

Company number: 02588395
Charity Number: 1002856

St. Michael's Hospice (North Hampshire)

(Company Limited by Guarantee)

Report and financial statements
For the year ended 31 March 2023

**St. Michael's Hospice (North Hampshire)
(Company Limited by Guarantee)**

Trustees' annual report

For the year ended 31 March 2023

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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: D Salisbury Chairman D Bowden Honorary Treasurer C Burghes Retired 7 November 2022 A Chancellor Retired 7 November 2022 (former Chairman) M Dolby S Goddard C Hutchings C Jones Appointed 8 August 2022 J Lyons C O'Keeffe Appointed 7 November 2022 V Simpson
Key management	
I Cameron	Chief Executive
J Storrar	Medical Director
C Griffiths	Director of Transformation
G Grace	Finance Director
L Pink	Director of Income Generation
P Aslet	Director of Nursing (retired 31 March 2023)

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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

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The Trustees present their report and the audited financial statements for the year ended March 31, 2023.

Reference and administrative information set out on page 1 and 2 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 Trustees ensure the charity's aims, objectives and activities remained focussed 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

In 2022, St. Michael's Hospice celebrated its 30th year of providing free, compassionate care to people in North Hampshire who have a life-limiting illness, need us for end-of-life care or are experiencing bereavement.

Our purpose is to bring specialist palliative care, interventions and treatment to our patients, as well as extending care to their family, friends and carers by providing bereavement support and advice when a loved one has died.

Everyone deserves a good death – but this will look different for each of our patients. Some patients request to be cared for at home, surrounded by loved ones and in a familiar environment – for those people, we have our Hospice at Home service, where we provide our specialist care in their homes. We also have our 10-bedded In-Patient Unit, which provides 24-hour care on-site for those who cannot be, or do not want to be cared for at home. No matter which their choice is, we are there for our patients whenever and wherever they need us across North Hampshire.

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It is important to us that the days before dying are filled with as much living as possible. That is why we focus on ensuring that our patients are as comfortable, pain-free and independent as they can be. Our teams are trained and skilled in providing care for treatment of side effects, strain, tension, breathlessness and holistic care. Our aim is about putting life into days – making sure the days that do remain are as normal as they can be. We want our patients to continue making memories with their loved ones, whether that is playing a game together, renewing wedding vows, seeing a beloved pet or simply spending time together.

We know that hospices can be seen as daunting places; however we know this is not true. We pride ourselves on having a friendly environment filled with kindness and compassion, where our staff and volunteers are there for the needs of our patients and their families, whether providing medical care, making a cup of tea, or giving an empathetic ear or warm smile.

Our mission is simple. St. Michael's Hospice aims to enable anyone faced with a life-limiting illness, their families and carers, to attain the highest possible quality of life by providing a choice of specialist care and support.

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

- Ensure that all people in our care with a life-limiting illness 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
- Working collaboratively to coordinate end of life and palliative care in 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
- Community and professional education.

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Strategic report

Achievements and performance

The charity's main activities, and the people it seeks to help, are described below. All our 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.

2022/23 continued to be especially challenging for the organisation following years of disruption as a result of the Covid pandemic. St. Michael's remains in a sound financial condition, prudently governed, which readies it to weather an uncertain economy and rising costs. We remain committed to extending services whilst eliminating our operating deficit over the medium term. Following the introduction by NHS England of Integrated Care Boards, we must continue our collaborative approach to providing healthcare services and seek appropriate levels of commissioning income for our care in line with amendments to The Care Act 2014. The hospice is proud to be a person-centred organisation, focussed on our people serving those in our community, and the pursuit of excellence is embedded in all we do.

Significant Achievements

The following are key achievements for the past year.

- i. Increased referrals to our Hospice at Home service of 43%
- ii. Launched a Living Well Service for outpatients and relatives
- iii. Appointed a Patient Flow Coordinator to facilitate improvements to discharge planning
- iv. Refurbished in-patient facilities to create a modern and welcoming environment
- v. Adopted modern flexible working systems in response to staff needs
- vi. Launched an Income Generation Strategy to invest in enhanced services

Principal activities and performance

Care Services provision

Specialist palliative and end-of-life care is provided both in patients' own homes and at the Hospice in either our In-Patient Unit or for visiting day-patients in our Living Well Centre.

During the year, the Hospice increased the provision of care to a record number of local people both within the Hospice, and outside through an investment in community nursing and administration posts.

Measuring performance of care provision can be difficult but we monitor key indicators from our VOICES survey and will report on that below. More details on how we collect feedback is available later in the report.

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In-Patient Unit (IPU)

The IPU provides 10 beds for those patients whose conditions are the most critical and complex and who would benefit from a period of intensive support.

- During this year, there were 248 (2021/22: 214) admissions to the IPU
- The average length of stay was 9.3 days (2021/22: 9.4).

For some, admission to the IPU enables the clinical team to treat and relieve symptoms associated with their illness, which means patients can then return home. This year, 125 (2021/22: 81) patients were able to return home after a period on the IPU. The IPU staff start parallel planning for discharge from the start of the admission, resulting in early discussions with patients and families about what they need to be in place before discharge. We are then prepared for when the patient is well enough to be discharged.

One of our aims is to 'ensure that all people with a life-limiting illness have access to the very best medical and nursing 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 VOICES survey for January 2022 to December 2022 show:

- 100% (2021: 100%) of respondents strongly agreed that there was enough help with nursing care from St. Michael's Hospice.

'We felt very supported and felt all the staff at the Hospice showed great care to us/mum after she passed. It was even the little things that made the care feel so brilliant.' Responder to our VOICES survey.

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. In the year 2022/23 our In-Patient Unit supported 96% of patients to achieve their preferred place of death in the Hospice (2021/22: 94%).

Hospice at Home

The Hospice at Home service is provided 365 days a year from 08:30 to 20:00. It allows patients to remain in their own homes, where the majority want to be, while still receiving the Hospice's specialist palliative nursing care.

