

20

Annual Report

20

A YEAR OF RESILIENCE

Registered Name	St Luke’s Hospice (Harrow & Brent) Limited																			
Registered charity Number	298555																			
Registered Company Number	02141770																			
Registered office and principal address	Kenton Grange, Kenton Road Harrow, Middlesex HA3 OYG																			
Trustees	Dr G Schiller – Chairman C Bennett L Bennister N Brier C Brodie R Elkeles Resigned 28 January 2021 C Glenn P Hill – Appointed 13 August 2020 M Lewis - Resigned 22 January 2021 S Livingston – Appointed 13 August 2020 R Majus C Melia-Tompkins N Radia – Appointed 13 August 2020 S Shah R Thakrar – Appointed 13 August 2020 G Wynne																			
Senior Staff	<table><tr><td>A Malde</td><td>Chief Executive Officer</td></tr><tr><td>Dr C Daniels</td><td>Medical Director</td></tr><tr><td>C Gell – Resigned 24 July 2020</td><td>People Director</td></tr><tr><td>G Jones – Resigned 15 July 2020</td><td>Head of Retail</td></tr><tr><td>U Reeve</td><td>Director of Patient Services & Registered Manager</td></tr><tr><td>H Richardson – Appointed 1 June 2020</td><td>Director of Fundraising</td></tr><tr><td>P Sundaresan</td><td>Director of Finance and Facilities. Head of Retail</td></tr><tr><td>N Villazan – Appointed 1 September 2020</td><td>Head of HR & Volunteering</td></tr><tr><td>R Wagstaff – Resigned 19 February 2020</td><td>Director of Fundraising & Communications</td></tr></table>		A Malde	Chief Executive Officer	Dr C Daniels	Medical Director	C Gell – Resigned 24 July 2020	People Director	G Jones – Resigned 15 July 2020	Head of Retail	U Reeve	Director of Patient Services & Registered Manager	H Richardson – Appointed 1 June 2020	Director of Fundraising	P Sundaresan	Director of Finance and Facilities. Head of Retail	N Villazan – Appointed 1 September 2020	Head of HR & Volunteering	R Wagstaff – Resigned 19 February 2020	Director of Fundraising & Communications
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R Wagstaff – Resigned 19 February 2020	Director of Fundraising & Communications																			
Principal Bankers	Allied Irish Bank (GB) 33-35 Wembley Hill Road, Wembley, Middlesex HA9 8AS																			
Auditors	Haysmacintyre LLP - 10 Queen Street Place, London EC4R 1AG																			
Solicitors	Curry Popeck - 380 Kenton Road, Harrow, Middlesex HA3 8OP																			
Investment Managers	Rathbone Investment Management, 8 Finsbury Circus, London EC2M 7AZ																			

Message from the Chairman, Gillian Schiller and Chief Executive, Alpana Malde	4
Trustee's Report	6
The size of our care	6
What we said/what we did - Mission Strand - 'Reach more people'	8
What we said/what we did - Mission Strand - 'Constantly improve what we do'	10
What we said/what we did - Mission Strand - 'Extend our impact through collaboration, innovation and education'	12
What we said/what we did - Mission Strand - 'Be an accountable and sustainable organisation'	14
Our supporters	16
Operational report	18
Financial review	21
Overview	21
Risk management	22
Pension liability	24
Reserves policy	24
Investment policy	25
Funding	26
Tangible fixed assets	26
Going Concern	26
Structure, Governance and Management	26
Senior Executive Remuneration	28
Statement of Trustees' Responsibilities	29
Independent Auditor's Report	30
Consolidated Statement Of Financial Activities	34
Charity and Group Balance Sheets	36
Statement of Consolidated Cash Flows	37
Notes to the Financial Statements	38

Message from the Chairman, Gillian Schiller and Chief Executive, Alpana Malde

Welcome to St Luke's Annual Report 2020. We would like to thank all our donors and supporters, our staff and volunteers who have helped us successfully navigate a year of crisis.

2020 – A year like no other

As reported in our Annual Report 2019, we took steps in 2018/2019 to address a significant financial deficit that threatened our future survival. As we entered 2020, we had reduced the deficit to a manageable level and were entering a period where we were able to consolidate and start making plans for the future.

In the first quarter of 2020, it was apparent that we were in the middle of a crisis the likes of which none of us had experienced. St Luke's was in the eye of this storm as North West London was the epicentre of the first wave of the pandemic. When the Prime Minister announced that we were going to lockdown, we had to rethink our working practices to continue to safely look after people in our community who needed our care and support more than ever.

We quickly found our feet and embraced new technology and ways of working, which enabled us to reach people in the community who needed us, while supporting the local NHS by enabling more people to be cared for at home by our services.

In the hospice building, we admitted as many patients as we could to relieve pressure on hospitals by admitting patients 7 days a week and till 11 pm every day.

We developed a number of educational resources such as videos for carers, Zoom sessions that staff in other settings could access. These allowed better care for people at a time when the NHS was completely overwhelmed, with its resources overrun by those who urgently needed care and treatment.

As you will see on the following page, we looked after more people than ever before both in beds in the hospice building, in the community and in people's homes. We are extremely proud that we were able to support our colleagues in the NHS by reducing pressure on services that were at breaking point.

We are also very proud of the fact that we enabled families to safely see their loved ones who were being looked after in the Hospice so that they could spend time with them and say farewell at the end of their life.

Financially, we braced ourselves for significant impact. We had to cancel all fundraising events, our shops were closed, and as we could not carry out any face to face activities our

other fundraising activities were severely curtailed. Sadly, we furloughed a number of staff. However, the whole Hospice team came together as one with everyone doing what it took to get things done. Thank you to all staff and volunteers who stepped up superbly over this last year. We could not have done it without you.

Sadly, due to the pandemic a number of our volunteers have been unable to return to their roles. This has impacted all areas of the Hospice and in particular, our shops. We wish to appeal to all of you to come forward and volunteer with us. Volunteering at St Luke's is fun and gives you the opportunity to feel more connected to people in your community. A number of volunteers in our shops go on to become employees as their skills develop. Come along and try it out. Contact volunteering@stlukes-hospice.org for more details.

The local community were absolutely fantastic and supported us in many ways. When we asked for PPE, we were inundated with it. The morale of staff was boosted by the donations of delicious food that arrived each day. When we put out a crisis appeal we had a phenomenal response. It is this outpouring of love and support that has sustained us and kept us wanting to do as much as we could. Thank you one and all, we are humbled by your affection for the Hospice.

Finally, we need to recognise that the Government supported the Hospice sector during this last year, with the Chancellor making £200 million available across the country to hospices, to enable us to support the NHS. We have therefore recorded a financial surplus of £2m for 2020 which will stand us in good stead as we emerge stronger and more resilient as an organisation. We are now setting out our strategic plans for the next 3 years. We will continue to do all we can to be here, doing ever more for our local community so that local people have the best possible last phase of life.



Gillian Schiller
Chairman



Alpana Malde
Chief Executive

The size of our care

During 2020, many of our services were redesigned to ensure patients and carers were provided with safe and effective care during the COVID-19 Pandemic. Whilst we increased the numbers of people we supported, the way we delivered the care radically changed. We were forced to close the outpatient and day services in the Woodgrange Centre; we provided as much of this as we could virtually and visited patient’s homes only when this was essential to their care.

	2020	2019
Total patients supported	1,824	1,677
Days of inpatient care	3,031	2,831
Individual people who attended day care and outpatients	57	193
Complementary Therapy and Physiotherapy sessions	1,602	2,496
Patients supported by Hospice at Home	508	384
Telephone calls, assessments and rapid response visits made by our Pall 24 teams	299 visits 6,585 telephone calls	558 visits 6,409 telephone calls
Patients supported by Community Specialist Palliative Care Team	548	478
Care provided by the Community Specialist Palliative Care Team	777 visits 10,383 telephone calls	1,423 visits 5,062 telephone calls
Social Work sessions	1,766	1,980
Bereavement Sessions	108	279

Ethnicity monitoring to embrace the diversity of the area we serve and ensuring promotion of equal access to hospice services.

	St Luke’s	%	Brent %	Harrow %
Indian	300	16%	18.6%	26.4%
Asian other	95	5%	9.8%	11.9%
Pakistani	10	0.5%	4.6%	3.3%
Chinese	11	0.6%	1%	1.1%
Black Caribbean	90	5%	7.6%	2.8%
Black African	25	1%	7.8%	3.6%
Black other	15	0.8%	3.4%	1.8%
White British	467	26%	18%	30.9%
White Irish	76	4%	4%	3.1%
Other White	99	5%	14.4%	8.2%
Mixed	19	1%	5.1%	3.9%
Other	55	3%	5.7%	3%

We have not included people who preferred not to provide ethnicity information.
Notes: Comparative data from 2011 census



What we said/what we did

Mission Strand – “Reach more people”

During 2020 we:

Cared for 1,824 people compared to 1,677 in 2019, an increase of 8.8%.



