,550
		7,178,133	7,892,061	8,034,899	8,702,047
Creditors: amounts falling due within one year	**20**	(395,115)	(261,919)	(371,602)	(233,323)
Net current assets		6,783,018	7,630,142	7,663,297	8,468,724
Total assets less current Liabilities		15,763,665	15,838,053	15,176,495	15,175,738
Net assets		15,763,665	15,838,053	15,176,495	15,175,738
Funds	**23**				
Unrestricted funds		15,657,224	15,731,612	15,150,610	15,149,853
Restricted funds		106,441	106,441	25,885	25,885
Total funds		15,763,665	15,838,053	15,176,495	15,175,738

The total income of the Hospice as an individual entity for the year was £6,390,938 (2020 - £7,123,858) and its net income was £662,313 (2020 - £755,811). A Statement of Financial Activities for the Hospice as an individual entity is not included using the exemption given in section 408 of the Companies Act 2006.

The financial statements were approved by the Board of Trustees on 24/09/ 2021 and were signed on its behalf by

S. Munroe

Mrs S C Munroe
Trustee

The notes on pages 27 to 51 form part of these financial statements.
Company number 01776496

St Michael's Hospice Hastings and Rother

Consolidated cash flow statement
For the year ended 31 March 2021

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	A	547,377	751,125
Net cash provided by operating Activities		547,377	751,125
Cash flows from investing activities			
Purchase of tangible fixed assets		(76,522)	(83,627)
Purchase of fixed asset investments		(3,140,741)	(1,514,215)
Proceeds from sale of fixed assets		21	258
Proceeds from sale of investments		1,840,520	78,221
Investment income		117,829	89,765
Net cash used in investing activities		(1,258,893)	(1,429,598)
Change in cash and cash equivalents in the reporting period	B	(711,516)	(678,473)
Cash and cash equivalents at the beginning of the reporting period		7,567,360	8,245,833
Cash and cash equivalents at the end of the reporting period	B	6,855,844	7,567,360

The notes on pages 27 to 51 form part of these financial statements.

Notes to the cash flow statement
For the year ended 31 March 2021

A. Reconciliation of net income to net cash flow

	2021 £	2020 £
Net income for the reporting period (as per the statement of financial activities)	587,170	729,941
Adjustments for:		
Depreciation charges	284,071	336,530
(Gains)/losses on investments	(432,005)	217,962
Loss/(profit) on disposal of fixed assets	389	(140)
Investment income	(117,829)	(89,765)
Decrease/(increase) in stocks	6,084	(18,889)
(Decrease/(increase) in debtors	195,984	(288,808)
Increase/(decrease) in creditors	23,513	(135,706)
Net cash inflow from operating activities	547,377	751,125

B. Analysis of cash and cash equivalents

	At 31 March 2020 £	Movement £	At 31 March 2021 £
Cash at bank and in hand	7,457,907	(654,698)	6,803,209
Investment cash	109,453	(56,818)	52,635
	7,567,360	(711,516)	6,855,844

1. Statutory information

St Michael's Hospice Hastings and Rother is a private charitable company limited by guarantee, registered in England and Wales. The company's registered number and registered office address can be found in the reference and administrative details in the Report of the Trustees.

2. Accounting policies

2.1 Accounting convention

The financial statements of the charitable company, which is a public benefit entity under FRS 102, and group have been prepared in accordance with the second edition of the Charities SORP (FRS 102) "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)" Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value.

2.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Given the appropriate consideration of risks and mitigation actions that have been undertaken throughout the Covid-19 pandemic, together with a review of the Charity's financial position, level of reserves and future strategic plans the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

2.3.1 Gifts in kind

Gifts donated for resale are included as income when they are sold. Donated items for use in the Hospice are valued at a reasonable approximation to market value. Donated facilities are included at the value to the charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

2.3.2 Fees, contributions and grants

These comprise amounts receivable during the year.

2.3.3 Voluntary income

Voluntary income represents amounts received during the year.

2. Accounting policies (continued)

2.3.4 Legacies

Reversionary legacies are accounted for on receipt. Pecuniary and residuary legacies are accounted for at the earlier of receipt of the legacy or the point at which the final accounts of the estate are agreed by the charity. In the event that legacies are settled after the accounting year end they are included in the accounts provided the charity was certain of the amounts to be distributed at the balance sheet date.

The hospice has received notification of a number of legacies which have not been included in these accounts because they are not certain in value or certain of receipt.