- We had 374 referrals to the service in the year 2022/23, a 43.8% increase since 2020/21.
- 277 patients were under the care of Hospice at Home at time of death in the year 2022/23 compared with 252 in the year 2021/22.
- Hospice at Home helped 96% of patients achieve their preferred place of death in 2022/23 (94% 2021/22).

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"The team visited or telephoned me, the patient's wife, frequently. I cannot praise the Hospice at Home team enough. They were exceptional in every way." Responder to our VOICES survey.

This year, the Hospice at Home team have added seven days of administrative support to work as part of the triage hub, which receives more than 1,000 calls per month from patients and their families who need support or guidance. This has greatly helped the team achieve a higher number of visits, and ultimately maximised the time they can spend helping our patients and their relatives. This has had a huge positive role in increasing all of the data shown above.

Therapies

Our therapists provide services to patients on the IPU, in Living Well, the Motor Neurone Disease (MND) clinic and in the community.

Current Therapy provision:

The Occupational Therapy (OT) role in the In-Patient Unit is aimed at helping patients with discharge planning, home visits to set up the environment with equipment, often jointly with other members of the wider Multi-Disciplinary Team. The therapy team also discuss end-of-life wishes, care and future proofing. Patients are provided with equipment, alterations and adaptations through Hampshire equipment store, moving and handling advice and provision of posture seating and pressure relief, to enable discharge home. Once patients are discharged, they are kept on the OT caseload for monitoring, support and intervention or review of equipment.

The OT role in Living Well is to organise patients' attendances at group sessions with partners. We run one course each month, which covers subjects such as Breathlessness, Fatigue, Falls and Stress/Anxiety. These sessions are supported by a Bank Physiotherapist, with input from the Patient Flow Co-ordinator who is available to answer questions and signpost on managing finances, benefits and community resources.

The OT role in supporting MND patients – both part-time OTs and the Therapy Assistant are involved with MND patients. The caseload is divided between OTs, both of whom attend the monthly clinic that we hold at the Hospice. We support patients with applications for equipment which is funded through the MNDA, or the Hampshire equipment store. We give moving and handling advice and provide our own posture, seating and pressure relief equipment, which plays a key role with this particular patient group.

'The whole team at St. Michael's Basingstoke went above and beyond in caring for my partner and myself, and mine, and his families. Truly exceptional support and care from everyone that works here in all teams. He said he felt safe in there and comfortable and cared for.' Responder to our VOICES survey.

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Patient and Family Support Team

The Patient and Family Support team covers bereavement services, chaplaincy, counselling, complementary therapy and social support. The focus this year has been on further developing the services and extending our reach to more patients and their families.

The **bereavement service** for family members, including children and carers, is provided by both staff and volunteers. Many of our services have seen great uptake this year.

- The monthly bereavement coffee mornings have continued to grow in popularity with a total of 117 attendances this year, compared to 57 last year.
- The bereavement support evenings, held every other month to support newly bereaved relatives, have attracted more attendees with 59 attending this year compared to 40 last year.

Both services allow those grieving to meet others going through a similar experience, build their support networks and access additional support as required.

- In August, the bereavement service launched a new Walk and Talk group held on the third Friday of the month. Uptake has been slow with just 9 attendees since August but it is hoped that as we enter Spring numbers will increase.

'It has been very cathartic. Listening to how other people are dealing with their grief and being given help on how to deal with mine.' Feedback from Bereavement Evening Attendee.

The **counselling service** is offered to all those affected by a life-limiting illness, as well as those who are coping with grief. The appointment of an additional counsellor has helped us to offer counselling to many more patients and relatives. A total of 411 (2021/2022: 281) 1:1 sessions were delivered across the year.

'I can't thank St. Michael's Hospice who arranged the counselling enough. You have all helped me recover from a horrible experience I never want to go back to again.' Letter from Counselling Client.

The availability of a **Chaplain** to provide listening, emotional and spiritual support has proved greatly beneficial to our patients and the service has now been expanded to cover five days a week from three, with the addition of two volunteer chaplains. To support staff with the emotional demands of working in end of life care, reflective sessions are now offered in the specially designed Sanctuary. Our chaplaincy care is designed to cater for all faiths and to those who would not see themselves as having a faith. During the year, 694 (2021/2022: 475) chaplaincy visits were made.

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The **complementary therapy team** work alongside the medical staff offering treatments to help symptom management – treatments are provided on the IPU and in our outpatient facility, the Turner Centre. Treatments offered include massage, reflexology and Indian head massage. Complementary therapists delivered 706 (2021/2022: 409) treatments during the year.

Other related activities

Education and Training

Education and training is vital to ensuring we can deliver on our purpose, enabling us to know we are offering the very highest standard of treatment and support currently available. In addition, while nurse recruitment is a challenge nationally, that we offer and protect time for further education and training means that we provide a valuable opportunity that nurses may not receive elsewhere.

All nurses continue to have one month's protected learning time when they join the organisation. Our Bluestream online system is used by all staff to offer a range of training. We offer inhouse education sessions such as "An introduction to Palliative Care", "Use of syringe drivers" and "Verification of Expected Death" training and competency assessments.

Multi-professional education sessions are held on a monthly basis, usually with guest speakers. An introduction to Clinical Hypnotherapy, Recognition of Delirium, Parental Nutrition and an update from the Motor Neuron Disease National Conference are a few of the sessions that have been held.

A Hospice Leadership and Management Programme was launched with 1:1 sessions offered by an external provider to all staff in middle management.

Student placements are regularly offered to student nurses from the Universities of Southampton, Winchester and Surrey. Student evaluation of their placements is very positive and, although we did not win, one Winchester student nominated St. Michael's as best student placement.

Summary of other training throughout the reporting period:

- Advanced communication Course – 13 attendees.
- Dedicated Clinical Staff Training Days – 110 attendees.
- Training day held annually for all staff.
- Non-Invasive Ventilation Train the Trainer course – 8 attendees.
- Hospice Biographer training (Stories for Life) – 3 attendees.
- Talking to Children, Pre and post bereavement – 20 attendees.
- NVQ Level 2 in End of Life Care – 3 attendees.
- Resilience Based Clinical Supervision course – 1 attendee.
- Physical Assessment and History Taking course – 1 attendee.
- Income Generation team away day

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All staff undertake an annual appraisal where the personal development plan for the coming 12 months is agreed based on identified main knowledge areas and competencies required for the role. The Hospice encourages training and development of all staff, budgeting and paying for training and allowing time to attend courses to support staff in their roles.