Reduced pressure on hospitals during the second COVID-19 surge by increasing admissions from hospital to the hospice by

250%

Recruited a new Wellbeing Manager post to develop and establish new upstream models of care in the hospice building and out in the community. Despite COVID-19, we have implemented new virtual services including art, music, physiotherapy and emotional and social support.

Cared for more people at home, our Hospice at Home service cared for 508 people (2019-384), an increase of

32.2%

The Brent Community Specialist Palliative Care Team cared for 548 people an increase of

14.6%



PRODUCED A RANGE OF VIDEOS TO ASSIST THE CONFIDENCE OF CARERS TO SUPPORT OUR PATIENTS DURING COVID-19 RESTRICTIONS.

991 WEBSITE VIEWS
621 YOUTUBE VIEWS



ADMITTED 9.2% MORE PEOPLE TO OUR BEDS THAN IN 2019, THROUGH EMBEDDING WEEKEND ADMISSIONS AS ROUTINE PRACTICE AND EXTENDING ADMITTING HOURS DURING WEEK DAYS.

Extended the hours of support provided by the Brent Community Palliative Care Team to 7 days a week from 8am till 6pm. This team previously worked 5 days a week from 9am till 5pm.

Appointed our first Social Prescribing Link Worker in partnership with other local charitable organisations and Harrow Primary Care Networks. This post works across the hospice and out in the community signposting and referring people to appropriate services, reducing social isolation and loneliness, keeping people living as well as possible. The service has exceeded expectations, with our link worker supporting 295 patients and carers between April and December 2020, (target 200) with issues relating to mental health and other concerns.

In 2021, we plan to:

- To work on improving the ability of the inpatient unit to meet demand for beds.
- We will continue to develop more initiatives to enhance people's wellbeing and improve their quality of life.
- Support people with palliative care needs who are experiencing isolation so that they are able to access practical help and emotional support.
- In order that people in Care Homes experience better end of life care we will seek to work with local partners to develop a “hospice-light” service so that we are able to reach more people in these settings by supporting staff to achieve better outcomes for people they care for.
- We aim to review and increase access to our bereavement service by 50%, and also to make the service more timely so that support is in place within 8 weeks of bereavement.



What we said/what we did

Mission Strand – “Constantly improve what we do”

During 2020 we:



· TRIPLED THE NUMBER OF PEOPLE WAITING LESS THAN 2 WORKING DAYS FOR AN INITIAL ASSESSMENT (25% TO 79%) BY OUR COMMUNITY SERVICE.



EXTENDED OUR MEDICAL CONSULTANT ON-CALL SERVICE TO COVER OUR INPATIENT AND COMMUNITY SERVICES 24/7, TO ACHIEVE BETTER OUTCOMES FOR PATIENTS IN DISTRESS.



DEVELOPED THE ROLE OF A HOSPICE CARE NAVIGATOR, AND IMPLEMENTED NEW PROCEDURES WHICH ENABLED 60% OF ALL REFERRALS TO BE ADMITTED TO A BED WITHIN 1 DAY AND A FURTHER 22% WITHIN 3 DAYS OF REFERRAL. WE ALSO MORE THAN HALVED THE NUMBER OF PEOPLE WAITING MORE THAN 4 DAYS FROM 33 TO 14.

Developed and established a Clinical Quality Manager post to lead our improvement work across the organisation.

Developed and gave out new COVID-19 carer kits in the community.

Facilitated final farewell visits for family members on the inpatient unit during the COVID-19 pandemic.



We enabled 7 in 10 patients to die in their preferred place of care.

Won the coveted Markel 3rd Sector development project National Award for collaborative work between our 24 hour palliative helpline and London Ambulance Service during COVID-19 and were a finalist for End of Life Care.

In 2021, we plan to:

- To improve the way we work with others to improve the impact of our services on patient outcomes and experiences
- We will continue to evidence the impact of new initiatives such as the 7/7 Community Service and consultant on call service.
- Work on an improvement plan to support the complex psychosocial needs of people we look after.
- To support people to be more involved and in control of decisions about their care.
- We will review practical issues such as transportation to and from the Hospice building for patients to improve access to our services.
- We will review processes in our inpatient unit so that we are making our service as safe and responsive as it can be.
- We will work to increase feedback from our patients and their families so that we continue to develop and improve services.



What we said/what we did

Mission Strand – “Extend our impact through collaboration, innovation & education”

During 2020 we:



Were recognised by the Medical Deanery for our educational capability and asked to train 3 Registrars in Palliative Medicine for the first time since the hospice was established.

Published an educational paper in an expert peer reviewed journal.

Had to cease onsite training placements for associate nurse, apprentice health care assistant, medical students and postgraduate training due to COVID-19.

We developed the first ever hospice funded PhD Fellowship. Based in the Department of Primary and Palliative Care at Cambridge University she will research “the factors which contribute to the quality of medical care in care homes” and help our work in this area in future.

Delivered Zoom training events to nearly

500

people including GPs, care home staff, primary care colleagues, pharmacists and residents and relatives of a national care home charity.

Trained all nurses in the inpatient unit, community services and 37 nurses in local care homes to verify expected death. This enabled speedier funeral arrangements and reduced the pressure on GPs during the pandemic.

Piloted 2 different models of Care home Workforce Skills Development for NHS Brent and NHS Harrow.

In 2021, we plan to:

- To use changes in the structure and delivery of Community Services in Harrow as an opportunity to improve patient experience by further local integration with partners.
- To extend the reach of our current education programme both in terms of topics and geographical areas covered.
- We will increase utilisation of volunteers in all our clinical services by developing roles to support better service delivery in all areas. Initially the aim is to have 20 new volunteers working in a variety of roles.
- Evidence the impact of the education delivered and work towards a funded education programme to improve skills in end of life care in all settings.



What we said/what we did

Mission Strand – “Be an accountable and sustainable organisation”

During 2020 we:

Introduced the pay scales for the NHS terms and conditions of service (Agenda for Change) in our clinical teams.

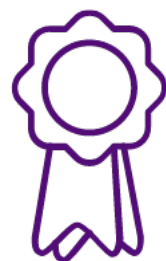
Increased our net income from voluntary fundraising year-on-year by



£167k

A 33% increase; during an uncertain year with COVID-19, our amazing supporters stood by us.

Strengthened our relationship with NHS commissioners to become an end of life care provider of choice.



**REWARDED AND RECOGNISED
STAFF WHO WERE NOMINATED
AS HOSPICE HEROES DURING
THE COVID-19 PANDEMIC.**

Introduced home working so that we were able to carry on functioning smoothly, while keeping our people safe.



IMPLEMENTED THE FINDINGS OF A RETAIL REVIEW THAT CONCLUDED TOWARDS THE END OF 2019 TO INCREASE NET PROFITS FROM THE RETAIL OPERATION BY 40% OVER THE NEXT 2 YEARS. IN 2020, SHOPS DELIVERED AN INCREASE OF 10% IN NET PROFIT YEAR ON YEAR DESPITE THE PANDEMIC.

In 2021, we plan to:

- We will continue to work with commissioners and local partners to identify new income streams and strengthen existing ones to further build our financial resilience.
- In 2021, we will continue to build on the relationships we have worked hard to develop with supporters, both long-term and new, and we will seek new partners and supporters to join us to further our work.
- Continue to improve the performance of our shops and improve internal collaboration between our income generation teams to maximise benefit for the hospice.
- We will continue to develop our workforce and improve our ability to recruit and retain the best talent to support the strategic aims of the hospice.



Our supporters

We are so grateful to every one of our supporters, who enable us to continue to provide end of life care to our patients and offer support for their families – making every moment matter. Everyone who makes a contribution, through making donations to and buying from our shops, making a cash donation, setting up a regular gift, taking part in an event, supporting through their business, playing our lottery, or making a gift in their will, is helping St Luke's to give the people we care for the best possible quality of life, each and every day. We could not do what we do without each and every one of you. Thank you.

2020 was a difficult year for everyone, and our amazing supporters were with us every step of the way; from responding so generously to our Crisis Appeal in the spring when times were so uncertain, to shopping with us when our shops were able to be open, to joining us online for the virtual events we held. We are thankful to have such a remarkable community standing alongside us.

