

EAST CHESHIRE HOSPICE
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

Registered company number 01807691 (England and Wales)
Registered Charity number 515104

EAST CHESHIRE HOSPICE
REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)
For the year ended 31 March 2022

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EAST CHESHIRE HOSPICE

LEGAL AND ADMINISTRATIVE INFORMATION
For the year ended 31 March 2022

| | |
|--|---|
| Registered Company Number | 01807691 (England and Wales) |
| Registered Charity Number | 515104 |
| Constitution | Company limited by guarantee |
| Principle and Registered Office | Millbank Drive Macclesfield Cheshire SK10 3DR |
| Auditors | Heywood Shepherd Chartered Accountants & Registered Auditors 1 Park Street Macclesfield Cheshire SK11 6SR |
| Bankers | Royal Bank of Scotland PLC 52 Chestergate Macclesfield Cheshire SK11 6BU |
| Investment Advisors | Quilter Cheviot One Kingsway London WC2B 6AN |

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The Trustees (who are also the directors of the charity for the purposes of the Companies Act 2006) who served during the year were:

| | | | |
|--------------------|--------------------|------------------|--------------------|
| Mr S W Spinks | Chair | | |
| Mr J R Lovett | Vice Chair | Dr D A Maxwell | (appointed May-21) |
| Dr J S Beck | (retired Sep-21) | Mr N L McArthur | Vice Chair |
| Mr R Barrow DL MBE | | Mrs A Ratcliffe | (retired Sep-21) |
| Mrs G Crawford | (appointed May-21) | Mrs N C Sampson | (appointed May-21) |
| Mr S J Dickenson | (appointed May-21) | Mrs E J Stephens | |
| Dr L J Hastings | (retired Nov-21) | Mrs K R Waters | (appointed Nov-21) |
| Mr A C Kennedy | | | |

All trustees are members of the Company and have no beneficial interest in it. Unless indicated above, they were all trustees at the time that this Report and the attached Financial Statements were approved.

Patrons: Mr Nick Robinson
Prof Alistair Burns CBE

President: Mr David Briggs CVO MBE KStJ

Vice Presidents:

| | |
|------------------|------------------|
| Mr P Bianchi | Mr P E Jones |
| Mr N Bianchi | Mrs J C Legh |
| Mrs F Brereton | Miss E McVey MP |
| Mrs F Bruce MP | Mr P Morrissey |
| Mrs J Clowes | Rt Hon G Osborne |
| Mr H G Fielding | Mr D Pollock DL |
| Mrs C Hayward DL | Mr R Raymond |
| Dr S Hayward | Mr D Rutley MP |
| Mrs J Hilditch | Lady A Winterton |
| Mr M Jones | Sir N Winterton |

Honorary Vice President Mrs E Keefe

Management Team:

| | |
|-----------------|----------------------------------|
| Mrs K Johnston | Chief Executive |
| Dr D Alexander | Medical Director |
| Mrs R Allcock | Income Generation Director |
| Mrs S Dale | Director of Quality & Innovation |
| Ms S Jones | Clinical Director |
| Mrs S Seabourne | Finance Director |

2021/22

A year in the life of East Cheshire Hospice



7

Brave staff members took part in a Wing Walk, which raised a total of £25.5K

220

Patients were able to die in the place they wanted to, thanks to Hospice @Home

9937

Local children wore Christmas hats to take part in our sponsored Jingle Bell Jog, raising almost £82K



3505

visits made by our daytime Hospice @Home team, providing care and support around the clock

124

Volunteers returned to their previous roles at Hospice following the Covid pandemic

1210

bereavement consultations were held, supporting local children and adults coping with loss

£775K

fundraising target achieved by our Major Donor campaign

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In submitting their Annual Report together with the consolidated financial statements of East Cheshire Hospice and its subsidiary for the year ended 31 March 2022, the Trustees have ensured that all financial statements comply with the Charity Act 2011, the Companies Act 2006, and Accounting & Reporting by Charities: Statement of Recommended Practice applicable to charities preparing accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102, effective 1 January 2019).

CHARITABLE PURPOSE & PUBLIC BENEFIT

The objects and principal activities of East Cheshire Hospice are to provide palliative care and support to people with life limiting illnesses within the communities of Buxton, Congleton, Handforth, High Legh, High Peak, Knutsford, Macclesfield, Poynton, Wilmslow and the 72 villages and hamlets in between, serving a total population of c.200,000. It does this by:

- operating a residential hospice
- providing care to end-of-life patients in their own home
- operating a day hospice wellbeing centre
- operating a range of outpatient clinics
- providing social, psychological and spiritual support services for patients and carers.

The Trustees have carefully considered the Charity Commission guidance on public benefit in setting our objectives and planning our services, which are provided free of charge for the benefit of the public. Our mission is to provide the highest quality care and support to the people we serve. Our values and principles can be summarised by the acronym CARE – compassion, association, resourcefulness and excellence.

- **Compassion:** We ensure we put our patients, their families and carers at the centre of everything we do, and we always act with care and compassion
- **Association:** We work in partnership and collaboration, forming productive alliances in the interests of our patients
- **Resourcefulness:** We make the best use of our resources, ensuring that donations from our communities are directly channelled into the care and support for patients and their families
- **Excellence:** We will act with integrity and treat patients, families, colleagues, collaborators and supporters with respect at all times. We will invest in learning and development for our staff and volunteers – striving for excellence in all we do.

Our Vision

Our vision is that by 2028, East Cheshire Hospice will be at the centre of a whole-system solution delivering or facilitating high quality, seamless, co-ordinated end of life care to people affected by life limiting illness, ensuring they are prepared, supported and cared for in a place of their choosing and with the minimum of stress and anxiety.

ACTIVITIES

East Cheshire Hospice provides palliative care and treatment to adults who are nearing the end of their lives, as well as supportive services for their families, carers and loved ones. Our comprehensive range of services is available free of charge to those living in the communities we serve. Our provision is constantly adapting to the changing needs of our communities, including increasing numbers of patients presenting with frailty, dementia and complex comorbidities.

This report covers the year from 1st April 2021 to 31st March 2022, which was another year of uncertainty and disruptions due to the continued Covid-19 pandemic. We were able to maintain and even enhance our services to support our patients, families and carers despite the challenges and are now adapting to the 'new normal' as restrictions ease.

Our services are made up of the following key elements:

- **Our purpose-built Inpatient Unit (IPU)** provides end of life care as well as acute symptom management treatment for patients, staffed by a team of highly trained clinical palliative care specialists.

Waves of Covid-19 variants throughout the year meant that we had to continuously adapt our inpatient services to meet the prevailing need and ensured that anyone who meets our criteria for referral and whose circumstance would be improved by our care got access to it. We are proud that the IPU facility remained open throughout the pandemic, thanks to the flexibility and dedication of our clinical teams, and that more than 90% of patients were admitted within 48 hours of referral.

We were approached in December 2021 by Cheshire CCG who asked us to offer Inpatient capacity in order to relieve winter bed pressures at Macclesfield District General Hospital. We were able to allocate two beds to palliative patients who were stable and ready to be discharged from acute services. In addition to this, we also opened up Palliative Care Respite Beds this year as one of our key projects.

- **Our Hospice @Home Service** provides specialist palliative care for patients in their own homes, to prevent unnecessary hospital admissions and to enable more people to spend their final days in the place where they feel most comfortable. This service expanded in April 2021 to include daytime support, maintaining our focus on personalisation of care as a top priority despite global uncertainty.