Environmental enhancements

For the first time in the Hospice's history, the In-Patient Unit closed for 14 days in July. During this time, substantial works were undertaken in all patient areas. For four weeks prior to the commencement of works, a phased reduction in admissions began with two beds closing each week leading up to 1 July. The phased reduction in capacity worked well, with our last patient being discharged home 18 hours ahead of schedule.

Hard flooring was installed, replacing aged carpet that did not meet latest infection control requirements. All lighting was replaced; new spotlights provide a soft and homely feel and are very energy efficient. Running simultaneously was a full refurbishment and upgrade to the community and medical offices using money secured through Hospice UK. Rooms were fully redecorated, and acoustic panels were fitted to mitigate noise. Further new lighting and office furniture was installed and has transformed the working environment.

The In-Patient Unit reopened to patients on the 15 July. Further refurbishment works were later undertaken and included a new family room, sanctuary, children's conservatory, Café and meeting area within the Turner Centre, a new counselling room and the decoration of all clinical offices.

Another electric van has joined our fleet, replacing a diesel vehicle at the end of its lease. The main Hospice site is electric-only and had cloud monitoring sensors installed on all circuits. Vast quantities of data are being collected and will be processed to fully understand energy usage/trends. A report will then be produced on how best to reduce the environmental impact of the organisation, whilst mitigating inflated energy costs.

Staff engagement and support

Each month, we hold an online Staff Forum, chaired by the CEO, with all staff welcome and encouraged to attend. To ensure as many staff can attend as possible, the Forum is still held on Zoom - meaning it is accessible from outside the Hospice too. After the conference, all information, including the presentations, are uploaded to the staff intranet for access if staff are unable to attend and reference if staff want to go back to information given.

We continue to recognise long service and celebrate PRIDE nominations in the Forum. We have received 184 PRIDE nominations in 2022/23 and the programme continues to be successful. These are shared and celebrated at our Staff Forum, and on our social media channels - which are well received by our external audiences too.

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To support staff with their health and wellbeing, we have actively promoted our employee assistance programme available to our staff. This provides them with access to treatments for the body and mind, and money back on everyday health.

Patient and Family Feedback

Gathering feedback from those who use our services is vital for continued learning, growth and the promotion of a culture of transparency.

Feedback results are monitored on an ongoing basis by our Patient and Family Support Team Lead so that any important issues are immediately passed for follow up to senior members of the Clinical Team and the Senior Leadership Team where necessary. All the results are collated annually and published on our website.

There are three ways that we collect data:

1. Our **Voices Survey** is mailed to all families 10 weeks following a bereavement. This survey gathers feedback on the In-Patient Unit, Hospice at Home and circumstances surrounding the death. Between 1 January and 31 December 2022 a total of 295 surveys were sent out and 124 were returned for analysis giving a 42% response rate. 96% of those taking part in the survey rated their experience of St. Michael's Hospice at Very Good.
2. **Friends and Family Test**, as measured via Your Experience Matters Postcards and VOICES Survey, for which we had a total of 149 responses (2022:103) and a 97% Very Good/Good rating.
3. We also have a **Hospice User Group** – a new open forum for Hospice patients, carers, family members and friends to be part of. The purpose of the group is to give those service users a voice in how we develop our services for the future and identify areas for improvement. Meetings are held quarterly and to date we have 10 members.

Income generation

The Hospice relies on a wide range of income generation activities to fund services, as statutory funding from North Hampshire ICB funds less than 16% of the costs required to run our 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 several years.

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This of course makes the sustainability of services more challenging. Therefore, we rely on our fundraising activities to provide most of the income for current and future services.

Fundraising

Following the introduction of a new Income Generation strategy, fundraising, including legacy income, made an increased contribution of £1,778,000 (2022: £1,634,000); excluding legacies the result was £1,046,000 (2022: £670,000). This is a tremendous achievement during a very tough economic climate.

Legacy income of £732,000 (2022: £964,000), although down on last year, was a strong result and is testament to the promotion of Legacy Giving to our supporters over several years.

Legacies by their nature are not predictable, so we cannot rely on this level of legacy income being sustained year on year.

Net profit from the lottery and scratch cards fell slightly to £153,000 (2022: £164,000). Lottery is an area of focus for 2023–24 to ensure entries in draws do not continue to fall.

We are also supported by The Friends of St. Michael's Hospice who have been fundraising for us since inception of the Hospice, contributing £105,000 in 2022/23 (2022: £100,000).

Retail

Total Retail income has increased this year to £1,940,000 (2022: £1,635,000). Our retail operation runs 11 retail stores, one of which is dedicated to the sale of furniture. We also run a Donation Centre, where donations are dropped off and sorted.

We also sell donations online and have a shop on our website. Online sales, delivered through eBay and Depop, complement our High Street retail shops and have continued to do well, generating an income of £120,000 (2022: £102,000).

Retail expenditure for the year increased from last year to £1,461,000 (2022: £1,218,000) because of investment in staff, upgrading our high street stores fixtures and fittings and legal fees incurred through lease renewals.

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 including protecting vulnerable persons. 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. We haven't resumed door-to-door fundraising since it was stopped due to Covid but have resumed street collections again, hosted within supermarkets.

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

Financial review, Reserves Policy and Going Concern

The Hospice achieved an operating deficit of £89k against a budgeted deficit of £633k which is an exceptional achievement and testimony to the hard work of our Income Generation teams.

We have worked hard this year to support our lowest paid staff with the rising cost of living; this has been achieved through mid-year pay rises for our lowest paid staff, together with a one-off payment to all staff in April 2023 of £800 in recognition of their hard work in the year ended 31 March 2023. Staff costs remained in line with with budgetary expectations.

