

Company number: 02588395

Charity Number: 1002856

St. Michael's Hospice (North Hampshire)

(Company Limited by Guarantee)

Group Report and financial statements

For the year ended 31 March 2021

St. Michael's Hospice (North Hampshire) and subsidiary company

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St. Michael's Hospice (North Hampshire) and subsidiary company

Reference and administrative information

For the year ended 31 March 2021

Company number 02588395
Country of incorporation United Kingdom

Charity number 1002856
Country of registration England

Registered office and operational address Basil de Ferranti House
Aldermaston Road
Basingstoke
Hampshire
RG24 9NB

Patrons Val Buckley The Earl of Portsmouth

Honorary Life President Mr A Soundy

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

A Chancellor	Chair
E Verney	Vice Chair
M Poulter	Treasurer and Secretary
C Burghes	
M Dolby	Appointed 17 April 2020
C Hutchings	
P Kaye	
J Lyons MBE	Appointed 9 November 2020
D Salisbury	
C Thiriet	Appointed 17 April 2020, Resigned 7 December 2020
C de Ferranti	Resigned 9 November 2020
H Freeman	Resigned 12 January 2021
S Scott-Malden	Resigned 9 November 2020

Key management

I Cameron	Chief Executive
J Astles	Finance Director
C Griffiths	Commercial Director
H Maskell	Director of People and Culture
J Storrar	Medical Director Appointed 1 July 2020
M Partridge	Director of Medical Services Seconded 30 June 2020
J Spreadbury	Director of Patient Services Resigned 28 Feb 2021

St. Michael's Hospice (North Hampshire) and subsidiary company

Reference and administrative information

For the year ended 31 March 2021

Bankers	Lloyds Bank PLC 2, Winchester Street BASINGSTOKE, RG21 1EB
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108-114 Golden Lane LONDON EC1Y 0TL
Investment Managers	CCLA Fund Managers Limited Senator House 85 Queen Victoria Street LONDON EC4V 4ET

The trustees present their report and the audited financial statements for the year ended March 31, 2021.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association, the requirements of a directors' report as required under company law, and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

St. Michael's Hospice is registered under the Health and Social Care Act 2008 (Regulated Activities) and the Care Quality Commission (Registration) Regulations 2009.

Objectives and activities

The trustees review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

Purposes and aims

The work of hospices is ultimately to provide a good death for people. What we saw nightly on our news programmes this year was our health service desperately trying to do just that but under the cruellest of circumstances as it was so vital to minimise human contact. The images of families unable to say goodbye to loved ones except through a computer screen, who didn't get to spend precious time in those final days reflecting on the good times, brought into stark relief why those communities who have a hospice value them so dearly.

St. Michael's purpose is to enable people faced with life limiting illness, their families and carers, to attain the highest possible quality of life by providing a choice of specialist care and support. In this extraordinary year we were able to fulfil this purpose in continually changing and challenging circumstances.

We enabled people still to die in a place of their choosing, with their loved ones at their side, having lived their final days and months in the best health and as free from pain as is possible.

We did this through the courage, resilience, passion and compassion of our clinical teams and through the professionalism and determination of all the supporting teams. And that really is the

picture for this year that this report will focus on: 2020–21 cannot be compared to the year before and will not be a benchmark for the years that follow.

To achieve our purpose, we have a clearly defined set of aims:

- ensure that all dying people have access to the very best medical care and support wherever and whenever they require it, allowing them to be as free as possible from unpleasant symptoms and pain
- support and care for our patients' families and loved ones who play a crucial role in their wellbeing
- allow our patients to die with dignity in a place of their choice.

We meet our aims through the following activities:

- providing specialist palliative medical and nursing care in our In-Patient Unit (IPU) for critical and complex cases and in people's homes through our Hospice at Home team
- taking the lead in coordinating end of life and palliative care to the community across all stakeholders: the NHS, local GPs, Social Services and ourselves
- therapeutic day care services for patients in the community
- occupational therapy, physiotherapy, and complementary therapy services
- providing family, spiritual and bereavement support
- befriending service
- community and professional education.

In the short term, delivering our aims means having the best clinical staff on hand to care for our patients, a dynamic team to raise the vital funds needed, and a dedicated staff for all the necessary support functions.

During this last year we knew our staff would be under incredible strain to deliver our services and we focussed on their health and wellbeing to enable them to do their roles. We added a staff intranet to increase communication channels from the Chief Executive so that everyone could always know what was happening whether they were at the hospice, working from home or furloughed. During the height of the crisis, daily communications were sent out along with weekly reports from the Medical Director. Our complementary therapy teams offered staff custom blended aromatherapy oils. The HR team frequently signposted staff to health and wellbeing resources that were available either through our private health provider, were part of the Hospice UK Hub initiative or were available through corporate partnerships.

The Hospice is not exempt from the shortage of nursing staff occurring across the county. To ensure that we offered working conditions competitive with other local healthcare providers, we reviewed our terms and conditions and instituted joining and referral bonuses. We also invested in video assets to be sure that prospective employees fully understood the advantages of working for St. Michael's.

During the earliest days of the crisis, the Hospice also fulfilled its aim to ensure that all dying people have access to the very best medical care by getting up and running a palliative care hub. By keeping patients who could stay at home out of the hospital, pressure was relieved on hospital wards. Working together with Hampshire Hospital NHS Foundation Trust (HHFT), Southern Health NHS Foundation Trust and the local GP surgeries, the COVID-19 Hub, based and operated by St. Michael's:

- provided 24hr telephone advice for not only all the palliative patients within North Hampshire at this challenging time, but also specific Covid advice for health care professionals aiming to keep Covid patients at home.
- The hub itself was a point where local healthcare professionals could come to collect required clinical equipment and end of life medication for their patients.

We were also joined in the Hospice by the local Macmillan team from HHFT to enable them to work away from the hospital. What grew out of this arrangement begun from necessity was a much stronger working relationship between the two community teams, ours and the Macmillan team. Working in close proximity improved communication between the two teams so that the transfer of patient care from one team to the other became more fluid, to the great advantage of the patients and their families. The move was such a success that the team is now based here permanently, and our aim is to take the lead in coordinating end of life and palliative care to the community.

In the financial year 2019-2020, we set our long-term objectives through the development of our strategic plan. The plan focuses on:

- Developing sustainable partnerships
- Being financially balanced and self-sufficient
- Enhancing training, education and investment in people
- Investment in and extension of our services.

Despite the circumstances of the last year, all of these objectives continued to be addressed and are at the forefront of the Senior Leadership Team's (SLT) plans.

For the first point, as well as the relationships we nurtured during the establishment and running of the COVID-19 Hub, we were able to make room for the HHFT Lyford Unit to return to Basingstoke after they had to be relocated to Winchester to make room in the Hospital for Covid patients. The Lyford Unit provides treatment, investigative and therapeutic procedures and consultations to patients with a variety of long-term or prolonged conditions.

Thanks in part to initiatives from the government to provide funds to hospices, run a furlough scheme and provide retail grant funding scheme, combined with the cost saving measures we also implemented, we were able to continue our services. Without this support from the government, we would have needed to heavily draw on our reserves during the year.

The quick-thinking and flexibility of our fundraising teams, who came up with novel ways to engage our supporters, from virtual events to Facebook dog shows, meant we also continued to bring in donations despite the challenging circumstances of lockdown and social distancing. A debt of thanks is also due to the Friends of St. Michael's Hospice who, because all their events had to be cancelled, ran an appeal which raised over £250,000. Our retail team also helped by moving quickly to get an eBay store up and running as soon as that was allowed.

The clinical and non-clinical Blue Stream Academy eLearning suite which we run is designed to mean training and development can run inhouse at any time which suits the individual. This facility meant we were able to ensure that our staff maintained their continued investment in their skills.

During the year we also developed and launched a Compassionate Neighbours Scheme which will extend our services.

Strategic report

Achievements and performance

The charity's main activities and the people it seeks to help are described below. All its charitable activities focus on the provision of specialist palliative care and support services to the terminally ill, their carers and family, and are undertaken to further St. Michael's Hospice's charitable purposes for the public benefit.