In a landmark collaboration, this year ECH worked with partners in the NHS and voluntary sector to deliver the Palliative Care in Partnership project which incorporated our Hospice @Home Daytime Service, carer's breaks, night sitting service and access to specialist bereavement support. The new service (available from 4 April 2022) will support patients in the last 12 weeks of life under the Continuing Healthcare national guidelines and provide planned and highly personalised packages of care. The service will operate during the day and in the evenings, every day of the week including weekends and bank holidays and will integrate seamlessly with our existing out-of-hours Hospice @Home Rapid Response Service.

- **Our Sunflower Wellbeing Centre** is a day hospice providing nurse-led clinics and therapeutic interventions for all disease types and conditions, including specialist support for conditions such

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as Dementia and Motor Neurone Disease (MND). Services include a living well programme, breathlessness clinic, stimulating activities, complementary therapies and guidance on advanced care planning.

This year, we fully integrated our nurse- and allied healthcare professional-led programmes with a mix of telehealth procedures, assistive digital technologies, in-person 1:1 and group sessions to alleviate symptoms, impart the skills to self-manage conditions and improve the quality of life for patients, their carers and families. The changes we implemented following the return to 'normal' activity increased the number of patients and carers supported by our Wellbeing Centre by 20%.

People with Dementia and their carers were more adversely impacted by the pandemic than those in other disease groups, therefore we re-doubled our efforts to offer support using a mix of telehealth procedures and our Covid-19 secure procedures and facilities to meet the needs of patients with dementia and their families. We doubled the capacity of our internationally acclaimed Dementia Carers' Wellbeing programmes and re-started our Dementia Companions and, by collaborating with the End of Life Partnership, Age UK Cheshire East and local solicitors, we will share our skills and expertise to enhance the wellbeing support provided to people with dementia across Cheshire.

- **Our Outpatient Facility** provides individual appointments for patients needing access to physiotherapy, occupational health, lymphoedema management, art psychotherapy and complementary therapies. These services were maintained as much as possible during Covid lockdowns, with virtual support and telehealth calls available throughout the year.
- **Our Family Support Services** meet the practical, social, physiological and spiritual needs of the people who are important to our patients. These include pre- and post-bereavement counselling for adults, a specialist childhood bereavement service and spiritual support for those of all faiths and none, led by a chaplain.

With so many in our community struggling to come to terms with the loss of a loved one during the first two years of the Covid-19 pandemic, we worked with partners across Cheshire to extend our bereavement services ensuring that there is no 'postcode lottery' when accessing this much needed support. We piloted the opening of a town centre bereavement facility, however due to the age and location of the property, we were unable to have reliable telephony and internet connections so vital for the delivery of the service. In early 2022, bereavement services were re-located back to the main Hospice site, and this is working well.

- **Education and Learning** continues to be central to the provision of our high-quality services that meet the needs of our community. We partner with local and national training service providers to ensure staff and volunteer teams have the skills they need to deliver great care.

We ran an unprecedented range of training courses, conferences and seminars for our workforce of volunteers, staff and colleagues in partner organisations this year, providing them with opportunities to develop themselves as individuals and as professionals. Enormous strides were taken towards our aim of creating a more flexible workforce who are skilled, equipped and adequately compensated to be able to work across whichever service needs them.

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We also continued our focus on staff wellbeing by offering specific resources on maintaining our own mental health, and life-stage courses on Menopause self-management.

- **Volunteers** play a vital role in connecting us to our local community, bringing their skills, talents and insights to our work. One of the most challenging parts of Covid-19 lockdown was the loss of so much of our invaluable volunteer workforce. Thankfully, 2021/22 saw the continued return of our volunteer teams.

45 receptionists welcomed people to the Hospice 7 days per week, and supported business, clinical, and community phone callers and visitors. They worked closely with the team of 12 family liaison volunteers testing visitors, and helped them on and off with PPE. Our 11 gardeners continued to make ECH a beautiful place to be and 13 drivers transported patients to their Sunflower Centre Wellbeing sessions.

Spring 2021 saw the Covid-safe return of Sunflower Centre Assistants, Dementia Buddies, and Complementary Therapists. Our Community Dementia Companions returned to their roles in January 2022, small in number but with another 5 recruited and trained in early 2022.

By the end of 2021, we had 124 Hospice based volunteers safely returned, vaccinated, regularly testing, adapted to their adjusted roles and making a difference to patients, visitors and staff.

Our fundraising supporters and volunteers who had spent 2020 thinking of creative ways to raise funds in a socially distanced way were also able to get back to what they know best, baking cakes, helping out at events, running stalls, holding lunches, and moving online quizzes into real life.

ACHIEVEMENTS AND PERFORMANCE

In addition to our continuous improvement work, the following key projects were identified as priorities to be delivered in 2021/22:

- **Hospice @Home Expansion**

We expanded our Hospice @Home Daytime Service by doubling the number of trained staff in the team providing planned and personally co-ordinated care for c.270 patients who were in the last 12 weeks of life, enabling 77% (220 people) to achieve their preferred place of death. The daytime service operates from 7:30am to 9:00pm every day and is supported by our out-of-hours Rapid Response team who attend patients in crisis at home or who need additional support at night.

- **Palliative Care Respite Beds**

We now care for patients with short term (1-2 weeks) inpatient stays and each year give around 30 families, carers and loved ones much needed respite breaks from their arduous caring responsibilities so that they can return to being the partner, child, sibling, parent or friend of their loved one. We will look to develop this service further as part of our continuous improvement work.

- **Cheshire-wide Palliative Care in Partnership (PCiP) Project**

This year we worked with partners in the NHS as well as those in the private and third sectors to deliver excellence in social care for end-of-life patients across Cheshire. This was a unique collaboration between multiple agencies and organisations and having successfully achieved the delivery of the project goal, it transitioned into a fully-fledged service in April 2022. The service is

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designed to deliver personalised co-ordinated care for individual patients and will continue to develop as we integrate into the wider healthcare system. This integration is key to ensuring that every health and social care resource in our area is deployed efficiently and effectively to deliver high quality, easily accessible at home care services at the point of need. Whilst, through this project, East Cheshire Hospice is successfully co-ordinating the care for patients in the PCiP service, the next challenge is to provide co-ordinated care for end of life patients, no matter where they are in the healthcare system.

- **Palliative Care 24hr Helpline**

Throughout the year, we have worked with St Luke's (Cheshire) Hospice, Hospice of the Good Shepherd and the End of Life Partnership to give consistent, countywide access to telephone support to end of life patients, their families and healthcare professionals involved in their care. We received around 150 calls to our advice line in 2021 alone, providing immediate support to those in need.

- **Childhood and Adult Bereavement**

We spent this year developing and expanding our existing service offering to help more people by using a mix of digital communication platforms and in-person sessions to increase accessibility and choice. We trialled offering these services from our Chestergate building but, due to issues with telephony which could not be resolved, all bereavement services have now returned on site at the Hospice. Moving forward we will co-ordinate the services centrally, but will seek to have consulting rooms utilised by sessional counsellors local to each of the care communities.

- **Support for end of life patients who are homeless**

Working in partnership with St Luke's (Cheshire) Hospice and Hospice of the Good Shepherd, we provided resources for a dedicated specialist palliative care nurse to support end of life patients across Cheshire who have no fixed abode. We are exceptionally proud of the work carried out through this partnership and the difference it has made to the people who have been supported by it. We will continue to access the support of the nurse moving forward and we will make a decision on whether to continue support for this service once all the funds have been exhausted.

- **Delivering phase one of the building programme**

We completed the building of an annex to the rear of the Hospice site, to accommodate the Hospice @Home expanded clinical team and future care co-ordination centre together with administration and fundraising facilities. The building was opened in September 2021 and the extra space afforded by the new wing was instrumental in getting everyone back to work following the relaxation of Covid restrictions.