Investments

The Hospice has two investment funds with CCLA Fund Managers Ltd. The Investment Committee meets with the fund manager, usually annually, to review the investment performance and their continued suitability. The total returns for the year are:

	Return	Benchmark
COIF Charities Investment Fund	-0.90%	-3.97%
COIF Ethical Investment Fund	-2.00%	-3.97%

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 essential services can continue to be provided to our patients and their families. If the level of income is not restored, 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.

We review this policy annually, considering the current challenges the Hospice is facing and the ongoing investment priorities which may require designated funds. Further consideration is also given to the impact of a deficit budget and existing capital commitments. The budget for the coming year, considering all these factors, is then used to work out the level of general reserves required to fund Hospice services for six months, and any designated reserves necessary to support our strategic priorities. The target level of reserves is calculated as £2,578,000 at 31 March 2023. Our general reserves at the year-end excluding designated reserves and fair value reserve are £2,697,000, forecast to reduce to £2,584,000 by 31 March 2024 which is in line with the target.

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The Finance and General Purposes Committee meets quarterly to review the financial performance of the charity, future forecasts and review our performance against our reserves target.

Designated Reserves

Designated reserves are funds set aside by Trustees to meet essential future spending, including operational and capital projects. Annually, based on the priorities included within the budget for the coming year, the Trustees agree funds which should be designated for the coming year. The designated funds at 31 March 2023 are:

- £320k Capital Projects Fund – This fund sets aside reserves for agreed capital projects to be completed prior to 31 March 2024.
- £73k Insurance Fund – this is being written down against the increased premium resulting from the Covid-19 business interruption claim.
- £323k Fixed Asset Fund – The Hospice recognises that money tied up in fixed assets is not readily available to support business operations and should not be recognised within general reserves; this fund represents the value of unrestricted funds tied up in assets.
- £441k Legacy Contingency Fund – this fund includes the difference between the 2023/24 budget for legacies and the known pipeline, recognising the risk and uncertainty with budgeting legacies.

Fair Value Reserve

This fund represents the excess of fair value over the historic cost of the investments. The Fair Value Reserve forms part of the Charity's general reserves however the Trustees may choose to discount this due to uncertainty over market conditions and the likelihood that these gains might not be fully realised upon sale.

Restricted Reserves

Restricted reserves represent donations or grants received for a specific purpose and do not form part of General Reserves. There are three main types of restricted funds:

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 over 70% of the total cost of operating the Hospice).

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Investment Policy

The Hospice has total net assets of £5.9m, of which £0.8m is fixed assets including property, £3.7m is investments and £1.4m is net current assets. Of the net current assets, £1.3m is cash held by the investment managers which is readily available to support operating activity. Investments are used to provide income for the Charity and capital growth to secure the future of the Hospice.

The Hospice's cash objective is to hold in the operational accounts sufficient funds at the end of each month to cover the following month's salary costs of circa £300,000. Quarterly cashflow forecasts are produced for the Finance and General Purposes Committee (FGPC), and at least annually (or more often if required) the Investment Committee will meet and review the investment managers' performance, the cashflow forecasts and whether additional funds should be invested or withdrawn from the portfolio in order to meet the needs of the Hospice. Where a decision is made to invest surplus funds the following guidelines should apply:

- Invest through diversified funds
- Invest for the long term (> 5 years)
- Return objective of CPI+4%
- Income yield of c3%

Going Concern

The Trustees are satisfied that the Hospice is a Going Concern. The Hospice is holding sufficient cash at year end to cover the next two years' operating deficits. The Hospice has healthy reserves in line with its reserves policy.

Principal risks and uncertainties

The Hospice has monitoring systems in place for financial, clinical, and organisational risk. The CEO and Trustees carried out a complete review of the Risk Management Register during the year. High level risks, defined as those which have a risk of 15/25, are reported to the Board, by the CEO, on a quarterly basis. The SLT regularly monitor risks and work continuously to mitigate impact.

The main risk at the 31 March 2023 is:

Recruitment and Retention;

Whereas for many years, recruitment and retention of nurses has been a significant risk to service delivery, the challenge is now more centred on Income Generation staff. The rising cost of living, coupled with labour shortages, is seriously hindering the organisation's ability to attract and retain high calibre staff, which in turn, may adversely affect income generation potential. A programme of work to assess the barriers to recruitment, and address the issues, will be undertaken in the coming year by the Director of Income Generation.

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Other areas of risk, albeit moderate, remain in business interruption from Covid-19 and seasonal illnesses, along with the nationwide increase in pressure on the health service as a whole. Adequate commissioning funding, and the organisation's own ability to generate sufficient funds in an uncertain economy is a constant risk that requires monitoring and focus.

Plans for the future

The Hospice has continued to work on the five-year strategy launched in March 2020 and progress has been made in many areas, particularly through developing community and outpatient services.

Looking to the coming year, we are focussing on meeting strategic objectives in the following ways.

- **24/7 Reactive Hospice at Home**
We aim to extend our community services to provide around-the-clock responsive care for those remaining in their home. Through this, St. Michael's endeavours to be the single point of contact for local people living with life-limiting illness.
- **Virtual Wards**
Through a change in systems, the Hospice aims to set up virtual wards in the community, providing wrap around care and remote monitoring.
- **Refurbishment of patient rooms**
During the year, through the support of Charitable Trusts, a programme of refurbishment works to patients rooms will create a fresh, bright and modern environment for inpatients and families receiving care.
- **Sustainable Energy**
In response to the ever-increasing cost of energy, and our commitment to reducing the organisation's carbon footprint, St. Michael's will invest in sustainable energy sources for equipment, lighting and heating.
- **Hospice Rebrand**
To create a modern image, reflective of the high standards of services we provide, a rebranding project will be undertaken to enhance our visibility as a local charity and provider of healthcare in North Hampshire.

**St. Michael's Hospice (North Hampshire) and Subsidiary companies
(Company Limited by Guarantee)**

Trustees' annual report

For the year ended 31 March 2023

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.