Significant Achievements

The following are key achievements for the past year.

- i. Appointment of a Medical Director
- ii. First phase of leadership and management programme
- iii. Completed full review of Clinical Services
- iv. Facilitated the continuation of secondary care services during the pandemic
- v. Launched an organisational values-based appraisal process
- vi. Increased staff engagement through digital media
- vii. Increased referrals to Hospice at Home through integration with the Macmillan Team
- viii. Complete review of all Hospice policies and procedures.

Principal activities and performance

Care Services provision

Care is provided to patients with a diagnosis of a life-limiting illness. Care is provided both in their own homes or at the Hospice in either our IPU or for visiting day patients in our treatment rooms. Covid meant that during this last year, we were limited in the extent to which patients could come to the Hospice for treatments. Care service provision is broken down for discussion into IPU, Hospice at Home, Therapies, and Family Support Services.

1. In-Patient Unit (IPU)

The IPU provides 10 beds for those patients whose conditions are the most critical and complex and who would therefore benefit from a period of intensive care. During the year there were 225 (2020: 207) admissions to the IPU and the average length of stay was 8.8 days (2020: 12.1).

Some of the work done on the IPU is to stabilise patients and allow them to return home. This is demonstrated by the fact that 95 (2020: 57) patients were able to return home after a period on the IPU. While there are fluctuations in this number year on year, the increased number of patients returning home this year is partly because of the introduction of a new daily discharge meeting. The IPU staff start parallel planning for discharge from the start of the admission, resulting in earlier discussions with patients and families about what they would need to be in place prior to discharge. We are then better prepared for when the patient is well enough to be discharged.

Measuring performance can be difficult but we monitor key indicators from our VOICES survey, which is mailed to all families following a bereavement, as well as through Friends and Family Feedback cards. Results of these are monitored on an ongoing basis by our Quality and Governance Manager so that any important issues are immediately passed for follow up to senior members of the clinical team and the SLT where necessary. All the results are collated annually and published on our website. Monitoring feedback this way promotes a culture of transparency and continual improvement as well as providing learning opportunities.

One of our aims is to 'ensure that all dying people have access to the very best medical care and support wherever and whenever they require it, allowing them to be as free as possible from unpleasant symptoms and pain', and the latest figures from the report for January 2020 to Dec 2020 show the following:

- 100% (2019: 81%) of respondents strongly agreed that there was enough help with nursing care
- 86% (2019: 87%) of respondents said they received enough emotional support on the IPU
- in terms of pain relief whilst on the IPU, more than 86% (2019: 79%) stated that pain was completely relieved either always or some of the time

Another of our aims is to 'allow our patients to die with dignity in a place of their choice'. Achieving this can be difficult as the end of life may not always proceed in the way it was expected. The VOICES survey showed that 77% (2019: 60%) of patients wanted to die at home and that of those who had a preference, 57% (2019: 60%) achieved their preferred place of death. However, reflecting perhaps the degree to which things can change, 98% (2019: 90%) of respondents felt overall that their loved one died in the right place. Importantly, 95% (2019: 99%) of respondents felt the patient was always treated with dignity and respect by the nurses, 92% (2019: 95%) by the doctors.

Trustees' annual report

For the year ended 31 March 2021

The Hospice worked hard during the year to prevent having to suspend all family visits and the guidance on visitors was regularly reviewed. While visiting restrictions did have to be put in place at the height of the crisis, families were never totally restricted from coming to the Hospice.

Enjoyed having meals with my husband. Excellent food, staff catered very generously to all our needs.

- Responder to our VOICES survey

NB Data used here is from 89 returned surveys out of 197 which were posted and may not be truly reflective of all patients and their families that had accessed SMH services in the months leading up to their death in this survey period. It is no longer possible to benchmark our results as the survey, conducted by the Office for National Statistics, has not been run nationally since 2015.

2. Hospice at Home

The Hospice at Home service used to be called the St. Michael's Hospice Community Palliative Care Team (SMHCPCT). The service is provided 365 days a year from 08:30 to 22:00. It allows patients to remain in their own homes, where the majority want to be, while still receiving the Hospice's specialist palliative nursing and medical care. The service provided 1,709 (2020: 1,854) hours of care. 260 (2020: 229) new patients were referred to the service.

Evaluating the performance of Hospice at Home can also be done through the VOICES survey.

- 86% (2019: 78%) of the respondents (where pain was an issue) felt that pain was relieved completely either always or some of the time.
- 84% (2019: 78%) of respondents also felt there was relief of symptoms other than pain e.g. sickness, breathlessness.
- 95% (2019: 85%) of respondents felt the care received was exceptional or excellent.

Naturally, the kind of intensive, round the clock care that is available on the IPU cannot be replicated in home visits so it is to be expected that some of these numbers will be lower than those on the IPU.

Part of our important work in the community also involves coordinating the care of those in their homes across all the clinical services and professionals who may be involved, for instance, GP surgeries, community nurses and social services. Last year, 92% (2019: 88%) stated that there was good communication between Hospice at Home and other professionals and 99% (2019: 99%) of respondents said that they felt the patient was treated with dignity and respect at all times.

My husband and I were extremely pleased with the amount of time given at each visit. The nurses never seemed in a hurry – this was so much appreciated.

- Responder to our VOICES survey

3. Therapies

Part of offering the full range of care and support to our community means providing therapeutic day services, physiotherapy, and occupational therapy as these play a vital role in patients' well-being. The therapy team often work at home with patients from an early stage in their diagnosis, allowing them to build a bond of trust with patients and their families.

Covid prevented our **therapeutic day services** from being able to see out-patients in the Hospice, but the team carried on their support by telephone when in-person visits were not allowed. They quickly started video sessions where it was appropriate to continue to support patients with improving and managing their symptoms. At any one time, the Therapeutic Day Services is caring for around 93 (2020: 90) patients.

An important part of managing symptoms such as pain and anxiety is **physiotherapy** which can help the patient to adapt to any changes in their condition. Getting help with symptoms such as breathlessness and fatigue can allow patients to remain as physically able and independent as possible. There were 639 (2020: 1,140) face-to-face physiotherapy sessions during the year. To address being able to care for patients who couldn't visit the weekly outpatient session, 119 sessions were conducted virtually including weekly yoga sessions.

Living with a progressive illness can be made easier by making adaptations to the environment and **occupational therapy** can support patients to do so. By providing patients and their families with solutions to challenges brought on by their deteriorating condition they can make the most of their time. As well as working with patients in their homes, occupational therapists work with patients on the IPU who are preparing for discharge to ensure their homes are adapted if necessary and providing equipment to help with needs. During the year, there were 878 (2020: 1,201) occupational therapy sessions.

4. Family Support Team

The Family Support team encompasses bereavement services, social work, chaplaincy, clinical psychology and complementary therapy.

Our **social worker** can provide expert advice and assistance to patients and families looking to access benefits and support outside the Hospice. 113 (2020: 101) new patients were referred to the social worker during the year.

The **bereavement service** for family members, including children and carers, is provided by both staff and volunteers. Due to the challenge of Covid and recruitment difficulties, we struggled to run this service to the standard that we would like during the year. However, at the end of the year we were able to recruit a high calibre bereavement lead to join the team and we look forward to better supporting our bereaved families in the future. We did run bereavement evenings as Covid restrictions lifted; we re-introduced monthly Bereavement Evenings in November 2020 and have continued to run them on a monthly basis in a Covid secure environment.

Trustees' annual report

For the year ended 31 March 2021

The availability of a Chaplain to provide **spiritual and religious care** throughout the year has proved greatly beneficial to our patients and also to our staff. This care is designed to cater for all faiths and to those who would not see themselves as having a faith. Our Chaplain was particularly appreciated during the height of the Covid restrictions in the winter of 2020/21 when we did have to limit visitors on the IPU but he could be there for patients. During the year 265 chaplaincy visits were made.

The **complementary therapy team** work alongside the medical staff offering treatments to help symptom management – treatments are provided on the IPU and during this year patients and their families were also supported by telephone consultation. After consultation, bespoke aromatherapy oils were posted out and these treatments were also delivered to staff. Complementary therapists delivered 258 treatments during the year.