2.3.5 Investment income

Investment income comprises amounts receivable during the year.

2.3.6 Shop income

Shop income generated by one of the trading subsidiaries represents net invoiced sales of goods, excluding valued added tax.

2.3.7 Lottery income

Lottery income generated by one of the trading subsidiaries represents ticket sales received in respect of lotteries held during the year and scratch card sales.

Income from tickets sold in advance of a draw being held is carried forward to the period in which the draw takes place.

2.3.8 Debtors

Income resources recognised in the year but not received at the year end are included within debtors unless there are doubts as to the estimation of value or likelihood of receipt.

2.4 **Resources expended**

Liabilities are recognised as expenditure as soon as there is a legal obligation or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where cost cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

2.5 **Allocation and apportionment of costs**

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

2. Accounting policies (continued)

2.6 Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	2% and 10% on cost
Fixtures, fittings and equipment	15% to 33% on cost
Motor vehicles	25% on cost

Where extensions and improvements have been made to freehold property, depreciation has been charged over the remaining life of the underlying property.

No depreciation is provided on freehold land.

2.7 Investments

Listed investments are included at market value at the year end. Gains and losses on disposal and revaluation of investments are charged or credited to the Statement of Financial Activities.

2.8 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Donated items are not valued until sold. Consequently, no value is attributed to their stock carrying value, as this cannot be determined with certainty until sold.

2.9 Leasing commitments

Operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

2.10 Taxation

The charity is party to a group registration for VAT purposes and is therefore able to recover some but not all of the VAT the charity incurs. Irrecoverable VAT is charged as a single item in the Statement of Financial Activities.

The charity is exempt from corporation tax on its charitable activities and therefore no provision has been made for either corporation tax or deferred tax.

Where a trading subsidiary is registered for VAT the expenditure is shown exclusive of VAT.

Both trading subsidiaries have entered an agreement to covenant their taxable profits to the parent undertaking and therefore no corporation tax provision is required.

2. Accounting policies (continued)

2.11 Fund accounting

In the Trustees' opinion, with certain exceptions, the incoming resources and resources expended are all derived for the benefit of running the Hospice. Therefore, the Trustees choose to classify all income and expenditure as unrestricted. In certain instances, funds may be designated by the Trustees for specific purposes.

Where funds are received for a significant and specific project these are allocated to restricted funds. These funds are then used to meet the capital costs of that specific project by way of an annual depreciation charge set against the restricted fund. Any funds received in excess of the capital requirements of the project will be used to help with the associated future running costs of the project.

Other restricted funds are those funds donated for purposes specified by the donor and these are tracked and expended in accordance with the donors' wishes.

2.12 Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

3. Donations and legacies

	2021 £	2020 £
Donations and gifts	439,308	293,459
In memoriam	230,343	240,147
Regular giving and Gift Aid	96,131	71,451
Legacies	645,865	2,220,441
Grants received	1,197,027	-
	2,608,674	2,825,498

Grants from government sources received, included in the above, are as follows:	2021 £	2020 £
CJRS Furlough income	61,841	-
Sector support grant (via Hospice UK)	1,056,388	-
Sector support grant (via CCG)	76,798	-

4. Trading activities

Trading subsidiaries	2021 £	2020 £
Lottery income	994,999	1,101,300
Retail income	383,771	660,982
	1,378,770	1,762,282

Other trading activities	2021 £	2020 £
Fundraising events	105,703	465,402
Arthur Easton hall hire	90	6,838
Coffee shop and catering	5	20,312
Sundry income	12,098	19,298
	117,896	511,850

5. Investment income

	2021 £	2020 £
Income from UK listed investments	80,164	39,085
Deposit account interest	31,965	44,980
Rents	5,700	5,700
	117,829	89,765

6. Income from charitable activities

	2021 £	2020 £
Grants	2,316,290	2,252,214
Palliative care fees	157,823	186,423
Patient income	276	15,200
Rents	-	-
	2,474,389	2,453,837

	2021 £	2020 £
Grants from government sources received, included in the above, are as follows:		
Hastings and Rother CCG	2,316,290	2,252,214

7. Raising funds

	Raising donations £	Trading companies' costs £	Total 2021 £
Staff costs	358,487	347,380	705,867
Cost of sales	-	30,875	30,875
Lottery Prizes	-	156,788	156,788
Premises	10,149	107,190	117,339
Depreciation	15,938	33,448	49,386
Other direct costs	46,475	44,572	91,047
	431,049	720,253	1,151,302