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 & General Purpose (including remuneration and investment committee), 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 **Senior Leadership Team** at St. Michael's Hospice ensures strategic direction is maintained and is led by the Chief Executive. Members of the team are:

- Director of Income Generation
- Director of Transformation
- Finance Director
- Medical Director

The **Clinical Management Team** (CMT) are responsible for dealing with the day-to-day clinical operations of St. Michael's Hospice. CMT includes the Medical Director, Hospice at Home Lead, Patient and Family Support Lead, Therapy Lead, IPU Lead and Senior Speciality Doctor.

The **Governance Team** oversees the development and implementation of clinical governance within the Hospice and ensures legal and operational responsibilities are fully discharged. Roles represented on the team are:

**St. Michael's Hospice (North Hampshire) and Subsidiary companies
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For the year ended 31 March 2023

- Caldicott Guardian
- Serious Information Risk Owner (SIRO)
- Data Protection Officer (DPO)
- Health and Safety Officer
- Registered Manager
- Controlled Drugs Accountable Officer (CDAO)
- Safeguarding Lead

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 through the use of a skills matrix necessary to support all areas of St. Michael's as both a charity and provider of healthcare services. Two new Trustees were recruited during the year following two retirements. A Trustee with legal experience, along with a highly skilled medic were recruited as a result.

New Trustees are proposed by either internal or external recommendation or recruitment and are interviewed by the Chair, Chief Executive, and appropriate Chair of sub-committee. 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 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.

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 worked in partnership with Odiham Cottage Hospital (OCH) to provide enhanced Hospice at Home care within that area. OCH provided a total of £22,500 (2022: £30,000) of income to the Hospice during the year. In the past, St. Michael's also provided befriending services through OCH but this service is now managed by that Trust.

As a member of Hospice UK, the Hospice works with regional hospice Chief Executives, sharing data and experiences. In addition, the Chief Executive is co-chair of the North and Mid Hants steering group which has been set up to look at the provision of palliative care services across the region.

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For the year ended 31 March 2023

The Director of Transformation is tasked with stakeholder engagement and management and works collaboratively with organisations across the local healthcare system such as Hampshire Hospitals Foundation Trust, the Integrated Care Board and Southern Health.

The Medical Director is a member of Hampshire and IOW Palliative and End of Life Board that informs decision making for the Integrated Care System.

Nursing and AHP development, education and training remains a priority. With new links with Winchester University who are increasing the portfolio of academic education opportunities. We are also developing close links with the Consultant Nurse from Winchester Hospice, sharing training and development opportunities across north and mid Hampshire.

Remuneration policy for key management personnel

The Finance Committee meets to establish the Chief Executive's, and other executive's remuneration packages on an annual basis. All recommendations made by the committee must be approved by the Board.

As part of the remuneration process, the Finance and General Purposes Committee fully considers recommendations of the Association of Chief Executives of Voluntary Organisations (ACEVO) and completes a benchmarking process across the Hospice sector.

Overall salary funding is part of the annual budget process, and within that approved budget the Chief Executive agrees with the Finance and General Purposes 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 including the strategic 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 of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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

**St. Michael's Hospice (North Hampshire) and Subsidiary companies
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For the year ended 31 March 2023

- 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.

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 2023 was 28 (2022: 35). 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 7 August 2023 and signed on their behalf by

D. Salisbury
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') for the year ended 31 March 2023 which comprise the statement of financial activities, balance sheet, 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 charitable company's affairs as at 31 March 2023 and of its 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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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's (North Hampshire) ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Independent auditor's report

To the members of

St Michael's Hospice (North Hampshire)

Other Information

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

We have nothing to report in this regard.

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; and
- 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 charitable company and its 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 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities set out in the Trustees' annual report, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being

Independent auditor's report

To the members of

St Michael's Hospice (North Hampshire)

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 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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud 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 audit and risk committee, which included obtaining and reviewing supporting documentation, concerning the charity'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;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity 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 charity from our professional and sector experience.

Independent auditor's report

To the members of

St Michael's Hospice (North Hampshire)

- 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. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Fleur Holden (Senior statutory auditor)

4 October 2023

for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

St. Michael's Hospice (North Hampshire)

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2023

	Note	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Income from:							
Donations and legacies	2	1,799,902	79,280	1,879,182	1,840,185	57,015	1,897,200
Charitable activities							
Specialist palliative care	3	1,009,753	96,212	1,105,965	1,088,904	407,493	1,496,397
Other trading activities							
Retail	4	2,059,773	-	2,059,773	1,736,873	-	1,736,873
Lottery and Events	4	407,979	-	407,979	410,248	-	410,248
Investments	5	132,672	-	132,672	105,536	-	105,536
Total income		5,410,079	175,492	5,585,571	5,181,746	464,508	5,646,254
Expenditure on:							
Raising funds	6						
Retail		1,614,791	-	1,614,791	1,354,885	-	1,354,885
Cost of raising funds		624,923	-	624,923	567,864	-	567,864
Charitable activities	6						
Specialist palliative care		3,207,643	227,107	3,434,750	2,649,255	515,724	3,164,979
Total expenditure		5,447,357	227,107	5,674,464	4,572,004	515,724	5,087,728
Net (expenditure)/income before net (losses)/gains on investments		(37,278)	(51,615)	(88,893)	609,742	(51,216)	558,526
Net (losses)/gains on investments		(158,059)	-	(158,059)	295,484	-	295,484
Net (expenditure)/income for the year and net movement in funds	7	(195,337)	(51,615)	(246,952)	905,226	(51,216)	854,010
Reconciliation of funds:							
Total funds brought forward		5,571,004	556,739	6,127,743	4,665,778	607,955	5,273,733
Total funds carried forward		5,375,667	505,124	5,880,791	5,571,004	556,739	6,127,743

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 21 to the financial statements.