Other related activities

Environmental enhancements. Facilities management carried out several projects during the year to keep the Hospice buildings and grounds in good order. A full check was completed on all doors for fire safety purposes to ensure compliance with legislation and phase I and II of the project to replace doors was completed. Phase III will be completed in the first quarter of the new year.

In addition, a water risk assessment was completed to ensure compliance and an electrical wiring hotspot check was also carried out. Tree surgeons were employed to crown the tall trees which line our entrance way and new bumper rails were installed all around the IPU. New flooring was also laid in the Turner Centre.

Projects that had to be postponed during the year have all been rescheduled and will be completed in 2021.

Good that as a visitor I could get drinks and cake. Pleasant gardens, reception staff very friendly.

- Responder to our VOICES survey

Staff feedback/engagement Monthly Hospice Forum meetings are held, chaired by the CEO, with all staff welcome and encouraged to attend. These continued during the year but were conducted by Zoom. A monthly staff bulletin is also emailed out and was added to the intranet for those staff working from home or furloughed.

Regretfully the Hospice was unable to hold any away days for staff, but these are already being planned for the next financial year.

Education and Training Our investment in Blue Stream Academy for our training and education needs was rewarded this year. When so much needed to be done virtually, staff could continue to access this vital resource

All staff have the opportunity for 1–2–1 sessions to discuss possible education and training pathways and professional development.

Student placements are regularly offered to student nurses from the Universities of Southampton and Surrey. Student evaluation of their placements is very positive.

Through our Return to Nursing programme, we offer a flexible programme for those who have been out of nursing for some time. This continues to be a valuable source of new recruits.

Relative and Patient Feedback We gather feedback from relatives a few months after a death through the "Voices" survey which provides management with extremely valuable patient and carer feedback and is used to improve service provision. Of those who complete the survey, 100% (2020: 94%) would recommend our services. As a way to gather more immediate feedback, and to involve patients as well as relatives, we also have 'Your Experience Matters to Us' postcards throughout the IPU which can be filled in and deposited into a box anonymously. From these postcards, 96% (2019: 97%) would recommend our services.

Website development The Hospice had committed to a new website at the start of the financial year and that work was carried out as planned. The new website has better facilities for a staff intranet portal, sharing of resources with other health care professionals, as well as enhanced features to increase revenue. The site launched in January 2021 and by the end of the year there was a 50% increase in the number of people signing up for an event who added a donation to their entry. There was also a significant increase in t-shirt sales.

Income generation

The Hospice relies on a wide range of income generation activities to fund the above services. In a year without Covid funding, over 70% of our costs are paid for by community fundraising income. North Hampshire CCG continues to provide funding to support our IPU and community services.

The development of future services and the implementation of our strategy rely on our ability to generate significant additional funding. Whilst all our services relieve pressure on our NHS colleagues by preventing hospital admissions, there has not been a significant increase in the substantive yearly grant from the NHS for a number of years. That said, they have made additional yearly one-off payments for certain initiatives. This of course makes the sustainability of services more challenging. Therefore, we rely on our fundraising activities to provide the majority of income for current and future services.

Fundraising in 2020/21 has seen the fundraising department achieve revenues of £904,000 (2020: £994,000), a decrease of 9% against the previous year but a remarkable achievement in a year when so much was cancelled.

There was an increase in legacy income to £529,000 (2020: £447,000) and we continue to increase awareness of Gifts in Wills. Net profit from the lottery and scratch cards fell to £167,000 (2020: £195,000). Our scratch cards are sold at in our stores and at events so the decrease in net profit was to be expected.

Trustees' annual report

For the year ended 31 March 2021

During the year, all the Hospice's scheduled events were cancelled except for the autumn Golf Day. In their place, virtual events were created where possible and these were well supported by the community. All the fundraising events held in the community were also cancelled along with collections and campaigns.

We are also supported by The Friends of St. Michael's Hospice who have been fundraising for us since inception of the Hospice. Their contribution significantly increased this year -- despite the cancellation of their events -- due to an extraordinary appeal they held in April 2020. In addition, in March 2021 they launched an appeal to increase regular givers. Their income was in excess of £250,000 (2020: £85,000).

Overall fundraising made a contribution of £1,179,000 (2020: 1,211,000).

Code of fundraising practice We are registered with the Fundraising Regulator and comply with all the relevant standards set out in the Code of Fundraising Practice. This report covers the requirements charities must follow as set out in the Charities Act 2016.

The charity mainly generates funds from its existing supporter database and does not utilise third-party professional fundraisers. All street collections and door-to-door fundraising was cancelled during the year due to Covid. During the year the charity changed its basis for gaining consent to contact people from an opt-in basis to a legitimate interest basis. This was undertaken after extensive consultation with an external company specialising in GDPR compliance.

We received one complaint in the financial year and it was from a store customer complaining about being challenged for not wearing a mask. It was dealt with as soon as it was received and to the satisfaction of the complainant by our Head of Retail without needing to be escalated. Had it not been satisfactorily dealt with by the Head of Retail, it would have been escalated to the SLT. The Head of Retail regularly reports to the SLT and Trustees so any lessons regarding complaints can be learnt.

The fundraising team also receive weekly reports from the Fundraising Preference Service ensuring that they can swiftly act on anyone who has requested not to hear from us. There have been no requests through this service since 2017.

Vice Patrons Initiative In recognition of the significant achievements by individual supporters, we honour those individuals as our Vice Patrons. Fifty-three supporters were recognised in the current year (2020: 54). The post is for one year and is awarded annually.

Retail. Our retail sales were affected by Covid from the middle of March 2020 through to middle of April 2021. During this time, the shops were closed for extensive periods and when open the operations were affected by the need to restrict the number of staff, volunteers and customers who could be in the stores at any one time. Total retail income was £594,000 (2020: £1,776,000). Included in this income is £79,000 (2020: £2,000) from the success story for the year, online sales

through eBay. In addition, a successful business interruption insurance claim of £321,000 was made for the first lockdown. Unfortunately, when the second lockdown happened the insurance contract had been renewed and the business interruption clause updated to specifically exclude pandemics.

Retail expenditure for the year was £1,290,000 (2020: £1,336,000), resulting in a loss of £375,000 (2020: profit £440,000). This loss is mitigated by furlough income in respect of retail staff of £238,000.

Volunteer engagement Volunteer support for the Hospice in all appropriate areas of activity has historically always been very strong. This year we began standing our volunteers down for their own safety and the safety of our staff and patients from March 2020. Volunteers remained away until the summer when our retail operations reopened and those that were comfortable doing so returned to support those operations. We have since also welcomed back our gardening volunteers as well.

Many services could not be provided without volunteer input, and others would suffer staff shortages or additional staff costs. During the year volunteers contributed 14,958 hours (2020: 80,172 hours) of their time. The notional value of this equates to £196,700 (2020: £791,000). The notional value is determined by costing each role as if it were undertaken by a paid member of staff.

St. Michael's Home Care As was detailed fully in our report for the financial year 2019/20, this subsidiary was wound up in December 2020 was in administration in December 2020 and entered liquidation on 7 January 2021.

In April 2020, before the seriousness of Covid was known, the Calleva Foundation provided £20,000 of funding to try and help the business through what was perceived as a short-term problem. However, the Covid issues proved to be long term and resulted in the closure of the business.

The business is in liquidation and there is no information available as to if or how much is available to pay creditors.

Financial review, Reserves Policy and Going Concern

Financial Review

The Hospice had a challenging year, but thanks to the support of the Government in the form of funding from NHS England, retail grants via Local Authorities, the furlough scheme and Hospice held insurance policies the result before gains in the value of investments is a surplus of £591,000. As can be seen below, without the afore mentioned one off funding, there would have been a deficit of £1,046,000.