We have a number of partners who make specific areas of our work possible, who give St Luke's Hospice significant support that enables our team to reach more people.

We are extremely grateful to the following Charitable Trusts and Foundations who have provided substantial support to us in 2020:

Albert Hunt Trust

Ambaben C Nathwani Trust

Betty Messenger Foundation

Childwick Trust

City Bridge Trust

The Dewan Foundation

February Foundation

Harrow Giving

Jean and Derek King Trust

The Kingsbury Charity

The Laing Family Trust

The Masonic Charitable Foundation

Maximus Foundation

Middlesex Province Relief Fund

The National Lottery Community Fund

Pink Ribbon Foundation

Rank Foundation

Shree Kutch Satsang Swaminarayan Temple

Sir Jules Thorn Trust

We also wish to acknowledge the incredibly generous support of key supporters who prefer to remain anonymous.



The charity is run in accordance with Charity Commission regulations and makes every effort to follow guidelines on best practice - aiming for excellence in everything that we do.

National standards of care are followed, such as the National Institute of Clinical Excellence guidelines, and we strive to uphold and establish best practice. Compliance and performance are reported to both Clinical Commissioners and the Care Quality Commission (CQC). The CQC undertake inspections at regular intervals, our current rating overall is good with no major cause for concern.

All facilities are managed in line with Health and Safety Executive regulation and guidance. We invest in training and developing our staff, being recognised with the Investors in People Bronze Award, and operating within ACAS guidelines. We are registered with the Fundraising Regulator, follow the Code of Fundraising Practice and adhere to Trading Standards and Gambling Commission regulations for our income generating activities.

Data Protection and the care of vulnerable people is taken very seriously and we have an Information Governance Working Group which meets regularly and also invites expert advice to ensure we care for personal data in line with Data Protection regulations, establishing the highest standards of working practice amongst our staff. Staff receive mandatory training on data protection, safeguarding and a range of other important topics. St Luke's has successfully completed the NHS Data Security and Protection Toolkit which measures our performance against national data security standards.



Complaints are taken very seriously and followed up immediately. We strive to learn from complaints and implement changes where practical.

Clinical complaints were very low, with one complaint made during the year. The complaint covered multiple issues including, dietary needs, communication and access to televisions. We responded to the complaint with a 'You said, we did' approach and made improvements in a number of areas including, standardisation in the use of dietary thickener, improved discharge communication and the provision of new televisions and other entertainment options.

During 2020 there was one complaint from a supporter about their lottery direct debit, where an administration error led to the direct debit not being cancelled as requested, which was resolved quickly upon notification, and a refund was offered. We also had one complaint regarding our lottery canvassers being noisy in a residential street; we informed the company we partner with who provides this service and the team in question was given additional training.

We received thirteen complaints about our shops during 2020. The complaints were predominantly based around customer service regarding donations, fly tipping occurring outside our shops, pricing in the shops and about the responsiveness of the bookings line. The complaints were followed up and dealt with in an efficient and timely manner.

Conclusion

We are proud that we have continued to be here for people who needed us during a very difficult year. As we look ahead we want to reach people earlier in their last phase of life and improve end of life care in all settings so that people in Brent and Harrow have the best possible care at the end of life. We are well placed to weather the aftermath of COVID-19 and will continue to serve the people of Harrow and Brent to the best of our ability.



Overview

The hospice recorded a surplus of £1,993k (2019 – deficit of £181k) for the year. The surplus was generated mainly on account of the following: (a) COVID support from NHS England (received via Hospice UK) of £1,333k (b) Support from HM Treasury through the Job Retention scheme of £404k (c) Increased NHS Commissioning Income of £2,533k (2019: £2,119k). Excluding lottery income and the effects of Gift aid transfer between Shops and Hospice, the net profit from shops for the year was £613k (2019: £559k).

Fundraising, Shops & Lottery

Fundraising events were severely disrupted during the year due to COVID social distancing rules. The disruptions resulted in a 70% drop in income from Events for 2020 compared to 2019. However, the income from Trust funds and individual donations were 50% and 28% higher respectively on a year-on-year basis. Income from legacies continued to remain strong at £937k (2019: £1,071k).

The retail lockdown during 2020 due to COVID had a significant negative impact on Over-the-counter (OTC) sales at shops during 2020. OTC sales at shops were lower by 48% on a year-on-year basis. The lockdown also adversely affected online sales, recycling income and gift aid income. The support from HM Treasury via the Job Retention scheme, the Retail grants received from the (Harrow and Brent) Councils and the receipt of the business interruption insurance aided the shops Company’s financial results for the year.

The investment made in 2019 on recruitment of lottery players resulted in a healthy growth in lottery income in 2020. Lottery income was higher by 16% year-on-year at 319k (2019: 274k).

Risk management

Indicator	Measure	Tolerance limits	Actions to mitigate
Serious untoward clinical or other incident resulting in death or serious harm to patient, supporter, staff or volunteer	No of incidents	Zero	Comprehensive competency training for staff. Detailed clinical policies and procedures to support clinical practice. Elaborate incident reporting and follow up at “clinical quality matters” forum.
Patient/Family complaint implying serious failings in quality of care	No of complaints	Zero	Complaints policy and procedures in place. Investigation and remedial action taken where necessary. Learning from complaints discussed at “clinical quality matters” forum.
Accidents and Near misses i.e. incidents that have potential to cause serious harm	No of incidents	2 similar incidents per quarter	All incidents investigated and remedial action taken as required. Duty of Candour implemented as per policy. Learning from complaints discussed at “clinical quality matters” forum. Recurring themes considered for quality improvement projects.
Serious data breach involving personal data	No of incidents	Zero	Information Governance policies, procedures and monitoring. Information Governance training and investment in enabling technology.
Conflict of interest resulting in trustees, staff or Volunteers or related parties benefiting commercially due to their relationship with the hospice	No of incidents	Zero	Policies and Procedures. Disclosures and declarations.
Level of reserves	No of months of clinical expenditure	< 6 months of operating expenditure in free reserves expected to occur.	Robust Financial sustainability plan. Close monitoring of financial performance.
Significant drop in trading or fundraising income	Gross income	>5% budgeted income	Detailed budgeting and forecasting Income. Regular and prompt monitoring of performance leading to remedial action.

Indicator	Measure	Tolerance limits	Actions to mitigate
Drop in statutory income	Contract Value	Zero	Building partnership approach with Clinical Commissioning Group (CCG). Evidencing outcome and impact of work. Offering new services based on CCG’s priorities.
Financial fraud	Amount lost	Zero	Robust Internal financial controls. Compliance with financial policies and procedures.
Lack of monitoring by Board and SET of progress against strategic plan	Lack of agreed KPIs against strategic aims	Zero	Regular meetings among Trustees and SET. Detailed discussions around KPIs with a view to taking corrective action if required.
Low staff morale	Staff Survey, complaints from staff	More than 30% of staff say they feel morale is low in a survey. More than 5 complaints/ grievances in a quarter.	Issues of general concern discussed at staff consultative group and Volunteers Hub. Established annual individual development review (IDR) process aimed at addressing individual morale issues among other matters.
Lack of robust policy framework to review and implement policies	Increase in H&S Incidents Policies not compliant	>1 H&S incident where we have not complied with legal requirements. More than 20% of our policies out of date.	Regular review of Policies by Governance Committees.
Lack of compliance with regulatory bodies CQC, Gambling Commission, Charity Commission	Complaint from member of public or whistleblowing by staff	Zero	Robust Internal controls. Compliance with policies and procedures. Training and mock inspections.
Loss of resources due to staff sickness	Increased workload on staff having to cover other posts/ complaints from staff	10% of workforce out of action.	Sickness figures monitored and reported. Individuals required to have “return to work” interviews and asked to attend occupational health if needed. Optimal staffing levels determined using the “Establishment Genie” methodology .

Pension liability

Before 1 May 2015, the hospice offered a multi-employer pension scheme providing a defined benefit (career average) pension for members. This scheme was closed to further accrual in July 2016. The scheme was a “last man standing” arrangement which means that the company could be potentially liable for other participating employers’ obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme.

The scheme is run by TPT and is in deficit. The last full scheme valuation in September 2019 resulted in the Hospice agreeing to pay approximately £68k each year in deficit contributions. This contribution will increase by 3% each year until 2027. The Scheme actuaries estimated in September 2019 that these deficit recovery payments from employers would be sufficient to return the scheme to a fully funded position. We were informed in 2016 that the cost to “buy out” the Hospice liability would be £4,900k. A Designated Reserve of £300k has been retained towards this potential future buy-out. The Board recognises this as a key risk and is monitoring the risk along with the Senior Team.