- **IT and Digital Futures Strategy**

We have created a digital strategy to enable the use of new technologies to better meet the needs and expectations of patients now and in the future. Year one of the strategic plans have been incorporated into the budget for 2022/23. It is likely that some of the proposed costs of interconnectivity with other organisations will be picked up by NHS Transformation funding. Our digital strategy has been shared with hospices in Cheshire & Merseyside region and has been well received and even adopted in some cases.

FINANCIAL REVIEW

The Statement of Financial Activities is set out on page 22, and a summary of the financial results is given below. The group achieved a surplus on net operating activity of £1,849,602 (2020/21: surplus £809,073). The overall result, after allowing for stock market gains and losses on the market value of our investment fund, is a gain of £2,067,508 (2019/20: surplus £1,580,883).

This is another reassuring result, and we remain hugely grateful for the continued and generous support of our local community, NHS England and our local commissioner, Cheshire CCG.

Income Generation Activity

Despite a second year of disruptions and limitations, our Income Generation team had a strong year by adapting plans and innovating how we fundraise. We began to return to a 'new normal' as Covid restrictions eased, although some activities are likely to remain forever changed by the lessons of the pandemic. It is also highly likely that our income generation activity will continue to be challenged by the unprecedented economic uncertainty and even geo-political issues drawing focus away from local charitable giving.

Commercial

Our charity shops had an exceptionally strong year, performing at higher levels than pre-pandemic. The new Poynton shop has proven particularly successful, both in terms of revenue production and integration into the local community. We were lucky enough to retain the vast majority of our retail volunteers throughout the various lockdowns of the previous year, who continue to play such a vital role in the success of our shops. We also received a generous donation of more than 1,300 brand new rugs this year, which were sold in our shops, online, and at a series of special sales events.

Our premises on Chestergate were used during the pandemic as a wellbeing centre but are now back in use as a shop. We used the model from Poynton to create a 'boutique' style for this space, as we believe this is a good fit for the surrounding area, which boasts several trendy restaurants and vintage shops. Initial reception to the shop opening has been excellent and we are hopeful that it will prove profitable and popular moving forward.

We continue to look for further suitable sites to develop new retail space, particularly in Knutsford and Congleton.

Relationships

Our fundraisers worked hard to maintain our supporter relationships throughout Covid, and it was gratifying to see these efforts result in an upturn of activities as restrictions lifted this year.

Our Christmas Tree Collection is always our biggest fundraising event of the year, and we were delighted that it was able to go ahead on schedule this January. We adapted our ways of working, using different venues to allow a more socially distanced experience for our volunteers, but income was unaffected, and the event once again raised more than £150K. We remain indebted to Richard Raymond and Peter Chapman and their families and friends, without whose hard work and dedication the Collection would not happen.

Other successful community-based activities included our Jingle Bell Jog, a Christmas run for children which involved 48 schools/nurseries across the region and raised almost £82K, and the group known

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as What Women Want held their annual bingo night, which raised an impressive £10.5K.

Our major donor activity continued to operate throughout the year, successfully reaching its five year target of £775K seed funding for our work to fully co-ordinate care services for all patients at end of life. The Covid-secure online programme of Meeting of the Minds events remained popular, thanks in no small part to the involvement of our Patron, the BBC's Nick Robinson.

Legacies continue to be a vital, if difficult to predict income stream for East Cheshire Hospice, helping to provide care for around 1 in 3 patients and families. A combination of delays in estate processing during the peak of the pandemic and very sadly a heightened mortality rate meant that 2021/22 set a new record high level of legacy income.

Engagement

Digital engagement continues to be a priority for the team, with email and social media communications often proving the most effective way to stay in touch with our supporters. However, we have taken advantage of the reduction in restrictions to increase our physical engagement activities, hosting our first live event in two years in October 2021. This was a drive-in cinema held at Capesthorpe Hall, and represented a significant milestone in our journey out of Covid.

Since then, we have held a successful new event, Pie & Pint, as well as our annual memory walk. We do not anticipate a return to the large-scale events of the past, but it was gratifying to be able to engage directly with supporters once more.

Fundraising complaints

We did not receive any complaints about our fundraising activities during the last year. Our fundraising team abides by the Fundraising Regulator's Code of Practice and their Fundraising Promise. We strive always to act ethically and responsibly, using best practice when communicating with our supporters, and we strictly adhere to General Data Protection Regulations (GDPR) processes in relation to data usage.

Funding from statutory bodies

Cheshire CCG, our main commissioner worked very collaboratively with us throughout the year. We were delighted to see a 3% increase in our core grant for 2021/22, along with further one-year, non-recurrent funding to provide carer's breaks for end-of-life patients and also to support winter bed pressures at Macclesfield District General Hospital. The planned restructuring of the CCG into Cheshire & Merseyside Integrated Care Board (ICB) in April 2022 has been delayed and it is not yet clear how this will impact our relationships or funding going forward.

Our contract with Cheshire CCG to provide domiciliary end of life care through the Continuing Health Care funding mechanism proved successful, enabling us to provide care 24/7 in more patients own homes. This service has now been incorporated into the Palliative Care in Partnership Project and we were pleased to sign a contract with Mid Cheshire Hospitals NHS Foundation Trust (MCHT) in December 2021 which allowed us to expand the number of patients we can help.

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During the year, Hospice UK secured a third round of NHS England (NHSE) funding on behalf of all adult hospices in England. This funding was intended to allow hospices to make available bed capacity and community support from December 2021 to March 2022, as the Omicron variant of COVID19 peaked. We are hugely grateful to both Hospice UK and NHSE for the £551,661 received through this grant.

Investment Objectives and Returns

The Trustees have the power to invest in such assets as they see fit. The Hospice maintains a mixture of liquid funds and longer-term stock market investments which act as both an income stream and reserves. Income flows can be hard to predict, and so cash balances over and above those required for immediate operational purposes are invested in a mix of shorter- and longer- term deposits to allow for possible funding gaps. In May 2021 the investment portfolio was switched to the Quilter Cheviot Global Income and Growth Fund for Charities, a Charity Authorised Investment Fund (CAIF), which has a similar risk profile to the Hospice's previous discretionary fund with the benefit of reduced fees.

Quilter Cheviot's performance is reviewed quarterly against the Asset Risk Consultants (ARC) benchmark, comprising 50% of the Balanced Index and 50% of the Steady Growth Index. Despite continued turbulent markets, the total return on the portfolio for the year to 31 March 2022 was ahead of the benchmark by 1.8%, ending the year at +9.3%. This resulted in an unrealised gain of £217,906 which has added to reserves in year.

Expenditure

Total costs are in line with last year, showing a small decrease of £38,521, as increases in staffing costs were offset by the reduction in depreciation charge. Staffing is the single largest cost in the Hospice, accounting for 74% of the total, and reflecting that the excellent care our patients and their families receive is reliant on our ability to recruit and retain well trained and highly sought after care staff. Staffing costs increased by £218,820 as we sought to maintain parity of pay with NHS employed colleagues, and catch up with training following the pandemic. Depreciation charges have returned to normal levels following a significant increase last year as the change in depreciation policy was implemented, giving a cost reduction of £309,730 this year. This has more than offset the increased staffing costs.

Our Hospice @Home daytime service costs have increased by £223,044, as the service has grown. The daytime service was successfully launched in April 2021 and has been expanding ever since, with a particular increase from December 2021 as the Palliative Care in Partnership collaborative working arrangements were agreed with Mid Cheshire Hospitals NHS Foundation Trust (MCHT). Recruitment is ongoing for this service, and we expect further cost increases next year.

Following the significant expansion of our Hospice @Home service, it became clear that allocation of support costs across our activity based on floor space was no longer a useful approximation of the resource used in that activity. Support costs are now apportioned on the basis of headcount used in each activity.