St. Michael's Hospice (North Hampshire) and subsidiary company

Trustees' annual report

For the year ended 31 March 2021

	"Normal" Activities £'000	Government Funding £'000	Total £'000	2020 £'000
Income				
Donations and legacies	1,609	–	1,609	1,442
Charitable activities	1,000	1,637	2,637	912
Retail	914	–	914	1,768
Home Care including gain on disposal	447	–	447	741
Lottery and Events	354	–	354	460
Investments	94	–	94	106
Total income	4,418	1,637	6,055	5,429
Expenditure				
Hospice	5,001	–	5,001	5,187
Home Care	463	–	463	873
Total expenditure	5,464	–	5,464	6,060
Income less expenditure	(1,046)	1,637	591	(631)

Total Hospice income for the year was £3,971,000 compared with £4,687,000 the previous year – a decrease of £716,000. There is an increase in donations of £85,000, due in part to an appeal by and other income from The Friends of St Michael's Hospice which raised in excess of £250,000. Legacies increased by £82,000.

The most significant drop in income was retail income due to the three prolonged periods of lockdown when the shops were closed. The total decrease was £1,175,000, although there was a successful business interruption claim of £321,000 and online income grew by £77,000 during the year.

Hospice expenditure of £5,001,000 was £185,000 less than the previous years. This was a combination of staff savings due to a redundancy programme, furlough savings and rent savings due to the generosity of several of our landlords offering a rent holiday.

Investments

The Hospice invests in three funds which are managed by CCLA Fund Manager Ltd. The investment committee meets with the fund manager annually to discuss the investments and their continued suitability. During the year £300,000 was transferred from the Deposit Fund and invested in the Ethical Fund. The total returns for the year can be summarised:

	Return	Benchmark
Charities Investment Fund	24.31%	22.90%
Charities Ethical Fund	23.87%	22.90%
Charities Deposit Fund	0.08%	-0.04%

Reserves Policy

General Reserves: The charity aims to hold sufficient general reserves to protect against a sudden short-term decline in income so that a full range of services can continue to be provided. If the level of income is not restored, then the Trustees have time to plan and implement change in a controlled way. The Trustees have reviewed the risks associated with income and expenditure and believe that cover for six months' expenditure, net of guaranteed income, should be sufficient to allow this to happen.

Income generation is becoming increasingly challenging for all charities and the Trustees also hold reserves to invest in the short to medium term income generation strategy.

The policy is reviewed each year and the target level of general reserves is calculated at the end of the financial year based on the budget for the coming year. The Finance Committee meet regularly to monitor results and future forecasts.

The target for 2021–22 is £3,047,000. On the 31 March 2021, the actual general reserves (excluding fixed assets, but not land) was £4,421,000. However, it is deemed prudent to discount the fair value reserve by 50%, giving a surplus of £682,000.

Due to the uncertainties around future income as a result of the Covid 19 pandemic, excess reserves will not be invested in additional services until the organisation has a better understanding of results from Income Generation. The reserves policy is based on business as usual scenario and does not take into account the potential further detrimental impact of Covid19. The trustees consider it to be prudent to hold additional reserves at this time.

Designated Reserves: The Trustees have created three designated reserves during the year.

- **Property improvement fund:** there is a programme of works on the IPU, which due to the restrictions imposed by the Covid 19 pandemic, was not possible to complete in the financial year. The Trustees have designated funds to complete the programme during 2021/22.
- **Insurance fund:** the success of the business interruption insurance claim will result in increased premiums for years to come. The Trustees have designated the portion of the claim which was paid as a result of the Supreme Court decision in December 2020 to disallow the insurers from withholding the so-called pandemic factor (retail sales were declining even before the first lockdown), to cover this increase over the next five years.
- **Training fund:** one of the key aspects of the five-year strategy is to “enhance training, education and invest in our people.” And within the strategy there is a programme to build an internal learning programme for all staff. This fund will allow for the development of the collateral for an ongoing management training programme.

Restricted Reserves: There are three types of restricted reserves.

- **Property:** restricted donations were received for various large building projects which were all completed by April 2014. Restricted reserves are held to cover the depreciation costs of these buildings.
- **Equipment and support programmes:** where funding has been received for specific use and has not been expended in the year.
- **Funds received and spent in the same year:** most funds received in the year are expended during the year on the day-to-day operation of the Hospice, particularly staff costs which are almost 75% of the total cost of operating the Hospice.

Significant funds were received and expended during the year from:

- NHS England
- The Friends of St Michael's Hospice
- The Rank Foundation
- The Calleva Foundation

Investment Policy: St. Michael's Hospice's articles of association give the trustees the power to make any investments considered appropriate. The responsibility for the investment policy is delegated to the Investment Committee which follows a policy of investing surplus funds in long term assets such as equities, bonds and property and places cash on deposit to further the Hospice's aims by generating investment income and capital growth and as a reserve against any future shortfall in income. The funds are invested with CCLA, a charity specialist investor, in their COIF Charities Investment and Ethical Investment Funds with a view to generate an income yield together with potential capital growth, dependent on market conditions. The Finance Committee reviews the investment policy annually as well as the performance of CCLA. The Hospice seeks to balance maximising long-term returns and avoiding undue risk and volatility in capital values.

Going Concern

The Trustees have reviewed the budgets and plans for the period to 31 August 2022 and are content that based on what they believe is the worst-case scenario, the Hospice is a going concern.

Principal risks and uncertainties

The Hospice has monitoring systems in place for financial, clinical, and organisational risk. The CEO and Senior Leadership Team continually monitor and formerly undertake periodic reviews of the Risk Management Register before sharing annually with Trustees, A scheme of scoring is used and high level risks, defined as those which have a risk of 20+ after mitigating factors, are reported to the Board, by the CEO, on a quarterly basis and the Risk Management Register is reviewed by the Board twice a year.

The main risks at the 31 March 2021 were:

1. Nurse Recruitment and Retention

With over 38,000 nursing vacancies and no national NHS workforce strategy in place St. Michaels like many are finding recruitment of nursing staff enormously challenging. Competing against NHS trusts who have dedicated recruitment teams has dictated St. Michael's take a pragmatic approach to successful future recruitment.

The Hospice has fully revised its management structure, terms and conditions, and development opportunities for its clinical staff to ensure we are competitive with other local health care providers. An investment in creating videos with its current staff to demonstrate the advantages of working here are fully marketed on its website.

During the year, funding from a trust was secured to be able to offer a 3-year Clinical Nurse Specialist post, from April 1, 2021. This is a great boost to the skills and reputation of the Hospice.

- 2. Insufficient income:** The impact of the COVID-19 pandemic has yet to be fully felt by St. Michael's with a great deal of unknowns looking ahead. The last year saw a catastrophic impact on traditional income generation methods with huge falls in retail, fundraising income this was mitigated by income from one off COVID-19 government funding, insurance policy and other successful grant applications secured.

Any loss in statutory income may result in a reduction in services, loss of jobs and Hospice closure.

A new Income Generation strategy has been adopted to identify and develop income streams whilst enhancing opportunities with existing ones. A new Marketing and Communications strategy will be developed to underpin the Income Generation strategy whilst extending the reach of the donor base. It will be assisted by maintaining effective spending controls, budgeting, and reserves management.

- 3. Clinical IT Systems:** Poor care planning, ineffective care, unsafe services and patient data not shared with other care providers. Increased drug errors as a result of multiple systems in place and no audit trail of data updates and deletions.

An information communication technology (ICT) strategy being developed to address the increasing technological requirements concerning patient data and use of shared Hospice and HHFT IT systems in conjunction with the wider healthcare system. Back-up measures are in place if systems fail, and secure login is required for all systems – clinical and non-clinical.

Plans for the future

During 2020, our new strategy for the next five years was launched. The overarching aim of St. Michael's Hospice is to 'Increase the reach of Hospice services and the quality of our care'. The SLT kept these four goals in mind during the year and ensured that at all times the Hospice was working towards achieving them.