Reserves policy

As at 31 December 2020 the company had the following Designated and General Reserves:

	£ 000s	Timeline for use
Designated Fixed Asset Fund	4,983	The designated fixed asset fund represents the net book value of the Hospice’s fixed assets. It has been set up to assist in identifying funds which are not free funds.
Designated Shops Assets Fund	171	The designated shops asset fund has been set up to identify fixed assets of the shops company not covered by their working capital.

Reserves excluding fixed asset funds

General Fund	3,307	General purposes
Risk Management Reserve	1,542	General purposes – against perceived risks to income
Pension Deficit Reserve	300	Held towards a potential future buy-out of the Defined Benefit Pension scheme
Total	5,149	

Fundraising accounts for 15% of the Hospice’s gross total income. Income from the Charity Shops Company accounts for 30% of the Hospice’s gross income and around 26% of the gross income is earned from contracts with Harrow & Brent Clinical Commissioning Groups. As a result, the Hospice needs to ensure that it has a sufficient reserve of funds available to meet unexpected shortfalls in its funding streams, or sudden increases in costs.

The Board aims to maintain six months of operating expenditure as Reserves. That amounts to £2,512k (Operating expenditure for 2020 was £5,025k). Reserves (excluding Fixed Asset funds) as at 31st December 2020 were £5,149k. This is approximately 12 months’ of operating expenditure. Within the overall quantum of Reserves to be maintained, recognising the mix of income streams that the Hospice relies on to fund its work and the different risks associated with each income stream, the Board assessed each individual income stream and the potential risks associated with it. Each income stream was given a risk weighting and a potential reserve amount allocated. As a result, the Trustees agreed a target level of £1,650k of Designated Risk Management Reserves. This Risk Management Reserve was at £1,542k as at 31 December 2020. The Reserve was set up so that the Hospice is able to manage any unexpected shortfall in income to protect the needs of the patients served and also to give a reassurance of security for the staff. The surplus generated during the year was added to General Funds. The trustees have Designated Reserves equivalent to the fixed assets of the hospice and also of the subsidiary Charity Shops Company, which are not covered by that company’s working capital. This is to better identify funds that are available to cover specific risks.

The Finance & General Purposes Committee reviews the level of Reserves annually and considers any amendments to the policy which may be necessary and reports its conclusions to the Board. The current policy was approved by the Board in August 2021.

Investment policy

The Board, in 2016, appointed Rathbones PLC as investment managers to manage the investment portfolio. Approximately £1,600k was originally allocated to them to be held by them in underlying investments appropriate to the purpose and anticipated timescale of the designated reserve to which it relates. The value of those investments as at 31 December 2020 was £1,571k.

The Senior Executive Team monitors the performance of the investment funds and reports quarterly to the Finance & General Purposes Committee.

Funding

The Hospice's principal funding sources (as % of gross total income) during 2020 were:

- 15% Fundraising through donations and fundraising events (2019: 18%) excluding gift aided sales, gift aid recovered through charity and lottery
- 10% Legacy Gifts (2019: 14%)
- 30% Income from Trading Subsidiary (2019: 40%) including Gift Aided sales, Gift Aid recovered through charity and lottery including retail support from HMRC and councils
- 26 % Harrow & Brent Clinical Commissioning Groups (NHS) (2019: 27%)
- 14 % COVID Support from NHS England (2019: 0%)
- 5% Investment and other income (2019: 1%)

All of these funds are employed in providing the specialist palliative care which is the primary purpose of the Hospice.

Tangible fixed assets

Movements in tangible fixed assets are shown in note 10 to the financial statements.

Going Concern

The trustees have prepared the financial statements on a going concern basis and consider that no disclosures relating to the charity's ability to continue as a going concern need to be made in the financial statements.

Structure, Governance and Management

The Hospice was incorporated as St Luke's Hospice (Harrow & Wembley) Limited under the Memorandum & Articles of Association dated 22 June 1987 as amended on 8 January 1988, 11 November 1993, 15 August 2000, 26 June 2001 and 18 December 2008. In 1993, following local government reform, the Hospice changed its registered name to St Luke's Hospice (Harrow & Brent) Limited to reflect the change of name of part of its catchment area from the London Borough of Wembley to the London Borough of Brent.

The Company has a wholly owned trading subsidiary, St Luke's Hospice (Harrow & Brent) Charity Shops Ltd, through which it operates a network of charity shops and a Lottery. The

trading subsidiary exists to maximise income for the hospice and all profits are paid to the hospice using Gift Aid.

St Luke's is governed by a Council of Management (Board of Trustees). Trustees are appointed for an initial 3-year period and are eligible for re-election for a further 3 years. Thereafter a year must elapse before they are eligible to stand again. Those holding the posts of Chairman, Vice Chairman serve for an initial period of 3 years and are eligible for re-election for a further 3 years – this may be in addition to a term(s) served as a Trustee.

Trustees are appointed by the Board following open recruitment with internal and external press advertising. The Board reviews the skills it needs in deciding selection criteria to maintain breadth of skills. During the year 4 new trustees were recruited following an extensive process which included external advertising and open evenings for prospective candidates to find out more about the work of the hospice and the role of the Board.

All trustees are required to complete a thorough induction programme during their first 6 months in post including spending time with different departments in the organisation and attending different committee meetings. The induction process is supported and overseen by the Chair and the CEO.

The full Board usually meets quarterly. The Board held an annual strategy away day in October 2020 jointly with the Senior Executive Team as part of the process. The Board delegates consideration of key areas of its work to 3 standing committees: Finance & General Purposes, Clinical Governance and Income generation. Each Trustee sits on at least one of these committees, each of which usually meets quarterly in advance of the Board meetings. The Board has delegated certain powers to the Chief Executive Officer (CEO) who acts as a conduit between the senior staff and Trustees.

The Board has adopted a governance calendar to ensure that it systematically reviews key management information and data and satisfies itself that the Hospice is properly and correctly run enabling the Board to discharge its governance responsibilities in full.

The Hospice is a member of Hospice UK and works with it and a number of neighbouring hospices where collaboration is the best approach. The Hospice also strives to build good working relationships with the Harrow & Brent Clinical Commissioning Groups, from which it receives part of its funding. St Luke's also maintains links with a variety of professional associations which support the work of the staff.

Senior Executive Remuneration

The charity's approach to pay policy is consistent for our staff and the Executive team. Our policy is designed to enable us to attract, retain and motivate high performing Executive team members.

It also aims to demonstrate to our stakeholders (particularly funders and service users) that our pay levels are set to support delivery of the charity's aims and are an effective use of charitable funds.

The objectives of our pay policy are to:

- reward senior staff appropriately and enable the recruitment of a high calibre Executive Team ensuring our leadership has the skills and experience required to run St Luke's Hospice, an organisation caring for 1,800 patients every year with an annual income of over £7m, 140 paid staff and over 500 volunteers.
- ensure the proper use of the charity's resources in accordance with its aims and within affordable limits based on the financial circumstances of the charity
- be non-discriminatory, just and equitable in the evaluation of jobs and their remuneration by providing a stable framework for the remuneration of the Executive team
- operate within the law
- pay at a competitive level taking account of external market rates, with the aim being to set pay at the median level or above for comparable posts in the voluntary sector subject to the charity's financial position.

The charity publishes the salary of its key management personnel (Senior Staff listed on page 2) within its annual report. The number of staff paid over £60k is also published in accordance with the charity accounting requirements.

Executive pay is reviewed on an annual basis by the Pay and Reward Committee and is subject to approval by the Board of Trustees, which is responsible for ensuring proper application of our pay policy.

The Trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity 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 charity and group and of the incoming resources and application of resources, including the income and expenditure, of the charity and group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements;
- 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 of 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Trustees is aware at the time the report is approved:

- there is no relevant audit information of which the charity and group's auditors are unaware
- 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 auditors are aware of that information

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

In approving this Trustees' Report, the Board are also approving the Strategic Report included herein in their capacity as company directors.