2020 comparative

	Raising donations	Trading companies' costs £	Total 2020 £
Staff costs	349,088	362,548	711,636
Cost of sales	-	166,111	166,111
Lottery Prizes	-	160,433	160,433
Premises	12,600	172,318	184,918
Depreciation	18,834	33,630	52,464
Other direct costs	94,486	4,834	99,320
	475,008	899,874	1,374,882

8. Charitable activities costs

	Direct costs (Note 9)	Support costs (Note 10)	Totals
	£	£	£
Hospice services	4,524,189	789,873	5,314,062
Other	-	77,029	77,029
	4,524,189	866,902	5,391,091
2020 comparative			
Hospice services	4,476,256	779,792	5,256,048
Other	-	64,399	64,399
	4,476,256	844,191	5,320,447

9. Direct costs of charitable activities

	2021	2020
	£	£
Staff costs	3,535,687	3,316,864
Clinical costs	406,248	458,006
Training costs	30,130	50,549
Premises	142,182	176,508
Depreciation	223,268	263,849
Other direct costs	186,674	210,480
	4,524,189	4,476,256

10. Support costs

Support costs are as follows:

	2021 £	2020 £
Staff costs	747,392	730,579
Rates and water	451	281
Insurance	1,868	1,719
Light and heat	2,416	2,319
Telephone	1,689	1,499
Postage, stationery and IT	5,653	5,743
Sundries	8,480	8,714
Property rental	6,776	9,031
Repairs and maintenance	3,732	6,415
Freehold property depreciation	11,416	13,492
	789,873	779,792

Governance costs

	2021 £	2020 £
Bank charges	6,976	10,779
Legal and professional fees	45,314	33,650
Auditors' remuneration	10,750	8,800
Auditors' remuneration in respect of accountancy and other services	13,989	11,170
	77,029	64,399

11. Net income/expenditure

	2021 £	2020 £
Auditors' remuneration for Charity audit	10,750	8,800
Auditors' remuneration in respect of accountancy and other services, including the audit and accountancy fees of subsidiaries	13,989	11,170
Depreciation	284,071	336,530
Loss/(surplus) on disposal of fixed assets	389	(140)

12. Trustees' remuneration and benefits

There was no Trustees' remuneration or other benefits for the year ended 31 March 2021 nor for the year ended 31 March 2020.

Trustees' expenses

No expenses were reimbursed to any Trustee in the year to 31 March 2021. The Charity contributed £90 to a leaving gift for the retiring Chair. Expenses of £60 were reimbursed to one Trustee in the year ended 31 March 2020 to attend a trustee training day

13. Staff costs

	2021 £	2020 £
Wages and salaries	4,309,770	4,128,611
Social security costs	361,232	341,339
Other pension costs	310,928	295,182
	4,981,930	4,765,132

The average monthly number of employees (based on head count) during the year was:

	2021 Number	2020 Number
Nursing and medical	103	102
Catering and housekeeping	15	15
Maintenance	7	7
Training	2	3
Fundraising	11	11
Administration	24	24
Bereavement	8	7
Lottery	5	5
Retail	18	18
	193	192

13. Staff costs (continued)

The numbers of employees whose emoluments for the year fell within the following bands were:

	2021 Number	2020 Number
£60,000 to £69,999	2	1
£70,000 to £79,999	-	-
£80,000 to £89,999	1	1
£90,000 to £99,999	1	1
£100,000 to £109,999	1	-

The key management personnel comprise members of the Leadership Team. The total employee benefits of the key management personnel of the charity were £540,462 (2020 - £554,955).

14. Gains/(losses) on investments

	2021 £	2020 £
Realised gains	31,304	15,202
Unrealised gains/(losses)	400,701	(233,164)
	432,005	(217,962)