- **Developing Sustainable Partnerships**
We look to develop relationships to achieve better integration into the local Health & Social Care system and enhance partnership working with key individuals in Primary Care Networks and Care Homes. We aim to develop User Groups to improve services, respond to changing local needs and build an engagement programme to educate and promote our work in schools.
- **Being Financially Balanced and Self-Sufficient**
During 2021 we developed an Income Generation Strategy and completed a comprehensive review of all services and structures to ensure they are feasible and financially sustainable.
- **Enhancing Training, Development, and Investing in our People**
We will continue to invest in our workforce through competitive terms and conditions and initiate a structured leadership and management scheme to develop our staff and increase opportunities. In the coming years we will build an internal learning program for all staff whilst developing the Hospice as a training facility for local healthcare professionals.
- **Investing and Extending our Services**
We aim to be compliant in all five Care Quality Commission domains and achieve an 'Outstanding' rating. We will establish a Family Support Team with a focus on anticipatory grief through the appointment of a Clinical Psychologist. We look to enhance our services in the community to increase access to our services and work alongside Care Homes to raise the quality of care.

The response of our staff, volunteers and community to support the Hospice during this last year proved that the Hospice can meet the toughest of hurdles and these goals will ensure we can continue to provide our services well into the future.

Structure, governance and management

The company was established on 5 March 1991 under a memorandum of association which set down the objects and powers of the charitable company and is governed under its articles of association and was registered as a charity on 10 May 1991.

Structure and Governance

St Michael's Hospice is governed by the Board with each member in accordance with the Charities Act serving as a trustee. The Board is responsible for approving the strategic plan and the annual budget and ensuring that sufficient resources are provided to allow the Hospice to fulfil the purpose for which it was established.

All trustees give their time voluntarily and receive no benefits from the charity. The trustee board meets quarterly and there are three board sub-committees: Finance and General Purpose (including remuneration and investment policy), Income Generation, and Clinical Governance.

Appointments to the Board are ratified at the subsequent annual general meeting.

The current and future trustee base is seen as representing a good cross-section of accounting, medical, business and corporate governance, and local community input.

Management

Operational activities are delegated to employed staff via the Chief Executive who is responsible to the Board for overall management of the business and the provision of care and services which in the role of Responsible Individual meet the requirements of the Health and Social Care Act 2008 and comply with guidance provided by the Care Quality Commission.

The SLT at St. Michael's Hospice ensures strategic direction is maintained and is led by the Chief Executive. Members of the team are:

- Medical Director
- Finance Director
- Commercial Director
- Director of People and Culture

The Management Team are responsible for dealing with the day-to-day operations of St. Michael's Hospice. The team is led by the Chief Executive and, as well as the members of the SLT include the:

- Quality & Governance Manager and Family Support Services Lead
- IPU Lead
- Registered Manager and Hospice at Home Lead
- Therapy Lead
- Head of Fundraising
- Head of Retail
- Voluntary Services Manager
- Communications Manager
- Management Accountant
- HR Manager
- Head of Facilities

The Chief Executive meets regularly with the Chair and other trustees to discuss issues and progress against objectives.

Appointment of trustees

New trustees are identified according to skills required and vacancies arising. Two new trustees were recruited during the year with three leaving during the year. One trustee was appointed and resigned during the year. We are currently recruiting for two more trustees.

New trustees are proposed by either internal or external recommendation or recruitment and are interviewed by the Chair and another trustee. All trustees are then invited to comment confidentially on suitability prior to a vote of the board of trustees being taken.

Trustee induction and training

Trustees receive a comprehensive briefing on the role from the Chairman and Chief Executive and have access to an induction pack published by Hospice UK along with documentation on the Hospice's policies and procedures. Trustees are expected to attend the same Hospice induction programme completed by all staff and volunteers.

During the year, all board meetings were conducted by video to reduce the risk of infection to the Hospice although during the summer a number of sub-committee meetings were conducted at the Hospice.

As from 2020, all Trustees now undergo formal annual appraisals, carried out by the Board Chairman.

Related parties and relationships with other organisations

St. Michael's Hospice works closely with Hampshire Hospitals NHS Foundation Trust and North Hampshire Clinical Commissioning Group.

St. Michael's Hospice also works in partnership with Odiham Cottage Hospital Trust (OCH) regarding the provision of befriending services as well as enhanced Hospice at Home care within that area. OCH provided a total of £79,000 (2020: £60,000) of income to the Hospice during the year, including a donation of £25,000.

St. Michael's Hospice is a member of Hospice UK and works with regional hospice Chief Executives, sharing data and experiences.

Remuneration policy for key management personnel

The Finance Committee meets to establish the Chief Executive's remuneration package on an annual basis.

Overall salary funding is part of the annual budget process, and within that approved budget the Chief Executive agrees with the finance committee the individual awards for key personnel.

Statement of responsibilities of the trustees

The trustees (who are also directors of St. Michael's Hospice for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company or group for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice 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 operation.

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

In so far as the trustees are aware:

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

St. Michael's Hospice (North Hampshire) and subsidiary company

Trustees' annual report

For the year ended 31 March 2021

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

Members of the charity guarantee to contribute an amount not exceeding £10 to the assets of the charity in the event of winding up. The total number of such guarantees for 2021 was 35 (2020: 34). The trustees are members of the charity, but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditor

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The trustees' annual report which includes the strategic report has been approved by the trustees on 9 August 2021 and signed on their behalf by

A Chancellor
Chairman

Independent auditor's report

To the members of

St. Michael's Hospice (North Hampshire)

Opinion

We have audited the financial statements of St Michael's Hospice (North Hampshire) (the 'charitable company') and its subsidiary (the 'group') for the year ended 31 March 2021 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2021 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on St Michael's Hospice (North Hampshire)'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.

Independent auditor's report

To the members of

St. Michael's Hospice (North Hampshire)

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 other information comprises the information included in the trustees' annual report, including the strategic report, other than the group financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the group financial statements does not cover the other information, and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the group financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report, including the strategic report, has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report, including the strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Act 2011 requires 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

Independent auditor's report

To the members of

St. Michael's Hospice (North Hampshire)

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of 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

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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 are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, internal audit and the Finance and General Purpose Committee, which included obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;

Independent auditor's report

To the members of

St. Michael's Hospice (North Hampshire)

- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the group operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the group from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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.

Independent auditor's report

To the members of

St. Michael's Hospice (North Hampshire)

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.

Fleur Holden (Senior statutory auditor)

3 September 2021

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

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

St. Michael's Hospice (North Hampshire)

Consolidated statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2021

	Note	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Income from:							
Donations and legacies	2	1,319,520	289,590	1,609,110	1,379,687	61,876	1,441,563
Charitable activities							
Specialist palliative care	3	1,660,447	975,685	2,636,132	912,148	-	912,148
Other trading activities							
Retail	4	914,106	-	914,106	1,768,538	-	1,768,538
Lottery and Events	4	354,016	-	354,016	459,590	-	459,590
Discontinued operations							
Home Care		419,927	-	419,927	741,226	-	741,226
Gains on disposal of discontinued operations	7	27,222	-	27,222	-	-	-
Investments	5	94,093	-	94,093	105,627	-	105,627
Total income		4,789,331	1,265,275	6,054,606	5,366,816	61,876	5,428,692
Expenditure on:							
Raising funds	6						
Retail		1,290,216	-	1,290,216	1,336,260	-	1,336,260
Cost of raising funds		598,169	-	598,169	691,560	-	691,560
Discontinued operations	6						
Home Care		463,178	-	463,178	723,115	150,000	873,115
Charitable activities	6						
Specialist palliative care		1,760,445	1,352,251	3,112,696	2,901,147	257,320	3,158,467
Total expenditure		4,112,008	1,352,251	5,464,259	5,652,082	407,320	6,059,402
Net income/(expenditure) before net gains/(losses) on investments		677,323	(86,976)	590,347	(285,266)	(345,444)	(630,710)
Net gains/(losses) on investments		542,049	-	542,049	(98,457)	-	(98,457)
Net income/(expenditure) for the year and net movement in funds	8	1,219,372	(86,976)	1,132,396	(383,723)	(345,444)	(729,167)
Reconciliation of funds:							
Total funds brought forward		3,446,406	694,931	4,141,337	3,830,129	1,040,375	4,870,504
Total funds carried forward		4,665,778	607,955	5,273,733	3,446,406	694,931	4,141,337

All the above results, other than those stated under discontinued operations, continued throughout the year. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 22 to the financial statements.