We remain grateful to NHSE that they have again picked up the increase in the NHS Pensions employers costs following the 2016 actuarial valuation (effective April 2019). This increase in employers' contributions from 14.3% to 20.6% would otherwise be an additional cost of c.£67,000 to the Hospice. It is not yet clear if or when the Hospice will be expected to take on this cost directly.

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We are mindful as always of the need to use our donated income and resources in the most efficient way, and to provide the maximum benefit for our patients and their families. We continue to review all our activity to ensure we meet the changing needs of the community we serve.

Risk Management

The Board reviews detailed assessments of the risks to which the Charity may be exposed. Comprehensive governance arrangements are in place to oversee risk management in clinical, support services and business administration to ensure that standards are maintained in line with good practice, legislation and accreditation. The processes in place are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- identification and management of risks, using an Organisational Risk Register;
- insurance covers for the major financial risks which are reviewed annually;
- a three-year rolling strategic plan and an annual delivery plan with budgets and key performance indicator targets, all approved by the trustees;
- regular consideration by trustees of financial results in comparison with budgets and prior year performance;
- regular review of financial and non-financial performance indicators and bench-marking reports;
- appropriate levels of delegation of authority and segregation of duties.

The charity's reliance on voluntary income to provide 77% of the annual running costs means that the long-term financial sustainability of the Hospice remains one of the key risks identified by the Trustees. The Trustees, however, have maintained a strategy of continuous improvement in relation to service delivery as well as investing in income generation to mitigate this risk as far as possible.

We anticipate that the heightened demand for our services will continue into the post-pandemic era as diagnoses which were delayed due to Covid will now present in greater numbers, with more complexity or in crisis. The key risk in this instance is that services will be periodically overwhelmed if surge capacity is unable to be managed effectively.

The Health Care Act 2022 makes provision for the NHS re-organisation leading to significant changes to the way palliative and end of life services are commissioned. There is a risk that we will be unable to secure sufficient statutory funding to maintain services at current levels.

Reserves

At 31 March 2022, the Hospice held total reserves of £14,422,639, an increase of £2,067,508 over the previous year. Of the total reserves, £4,979,867 relates to restricted reserves, with the main restriction being over the Hospice building. Should the Hospice cease to operate, or the building be sold, all proceeds must be returned to the Secretary of State for Health and Social Care.

Remaining restricted funds relate primarily to the Hospice @Home service – this was being pump-primed by our Hospice Angels campaign which started in 2016, 12 months before the service became operational. Angels had pledged to provide support for five years whilst a sustainable income stream was built up. We are very pleased to announce that the Palliative Care in Partnership contract, funded by Cheshire CCG will part fund elements of this service. The Trustees agreed to retain the designated Hospice @Home fund until the new statutory contract becomes fully operational. Remaining restricted

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funds will continue to pay for non-statutory funded elements of this service.

The ECH Ambassador Group refocused their fundraising efforts through another Hospice Angels campaign which funded the development of a Co-ordinated Care Service linked to Hospice @Home, giving patients, carers and healthcare professionals a single point of contact to meet all their palliative and end of life care needs.

During the year, the Trustees reviewed the reserves policy and set a range within which it was deemed prudent to hold free reserves. This is based on a minimum level required to support the Hospice through two fallow income generation years and sufficient funds to wind up the Hospice in the event of a forced closure, and a maximum level of 12 months' operating costs. Reserves in excess of the minimum are held to support service development and to meet exceptional circumstances. A number of designated funds were established in year to support the ambitious plans for development of both the Hospice services and its site, which is now over 34 years old. The service development fund will be used to contribute to the development of our dementia services, along with co-ordinated care and Hospice at Home expansion. The Building development Fund has been set up to assist in match funding the remaining 4 phases of the Millbank Drive site renovations, which we hope to advance over the next 5 years should funding become available. The final designated fund is for repairs and equipment and is to ensure we can maintain an aging building in a good state of repair.

The Hospice's 'free reserves' are those unrestricted funds that are freely available to spend on any of the charity's purposes, and excludes all fixed assets, restricted and designated funds. Free reserves at 31 March 2022 are £5,205,984 compared to £6,361,228 last year.

PLANS FOR FUTURE PERIODS

In this planning period we are carefully re-emerging from the first two crisis years of the Covid 19 pandemic and learning to deliver services and organisational change in a world altered by the experience.

The plans for the coming year will be organised under our perpetual Continuous Improvement workstream and a set of multi-year Change Programmes with specific milestones for each of the financial years to March 2025.

The Health Care Act 2022 redefines how health and social care is delivered in the UK. This represents both a risk but also an unprecedented opportunity for ECH to deliver on its vision to provide fully integrated support for patients and their families facing end of life, and to grow its influence within our local health and care economy. We will invest time and energy into building new networks and being an enthusiastic and flexible partner organisation.

Over the course of the year, we will undertake a governance review to evaluate Board performance against the Charity Commission's Governance Framework guidance and the Charity Governance Code. We will also have to replace four hugely experienced members of our Board of Trustees who have reached the end of their maximum terms of office. We will seek the best talent our locality has to offer and ensure they undertake a meaningful induction and training programme to guarantee that ECH continues to have a robust governance framework.

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REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)
For the year ended 31 March 2022

The continuous improvement workstream will manage the organisation's business as usual service delivery and operational support functions to ensure ECH is developing in the right direction, meeting its charitable objects as well as its fiscal responsibilities.

Income Generation

We anticipate that rising inflation and energy costs will leave households with less disposable income and the desperate humanitarian crisis caused by the war in Ukraine will mean donors have difficult choices to make as to which organisations, if any at all, are the beneficiaries of their charitable giving.

We recognise we will have to work harder to attract diminishing charitable donations and there are fully costed plans and stretching targets in place for each of our nine voluntary income streams, namely Retail, Events, Lottery, Corporate, Community, Legacies, Grants & Trusts, Individual Giving and Major Donors.

The Ambassador Group, which helps ECH to access seed funding for innovation projects has a new fundraising target of £975K to raise by 31 March 2023. This income will fund the expansion of our Sunflower Centre Dementia Wellbeing Programme over the next five years, just one element of the large scale Dementia Change Programme as detailed below.

Change Programmes

There are seven change programmes which will drive the organisation further and faster towards achieving its vision, namely:

1. **Development of Hospice Dementia Services** to ensure ECH has the capacity, competency and facilities to meet the emerging needs of people dying from or with dementia in our community. This programme has six workstreams:
 - Through academic research develop a Dementia End of Life Care Pathway
 - Undertake a Locality Gap Analysis to ensure any ECH development adds capacity to the Integrated Care System and does not duplicate existing services
 - Seek to co-produce services using Patient and Carer feedback
 - Engage with our communities to ascertain future needs for services, support and/or education requirements
 - Sunflower Centre refurbishment programme to ensure we have the facilities to deliver simultaneous services in a dementia -friendly environment
 - Major donor fundraising campaign to seed fund innovation in service development

2. **Community Engagement** to enable ECH to hear and understand the needs of the communities it serves to better develop more responsive, hyper local services and increase income generation and volunteering opportunities within

EAST CHESHIRE HOSPICE
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For the year ended 31 March 2022

compassionate neighbourhoods.