15. Comparatives for the statement of financial activities

	Unrestricted funds £	Restricted funds £	2020 Total funds £
Income and endowments from			
Donations and legacies	2,765,749	59,749	2,825,498
Charitable activities			
Hospice services	2,453,837	-	2,453,837
Subsidiaries' trading activities	1,762,282	-	1,762,282
Other trading activities	511,850	-	511,850
Investment income	89,765	-	89,765
Other income	-	-	-
Total	7,583,483	59,749	7,643,232
Expenditure on			
Raising donations	475,008	-	475,008
Trading companies' costs	899,874	-	899,874
Charitable activities			
Hospice services	5,247,857	72,590	5,320,447
Other expenditure	-	-	-
Total	6,622,739	72,590	6,695,329
Net (losses)/gains on investments	(217,962)	-	(217,962)
Net income	742,782	(12,841)	729,941
Transfers between funds	2,576	(2,576)	-
Net movement in funds	745,358	(15,417)	729,941
Reconciliation of funds	-	-	-
Total funds brought forward	14,405,252	41,302	14,446,554
Total funds carried forward	15,150,610	25,885	15,176,495

16. Tangible fixed assets

Group	Freehold property	Assets under construction	Fixtures fittings and equipment	Motor vehicles	Totals
	£	£	£	£	£
Cost					
At 1 April 2020	6,378,309	24,150	1,115,840	153,876	7,672,175
Additions	-	-	63,522	13,000	76,522
Transfers	-	(24,150)	24,150	-	-
Disposals	-	-	(5,358)	(5,370)	(10,728)
At 31 March 2021	6,378,309	-	1,198,154	161,506	7,737,969
Depreciation					
At 1 April 2020	1,447,249	-	974,959	121,304	2,543,512
Charge for year	178,828	-	86,703	18,540	284,071
Eliminated on disposal	-	-	(4,947)	(5,370)	(10,317)
At 31 March 2021	1,626,077	-	1,056,715	134,474	2,817,266
Net book value					
At 31 March 2021	4,752,232	-	141,439	27,032	4,290,703
At 31 March 2020	4,931,059	24,150	140,881	32,572	5,128,662

Included in freehold property is land of £152,761 (2020 - £152,761) which is not depreciated.

16. Tangible fixed assets (continued)

Charity	Freehold property	Assets under construction	Fixtures fittings and equipment	Motor vehicles	Totals
	£	£	£	£	£
Cost					
At 1 April 2020	5,412,821	24,150	1,090,953	108,814	6,636,738
Additions	-	-	63,371	13,000	76,371
Transfers	-	(24,150)	24,150	-	-
Disposals	-	-	(5,207)	-	(5,207)
At 31 March 2021	5,412,821	-	1,173,267	121,814	6,707,902
Depreciation		-			
At 1 April 2020	1,284,434	-	953,685	76,242	2,314,361
Charge for year	147,084	-	84,998	18,540	250,622
Eliminated on disposal		-	(4,947)	-	(4,947)
At 31 March 2021	1,431,518	-	1,033,736	94,782	2,560,036
Net book value					
At 31 March 2021	3,981,303	-	139,531	27,032	4,147,866
At 31 March 2020	4,128,387	24,150	137,268	32,572	4,322,377

17. Fixed asset investments

Group	Listed investments £	Cash held for investment £	Totals £
Market value			
At 1 April 2020	2,275,083	109,453	2,384,536
Additions	3,140,741	-	3,140,741
Disposals	(1,809,216)	-	(1,809,216)
Revaluations	400,701	-	400,701
Cash movement	-	(56,818)	(56,818)
At 31 March 2021	4,007,309	52,635	4,059,944
Net book value			
At 31 March 2021	4,007,309	52,635	4,059,944
At 31 March 2020	2,275,083	109,453	2,384,536

Charity	Shares in group undertakings £	Listed investments £	Cash held for investments £	Totals £
Market value				
At 1 April 2020	101	2,275,083	109,453	2,384,637
Additions	-	3,140,741	-	3,140,741
Disposals	-	(1,809,216)	-	(1,809,216)
Revaluations	-	400,701	-	400,701
Cash movement	-		(56,818)	(56,818)
At 31 March 2021	101	4,007,309	52,635	4,060,045
Net book value				
At 31 March 2021	101	4,007,309	52,635	4,060,045
At 31 March 2020	101	2,275,083	109,453	2,384,637

There were no investment assets outside the UK.

17. Fixed asset investments (continued)

The charity holds 20% or more of the share capital of the following companies:

Company	Country of incorporation	Shares Class	Shares %
St Michael's Hospice (Retail) Limited – 02404963	England & Wales	Ordinary	100%
St Michael's Hospice Lottery Limited – 03351501	England & Wales	Ordinary	100%

St Michael's Hospice (Retail) Limited operates many charity shops. St Michael's Hospice Lottery Limited supports the Hospice through fundraising largely from the operation of a lottery. Both companies covenant their taxable profits to the parent company where possible.