St. Michael's Hospice (North Hampshire)

Balance sheets

Company no. 02588395

As at 31 March 2021

	Note	The group		The charity	
		2021	2020	2021	2020
		£	£	£	£
Fixed assets:					
Tangible assets	13	862,922	952,657	862,922	952,657
Investments	14	3,459,108	2,617,059	3,459,108	2,617,060
		<u>4,322,030</u>	<u>3,569,716</u>	<u>4,322,030</u>	<u>3,569,717</u>
Current assets:					
Debtors	17	727,630	445,675	727,630	382,296
Cash at bank and in hand		746,872	701,638	746,872	674,155
		<u>1,474,502</u>	<u>1,147,313</u>	<u>1,474,502</u>	<u>1,056,451</u>
Liabilities:					
Creditors: amounts falling due within one year	18	(522,799)	(575,692)	(522,799)	(484,831)
		<u>951,703</u>	<u>571,621</u>	<u>951,703</u>	<u>571,620</u>
Net current assets					
Total net assets	21	<u>5,273,733</u>	<u>4,141,337</u>	<u>5,273,733</u>	<u>4,141,337</u>
Funds:					
Restricted income funds	22	607,955	694,931	607,955	694,931
Unrestricted income funds:					
Fair value reserve		1,384,177	842,128	1,384,177	842,128
Designated funds		165,000	-	165,000	-
General funds		3,116,601	2,604,278	3,116,601	2,604,278
		<u>4,665,778</u>	<u>3,446,406</u>	<u>4,665,778</u>	<u>3,446,406</u>
Total unrestricted funds					
Total funds		<u>5,273,733</u>	<u>4,141,337</u>	<u>5,273,733</u>	<u>4,141,337</u>

Approved by the trustees on 9 August 2021 and signed on their behalf by

A Chancellor
Chairman

St. Michael's Hospice (North Hampshire)

Consolidated statement of cash flows

For the year ended 31 March 2021

	Note	2021 £	£	2020 £	£
Cash flows from operating activities					
Net cash provided by/(used in) operating activities	23		251,141		(209,321)
Cash flows from investing activities:					
Dividends and interest from investments		94,093		105,627	
Purchase of fixed assets		–		(53,973)	
Purchase of investments		(300,000)		–	
Proceeds from sale of investments		–		400,000	
Net cash provided by investing activities			<u>(205,907)</u>		<u>451,654</u>
Change in cash and cash equivalents in the year			45,234		242,333
Cash and cash equivalents at the beginning of the year			<u>701,638</u>		<u>459,305</u>
Cash and cash equivalents at the end of the year			<u>746,872</u>		<u>701,638</u>

1 Accounting policies

a) Statutory information

St. Michael's Hospice (North Hampshire) is a charitable company limited by guarantee and is incorporated in England.

The registered office address is Basil de Ferranti House, Aldermaston Road, Basingstoke, Hampshire, RG24 9NB.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)– (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiary St. Michael's Home Care Limited on a line by line basis until the date of liquidation. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the companies are disclosed in the notes of the charitable company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date, and taking the impact of the Covid-19 pandemic into account, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Discontinued operations

St Michael's Home Care Limited entered liquidation on 7 January 2021 and is in the process of being wound up. Amounts due to the charity were written off in full during the year. Income and expenses for the year to 7 January 2021 have been included in the accounts on a line by line basis. No balance sheet items are included in the accounts as at 31 March 2021.

f) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income from insurance claims is recognised when the income criteria is met and the value is considered measurable.

1 Accounting policies (continued)

f) Income (continued)

For legacies, entitlement is taken as the earlier of the estate accounts have been drafted and notification has been made by the executor(s) to the charity that a distribution will be made or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

On March 11 2020 the charity became eligible for £230,000 of retail, hospitality and leisure grants in respect of shops with a rateable value up to £51,000. The income was received in 2020/21 and relates to the period from 1 April onwards. The trustees have opted to recognise the grants in the financial year to 31 March 2021 based on an entitlement date of 1 April 2020 as per the guidance issued by the Department for Business, Energy and Industrial Strategy as that is the period to which income relates.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

g) Interest and dividends receivable

Interest and dividends on invested funds and funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon receipt of the funds.

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are funds allocated by the trustees for specific projects or costs.

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Retail and Home Care is the cost incurred in operating the retail shops and St. Michael's Home Care.
- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose.
- Expenditure on charitable activities is the costs of delivering the core palliative care services undertaken to further the purposes of the charity.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

1 Accounting policies (continued)

j) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to the cost of raising funds.

Support costs are re-allocated to each of the activities on the following basis which is an estimate, based on the headcount associated with the attributable activity.

● Retail	28%
● Cost of raising funds	9%
● Specialist palliative care	60%
● Discontinued operations	3%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities. They are allocated on the following basis:

● Retail and Home Care	25%
● Cost of raising funds	25%
● Specialist palliative care	50%

k) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

l) Tangible fixed assets

Tangible fixed assets are capitalised where the purchase price exceeds £10,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided on all tangible fixed assets other than land, at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The useful lives are as follows:

● Freehold Buildings	20 years
● Fixtures, fittings and equipment	Between 4 & 5 years

m) Investments

Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities and any excess of fair value over the historic cost of the investments will be shown as a fair value reserve in the balance sheet. 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. The charity does not acquire put options, derivatives or other complex financial instruments.

n) Stocks

Stocks of goods for resale in the shops are not included in the accounts. It is deemed that the effort required to value the high volume and low individual value of the stock outweighs any benefit of including stock in the financial statements.

1 Accounting policies (continued)

o) 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.

p) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

q) 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.

r) Pensions

The charity contributes to the NHS Superannuation pension scheme for certain qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The pension charge represents contributions payable by the charity to the fund. It is a multi-employer scheme and the charity is unable to identify its share of the underlying assets and liabilities. It is therefore accounted for as though it were a defined contribution scheme.

The group also provides a defined contribution pension scheme for employees other than those within the NHS superannuation pension scheme and contributes up to 6% of basic salary. Contributions are recognised when due.

2 Income from donations and legacies

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Donations	790,386	289,590	1,079,976	932,465	61,876	994,341
Legacies	529,134	-	529,134	447,222	-	447,222
	1,319,520	289,590	1,609,110	1,379,687	61,876	1,441,563

3 Income from charitable activities

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Income from North Hampshire Clinical Commissioning Group	880,023	-	880,023	837,201	-	837,201
Income from Odiham Cottage Hospital Covid 19 related funding from HM Government, NHSE and Local Authorities	79,377	-	79,377	60,416	-	60,416
Other income	660,820	975,685	1,636,505	-	-	-
	40,227	-	40,227	14,531	-	14,531
Total income from charitable activities	1,660,447	975,685	2,636,132	912,148	-	912,148

Covid Funding was received from a number of sources, furlough income from HM Government, support for Hospices from NHSE and Local Authority Grants for retail premises.

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

4 Income from other trading activities

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Retail	593,280	-	593,280	1,768,538	-	1,768,538
Retail Business Interruption Insurance Claim	320,826	-	320,826	-	-	-
Lottery	268,511	-	268,511	313,322	-	313,322
Events	85,505	-	85,505	146,268	-	146,268
	1,268,122	-	1,268,122	2,228,128	-	2,228,128

The retail operation, excluding online sales, suffered from three lockdowns during the year; the first from 22 March 2020 with a phased re-opening between 26 June and 28 August 2020, the second from 2 November 2020 until 2 December 2020, the final lockdown was from 25 December 2020 until 12 April 2021.

Trading losses for the first lockdown, from 22 March to 15 June 2020 were covered by the business interruption clause in the Hospice's insurance policy. This clause was revoked by the Insurers when the insurance renewed in August 2020.