3. **Hospice Sustainability** to ensure that ECH remains financially sustainable, meets our communities' need for high quality care, is the go-to partner organisation for end of life care locally and continues to be the lead innovator in palliative and end of life service provision.
4. **Digital Transformation** By harnessing the power of our people and synergistic technologies we will improve productivity, enhance users' experience with 'smart' facilities, provide seamless interconnectivity with partner organisations and ensure we stay relevant.
5. **Launch Co-ordinated Care Service** to be the lead partner in developing and managing a single point of contact/access for Palliative and End of Life Care patients and professionals in Cheshire East Place. Ensuring all Palliative and End of Life Care patients, families and their healthcare professionals will have one number to call, one single source of information and be one multi-agency team working 24/7 across the integrated care system.
6. **Facilities Development** to ensure our facilities are fit for purpose, efficient to run and safe to use. In year will see the completion of phase two of the site redevelopment plan which includes the Sunflower Centre re-design in line with the associated capital appeal as well as the preparation work required for phase three. We will also undertake necessary major repairs.
7. **Data Analytics** to integrate all ECH data sources to give Board/SMT and team leaders greater visibility of information for effective monitoring, reporting and timely decision-making to improve patient and family experience and assist with hospice sustainability.

Our strategy is designed to reflect the six ambitions in the National Framework for Palliative Care and informed locally by population health data for East Cheshire and regionally by the Strategic Collaborative Cheshire.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Hospice is a charitable company limited by guarantee, incorporated in England and Wales on 10 April 1984 and registered as a charity on 25th April 1984. The company is established under a Memorandum of Association which sets out the objects and powers and is governed under its Articles of Association, as updated in March 2015.

The Nominations and Remuneration Committee is responsible for monitoring and evaluating the trustee recruitment, selection and appraisal process. The governing document requires between 5 and 14 trustees. Board vacancies are identified through regular skills audits and vacancies are filled through a

EAST CHESHIRE HOSPICE
REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)
For the year ended 31 March 2022

formal recruitment process. The Hospice serves the needs of the broad community, so the Board endeavours to reflect this in the make-up of its membership, whilst meeting the need to have an appropriate mix of professional skills necessary for the day-to-day and longer term running of the Charity. Once appointed to the Board, new trustees undertake an induction programme, supported by an existing member of the Board, and are supplied with a comprehensive information pack detailing the responsibilities of their trusteeship. Trustees are elected to serve for a term of three years, but can seek re-election for two further periods, with a total permitted maximum of nine consecutive years.

The Board meets at least four times a year and is responsible, through its committees, for setting and monitoring progress against the Strategic Plan, Annual Delivery Plans and Key Performance Indicators. These meetings are attended by the Chief Executive and members of the management team, who are responsible for the day-to-day running of Hospice services.

The committees are attended by designated Trustees and management team. The committees make proposals to the Board and have approved terms of reference with specific assigned responsibilities. The committees are:

- The Patient Care and Clinical Governance Committee which is responsible for monitoring patient care/services, partnership and clinical governance, and meets quarterly;
- Finance and Resources Committee which is responsible for monitoring and compliance of all matters financial, donor engagement, partnerships, use of technology and all other resources inclusive of human resources, and meets quarterly;
- The Nominations and Remuneration Committee which is responsible for the appointment of Trustees, Vice Presidents and other key roles, and meets at least twice yearly. It is also responsible for agreeing the remuneration of management posts as they become vacant. This is done by reference to other similar roles in the local job market and other hospices.

The Finance and Resources Committee reviews all staff pay on an annual basis to determine whether an inflation pay award can be given. The management team is included in this review and receive any increase on the same basis as all other staff.

The Hospice is a member of The End of Life Partnership, a local charity consisting of 30 partner organisations involved in end of life care issues across Cheshire. It also promotes the delivery of high-quality palliative care education in order to ensure all communities are prepared for end of life care. The Hospice does not have any control over this charity, however, along with other hospices within Cheshire, it does provide an annual grant towards its core costs. The Hospice is also a shareholder in the Hospice Quality Partnership, a commercial company set up by hospices nationally to provide more efficient and better-quality procurement in the sector through collective bulk purchasing power.

The Hospice's wholly owned subsidiary, ECH Trading Limited, was established to run commercial retail activities. It gift aids its profits to the Hospice and all related party transactions are provided in the notes to these accounts.

RESPONSIBILITIES OF THE BOARD OF TRUSTEES

The Trustees (who are directors of East Cheshire 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 Board to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure for the financial year. In preparing those financial statements, the Board should follow best practice and:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charity Statement of Recommended Practice (SORP)
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in business.

The Board is responsible for maintaining proper accounting records which 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. The Board is also responsible for safeguarding the assets of the charitable company 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 company's auditors are unaware; and
- we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

AUDITORS

Heywood Shepherd were re-appointed as the charitable company's auditors and have expressed their willingness to continue in that capacity.

Approved by the Board on 15 September 2022 and signed on its behalf by:

Mr S W Spinks

EAST CHESHIRE HOSPICE
INDEPENDENT AUDITORS REPORT TO THE MEMBERS AND TRUSTEES OF EAST CHESHIRE HOSPICE
For the year ended 31 March 2022

Opinion

We have audited the financial statements of East Cheshire Hospice (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2022 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheet and the consolidated statement of cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2022, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 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's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

EAST CHESHIRE HOSPICE
INDEPENDENT AUDITORS REPORT TO THE MEMBERS AND TRUSTEES OF EAST CHESHIRE HOSPICE
For the year ended 31 March 2022

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 detailed below:

Our approach to identifying and assessing the risks of material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- We identified the laws and regulations applicable to the company through discussions with trustees and management, and from our knowledge and experience of the charity sector;
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, Charities SORP FRS102, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting correspondence; and
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatements, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override controls, we:

- Performed analytical procedures to identify any unusual or expected relationships;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading minutes of meetings of those charged with governance;
- enquiring of management as to actual potential litigation and claims;

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from errors as they may involve deliberate concealment or collusion. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Independent Auditor's Report.

EAST CHESHIRE HOSPICE
INDEPENDENT AUDITORS REPORT TO THE MEMBERS AND TRUSTEES OF EAST CHESHIRE HOSPICE
For the year ended 31 March 2022

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 auditors' 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.

Mr N A Kennington (Senior Statutory Auditor)
For and on behalf of Heywood Shepherd,
Chartered Accountants
1 Park Street
Macclesfield
Cheshire
SK11 6SR

Dated: 15 September 2022

EAST CHESHIRE HOSPICE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating and Income & Expenditure account)
As at 31 March 2022

| | Notes | 2022 | | | 2021 | | |
|--|-------|-------------------------|-----------------------|-------------------|-------------------------|-----------------------|-------------------|
| | | Unrestricted Funds £ | Restricted Funds £ | Total £ | Unrestricted Funds £ | Restricted Funds £ | Total £ |
| Income from: | | | | | | | |
| Donations and legacies | 2 | 4,431,324 | 1,444,943 | 5,876,267 | 3,841,723 | 1,503,309 | 5,345,032 |
| Charitable activities | 3 | 207,212 | - | 207,212 | 87,226 | - | 87,226 |
| Other trading activities | 4 | 1,000,088 | 9,216 | 1,009,304 | 666,530 | 1,541 | 668,071 |
| Investments | 5 | 115,602 | - | 115,602 | 106,048 | - | 106,048 |
| Total | | 5,754,226 | 1,454,159 | 7,208,385 | 4,701,527 | 1,504,850 | 6,206,377 |
| Expenditure on: | | | | | | | |
| Raising funds | 7 | 994,937 | 2,867 | 997,804 | 934,133 | 2,272 | 936,405 |
| Charitable activity | 8 | | | | | | |
| Inpatient services | | 2,322,098 | 106,479 | 2,428,577 | 2,604,379 | 17,206 | 2,621,585 |
| Day-care and outpatients | | 487,936 | 97,710 | 585,646 | 663,049 | 6,436 | 669,485 |
| Hospice @Home | | 364,962 | 550,491 | 915,453 | 214,850 | 477,559 | 692,409 |
| Family support services | | 293,169 | 73,379 | 366,548 | 363,834 | 43,478 | 407,312 |
| Outreach and education | | 51,177 | 13,578 | 64,755 | 69,974 | 134 | 70,108 |
| Total | | 4,514,279 | 844,504 | 5,358,783 | 4,850,219 | 547,085 | 5,397,304 |
| Net gains/(losses) on investments | 12 | 217,906 | - | 217,906 | 771,810 | - | 771,810 |
| Net income/(expenditure) | | 1,457,853 | 609,655 | 2,067,508 | 623,118 | 957,765 | 1,580,883 |
| Transfers between funds | 22 | 625,780 | (625,780) | - | 1,246,924 | (1,246,924) | - |
| Net income/(expenditure) for the year | | 2,083,633 | (16,125) | 2,067,508 | 1,870,042 | (289,159) | 1,580,883 |
| Total funds brought forward | | 7,359,139 | 4,995,992 | 12,355,131 | 5,489,097 | 5,285,151 | 10,774,248 |
| Total funds carried forward | 22 | 9,442,772 | 4,979,867 | 14,422,639 | 7,359,139 | 4,995,992 | 12,355,131 |