A summary of the result of these undertakings is set out below:

	St Michael's Hospice (Retail) Limited		St Michael's Hospice Lottery Limited	
	2021 £	2020 £	2021 £	2020 £
Turnover	153,582	660,983	994,089	1,100,259
Cost of sales	(5,426)	(8,489)	(182,237)	(278,452)
Gross profit	148,156	652,494	811,852	821,807
Administrative expenses	(453,488)	(592,379)	(109,292)	(103,380)
Other income	230,190	-	910	1,041
Net profit/(loss)	(75,142)	60,115	703,470	719,468
Assets – fixed and current	1,039,862	891,708	155,615	158,333
Liabilities	(1,114,219)	(890,923)	(155,541)	(158,259)
	(74,357)	785	74	74
Share capital	100	100	1	1
Retained reserves	(74,457)	685	73	73
	(74,357)	785	74	74

18. Stocks

Group	2021 £	2020 £
Stocks	55,329	61,413

Charity	2021 £	2020 £
Stocks	52,271	56,373

19. Debtors

Group: Amounts falling due within one year

	2021 £	2020 £
Trade debtors	22,054	129,689
Other debtors and prepayments	117,251	96,749
VAT	33,896	42,471
Accrued income receivable	146,394	246,670
	319,595	515,579

Charity: Amounts falling due within one year	2021 £	2020 £
Trade debtors	22,054	129,689
Amounts owed by group undertakings	283,194	57,454
Prepayments	111,309	91,729
VAT	28,291	36,191
Accrued income receivable	146,254	246,061
	591,102	561,124
Charity: Amounts falling due after one year		
Amounts owed by group undertakings	852,000	852,000
	1,443,102	1,413,124

Amounts falling due after more than one year relates to a loan to St Michael's Hospice (Retail) Limited, in order to purchase a new warehouse. Interest is being charged at 2.5% per annum, with £21,300 (2020 - £21,300) being received during the year. There are no fixed terms for repayment but the Trustees have given assurances that repayment won't be sought before January 2023.

20. Creditors
Amounts falling due within one year

Group	2021 £	2020 £
Trade creditors	250,302	132,079
Lottery ticket sales paid in advance	112,724	119,473
Other creditors	2,238	2,782
Accruals and deferred income	29,851	117,268
	395,115	371,602

Charity	2021 £	2020 £
Trade creditors	230,662	119,923
Amounts owed to group undertakings	-	-
Other creditors	653	2,402
Accruals and deferred income	30,604	110,998
	261,919	233,323

21. Operating lease commitments

Minimum lease payments under non-cancellable operating leases fall due as follows:

Group	2021 £	2020 £
Expiring:		
Within one year	60,510	74,778
Between one and five years	52,234	106,960
In more than five years	-	1,734
	112,744	183,472

Charity	2021 £	2020 £
Expiring:		
Within one year	20,727	27,034
Between one and five years	14,336	37,314
In more than five years	-	-
	35,063	64,348

22. Pension commitments

The charity operates two defined contribution pension schemes. Contributions are charged to the Statement of Financial Activities in the period to which they related.

For qualifying St Michael's Hospice Hastings and Rother staff, participation in the NHS Superannuation Scheme provides benefits based on final pensionable pay. However, the contributions paid by the charity in respect of the NHS Superannuation scheme are accounted for as if the scheme was a defined contribution scheme as the charity is unable to identify its share of the underlying assets and liabilities in the scheme. The Government Actuary, using the Projected Unit Method, determines contributions charged to the Statement of Financial Activities.

The total contributions paid to both pension schemes for the year ended 31 March 2021 are shown in note 13. The amount outstanding at the balance sheet date is £nil (2020 – £nil).