5 Income from investments

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
COIF Charities Investment Funds	92,851	-	92,851	103,901	-	103,901
Bank interest	1,242	-	1,242	1,726	-	1,726
	94,093	-	94,093	105,627	-	105,627

St. Michael's Hospice (North Hampshire)

Notes to the financial statements

For the year ended 31 March 2021

6a Analysis of expenditure – current year

	Raising funds		Charitable activities	Discontinued operations	Support and governance costs £	2021 Total £	2020 Total £
	Retail £	Cost of raising funds £	Specialist palliative care £	Home Care £			
Staff costs (Note 9)	701,737	357,144	2,289,894	375,559	352,898	4,077,232	4236720
Direct care costs	–	–	113,022	–	–	113,022	146117
Direct cost of generating funds	70,666	132,742	–	27,989	–	231,397	435726
Premises	281,453	27,317	63,528	595	6,284	379,177	447573
Legal and professional services	2,533	5,123	87,585	25,259	34,579	155,079	193243
Equipment, supplies and consumables	59,651	25,095	180,861	14,150	81,954	361,711	301456
Depreciation & dilapidations	22,413	–	71,499	–	3,831	97,743	263719
Other costs	14,341	–	8,196	3,597	22,764	48,898	34848
	1,152,794	547,421	2,814,585	447,149	502,310	5,464,259	6,059,402
Support costs (note 1j)	128,235	41,561	279,737	16,029	(465,562)	–	–
Governance costs	9,187	9,187	18,374	–	(36,748)	–	–
Total expenditure 2021	1,290,216	598,169	3,112,696	463,178	–	5,464,259	
Total expenditure 2020	1,336,260	691,560	3,158,467	873,115	–		6,059,402

Support and governance costs above include £36,748 relating to governance, being £14,775 of staff costs, £21,127 legal and professional services and £846 of other support costs.

St. Michael's Hospice (North Hampshire)

Notes to the financial statements

For the year ended 31 March 2021

6b Analysis of expenditure – prior year

	Raising funds		Charitable activities	Discontinued operations	Support and governance costs £	2020 Total £
	Retail £	Cost of raising funds £	Specialist palliative care £	Home Care £		
Staff costs (Note 9)	695,536	357,205	2,177,581	632,709	373,689	4,236,720
Direct care costs	–	–	146,117	–	–	146,117
Direct cost of generating funds	139,168	218,540	–	78,018	–	435,726
Premises	363,278	27,171	50,413	935	5,776	447,573
Legal and professional services	11,035	6,827	96,886	55,474	23,021	193,243
Equipment, supplies and consumables	50,368	25,407	140,198	17,375	68,108	301,456
Depreciation & dilapidations	17,979	–	236,305	–	9,435	263,719
Other costs	1,706	668	9,841	5,403	17,230	34,848
	1,279,070	635,818	2,857,341	789,914	497,259	6,059,402
Support costs (note 1j)	52,024	45,411	280,465	78,036	(455,936)	–
Governance costs	5,166	10,331	20,661	5,165	(41,323)	–
Total expenditure 2020	1,336,260	691,560	3,158,467	873,115	–	6,059,402
Total expenditure 2019	1,154,707	711,535	3,062,913	1,002,311	–	

Support and governance costs above include £41,323 relating to governance, being £14,141 of staff costs, £20,113 legal and professional services and £7,069 of other support costs.

7 Discontinued operations

On 7 January 2021 St Michael's Home Care Ltd entered liquidation. The loss for the period to this date was £27,222. There were £57,800 of net assets transferred to the Liquidator. At the end of the financial year the liquidation process was ongoing with no indication as to whether there would be funds available to creditors.

8 Net income/(expenditure) for the year

This is stated after charging:

	2021 £	2020 £
Depreciation	89,735	255,715
Operating lease rentals:		
Property	251,555	278,775
Other	15,618	14,685
Auditor's remuneration (excluding VAT):		
Audit – Group and subsidiary company audits	13,000	15,500
Additional costs for 2020 audit	4,500	–
Other services – Corporation tax services	950	750
	<u>89,735</u>	<u>255,715</u>

9 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2021 £	2020 £
Salaries and wages	3,404,993	3,687,771
Social security costs	238,176	240,013
Employer's contribution to pension schemes	288,724	277,969
Other forms of employee benefits	32,012	28,155
Termination costs – paid	113,327	2,812
	<u>4,077,232</u>	<u>4,236,720</u>

The following number of employees received employee benefits (excluding employer pension costs and employers national insurance), of over £60,000 during the year as follows:

	2021 No.	2020 No.
£60,000 – £69,999		1
£70,000 – £79,999	1	2
£80,000 – £89,999	1	
£90,000 – £99,999	1	–
	<u>1</u>	<u>–</u>

The total employee benefits including pension contributions and national insurance of the key management personnel were £488,326 (2020: £365,519). In 2020 there were two new members of the Senior Leadership team whose costs were included for part of that year and are included for the full year in 2021. The Director of Medical Services, who is employed by the Hospice was replaced by the Medical Director who is paid via a Service Level Agreement (SLA) with Hampshire Hospital Foundation Trust (HHFT). The HHFT SLA costs are included in the above figure.

During the year eleven employees received termination payments (2020: two).

The charity trustees were not paid or receive any other benefits from employment with the charity in the year (2020: £nil). No charity trustee received payment for professional or other services supplied to the charity (2020: £nil). During the year, no expenses were reimbursed to trustees (2020: £nil).

10 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2021 No.	2020 No.
Raising funds	42.5	44.3
Staff in subsidiary company	27.4	52.0
Specialist palliative care	70.0	77.2
Support	10.5	12.7
Governance	0.2	0.1
	150.6	186.3

11 Related party transactions

During the year donations of £11,216 were received from trustees, of which £2,000 was restricted to additional Covid 19 costs.

12 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

13 Tangible fixed assets

The group and the charity

	Freehold land £	Freehold buildings £	Fixtures, fittings and equipment £	Total £
Cost				
At the start of the year	182,049	2,992,786	888,076	4,062,911
Additions in year	-	-	-	-
Disposals in year	-	(19,617)	(189,146)	(208,763)
At the end of the year	182,049	2,973,169	698,930	3,854,148
Depreciation				
At the start of the year	-	2,261,931	848,323	3,110,254
Charge for the year	-	75,544	14,191	89,735
Eliminated on disposal	-	(19,617)	(189,146)	(208,763)
At the end of the year	-	2,317,858	673,368	2,991,226
Net book value				
At the end of the year	182,049	655,311	25,562	862,922
At the start of the year	182,049	730,855	39,753	952,657

The freehold land shown above at cost of £182,049 is not depreciated.

All of the group's assets shown above are used for charitable purposes.

Notes to the financial statements

For the year ended 31 March 2021

14 Investments

	The group		The charity	
	2021	2020	2021	2020
	£	£	£	£
Fair value at the start of the year	2,617,059	3,115,516	2,617,060	3,115,517
Additions at cost	300,000	-	300,000	-
Disposal proceeds	-	(400,000)	-	(400,000)
Write off of investment in subsidiary	-	-	(1)	-
Net (loss)/gain on change in fair value	542,049	(98,457)	542,049	(98,457)
Fair value at the end of the year	<u>3,459,108</u>	<u>2,617,059</u>	<u>3,459,108</u>	<u>2,617,060</u>
Historic cost at the end of the year	<u>2,074,930</u>	<u>1,774,930</u>	<u>2,074,930</u>	<u>1,774,931</u>

Investments comprise:

	The group		The charity	
	2021	2020	2021	2020
	£	£	£	£
UK Common investment funds	3,459,108	2,617,059	3,459,108	2,617,059
Investments in subsidiaries	-	-	-	1
	<u>3,459,108</u>	<u>2,617,059</u>	<u>3,459,108</u>	<u>2,617,060</u>

15 Subsidiary undertaking

The charitable company owned the whole of the issued ordinary share capital of St. Michael's Home Care Limited, a company registered in England (09218951). The subsidiary entered administration on 7 January 2021. All activities up to this date have been consolidated on a line by line basis in the statement of financial activities. A summary of the results of the subsidiary is shown below:

St. Michael's Home Care Limited	2021	2020
	£	£
Turnover	419,929	741,227
Cost of sales	(318,842)	(551,503)
Gross profit	<u>101,087</u>	<u>189,724</u>
Administrative expenses	(128,309)	(214,462)
Management charges payable to parent charity	-	(35,746)
Operating (loss)/profit	<u>(27,222)</u>	<u>(60,484)</u>
Interest receivable	-	8
Interest payable to parent charity	-	-
(Loss)/profit for the financial year	<u>(27,222)</u>	<u>(60,476)</u>
The aggregate of the assets, liabilities and funds was:		
Assets	-	112,570
Liabilities	-	(373,994)
Funds	-	<u>(261,424)</u>

16 Parent charity

The parent charity's gross income and the results for the year are disclosed as follows:

	2021 £	2020 £
Gross income	5,634,679	4,699,254
Result for the year	<u>1,132,396</u>	<u>(930,115)</u>

17 Debtors

	The group		The charity	
	2021 £	2020 £	2021 £	2020 £
Trade debtors	25,987	171,956	25,987	108,542
Amounts due from group undertakings	–	–	–	708
Other taxation	45,550	128,464	45,550	128,464
Other debtors	523,567	45,850	523,567	45,391
Prepayments	132,526	99,405	132,526	99,191
	<u>727,630</u>	<u>445,675</u>	<u>727,630</u>	<u>382,296</u>

18 Creditors: amounts falling due within one year

	The group		The charity	
	2021 £	2020 £	2021 £	2020 £
Trade creditors	91,265	100,983	91,265	78,874
Amounts due to group undertakings	–	–	–	21,000
Taxation and social security	–	8,795	–	–
Accruals	298,889	338,114	298,889	257,157
Deferred income (note 19)	132,645	127,800	132,645	127,800
	<u>522,799</u>	<u>575,692</u>	<u>522,799</u>	<u>484,831</u>

19 Deferred income

Deferred income comprises income received in respect of events being held after 31 March 2021 and lottery income received in advance of the draw.

	The group		The charity	
	2021 £	2020 £	2021 £	2020 £
Balance at the beginning of the year	127,800	54,717	127,800	54,717
Amount released to income in the year	(32,150)	(54,717)	(32,150)	(54,717)
Amount deferred in the year	36,995	127,800	36,995	127,800
Balance at the end of the year	<u>132,645</u>	<u>127,800</u>	<u>132,645</u>	<u>127,800</u>

20 Pension schemes

The group operates a defined contribution pension scheme for certain qualifying employees and contributes up to 6% of basic salary matching employee contributions. The total pension contributions payable in the year were £172,442 (2020: £171,112). There were £13,648 outstanding contributions at the year end, (2020: £17,082).

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM (Government Financial Reporting Manual) requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on valuation data as 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

The total pension contributions payable in the year were £116,282 (2020: £106,857). There were no outstanding contributions at the year end or in 2020.

21a Analysis of group net assets between funds (current year)

	General unrestricted £	Fair value reserve £	Restricted funds £	Total funds £
Tangible fixed assets	261,756	-	601,166	862,922
Investments	2,074,931	1,384,177	-	3,459,108
Net current assets	944,914	-	6,789	951,703
Net assets at the end of the year	3,281,601	1,384,177	607,955	5,273,733

21b Analysis of group net assets between funds (prior year)

	General unrestricted £	Fair value reserve £	Restricted funds £	Total funds £
Tangible fixed assets	293,192	-	659,465	952,657
Investments	1,774,931	842,128	-	2,617,059
Net current assets	536,155	-	35,466	571,621
Net assets at the end of the year	2,604,278	842,128	694,931	4,141,337

22a Movements in funds (current year)

	At the start of the year £	Income & gains £	Expenditure & losses £	At the end of the year £
Restricted funds:				
Building projects	659,465	-	(58,298)	601,167
Equipment	26,302	7,226	(27,466)	6,062
Education	8,203	-	(8,203)	-
Support Programmes	961	-	(371)	590
Community Palliative Care	-	25,000	(25,000)	-
Donations/Grants expended	-	51,401	(51,265)	136
Covid 19 related grant from NHSE	-	975,685	(975,685)	-
Friends of St Michael's Hospice Covid 19 Appeal	-	185,963	(185,963)	-
Calleva Foundation	-	20,000	(20,000)	-
Total restricted funds	694,931	1,265,275	(1,352,251)	607,955
Unrestricted funds:				
Designated funds:				
Property improvement fund	-	45,000	-	45,000
Insurance fund	-	100,000	-	100,000
Training fund	-	20,000	-	20,000
Total designated funds	-	165,000	-	165,000
Fair value reserve	842,128	542,049	-	1,384,177
General funds	2,604,278	4,624,331	(4,112,008)	3,116,601
Total unrestricted funds	3,446,406	5,166,380	(4,112,008)	4,500,778
Total funds	4,141,337	6,596,655	(5,464,259)	5,273,733

22b Movements in funds (prior year)

	At the start of the year £	Income & gains £	Expenditure & losses £	At the end of the year £
Restricted funds:				
Building projects	873,197	–	(213,732)	659,465
Equipment	6,062	20,240	–	26,302
Education	8,203	–	–	8,203
Support Programmes	2,913	–	(1,952)	961
Community Palliative Care	–	25,000	(25,000)	–
Donations/Grants expended	–	16,636	(16,636)	–
Calleva Foundation	150,000	–	(150,000)	–
Total restricted funds	1,040,375	61,876	(407,320)	694,931
Unrestricted funds:				
Fair value reserve	1,089,158	–	(247,030)	842,128
General funds	2,740,971	5,366,816	(5,503,509)	2,604,278
Total unrestricted funds	3,830,129	5,366,816	(5,750,539)	3,446,406
Total funds	4,870,504	5,428,692	(6,157,859)	4,141,337

Funds – current and prior years

Building projects: Donations were received for building projects to provide for the expansion and refurbishment of the Hospice buildings. As the final project was completed in April 2014, all of the outgoings relate to depreciation.

Equipment: The equipment fund provides for the purchase of various types of equipment for which specific funding has been raised.

Education: The education funds provide for the support of course fees for nurses, together with delivering specific training to relevant bodies in the community.

Support programmes: The funding provides for supporting specified groups of patients and their families.

Community Palliative Care: This is funding for the continuation of the community palliative care programme.

Donations/Grants expended: The income is for a medical salaries grant and for various PPE supplies.

Calleva Foundation: The Calleva Foundation made a donation in April 2020 to provide funds to support St. Michael's Home Care Limited.

Covid 19 related grant from NHSE: The NHSE (NHS England) awarded funding to allow the hospice to make available bed capacity and community support from April 2020 to July 2020 and from November 2020 to March 2021. This funding was to provide support to people with complex needs in the context of the COVID-19 situation and to provide bed capacity and community support for the same purpose.

Friends of St Michael's Hospice Covid 19 Appeal: appeal run to mitigate loss of income from events and to further support the Hospice.

Funds – current and prior years (continued)**Purposes of designated funds**

Property improvement fund: Reserves have been designated to complete the refurbishment programme in the In Patient Unit in 2021–22.

Insurance fund: during the year a successful claim for business interruption was made. However, this resulted in a significant increase in insurance premium. This fund is to cover the additional cost of insurance for a five year period.

Training fund: The Hospice has begun an extensive management development programme and this fund is set up to cover the high up front costs of developing the programme.

Fair value reserve: This fund represents the excess of fair value over the historic cost of the investments.

23 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2021 £	2020 £
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	1,132,396	(729,167)
Depreciation charges	89,735	255,715
Losses/(Gains) on investments	(542,049)	98,457
Dividends and interest from investments	(94,093)	(105,627)
Decrease/(Increase) in debtors	(281,955)	153,058
Increase/(Decrease) in creditors	(52,893)	118,243
Net cash (used in) operating activities	251,141	(209,321)

24 Operating lease commitments

The charity and group's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Equipment	
	2021 £	2020 £	2021 £	2020 £
Less than one year	211,700	279,355	10,491	10,600
One to five years	721,350	779,850	10,071	2,860
Over five years	312,100	465,300	–	–
	1,245,150	1,524,505	20,562	13,460

25 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £10.