The statement of financial activities includes all gains and losses recognised in the year and all amounts derive from continuing activities. The transfer between funds is in respect of movements in fixed assets.

The notes on pages 25 to 37 form part of these accounts.

EAST CHESHIRE HOSPICE

BALANCE SHEET
For the year ended 31 March 2022

| | Notes | Group | | Charity | |
|---|-------|-------------------|-------------------|-------------------|-------------------|
| | | 2022 £ | 2021 £ | 2022 £ | 2021 £ |
| Fixed Assets | | | | | |
| Tangible assets | 11 | 4,273,401 | 3,721,363 | 4,273,401 | 3,721,363 |
| Investments | 12 | 5,997,993 | 3,746,614 | 5,997,995 | 3,746,616 |
| | | <u>10,271,394</u> | <u>7,467,977</u> | <u>10,271,396</u> | <u>7,467,979</u> |
| Current Assets | | | | | |
| Stock | 14 | 171 | 441 | - | - |
| Debtors | 15 | 1,457,992 | 951,200 | 1,457,992 | 951,200 |
| Cash at bank and in hand | | 3,079,803 | 4,443,533 | 3,079,801 | 4,443,531 |
| | | <u>4,537,966</u> | <u>5,395,174</u> | <u>4,537,793</u> | <u>5,394,731</u> |
| Creditors: amounts falling due within one year | 16 | <u>386,721</u> | <u>508,020</u> | <u>387,368</u> | <u>508,397</u> |
| Net Current Assets | | <u>4,151,245</u> | <u>4,887,154</u> | <u>4,150,425</u> | <u>4,886,334</u> |
| Total Assets Less Current Liabilities | | <u>14,422,639</u> | <u>12,355,131</u> | <u>14,421,821</u> | <u>12,354,313</u> |
| Creditors: amounts falling due after more than one year | | - | - | - | - |
| Net Assets | | <u>14,442,639</u> | <u>12,355,131</u> | <u>14,421,821</u> | <u>12,354,313</u> |
| Restricted funds | | 4,979,867 | 4,995,992 | 4,979,867 | 4,995,992 |
| Unrestricted - general funds | | 5,378,641 | 5,546,791 | 5,377,823 | 5,545,973 |
| - designated funds | | 4,003,251 | 808,387 | 4,003,251 | 808,387 |
| - revaluation reserve | | 60,880 | 1,003,961 | 60,880 | 1,003,961 |
| Total Funds | 22 | <u>14,422,639</u> | <u>12,355,131</u> | <u>14,421,821</u> | <u>12,354,313</u> |

These financial statements of East Cheshire Hospice (charity number 515104; company number 01807691) were approved by the Board of Trustees on 15 September 2022 and signed on its behalf by:

Mr S W Spinks

Mr A C Kennedy

The notes on pages 25 to 37 form part of these accounts

EAST CHESHIRE HOSPICE

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2022

| | 2022 | 2021 |
|--|-------------------------|------------------|
| | £ | £ |
| Cash flows from operating activities: | | |
| Net cash provided by / (used in) operating activities | <u>1,317,600</u> | <u>1,287,549</u> |
| Cash flow from investing activities: | | |
| Dividends and interest from investments | 115,602 | 106,048 |
| Proceeds from the sale of equipment | - | 11,800 |
| Purchase of property, plant and equipment | (763,460) | (501,090) |
| Proceeds from the sale of investments | 4,429,790 | 216,897 |
| Purchase of investments | <u>(6,463,262)</u> | <u>(229,483)</u> |
| Net cash provided by / (used in) investing activities | <u>(2,681,330)</u> | <u>(395,828)</u> |
| Change in cash and cash equivalents in the year | (1,363,730) | 891,721 |
| Cash and cash equivalents b/f | <u>4,443,533</u> | <u>3,551,812</u> |
| Cash and cash equivalents c/f | <u>3,079,803</u> | <u>4,443,533</u> |

Notes to the consolidated cash flow statement

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

| | 2022 | 2021 |
|---|------------------|------------------|
| | £ | £ |
| Net income / (expenditure) for the reporting period | 2,067,508 | 1,580,883 |
| Depreciation charge | 210,304 | 520,034 |
| (Gains) / losses on investments | (217,906) | (771,810) |
| Investment income | (115,602) | (106,048) |
| Loss / (profit) on sale of fixed assets | 1,118 | (4,143) |
| Decrease/(increase) in stock | 270 | 326 |
| (Increase)/decrease in debtors | (506,793) | (53,160) |
| (Decrease)/increase in creditors | (121,299) | 119,285 |
| Investment commissions | - | 2,182 |
| Net cash provided by / (used in) operating activities | <u>1,317,600</u> | <u>1,287,549</u> |

Analysis of cash and cash equivalents:

| | 2022 | 2021 |
|---------------------------------|-------------------------|------------------|
| | £ | £ |
| Cash in hand | 1,329,803 | 1,193,533 |
| Notice deposits | <u>1,750,000</u> | <u>3,250,000</u> |
| Total cash and cash equivalents | <u>3,079,803</u> | <u>4,443,533</u> |

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS For the year ended 31 March 2022

1. Summary of Significant Accounting Policies

General Information and Basis of Preparation

The financial statements of the charitable company, which is a public benefit entity under FRS102, 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 (Charities SORP FRS102 – effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments, which are included at market value as modified by the revaluation of certain assets. The financial statements are presented in GB Sterling, which is the functional currency, rounded to the nearest Pound.

Basis of consolidation

These accounts consolidate the results of the charity and its wholly owned trading subsidiary, ECH Trading Limited, on a line by line basis. A separate Statement of Financial Activities has not been presented for the charity as allowed by Section 408 of the Companies Act 2006. The net gain of the Hospice for the year is £2,067,508 (2021: net gain £1,580,883).

Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes. Restricted funds are donations which the donor has specified are to be used for specific projects. The aim and use of each significant restricted fund is set out in the notes to these accounts.

Incoming Resources and Debtors

All income is recognised in the statement of financial activities when the Hospice has entitlement to the funds, receipt is probable, and the amount can be reliably measured. The following policies are applied to income:

- Voluntary income is included in full when receivable. Grant income is recognised when the charity becomes unconditionally entitled to it.
- Legacies are included at the earlier of when the Executors notify the Hospice that a distribution will be made, or when a distribution is received. Where legacies have been notified to the Hospice, but the recognition criteria have not been met, the legacy is treated as a contingent asset and disclosed if material.
- Gifts in kind and donated services are recognised within incoming resources and expenditure at an estimate of open market value. The value of services provided by volunteers is not included in the accounts.
- Items donated for resale through the charity's shops are included as incoming resources when they are sold.
- Investment income is included when receivable.
- Lottery income received in advance is deferred and released in the week that the draw takes place.