St. Michael's Hospice (North Hampshire)

Balance sheet

Company no. 02588395

As at 31 March 2023

	Note	2023 £	2022 £
Fixed assets:			
Tangible assets	12	808,461	792,152
Investments	13	3,746,533	3,904,592
		<u>4,554,994</u>	<u>4,696,744</u>
Current assets:			
Debtors	14	364,046	869,800
Cash at bank and in hand		1,549,040	1,184,719
		<u>1,913,086</u>	<u>2,054,519</u>
Liabilities:			
Creditors: amounts falling due within one year	15	(587,289)	(623,520)
		<u>1,325,797</u>	<u>1,430,999</u>
Net current assets			
		<u>1,325,797</u>	<u>1,430,999</u>
Total net assets	18	<u>5,880,791</u>	<u>6,127,743</u>
Funds:	19		
Restricted income funds		505,124	556,739
Unrestricted income funds:			
Fair value reserve		1,521,600	1,679,659
Designated funds		1,157,450	998,746
General funds		2,696,617	2,892,599
		<u>5,375,667</u>	<u>5,571,004</u>
Total unrestricted funds		<u>5,375,667</u>	<u>5,571,004</u>
Total funds		<u>5,880,791</u>	<u>6,127,743</u>

Approved by the trustees on 7 August 2023 and signed on their behalf by

D Salisbury
Chairman

St. Michael's Hospice (North Hampshire)

Statement of cash flows

For the year ended 31 March 2023

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

	2023 £	2022 £
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(246,952)	854,010
Depreciation charges	89,250	88,566
Losses/ (Gains) on investments	158,059	(295,484)
Dividends and interest from investments	(132,672)	(105,197)
Decrease/ (Increase) in debtors	505,754	(142,169)
(Decrease)/ Increase in creditors	(36,231)	100,721
Net cash provided by operating activities	337,208	500,447

	Note	2023 £	£	2022 £	£
Cash flows from operating activities					
Net cash provided by/(used in) operating activities			337,208		500,447
Cash flows from investing activities:					
Dividends and interest from investments		132,672		105,197	
Purchase of fixed assets		(105,559)		(17,797)	
Purchase of investments		-		(150,000)	
Net cash provided by investing activities			27,113		(62,600)
Change in cash and cash equivalents in the year			364,321		437,847
Cash and cash equivalents at the beginning of the year			1,184,719		746,872
Cash and cash equivalents at the end of the year			1,549,040		1,184,719

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.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

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 that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) 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)

e) 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.

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

f) 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.

g) 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, risks or costs.

h) 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 is the cost incurred in operating the retail shops.
- 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.

i) 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. Costs which cannot be directly attributed are allocated based on the head count in each department, which works out as the following percentages for both this and the previous year:

- | | |
|------------------------------|----------------------|
| ● Retail | 26% (prior year 26%) |
| ● Cost of raising funds | 9% (prior year 6%) |
| ● Specialist palliative care | 65% Prior year 68%) |

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 which is representative of the estimated time spent on each area of the business:

- | | |
|------------------------------|-----|
| ● Retail | 25% |
| ● Cost of raising funds | 25% |
| ● Specialist palliative care | 50% |

1 Accounting policies (continued)

j) Operating leases

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

k) 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 |

l) 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.

m) 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.

n) 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.

o) 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.

p) 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.

q) 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 charity 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.

St. Michael's Hospice (North Hampshire)

Notes to the financial statements

For the year ended 31 March 2023

2 Income from donations and legacies

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Donations	1,068,023	79,280	1,147,303	876,030	57,015	933,045
Legacies	731,879	-	731,879	964,155	-	964,155
	<u>1,799,902</u>	<u>79,280</u>	<u>1,879,182</u>	<u>1,840,185</u>	<u>57,015</u>	<u>1,897,200</u>

In addition to the legacies above we have contingent legacy assets which can be reasonably valued at £264,000. These relate to three estates where we are named beneficiaries, probate has been granted with property in the process of being sold.

3 Income from charitable activities

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Income from North Hampshire Clinical Commissioning Group	923,869	-	923,869	880,689	-	880,689
Income from Odiham Cottage Hospital	22,500	-	22,500	30,000	-	30,000
Covid 19 related funding from HM Government, NHSE and Local Authorities	-	96,212	96,212	36,666	407,493	444,159
Other income	63,384	-	63,384	141,549	-	141,549
Total income from charitable activities	<u>1,009,753</u>	<u>96,212</u>	<u>1,105,965</u>	<u>1,088,904</u>	<u>407,493</u>	<u>1,496,397</u>

Covid Funding was received from the Clinical Commissioning Group and Hospice UK in response to the Omicron COVID variant, and Local Authority Grants for retail premises.

Hospice UK administered Omicron response funding to allow the hospice to make available bed capacity and community support from mid-December 2021 to March 2022.

4 Income from other trading activities

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Retail	2,059,773	-	2,059,773	1,736,873	-	1,736,873
Lottery	262,128	-	262,128	276,105	-	276,105
Events	145,851	-	145,851	134,143	-	134,143
	<u>2,467,752</u>	<u>-</u>	<u>2,467,752</u>	<u>2,147,121</u>	<u>-</u>	<u>2,147,121</u>

5 Income from investments

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
COIF Charities Investment Funds	130,149	-	130,149	105,197	-	105,197
Bank interest	2,523	-	2,523	339	-	339
	<u>132,672</u>	<u>-</u>	<u>132,672</u>	<u>105,536</u>	<u>-</u>	<u>105,536</u>

St. Michael's Hospice (North Hampshire)

Notes to the financial statements

For the year ended 31 March 2023

6a Analysis of expenditure (current year)

	Raising funds		Charitable activities	Support and governance costs £	2023 Total £	2022 Total £
	Retail £	Cost of raising funds £	Specialist palliative care £			
Staff costs (Note 8)	797,758	321,556	2,578,631	468,070	4,166,015	3,634,078
Direct care costs	–	–	167,624	–	167,624	129,524
Direct cost of generating funds	138,727	181,805	–	–	320,532	299,475
Premises	383,121	23,400	53,062	4,197	463,780	436,306
Legal and professional services	46,799	5,248	56,190	27,117	135,354	104,240
Equipment, supplies and consumables	65,022	31,093	103,327	66,495	265,937	324,554
Depreciation & dilapidations	25,197	–	71,592	3,249	100,038	96,571
Other costs	4,437	2,901	22,663	25,183	55,184	62,980
	1,461,061	566,003	3,053,089	594,311	5,674,464	5,087,728
Support costs	144,276	49,466	362,752	(556,494)	–	–
Governance costs	9,454	9,454	18,909	(37,817)	–	–
Total expenditure 2023	1,614,791	624,923	3,434,750	–	5,674,464	
Total expenditure 2022	1,354,885	567,864	3,164,979	–		5,087,728