By order of the Board

Gillian Schiller

Dr Gillian Schiller, Chairman

Date: 3/9/2021

Opinion

We have audited the financial statements of St Luke's Hospice (Harrow & Brent) Limited for the year ended 31 December 2020 which comprise the Consolidated Statement of Financial Activities, the Charity and Group Balance Sheets, the Statement of Consolidated Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2020 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity/group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report and the Message from the Chairman and Chief Executive. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 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 for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 17, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to compliance with regulatory requirements of the Care Quality Commission, Charity Commission, employment law and health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the

financial statements such the Companies Act 2006, the Charities Act 2011, payroll taxes and VAT.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to recognition of income and management bias in certain accounting estimates. Audit procedures performed by the engagement team included:

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

Matters on which we are required to report by exception

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

Use of our report

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



8/9/2021

Lee Stokes (Senior statutory auditor)
for and on behalf of Haysmacintyre LLP, Statutory Auditor

10 Queen Street Place, London, EC4R 1AG.

Consolidated Statement Of Financial Activities

(Including an Income and Expenditure Account) for the year ended 31 December 2020
St Luke's Hospice (Harrow & Brent) Limited

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2020 £'000	Total 2019 £'000
Income from:						
Donations and legacies						
. Donations	2	1,434	214	-	1,648	1,784
. Covid grants	2	159	1,333	-	1,492	-
. Legacies	3	937	-	-	937	1,071
		2,530	1,547	-	4,077	2,855
Charitable Activities						
. NHS commissioning		2,287	246	-	2,533	2,119
. Other income		163	-	-	163	43
	5	2,450	246	-	2,696	2,162
Other trading activities						
. Fundraising events	2	100	-	-	100	338
. Gross income from shops and lottery	4	2,631	-	-	2,631	2,412
		2,731	-	-	2,731	2,750
Investments		86	-	-	86	48
Total income		7,797	1,793	-	9,590	7,815
Expenditure on:						
Raising funds						
- Fundraising costs		529	-	-	529	673
. Fundraising events costs		214	-	-	214	267
. Shops and lottery expenditure		2,363	-	-	2,363	2,736
. Investment management costs		11	-	2	13	12
		3,117	-	2	3,119	3,688
Charitable activities						
. Inpatient services		95	1,612	-	1,707	1,620
. Day care services		463	30	-	493	295
. Homecare services		695	129	-	824	919
. Overall clinical support		1,515	23	-	1,538	1,642
		2,768	1,794	-	4,562	4,476
Total expenditure	7	5,885	1,794	2	7,681	8,164
Net expenditure before gains/ (losses) on investments						
		1,912	(1)	(2)	1,909	(349)
Net gains/(losses) on investments						
		(65)	-	(4)	(69)	168
Pension revaluation gain	11	153	-	-	153	-
Net expenditure	6	2,000	(1)	(6)	1,993	(181)

Consolidated Statement Of Financial Activities

(Including an Income and Expenditure Account) for the year ended 31 December 2020
St Luke's Hospice (Harrow & Brent) Limited

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2020 £'000	Total 2019 £'000
Net expenditure	6	2,000	(1)	(6)	1,993	(181)
Transfer between funds		-	-	-	-	-
Net movement in funds		2,000	(1)	(6)	1,993	(181)
Reconciliation of funds						
Total funds brought forward		8,303	6	225	8,534	8,715
Total funds carried forward		10,303	5	219	10,527	8,534

All amounts relate to continuing activities. There are no recognised gains or losses for the current or preceding financial year other than as shown above, therefore no Statement of Total Recognised Gains & Losses has been presented. Income and expenditure by fund for the year ended 31 December 2020 is given in note 19 to the accounts.

The notes on pages 38 to 58 form part of these accounts.

Charity and Group Balance Sheets

at 31 December 2020 Company Number 02141770

St Luke's Hospice (Harrow & Brent) Limited

Statement of Consolidated Cash Flows

St Luke's Hospice (Harrow & Brent) Limited

For the Year Ended 31 December 2020

		Group		Charity	
	Notes	2020 £'000	2019 £'000	2020 £'000	2019 £'000
FIXED ASSETS					
Tangible assets	10	5,155	5,274	4,977	5,006
Investments	11	1,571	1,652	1,571	1,652
		<u>6,726</u>	<u>6,926</u>	<u>6,548</u>	<u>6,658</u>
CURRENT ASSETS					
Debtors	12	1,921	850	3,233	2,077
Cash at bank and in hand		3,023	1,900	1,674	914
		<u>4,944</u>	<u>2,750</u>	<u>4,907</u>	<u>2,991</u>
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	13	(734)	(512)	(521)	(383)
NET CURRENT ASSETS		<u>4,210</u>	<u>2,238</u>	<u>4,386</u>	<u>2,608</u>
Long term liabilities (Pension deficit)	20	(409)	(630)	(409)	(630)
NET ASSETS	14	<u>10,527</u>	<u>8,534</u>	<u>10,525</u>	<u>8,636</u>
Represented by					
Unrestricted funds					
Designated funds		6,996	7,188	6,996	7,188
General fund		3,307	1,115	3,305	1,217
		<u>10,303</u>	<u>8,303</u>	<u>10,301</u>	<u>8,405</u>
Endowment funds		219	225	219	225
Restricted funds		5	6	5	6
	15	<u>10,527</u>	<u>8,534</u>	<u>10,525</u>	<u>8,636</u>

The net result of the charity's own activities for 2020 was a surplus of £1,440,147 (2019: deficit £149,000).

The financial statements were approved and authorised for issue by the Board of Trustees on 3/1/2021 and signed on their behalf by:

G Schiller
Chair of Trustees

Gillian Schiller

The notes on pages 38 to 58 form part of these accounts

	2020 £'000	2019 £'000
Cash flows from operating activities:		
Net cash flow provided by/(used in) operating activities (note A)	1,093	198
Cash flows from investing activities:		
Dividends, interest and rents from investments	86	48
Purchase of property, plant and equipment	-	(11)
Disposal of investments	585	152
Acquisition of investments	(556)	(150)
Change in investment cash	(17)	11
Proceeds from disposal of fixed assets	-	6
Pension creditor revaluation	(68)	-
Net cash used in investing activities	<u>30</u>	<u>56</u>
Change in cash and cash equivalents in the reporting period	1,123	254
Cash and cash equivalents at the beginning of the reporting period	1,900	1,646
Cash and cash equivalents at the end of the reporting period	<u>3,023</u>	<u>1,900</u>
A) Reconciliation of net (expenditure)/income to net cash flow from operating activities	2020	2019
	£'000	£'000
Net expenditure for the reporting period (as per the statement of financial activities)	1,993	(181)
Adjustments for:		
Depreciation charges	119	143
Losses/(gains) on investments	69	(168)
Gain on pension revaluation	(153)	-
Dividends, interest and rents from investments	(86)	(48)
Decrease/(increase) in debtors	(1,071)	374
Increase/(decrease) in creditors	222	58
Loss on disposal of fixed assets	-	20
Net cash flow provided in/(used in) operating activities	<u>1,093</u>	<u>198</u>
Analysis of cash and cash equivalents		
Cash at bank and in hand	3,023	1,900
Total cash and cash equivalents	<u>3,023</u>	<u>1,900</u>

	Balance at 1.1.20 £'000	Cash flows £'000	Other non- cash changes £'000	Balance at 31.12.20 £'000
ANALYSIS OF NET DEBT				
Total cash and cash equivalents	<u>1,900</u>	<u>1,123</u>	<u>-</u>	<u>3,023</u>

Notes to the Financial Statements

For the Year Ended 31 December 2020
St Luke's Hospice (Harrow & Brent) Limited

1. ACCOUNTING POLICIES

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

(i) Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

(ii) Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

Judgements made by the trustees, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are deemed to be in relation to the depreciation rates of tangible fixed assets and accruing for legacies which have not yet been received.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

(iii) Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised with the exception of investments which are held at fair value. Financial assets held amortised cost comprise cash at bank and in hand, together with

trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

(iv) Preparation of accounts on a going concern basis

The trustees consider there are no material uncertainties about the charity's ability to continue as a going concern. The review of our financial position, reserves levels and future plans gives trustees confidence the charity remains a going concern for the foreseeable future.

(v) Consolidation

These accounts consolidate the results of the charity and its wholly owned subsidiary, St Luke's Hospice (Harrow & Brent) Charity Shops Limited, on a line-by-line basis. A separate Income and Expenditure Account and Statement of Financial Activities is not presented for the charity alone as permitted by the Companies Act 2006 and Charities SORP.

(vi) Income

Income from donations, legacies and grants are recognised where there is entitlement, probability of receipt and the amount can be measured with sufficient reliability. Donations include related gift aid income.

The Shops company acts as agent to sell items donated with a gift aid declaration and to pass the resulting cash donations to the Hospice rather than record them as turnover within the Shops Company. The Hospice also receives the gift aid claimed on these donations.