Debtors are recognised at settlement value.

Resources Expended and Creditors

Expenditure is recognised when there is a legal or constructive obligation to a third party, payment is probable, and the amount is reliably measurable. Irrecoverable VAT is allocated as a support cost. Expenditure is classified under the following activity headings:

- Costs of raising funds are those associated with fundraising activity, including the charity's shops and lottery operations and their associated support costs.
- Charitable expenditure is incurred in the delivery of the charity's activities and services for its beneficiaries. It includes costs that can be directly apportioned and indirect associated support costs.

Grants payable are made to third parties in the furtherance of the Hospice's charitable objectives. Grants are accounted for when the conditions for payment have been met by the recipient, or in full when no conditions have been set.

Redundancy and termination payments are recognised on an accruals basis as a liability is incurred.

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS For the year ended 31 March 2022

1. Summary of Significant Accounting Policies (continued)

Creditors are recognised where it is probable that a reliably estimated present obligation will result in a payment to a third party. Creditors are recognised at their settlement value.

Support costs

Support costs are those back-office functions that are necessary for the effective running of the Hospice but are not directly involved in providing care. They are allocated between the cost of raising funds and charitable activities as set out in the notes to these accounts.

Tangible Fixed Assets and Depreciation

Tangible fixed assets costing more than £1,000 are capitalised at cost. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, over their estimated useful life as follows:

- Buildings 2 – 10% p.a. straight line depending on the asset nature
- Plant, equipment and vehicles 12.5% p.a. straight line
- Computer hardware 25% straight line

The land at Millbank Drive is included at market value at the time of donation from the Health Authority.

Investments and cash

Listed investments are stated at market value at the balance sheet date. Unlisted investments are valued at cost. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year. Cash at bank is held to meet the day to day running costs of the Hospice as they fall due.

Stock

Stocks are valued at the lower of cost and net realisable value. Items donated for resale are not included in the financial statements until they are sold.

Leases

Rental payable under operating leases are charged to the statement of financial activities in equal annual instalments over the period of the lease.

Pensions

The Hospice contributes to the NHS pension scheme as allowed under direction of the Secretary of State in England and Wales. This is an unfunded, defined benefit pension scheme and it is not possible to identify the assets and liabilities which are attributable to the Hospice. The scheme is therefore accounted for as defined contribution scheme. The Hospice also operates 2 further defined contribution pension schemes. The assets of all schemes are held separately from those of the Hospice in independently administered funds. Contributions payable for the year are charged to the SOFA in line with the activity carried out by the relevant pension scheme member.

Taxation

The Hospice is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Going Concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of Hospice reserves to be able to continue as a going concern.

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS
For the year ended 31 March 2022

2. Donations and legacies:

| | Unrestricted Funds £ | Restricted Funds £ | Total 2022 £ | Unrestricted Funds £ | Restricted Funds £ | Total 2021 £ |
|--------------------|----------------------------|--------------------------|--------------------|----------------------------|--------------------------|--------------------|
| Donations | 890,527 | 679,304 | 1,569,831 | 1,405,555 | 573,118 | 1,978,673 |
| Legacies | 2,148,009 | - | 2,148,009 | 1,023,770 | 600 | 1,024,370 |
| Community activity | 508,089 | 70,396 | 578,485 | 388,530 | 200 | 388,730 |
| Grants | 884,699 | 695,243 | 1,579,942 | 1,023,868 | 929,391 | 1,953,259 |
| | 4,431,324 | 1,444,943 | 5,876,267 | 3,841,723 | 1,503,309 | 5,345,032 |

Grants receivable were:

| | Unrestricted Funds £ | Restricted Funds £ | Total 2022 £ | Unrestricted Funds £ | Restricted Funds £ | Total 2021 £ |
|------------------------------|----------------------------|--------------------------|--------------------|----------------------------|--------------------------|--------------------|
| NHS Cheshire CCG – care | 457,211 | - | 457,211 | 443,894 | - | 443,894 |
| NHS Cheshire CCG – drugs | 108,000 | - | 108,000 | 110,700 | - | 110,700 |
| NHS Cheshire CCG – other | 215,321 | - | 215,321 | 168,247 | - | 168,247 |
| NHS Derbyshire CCG – care | 41,286 | - | 41,286 | 40,476 | - | 40,476 |
| Cheshire East Council | - | 29,818 | 29,818 | 53,170 | - | 53,170 |
| Job Retention Scheme | 1,423 | - | 1,423 | 49,399 | - | 49,399 |
| NHSE Covid-19 capacity grant | - | 551,661 | 551,661 | - | 864,079 | 864,079 |
| Other grants and trusts | 61,458 | 113,764 | 175,222 | 157,982 | 65,312 | 223,294 |
| | 884,699 | 695,243 | 1,579,942 | 1,023,868 | 929,391 | 1,953,259 |

The Hospice's main grant agreements are with NHS Cheshire Clinical Commissioning Group (CCG), which makes a contribution to the provision of 24-hour specialist palliative care for patients and families in the East Cheshire region and for drugs. The Hospice has a similar arrangement with NHS Derbyshire CCG as the boundaries of the Hospice's service area extend to parts of Derbyshire.

The NHSE awarded funding to allow the Hospice to make available bed capacity and community support from December 2021 to March 2022, to provide support to people with complex needs in the context of the COVID-19 situation.

3. Charitable activities:

| | Unrestricted Funds £ | Restricted Funds £ | Total 2022 £ | Unrestricted Funds £ | Restricted Funds £ | Total 2021 £ |
|--|----------------------------|--------------------------|--------------------|----------------------------|--------------------------|--------------------|
| Local government and NHS service contracts | 194,529 | - | 194,529 | 86,241 | - | 86,241 |
| Other ancillary income | 12,683 | - | 12,683 | 985 | - | 985 |
| | 207,212 | - | 207,212 | 87,226 | - | 87,226 |

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS
For the year ended 31 March 2022

4. Other trading activities:

| | Unrestricted Funds | Restricted Funds | Total 2022 | Unrestricted Funds | Restricted Funds | Total 2021 |
|------------------------|-----------------------|---------------------|------------------|-----------------------|---------------------|----------------|
| | £ | £ | £ | £ | £ | £ |
| Events and sponsorship | 195,651 | 9,216 | 204,867 | 168,114 | 1,541 | 169,655 |
| Lottery income | 328,204 | - | 328,204 | 324,471 | - | 324,471 |
| Shops | 476,233 | - | 476,233 | 173,945 | - | 173,945 |
| | 1,000,088 | 9,216 | 1,009,304 | 666,530 | 1,541 | 668,071 |

5. Investment income:

| | Unrestricted Funds | Restricted Funds | Total 2022 | Unrestricted Funds | Restricted Funds | Total 2021 |
|--------------------|-----------------------|---------------------|----------------|-----------------------|---------------------|----------------|
| | £ | £ | £ | £ | £ | £ |
| Dividends received | 111,754 | - | 111,754 | 87,167 | - | 87,167 |
| Interest received | 3,848 | - | 3,848 | 18,881 | - | 18,881 |
| | 115,602 | - | 115,602 | 106,048 | - | 106,048 |

6. Net incoming resources for the year (group and charity):

| | 2022 | 2021 |
|---|--------------|--------------|
| | £ | £ |
| This is stated after charging: | | |
| Depreciation (owned assets) | 210,304 | 520,034 |
| Auditor's remuneration (excluding VAT) - charity | 8,500 | 8,000 |
| Auditor's remuneration (excluding VAT) - subsidiary | 850 | 850 |
| Non audit fees (excluding VAT) | 4,200 | 3,975 |