St. Michael's Hospice (North Hampshire)

Notes to the financial statements

For the year ended 31 March 2023

6b Analysis of expenditure (prior year)

	Raising funds		Charitable activities	Support and governance costs £	2022 Total £
	Retail £	Cost of raising funds £	Specialist palliative care £		
Staff costs (Note 8)	683,687	285,314	2,304,578	360,499	3,634,078
Direct care costs	–	–	129,524	–	129,524
Direct cost of generating funds	118,400	181,075	–	–	299,475
Premises	334,220	24,256	64,501	13,329	436,306
Legal and professional services	4,432	6,685	75,522	17,601	104,240
Equipment, supplies and consumables	49,410	32,748	144,889	97,507	324,554
Depreciation & dilapidations	22,413	–	74,072	86	96,571
Other costs	5,803	2,896	26,375	27,906	62,980
	1,218,365	532,974	2,819,461	516,928	5,087,728
Support costs	129,204	27,574	330,887	(487,665)	–
Governance costs	7,316	7,316	14,631	(29,263)	–
Total expenditure 2022	1,354,885	567,864	3,164,979	–	5,087,728

Notes to the financial statements

For the year ended 31 March 2023

7 Net income/(expenditure) for the year

This is stated after charging:

	2023 £	2022 £
Depreciation	89,250	88,567
Operating lease rentals:		
Property	333,702	281,667
Other	44,891	18,047
Auditor's remuneration (excluding VAT):		
Audit	14,900	13,500
Other services – tax advice/ services	3,000	2,940
	<u>89,250</u>	<u>88,567</u>

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

Staff costs were as follows:

	2023 £	2022 £
Salaries and wages	3,563,861	3,131,896
Social security costs	262,757	214,975
Employer's contribution to pension schemes	300,592	260,420
Other forms of employee benefits	28,805	26,787
Termination costs – paid	10,000	–
	<u>4,166,015</u>	<u>3,634,078</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:

	2023 No.	2022 No.
£70,000 – £79,999	–	1
£80,000 – £89,999	1	2
£90,000 – £99,999	2	–
	<u>2</u>	<u>–</u>

The total employee benefits including pension contributions and national insurance of the key management personnel were £544,708 (2022: £412,262). The prior year included vacancies which is why costs have risen compared to the previous year. The Medical Director is paid via a Service Level Agreement (SLA) with Hampshire Hospital Foundation Trust (HHFT). The HHFT SLA costs are included in the above figures and disclosures.

During the year one employee received a termination payment of £10,000 (2022: nil).

The charity trustees were not paid or receive any other benefits from employment with the charity in the year (2022: £nil). No charity trustee received payment for professional or other services supplied to the charity (2022: £nil). During the year, no expenses were reimbursed to trustees (2022: £nil).

Notes to the financial statements

For the year ended 31 March 2023

9 Staff numbers

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

	2023 No.	2022 No.
Raising funds	44.4	38.1
Specialist palliative care	82.4	76.1
Support	9.8	11.5
Governance	0.4	0.3
	137.0	126.0

10 Related party transactions

During the year donations of £25,623 (2022: £16,534) were received from trustees, of which £5,243 was from a company for which a trustee is a director. £3,343 was a restricted donation for the memory tree with all other donations being unrestricted.

11 Taxation

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

12 Tangible fixed assets

	Freehold land £	Freehold buildings £	Fixtures, fittings and equipment £	Total £
Cost				
At the start of the year	182,049	2,973,169	716,727	3,871,945
Additions in year	–	–	105,559	105,559
Disposals in year	–	–	(44,236)	(44,236)
At the end of the year	182,049	2,973,169	778,050	3,933,268
Depreciation				
At the start of the year	–	2,391,227	688,566	3,079,793
Charge for the year	–	71,205	18,045	89,250
Eliminated on disposal	–	–	(44,236)	(44,236)
At the end of the year	–	2,462,432	662,375	3,124,807
Net book value				
At the end of the year	182,049	510,737	115,675	808,461
At the start of the year	182,049	581,942	28,161	792,152

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

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

Notes to the financial statements

For the year ended 31 March 2023

13 Investments

	2023 £	2022 £
Fair value at the start of the year	3,904,592	3,459,108
Additions at cost	-	150,000
Net (loss)/gain on change in fair value	(158,059)	295,484
Fair value at the end of the year	<u>3,746,533</u>	<u>3,904,592</u>

Investments comprise:

	The charity	
	2023 £	2022 £
UK Common investment funds	3,746,533	3,904,592
	<u>3,746,533</u>	<u>3,904,592</u>

14 Debtors

	2023 £	2022 £
Trade debtors	13,080	19,345
Other taxation	166,082	72,681
Other debtors	77,599	662,341
Prepayments	107,285	115,433
	<u>364,046</u>	<u>869,800</u>

15 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	107,816	97,818
Accruals	404,989	292,257
Deferred income (note 17)	74,484	233,445
	<u>587,289</u>	<u>623,520</u>

16 Deferred income

Deferred income comprises income received in respect of events being held after 31 March 2023 and lottery income received in advance of the draw.

	2023 £	2022 £
Balance at the beginning of the year	233,445	132,645
Amount released to income in the year	(233,445)	(132,645)
Amount deferred in the year	74,484	233,445
Balance at the end of the year	<u>74,484</u>	<u>233,445</u>

17 Pension schemes

The charity 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 £169,741 (2022: £157,962). There were £15,044 outstanding contributions at the year end, (2022: £12,793).

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 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 2023, is based on valuation data as 31 March 2022, updated to 31 March 2023 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 also tested the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. There was initially 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.

HMT published valuation directions dated 7 October 2021 (see Amending Directions 2021) that set out the technical detail of how the costs of remedy are included in the 2016 valuation process. Following these directions, the scheme actuary has completed the cost control element of the 2016 valuation for the NHS Pension Scheme, which concludes no changes to benefits or member contributions are required. The 2016 valuation reports can be found on the NHS Pensions website at <https://www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports>.