Legacies are included when the Hospice becomes entitled to the funds and the sum receivable can be reliably quantified. Where they rely on the sale of property or investments, and thus do not have a certain valuation, an estimate of their value is disclosed in the notes to the financial statements.

Investment income is recognised on a receivable basis.

Income from charitable activities includes income from NHS contracts from the Harrow & Brent Clinical Commissioning Groups. They have been dealt with on a receivable basis as a contribution to running costs.

There have been no significant gifts in kind or donated goods and services during the year.

The value of services provided by volunteers is not incorporated in these financial

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020
St Luke's Hospice (Harrow & Brent) Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020
St Luke's Hospice (Harrow & Brent) Limited

statements. Further detail of the substantial contribution by volunteers can be found in the Report of the Trustees.

(vii) Expenditure

Expenditure is recognised when a liability is incurred. It includes VAT where this is not recoverable.

Expenditure on raising funds is the costs incurred in attracting donation income, organising and managing fundraising events, and the costs incurred in trading activities which raise funds.

Charitable activities include the hospice care services offered to inpatients, day care patients, those receiving hospice services in their own homes, and their carers and families. There are also a range of clinical and other services which apply to all these forms of hospice care. These costs include both the direct costs and support costs relating to these activities.

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, e.g., property costs by floor areas and other costs on the bases shown in Note 7.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with compliance with constitutional and statutory requirements. These have been allocated to activity costs on the same basis as support costs.

(viii) Tangible fixed assets

All assets acquired costing more than £2,500 are capitalised.

Leasehold properties	assets acquired prior to 2016 - over the term of the lease
	assets acquired after 2016 – shorter of 5 years or the remaining term of the lease
Fixtures and equipment	20%
Motor vehicles	20%
IT equipment and systems	20%

The freehold property is not depreciated as the amount of depreciation is considered to be immaterial.

Tangible fixed assets are held at cost and (except for the freehold property) depreciated on a straight line basis over their estimated useful lives as follows.

(ix) Investments

Investments are initially recognised at their transaction cost and subsequently valued at fair value at the Balance Sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Net gains/(losses) on investments' in the Statement of Financial Activities.

(x) Funds

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donors or which have been raised by the charity for specific purposes.

Endowment funds are restricted funds which are to be retained for the benefit of the charity as a capital fund.

The Hospice has a number of restricted income and capital funds. Details of the funds are given in the notes to the financial statements.

(xi) Pensions

The Group currently offers a qualifying defined contribution pension scheme to all staff. In addition the Group is a Direction Employer under the NHS Scheme.

National Health Service Superannuation scheme

This is a statutory superannuation scheme as defined in Section 6.12 (1) Income and Corporation taxes Act 1988, which has no invested funds. Contribution by employers (currently 20.68%) and members are accounted for to the Treasury and benefits are paid from the consolidated fund. This scheme is only open to staff who have been members of the NHS scheme in previous employment under the dispensation rules. The accounting charge represents the employer's contributions for the period.

Defined Contribution Scheme (Pensions Trust)

With effect from 1 May 2015 the group also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020
St Luke's Hospice (Harrow & Brent) Limited

payable under the scheme by the group. There is no liability under the scheme other than the payment of those contributions.

(xii) Taxation

No tax is payable due to the charitable status of the parent company. Taxable profits generated by the trading subsidiary are transferred to the parent company under gift aid.

(xiii) Leases

Operating lease rentals are charged to the Statement of Financial Activities over the period of the lease.

(xiv) Legal status

The charitable company is limited by Guarantee and does not have any share capital.

(xv) Employee benefits

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received. Termination benefits are accounted for on an accrual basis and in line with FRS 102.

(xvi) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

(xvii) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments.

(xviii) Creditors and provisions

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

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020
St Luke's Hospice (Harrow & Brent) Limited

2. DONATIONS - 2020

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
Individual donations	323	-	323	241
In memoriam donations	202	-	202	189
Community groups	147	-	147	160
Trust fund donations	182	214	396	262
Corporate donations	125	-	125	74
Major Donors	105	-	105	57
Gift aid	65	-	65	72
Donations & gift aid from sale of goods in shops	285	-	285	729
	<u>1,434</u>	<u>214</u>	<u>1,648</u>	<u>1,784</u>

Fundraising events in 2020 were adversely impacted by Covid-19 but despite that, they were successful in raising £99,783 (2019: £337,902).

DONATIONS - 2019	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000
Individual donations	241	-	241
In memoriam donations	189	-	189
Community groups	160	-	160
Trust fund donations	112	150	262
Corporate donations	74	-	74
Major Donors	57	-	57
Gift aid	72	-	72
Donations & gift aid from sale of goods in shops	729	-	729
	<u>1,634</u>	<u>150</u>	<u>1,784</u>
COVID GRANTS	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000
Hospice UK grants	-	1,333	1,333
HMRC Job Retention Scheme	159	-	159
	<u>159</u>	<u>1,333</u>	<u>1,492</u>

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020
St Luke's Hospice (Harrow & Brent) Limited

3. LEGACIES

In addition to the sum of £937,000 from legacies within income (2019: £1,071,000), the Hospice has also received notifications for legacies where the value is currently uncertain until property or equity sales are completed, or probate granted; due to the difficulty with the valuation in light of the uncertainties no estimation has been made for these legacies. In accordance with the Hospice's accounting policy for legacies, these are not included in these accounts on the grounds of uncertainty of measurement.

4. INCOME AND EXPENDITURE FROM SHOPS AND LOTTERY

The charity owns the entire share capital of St Luke's Hospice (Harrow & Brent) Charity Shops Limited, a company registered in England and Wales, which operates charity shops in support of the hospice funding. The subsidiary transfers to the Hospice under gift aid an amount not less than its taxable profits.

A summary of the trading results of the subsidiary is shown below. Audited accounts have been prepared in respect of the trading period for the year ended 31 December 2020.

	Total 2020 £'000	Total 2019 £'000
Turnover	1,650	2,138
Income from lottery	319	274
Government grants	662	-
	<u>2,631</u>	<u>2,412</u>
Cost of sale of purchased goods	3	7
Administration expenses	1,924	2,237
Lottery expenditure and prizes	151	200
	<u>2,078</u>	<u>2,444</u>
Gross direct expenditure of shops and lottery		
Net direct income from shops and lottery	553	(32)
Lease costs relating to shops recorded in Charity	(55)	(64)
Donations of goods under gift aid	227	584
Gift aid reclaimed	56	145
	<u>781</u>	<u>633</u>
Contribution generated by Charity Shops Ltd		

In addition to the gross direct expenditure shown above, additional indirect support costs of £229k (2019: £292k) relating to Hospice support services, are allocated to shops and lottery (see note 7).

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020
St Luke's Hospice (Harrow & Brent) Limited

5. CHARITABLE ACTIVITIES - 2020

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
NHS commissioning income	2,287	246	2,533	2,119
Service level agreement	<u>2,287</u>	<u>246</u>	<u>2,533</u>	<u>2,119</u>
Other funding	163	-	163	43
	<u>2,450</u>	<u>246</u>	<u>2,696</u>	<u>2,162</u>

NHS commissioning income in 2020 includes funding for the pilot Fast Track Brokerage project. The project has been extended until March 2022.

CHARITABLE ACTIVITIES -2019	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000
NHS commissioning income	1,873	246	2,119
Service level agreement	<u>1,873</u>	<u>246</u>	<u>2,119</u>
Other funding	43	-	43
	<u>1,916</u>	<u>246</u>	<u>2,162</u>

6. NET EXPENDITURE

	Total 2020 £'000	Total 2019 £'000
Net income is stated after charging:		
Depreciation	119	143
Auditor's remuneration	13	10
Other fees payable to auditors	3	5
Operating lease rental	<u>489</u>	<u>555</u>

7. EXPENDITURE - 2020

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020
St Luke's Hospice (Harrow & Brent) Limited

Basis of Allocation	Fundraising Costs £'000	Fundraising event costs £'000	Shops & Lottery expenses £'000	Investment Management costs £'000	Inpatient services £'000	Day care services £'000	Homecare services £'000	General clinical support £'000	2020 Total £'000
Staff costs									
Drugs and medical	313	105	1,020	-	1,022	376	514	774	4,124
Catering and housekeeping	-	-	-	-	55	-	-	-	55
Fundraising and community	111	36	-	-	-	-	-	138	138
Other direct costs	-	-	1,058	13	324	21	199	413	2,028
	424	141	2,078	13	1,401	397	713	1,325	6,492
Support costs									
Management	24	24	65	-	12	12	12	12	161
Finance	20	20	65	-	25	13	21	35	199
HR	17	8	99	-	69	10	23	48	274
Premises*	12	5	56	-	67	42	11	25	218
General overheads	32	16	-	-	133	19	44	93	337
	105	73	285	-	306	96	111	213	1,189
Total expenditure 2020	529	214	2,363	13	1,707	493	824	1,538	7,681
Total expenditure 2019	673	267	2,736	12	1,620	295	919	1,642	8,164

* The lease rentals borne by the hospice relating to two shops are allocated wholly to Shops and Lottery Expenses.