23. Movement in funds

Current year	At 1 April 2020 £	Net movement in funds £	Transfers between funds £	At 31 March 2021 £
Unrestricted funds				
General fund	4,821,948	798,611	(284,037)	5,336,522
Fixed assets	5,128,662	(284,071)	76,111	4,920,702
Strategic Development fund	2,000,000	-	-	2,000,000
Contingency fund	3,200,000	-	200,000	3,400,000
	15,150,610	514,540	(7,926)	15,657,224
Restricted funds				
Rolling equipment replacement	12,251	38,786	1,950	52,987
Other funds	13,634	33,844	5,976	53,454
	25,885	72,630	7,926	106,441
Total	15,176,495	587,170	-	15,763,665

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	6,611,456	(6,244,850)	432,005	798,611
Fixed asset fund	-	(284,071)	-	(284,071)
	6,611,456	(6,528,921)	432,005	514,540
Restricted funds				
Rolling equipment replacement	44,436	(5,650)	-	38,786
Other funds	41,666	(7,822)	-	33,844
	86,102	(13,472)	-	72,630
Total funds	6,697,558	(6,542,393)	432,005	587,170

23. Movement in funds (continued)

Comparative year

	At 1 April 2019 £	Net movement in funds £	Transfers between funds £	At 31 March 2020 £
Unrestricted funds				
General fund	3,823,569	1,079,312	(80,933)	4,821,948
Fixed assets	5,381,683	(336,530)	83,509	5,128,662
Strategic Development fund	2,000,000	-	-	2,000,000
Contingency fund	3,200,000	-	-	3,200,000
	14,405,252	742,782	2,576	15,150,610
Restricted funds				
Rolling equipment replacement	24,327	(7,293)	(4,783)	12,251
Other funds	16,975	(5,548)	2,207	13,634
	41,302	(12,841)	(2,576)	25,885
Total	14,446,554	729,941	-	15,176,495

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	7,583,483	(6,286,209)	(217,962)	1,079,312
	-	(336,530)	-	(336,530)
	7,583,483	(6,622,739)	(217,962)	742,782
Restricted funds				
Rolling equipment replacement				
Phoenix fund	38,582	(45,875)	-	(7,293)
Other funds	21,167	(26,715)	-	(5,548)
	59,749	(72,590)	-	(12,841)
Total funds	7,643,232	(6,695,329)	(217,962)	729,941

23. Movement in funds (continued)

Unrestricted funds

The Trustees have applied the funds as shown above. Of the available funds held at the year-end £4,920,703 (2020 - £5,128,662) is held in the form of land and buildings and other tangible fixed assets.

Contingency funds are calculated each year according to the reserves policy set out in the Report of the Trustees. This policy identifies the cash resources needed to sustain twelve months of net running costs in the event of a severe downturn in voluntary income.

The Trustees have retained a designated Strategic Development fund of £2,000,000 (2020 - £2,000,000).

The general fund at the year-end of £5,336,522 (2020 - £4,821,948) represents funds available to the Trustees to pursue and further the activities of the Hospice.

Restricted funds

Rolling Equipment Replacement – funds received to purchase new or upgrade existing equipment are recorded within the Rolling Equipment Replacement fund. Funds received during the year were all fully expended in accordance with their restriction, unless stated otherwise. The additional balance carried forward on the fund represents fixed assets held on the balance sheet.

Other funds – funds received for specific services or provision of small equipment where the balance remaining at the year end is less than £5,000.

24. Net Assets by fund – current year

Group

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	4,920,703	-	4,920,703
Investments	4,059,944	-	4,059,944
Current assets	7,071,692	106,441	7,178,133
Current liabilities	(395,115)	-	(395,115)
Net assets	15,657,224	106,441	15,763,665

Charity

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	4,147,866	-	4,147,866
Investments	4,060,045	-	4,060,045
Current assets	7,785,620	106,441	7,892,061
Current liabilities	(261,919)	-	(216,919)
Net assets	15,731,612	106,441	15,838,053

Net assets by fund – comparative year
Group

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	5,128,662	-	5,128,662
Investments	2,384,536	-	2,384,536
Current assets	8,009,014	25,885	8,034,899
Current liabilities	(371,602)	-	(371,602)
Net assets	15,150,610	25,885	15,176,495

24. Net assets by fund – comparative year (continued)

Charity

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	4,322,377	-	4,322,377
Investments	2,384,637	-	2,384,637
Current assets	8,676,162	25,885	8,702,047
Current liabilities	(233,323)	-	(233,323)
Net assets	15,149,853	25,885	15,175,738

25. Contingent liabilities

There were no contingent liabilities as at 31 March 2021 nor at 31 March 2020.

26. Capital commitments

The charity had no building commitments as at the year-end (2020 - £nil).

27. Contingent assets

The charity has been notified of one legacy (2020 – one) which is subject to a life tenancy or other such condition. The total amount of the legacy is estimated at £100,000 (2020 - £100,000). It has not been included in the accounts.