The total pension contributions payable in the year were £130,851 (2022: £102,458). There were no outstanding contributions at the year end or in 2022.

Notes to the financial statements

For the year ended 31 March 2023

18a Analysis of net assets between funds (current year)

	General unrestricted £	Fair value reserve £	Restricted funds £	Total funds £
Tangible fixed assets	322,964	-	485,497	808,461
Investments	2,224,933	1,521,600	-	3,746,533
Net current assets	1,306,170	-	19,627	1,325,797
Net assets at the end of the year	3,854,067	1,521,600	505,124	5,880,791

18b Analysis of net assets between funds (prior year)

	General unrestricted £	Fair value reserve £	Restricted funds £	Total funds £
Tangible fixed assets	248,820	-	543,332	792,152
Investments	2,224,933	1,679,659	-	3,904,592
Net current assets	1,417,592	-	13,407	1,430,999
Net assets at the end of the year	3,891,345	1,679,659	556,739	6,127,743

19a Movements in funds (current year)

	At the start of the year £	Income & gains £	Expenditure & losses £	Transfers £	At the end of the year £
Restricted funds:					
Building projects	543,332	-	(57,835)	-	485,497
Equipment	6,062	-	(5,081)	-	981
Donations/Grants expended	647	29,280	(15,496)	-	14,431
Covid 19 related grant from NHSE	-	96,212	(96,212)	-	-
Wessex GP Education Trust	4,215	-	-	-	4,215
Lindbury Education Trust	2,483	50,000	(52,483)	-	-
Total restricted funds	556,739	175,492	(227,107)	-	505,124
Unrestricted funds:					
Designated funds:					
Capital projects fund	170,000	-	(127,092)	277,092	320,000
Insurance fund	88,720	-	(15,235)	-	73,485
Fixed asset fund	248,820	131,980	(57,835)	-	322,965
Legacy contingency fund	300,000	-	-	141,000	441,000
Service development fund	191,206	-	(191,206)	-	-
Total designated funds	998,746	131,980	(391,368)	418,092	1,157,450
Fair value reserve	1,679,659	113,337	(271,396)	-	1,521,600
General funds	2,892,599	5,278,102	(5,055,992)	(418,092)	2,696,617
Total unrestricted funds	4,572,258	5,391,439	(5,327,388)	(418,092)	4,218,217
Total funds	6,127,743	5,698,911	(5,945,863)	-	5,880,791

Notes to the financial statements

For the year ended 31 March 2023

19b Movements in funds (prior year)

	At the start of the year £	Income & gains £	Expenditure & losses £	Transfers £	At the end of the year £
Restricted funds:					
Building projects	601,167	-	(57,835)	-	543,332
Equipment	6,062	-	-	-	6,062
Support Programmes	590	-	(590)	-	-
Donations/Grants expended	136	2,800	(2,289)	-	647
Covid 19 related grant from NHSE	-	407,493	(407,493)	-	-
Wessex GP Education Trust	-	4,215	-	-	4,215
Lindbury Education Trust	-	50,000	(47,517)	-	2,483
Total restricted funds	607,955	464,508	(515,724)	-	556,739
Unrestricted funds:					
Designated funds:	-	-	-	-	-
Capital projects fund	45,000	-	-	125,000	170,000
Insurance fund	100,000	-	(11,280)	-	88,720
Training fund	20,000	-	(20,000)	-	-
Fixed asset fund	-	-	-	248,820	248,820
Legacy contingency fund	-	-	-	300,000	300,000
Service development fund	-	-	-	191,206	191,206
Total designated funds	165,000	-	(31,280)	865,026	998,746
Fair value reserve	1,384,177	295,482	-	-	1,679,659
General funds	3,116,601	5,181,746	(4,540,722)	(865,026)	2,892,599
Total unrestricted funds	4,500,778	5,477,228	(4,540,722)	(865,026)	4,572,258
Total funds	5,273,733	5,941,736	(5,087,726)	-	6,127,743

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.

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

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

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 mid-December 2021 to 31 March 2022. 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. In addition funding to support our Single Point of Contact project was also funded from Omicron response funding, the 2022/23 income and expenditure relates to deferred income from the prior year to fund 12 months salaries.

Wessex GP Education Trust: funding to enable additional staff to attend History Taking course.

Lindbury Education Trust: This was awarded to appoint and fund the training of a Clinical Nurse Specialist. Since awarded the scope of the funding has been widened to enhancing more nurses skills to Advances Practitioner level.

19 Funds – current and prior years (continued)

Purposes of designated funds

Capital projects fund: Reserves have been designated of £250k to improve the energy efficient of the main Hospice site, £30k for refurbishment of patient rooms and £25k for a brand refresh. Prior year includes IPU refurbishment, upgrades to the server, decoration of the family room and a new cafe in the Turner Centre.

Insurance fund: during 2021 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 (2022): The Hospice began an extensive management development programme during the year and this fund covered the high up front costs of developing the programme.

Fixed asset fund: This is the value of fixed assets in the balance sheet owned by the Hospice and not covered by restricted funds. These assets cannot be readily realised into cash so are therefore excluded from our general reserves.

Legacy Contingency fund: the legacy contingency fund was set up last year, it represents the gap between the legacy budget and the known legacy pipeline. This year the fund has increased by £141,000 to £441,000 (2022: £300,000). Annually the trustees consider the risks within the legacy budget and adjust amount held in the legacy contingency fund.

Service Development fund (2022): the trustees decided to invest in five new roles in 2022–23 in order to achieve it's strategic objectives. This fund covers the cost of these investments during 2022–23.

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

20 Operating lease commitments

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

	Property		Equipment	
	2023 £	2022 £	2023 £	2022 £
Less than one year	289,579	231,700	33,885	49,075
One to five years	708,766	709,600	35,185	82,134
Over five years	306,687	262,150	–	–
	1,305,032	1,203,450	69,070	131,209

The above equipment lease commitments include company cars provided to qualifying staff under a salary sacrifice arrangement.

21 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.