7. EXPENDITURE - 2019

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020
St Luke's Hospice (Harrow & Brent) Limited

Basis of Allocation	Fundraising Costs £'000	Fundraising event costs £'000	Shops & Lottery expenses £'000	Investment Management costs £'000	Inpatient services £'000	Day care services £'000	Homecare services £'000	General clinical support £'000	2019 Total £'000
Staff costs									
Drugs and medical	347	145	1,181	-	1,086	136	585	921	4,401
Catering and housekeeping	-	-	-	-	56	-	1	-	57
Fundraising and community	224	50	-	-	-	-	-	142	142
Other direct costs	-	-	1,263	12	177	49	228	377	2,106
	571	195	2,444	12	1,319	185	814	1,440	6,980
Support costs									
Management	23	23	62	-	12	12	12	11	155
Finance	22	22	72	-	27	14	23	38	218
HR	16	8	93	-	65	9	22	45	258
Premises*	16	7	65	-	96	60	15	36	295
General overheads	25	12	-	-	101	15	34	71	258
	102	72	292	-	301	110	106	201	1,184
Total expenditure 2019	673	267	2,736	12	1,620	295	919	1,642	8,164
Total expenditure 2018	537	388	2,504	12	1,638	423	999	1,721	8,222

* The lease rentals borne by the hospice relating to two shops are allocated wholly to Shops and Lottery Expenses

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020
St Luke's Hospice (Harrow & Brent) Limited

8. STAFF COSTS AND NUMBERS

	Total 2020 £'000	Total 2019 £'000
Salaries and wages	4,316	4,435
Social security costs	372	383
Pension costs	275	301
Total	4,963	5,119
Average number of employees (full time equivalents)		
Hospice	83	86
Shops	43	53
	126	139

Pension costs include an amount of £18,737 (2019 – £21,825) paid in respect of death in service cover for employees of the company.

There were on average 148 people employed (2019 – 164) full and part time.

During the year, 2 employees were paid gross salary between £60,000 and £70,000 (2019:2), 1 employee was paid gross salary between £70,000 and £80,000 (2019: nil) and no employee was paid gross salary between £80,000 and £90,000 (2019: 1).

The total remuneration for key management personnel included in staff costs above is £372,805 (2019: £382,952).

The employees were supported by 531 unpaid volunteers during the year (2019: 875).

9. TRUSTEES

None of the trustees received any remuneration or benefits in kind from the charitable company (2019: Nil). Expenses on behalf of one of the trustees or reimbursed during the year amounted to £765 (2019: £663).

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020
St Luke's Hospice (Harrow & Brent) Limited

10. TANGIBLE FIXED ASSETS

Group	Freehold properties £'000	Leasehold properties £'000	Fixtures & equipment £'000	Motor vehicles £'000	Total £'000
Cost					
Opening balance	4,932	599	131	11	5,673
Additions	-	-	-	-	-
Closing balance	4,932	599	131	11	5,673
Depreciation					
Opening balance	-	321	76	2	399
Charge for the year	-	92	25	2	119
Closing balance	-	413	101	4	518
Net Book Value					
At 31 December 2020	4,932	186	30	7	5,155
At 31 December 2019	4,932	278	56	8	5,274

Charity	Freehold properties £'000	Leasehold properties £'000	Fixtures & equipment £'000	Motor vehicles £'000	Total £'000
Cost					
Opening balance	4,932	33	120	-	5,085
Additions	-	-	-	-	-
Closing balance	4,932	33	120	-	5,085
Depreciation					
Opening balance	-	10	69	-	79
Charge for the year	-	6	23	-	29
Closing balance	-	16	92	-	108
Net Book Value					
At 31 December 2020	4,932	17	28	-	4,977
At 31 December 2019	4,932	23	51	-	5,006

Freehold properties otherwise represents the acquisition and conversion costs of Kenton Grange between 1992 and 2002 shown at historic cost and the costs of building the Woodgrange Centre completed in 2015.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020
St Luke's Hospice (Harrow & Brent) Limited

11. INVESTMENTS

	Total 2020 £'000	Total 2019 £'000
Market value at 1 January 2020	1,652	1,497
Additions	556	150
Disposals	(585)	(152)
Realised and unrealised gains/ (losses)	(69)	168
Movement in investment cash	17	(11)
Market value at 31 December 2020	<u>1,571</u>	<u>1,652</u>

The underlying investments of the portfolio are fixed income (£524k), equities (£723k), property (£61k), cash (£63k), and others (£200k).

12. DEBTORS: amounts falling due within one year

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade debtors	186	158	185	149
Other debtors	769	126	598	91
Prepayments and accrued income	966	566	830	407
Amounts owed by subsidiary undertaking	-	-	1,620	1,430
	<u>1,921</u>	<u>850</u>	<u>3,233</u>	<u>2,077</u>

13. CREDITORS: amounts falling due within one year

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade creditors	343	184	208	150
Other creditors	105	82	133	75
Taxation and social security	151	133	105	117
Accruals and deferred income	135	113	75	41
	<u>734</u>	<u>512</u>	<u>521</u>	<u>383</u>

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020
St Luke's Hospice (Harrow & Brent) Limited

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - GROUP – 2020	Unrestricted funds		Endowment Funds	Restricted Funds	Total 2020
	General £'000	Designated £'000	£'000	£'000	£'000
Tangible fixed assets	-	5,155	-	-	5,155
Investments	141	1,211	219	-	1,571
Net current assets	3,575	630	-	5	4,210
Long term liabilities	(409)	-	-	-	(409)
Net assets	<u>3,307</u>	<u>6,996</u>	<u>219</u>	<u>5</u>	<u>10,527</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - GROUP – 2019	Unrestricted funds		Endowment Funds	Restricted Funds	Total 2019
	General £'000	Designated £'000	£'000	£'000	£'000
Tangible fixed assets	-	5,274	-	-	5,274
Investments	143	1,284	225	-	1,652
Net current assets	1,602	630	-	6	2,238
Long term liabilities	(630)	-	-	-	(630)
Net assets	<u>1,115</u>	<u>7,188</u>	<u>225</u>	<u>6</u>	<u>8,534</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CHARITY – 2020	Unrestricted funds		Endowment Funds	Restricted Funds	Total 2020
	General £'000	Designated £'000	£'000	£'000	£'000
Tangible fixed assets	-	4,977	-	-	4,977
Investments	141	1,211	219	-	1,571
Net current assets	3,573	808	-	5	4,386
Long term liabilities	(409)	-	-	-	(409)
Net assets	<u>3,305</u>	<u>6,996</u>	<u>219</u>	<u>5</u>	<u>10,525</u>

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020
St Luke's Hospice (Harrow & Brent) Limited

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CHARITY – 2019	Unrestricted funds		Endowment Funds	Restricted Funds	Total 2019
	General £'000	Designated £'000	£'000	£'000	£'000
Tangible fixed assets	-	5,006	-	-	5,006
Investments	143	1,284	225	-	1,652
Net current assets	1,704	898	-	6	2,608
Long term liabilities	(630)	-	-	-	(630)
Net assets	1,217	7,188	225	6	8,636

15. FUNDS - 2020

	Opening balance £'000	Income £'000	Expenditure £'000	Investment Gains £'000	Transfers £'000	Closing Balance £'000
Restricted funds						
Inpatient funds	6	1,606	(1,612)	-	-	-
Day care funds	-	30	(30)	-	-	-
Homecare funds	-	129	(129)	-	-	-
Clinical funds	-	28	(23)	-	-	5
Capital funds	-	-	-	-	-	-
Total restricted funds	6	1,793	(1,794)	-	-	5
Endowment funds						
Alice Wisbey Capital Fund	23	-	-	1	-	24
D D McPhail	202	-	(2)	(5)	-	195
Total endowment funds	225	-	(2)	(4)	-	219
Unrestricted funds						
Designated fixed asset fund	5,006	-	(23)	-	-	4,983
Designated shops assets fund	267	-	(96)	-	-	171
Designated risk management fund	1,615	-	(10)	(63)	-	1,542
Pension liability reserve	300	-	-	-	-	300
Total designated funds	7,188	-	(129)	(63)	-	6,996
Unrestricted funds						
General charitable funds	1,218	5,166	(3,678)	(2)	601	3,305
General non-charitable trading funds	(103)	2,631	(2,078)	-	(448)	2
Total general funds	1,115	7,797	(5,756)	(2)	153	3,307
Total unrestricted funds	8,303	7,797	(5,885)	(65)	153	10,303
Total funds	8,534	9,590	(7,681)	(69)	153	10,527

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020
St Luke's Hospice (Harrow & Brent) Limited

15. FUNDS - 2019

	Opening balance £'000	Income £'000	Expenditure £'000	Investment Gains £'000	Transfers £'000	Closing Balance £'000
Restricted funds						
Inpatient funds	-	290	(284)	-	-	6
Day care funds	11	18	(29)	-	-	-
Homecare funds	-	5	(5)	-	-	-
Clinical funds	-	83	(83)	-	-	-
Capital funds	6	-	(6)	-	-	-
Total restricted funds	17	396	(407)	-	-	6
Endowment funds						
Alice Wisbey Capital Fund	20	-	-	3	-	23
D D McPhail	180	1	(2)	23	-	202
Total endowment funds	200	1	(2)	26	-	225
Unrestricted funds						
Designated fixed asset fund	5,019	-	(55)	-	42	5,006
Designated shops assets fund	413	-	(98)	-	(48)	267
Designated risk management fund	1,496	-	(9)	128	-	1,615
Pension liability reserve	300	-	-	-	-	300
Total designated funds	7,228	-	(162)	128	(6)	7,188
Unrestricted funds						
General charitable funds	1,514	5,007	(5,150)	14	(167)	1,218
General non-charitable trading funds	(244)	2,411	(2,443)	-	173	(103)
Total general funds	1,270	7,418	(7,593)	14	6	1,115
Total unrestricted funds	8,498	7,418	(7,755)	142	-	8,303
Total funds	8,715	7,815	(8,164)	168	-	8,534

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020
St Luke's Hospice (Harrow & Brent) Limited

15. FUNDS (continued)

A Pension Liability Reserve was set up in 2016 to reflect potential increases in the pension liability. When it was provided in full in 2017, the reserve was reduced. The balance in this fund will be used towards the cost of any future buy-out of the liability.

The late Mrs Alice Wisbey made a bequest to the Hospice with the instruction that the income therefrom should be applied for the comfort of the nursing staff. This is split between Income and Capital funds.

The restricted funds represent grants and donations received, from Trusts and individuals, where the use of the funds was restricted to a specific purpose by the donor. These funds have included contributions towards the cost of our In-patient unit, Day care services, Community and Homecare services, to the provision of complementary therapies and a number of other items.

The D D McPhail Charitable Settlement originally gave £150,000 as an endowment fund. No instructions were given about income so this is applied for the general purposes of the charity. The difference between the original fund value and the current fund value arises through revaluation of the underlying investment.

The designated fixed asset fund represents the net book value of the Hospice's fixed assets. It has been set up to assist in identifying funds which are not free funds. Similarly the designated shops asset fund has been set up to identify fixed assets of the shops company not covered by their working capital.

The designated risk management fund represents funds to provide a cushion against unexpected costs or shortfalls of income and thus to support the long-term future of the hospice. The balance in this fund as at 31 December 2020 was £1,542k most of which is managed by Rathbones, our investment manager.

The surplus arising out of the activities during the year of £1,993k resulted in the increase in unrestricted general charitable funds. The surplus for the year was generated mainly on account of COVID support from NHS England, Support from HM Treasury through the Job Retention scheme and Increased NHS Commissioning Income.

The general funds represent the unrestricted funds of the group and are therefore "free reserves".

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020
St Luke's Hospice (Harrow & Brent) Limited

16. OPERATING LEASE COMMITMENTS

The group has the following total commitments under non-cancellable operating leases:

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Amounts due:				
Within 1 year	489	510	63	60
Within one to two years	466	501	63	62
Within two to five years	911	1,206	188	188
After five years	417	657	165	237
	<u>2,283</u>	<u>2,874</u>	<u>479</u>	<u>547</u>

17. CAPITAL COMMITMENTS

The group has no capital commitments at the year-end (2019: none).

18. RELATED PARTY TRANSACTIONS

During the year, Trustees, Senior Executive Team members and their close family members donated £8,958 to the Hospice (2019: £3,481). There were no other transactions with related parties during the year (2019: none).

19. STATEMENT OF FINANCIAL ACTIVITIES IN THE PREVIOUS YEAR (2019)

	Unrestricted funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2019 £'000
Income from:				
<i>Donations and legacies</i>				
. Donations	1,634	150	-	1,784
. Legacies	1,071	-	-	1,071
	<u>2,705</u>	<u>150</u>	<u>-</u>	<u>2,855</u>
<i>Charitable Activities</i>				
. NHS commissioning	1,873	246	-	2,119
. Other income	43	-	-	43
	<u>1,916</u>	<u>246</u>	<u>-</u>	<u>2,162</u>
<i>Other trading activities</i>				
. Fundraising events	338	-	-	338
. Gross income from shops and lottery	2,412	-	-	2,412
	<u>2,750</u>	<u>-</u>	<u>-</u>	<u>2,750</u>
<i>Investments</i>	47	-	1	48
Total income	<u>7,418</u>	<u>396</u>	<u>1</u>	<u>7,815</u>

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020
St Luke's Hospice (Harrow & Brent) Limited

19. STATEMENT OF FINANCIAL ACTIVITIES IN THE PREVIOUS YEAR (continued)

	Unrestricted funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2019 £'000
Expenditure on:				
<i>Raising funds</i>				
- Fundraising costs	673	-	-	673
. Fundraising events costs	267	-	-	267
. Shops and lottery expenditure	2,736	-	-	2,736
. Investment management costs	10	-	2	12
	<u>3,686</u>	<u>-</u>	<u>2</u>	<u>3,688</u>
<i>Charitable Activities</i>				
. Inpatient services	1,337	283	-	1,620
. Day care services	266	29	-	295
. Homecare services	914	5	-	919
. Overall clinical support	1,552	90	-	1,642
	<u>4,069</u>	<u>407</u>	<u>-</u>	<u>4,476</u>
Total expenditure	<u>7,755</u>	<u>407</u>	<u>1</u>	<u>8,164</u>
 Net expenditure before gains on investments	 (337)	 (11)	 (1)	 (349)
Net gains on investments	142	-	26	168
	<u>(195)</u>	<u>(11)</u>	<u>25</u>	<u>(181)</u>
Net expenditure				

20. THE CAREER AVERAGE REVALUED EARNING SCHEME (PENSIONS TRUST)

Before 1 May 2015, the group offered a multi-employer pension scheme providing a defined benefit (career average) pension for members.

The company participated in the scheme, a multi-employer scheme which provides benefits to some 36 non-associated employers. The scheme is a defined benefit scheme in the UK.

It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020
St Luke's Hospice (Harrow & Brent) Limited

Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

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

A full actuarial valuation for the scheme was carried out at 30 September 2016. This actuarial valuation showed assets of £60.45m, liabilities of £85.3m and a deficit of £24.6m.

A full actuarial valuation for the scheme was carried out at 30 September 2019. This valuation showed assets of £79m, liabilities of £93.9m and a deficit of £14.9m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2021 to 30 September 2027:	£1,530,000 per annum (payable monthly and increasing by 3.0% each year on 1st April)
---	---

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

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

PRESENT VALUES OF PROVISION	31 December 2020 (£000s)	31 December 2019 (£000s)
Present value of provision	<u>477</u>	<u>704</u>

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020
St Luke's Hospice (Harrow & Brent) Limited

20. THE CAREER AVERAGE REVALUED EARNING SCHEME (PENSIONS TRUST) (continued)

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

Year ended
31 December 2020
(£000s)

Provision at start of period	704
Unwinding of the discount factor (interest expense)	9
Deficit contribution paid	(74)
Re measurements - impact of any change in assumptions	14
Re measurements - amendments to the contribution schedule	(176)
Provision at end of period	477

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	2020 £'000	2019 £'000
Amounts due within one year	68	74
Amounts due after one year	409	630
	477	704

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

ASSUMPTIONS

31 December 2020
% per annum

31 December 2019
% per annum

Rate of discount	0.42	1.31
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The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.





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