7. Raising funds:

| | Unrestricted Funds | Restricted Funds | Total 2022 | Unrestricted Funds | Restricted Funds | Total 2021 |
|--------------------------------|-----------------------|---------------------|----------------|-----------------------|---------------------|----------------|
| | £ | £ | £ | £ | £ | £ |
| Donations and legacies: | | | | | | |
| Staff costs | 266,008 | - | 266,008 | 274,517 | - | 274,517 |
| Events and fundraising costs | 121,129 | 2,867 | 123,996 | 98,889 | - | 98,889 |
| | 387,137 | 2,867 | 390,004 | 373,406 | - | 373,406 |
| Other trading activity: | | | | | | |
| Staff costs | 246,746 | - | 246,746 | 271,763 | - | 271,763 |
| Events and fundraising costs | 36,608 | - | 36,608 | 19,724 | - | 19,724 |
| Lottery management costs | 17,163 | - | 17,163 | 10,225 | - | 10,225 |
| Lottery prizes | 79,592 | - | 79,592 | 78,022 | - | 78,022 |
| Shop running costs | 145,428 | - | 145,428 | 143,553 | 1,870 | 145,423 |
| | 525,537 | - | 525,537 | 523,287 | 1,870 | 525,157 |
| Investment costs: | | | | | | |
| Investment managers fee | 2,307 | - | 2,307 | 19,955 | - | 19,955 |
| Support costs | 79,956 | - | 79,956 | 17,485 | 402 | 17,887 |
| | 994,937 | 2,867 | 997,904 | 934,133 | 2,272 | 936,405 |

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS
For the year ended 31 March 2022

8. Charitable activities:

| | Unrestricted Funds £ | Restricted Funds £ | Total 2022 £ | Unrestricted Funds £ | Restricted Funds £ | Total 2021 £ |
|----------------------------------|----------------------------|--------------------------|--------------------|----------------------------|--------------------------|--------------------|
| Inpatient services: | | | | | | |
| Staff and related costs | 1,783,902 | - | 1,783,902 | 1,719,401 | 160 | 1,719,561 |
| Patient consumables – direct | 101,758 | - | 101,758 | 132,209 | 30 | 132,239 |
| Catering and housekeeping | 44,463 | 268 | 44,731 | 42,108 | - | 42,108 |
| Property occupation and repairs | 152,836 | 19,186 | 172,022 | 109,862 | 9,643 | 119,505 |
| Depreciation | 27,826 | 87,025 | 114,851 | 280,248 | - | 280,248 |
| Support costs | 211,313 | - | 211,313 | 320,551 | 7,373 | 327,924 |
| | 2,322,098 | 106,479 | 2,428,577 | 2,604,379 | 17,206 | 2,621,585 |
| Day care and outpatients: | | | | | | |
| Staff and related costs | 327,001 | 47,536 | 374,537 | 346,297 | 816 | 347,113 |
| Patient consumables – direct | 3,916 | 2,532 | 6,448 | 1,929 | 279 | 2,208 |
| Catering and housekeeping | 12,383 | 64 | 12,447 | 12,692 | - | 12,692 |
| Property occupation and repairs | 57,926 | 8,594 | 66,520 | 42,542 | 2,258 | 44,800 |
| Depreciation | 12,465 | 38,984 | 51,449 | 125,540 | - | 125,540 |
| Support costs | 74,245 | - | 74,245 | 134,049 | 3,083 | 137,132 |
| | 487,936 | 97,710 | 585,646 | 663,049 | 6,436 | 669,485 |
| Hospice @Home: | | | | | | |
| Staff and related costs | 192,358 | 526,056 | 718,414 | 142,512 | 460,585 | 603,097 |
| Patient consumables – direct | - | 12,609 | 12,609 | - | 16,304 | 16,304 |
| Catering and housekeeping | 953 | - | 953 | 1,415 | - | 1,415 |
| Property occupation and repairs | 14,351 | 2,136 | 16,487 | 10,575 | - | 10,575 |
| Depreciation | 3,099 | 9,690 | 12,789 | 31,206 | - | 31,206 |
| Support costs | 154,201 | - | 154,201 | 29,142 | 670 | 29,812 |
| | 364,962 | 550,491 | 915,453 | 214,850 | 477,559 | 692,409 |
| Family support: | | | | | | |
| Staff and related costs | 200,543 | 43,069 | 243,612 | 178,589 | 41,735 | 220,324 |
| Patient consumables – direct | 411 | 408 | 819 | 267 | - | 267 |
| Catering and housekeeping | 2,410 | - | 2,410 | 3,576 | - | 3,576 |
| Property occupation and repairs | 36,282 | 5,402 | 41,684 | 26,737 | - | 26,737 |
| Depreciation | 7,834 | 24,500 | 32,334 | 78,899 | - | 78,899 |
| Support costs | 45,689 | - | 45,689 | 75,766 | 1,743 | 77,509 |
| | 293,169 | 73,378 | 366,548 | 363,834 | 43,478 | 407,312 |
| Outreach and education: | | | | | | |
| Staff and related costs | 18,582 | - | 18,582 | 18,224 | - | 18,224 |
| Patient care – grant | 26,884 | 13,578 | 40,462 | 45,922 | - | 45,922 |
| Support costs | 5,711 | - | 5,711 | 5,828 | 134 | 5,962 |
| | 51,177 | 13,578 | 64,755 | 69,974 | 134 | 70,108 |

EAST CHESHIRE HOSPICE
NOTES TO THE ACCOUNTS
For the year ended 31 March 2022

9. Allocation of support costs:

| | Raising funds | Inpatient services | Day care & outpatients | Hospice @Home | Family Support | Outreach/ education | Total 2022 | Total 2021 |
|------------------------|---------------|--------------------|------------------------|----------------|----------------|---------------------|----------------|----------------|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| Governance costs | 3,842 | 10,155 | 3,568 | 7,410 | 2,195 | 274 | 27,444 | 31,518 |
| Office support | 4,937 | 13,047 | 4,584 | 9,521 | 2,821 | 353 | 35,263 | 31,770 |
| Accounting and payroll | 13,450 | 35,547 | 12,490 | 25,940 | 7,686 | 961 | 96,074 | 100,721 |
| Information technology | 17,520 | 46,303 | 16,269 | 33,789 | 10,012 | 1,251 | 125,144 | 139,639 |
| Workforce & volunteers | 26,335 | 69,600 | 24,454 | 50,790 | 15,049 | 1,881 | 188,109 | 198,047 |
| Marketing | 9,627 | 25,442 | 8,938 | 18,565 | 5,501 | 688 | 68,761 | 81,969 |
| Irrecoverable VAT | 4,245 | 11,219 | 3,942 | 8,186 | 2,425 | 303 | 30,320 | 12,562 |
| | 79,956 | 211,313 | 74,245 | 154,201 | 45,689 | 5,711 | 571,115 | 596,226 |

The apportionment of support costs was reviewed in the year as the significant expansion of the Hospice at Home service meant that floor space used by each activity was no longer a useful approximation of the resource used in that activity. Support costs are now apportioned on the basis of headcount used in each activity.

10. Staff costs and numbers

Staff payroll costs (excluding agency) were:

| | 2022 | 2021 |
|--|------------------|------------------|
| | £ | £ |
| Salaries | 3,254,665 | 3,129,259 |
| Social security costs | 286,619 | 268,484 |
| Employers pension – defined contribution | 139,305 | 129,386 |
| Employers pension – defined benefit | 154,406 | 149,238 |
| | 3,834,995 | 3,676,367 |

Staff costs includes £nil for redundancy and termination payments (2021: £25,333 to 5 individuals as a result of service re-organisation).

The average monthly number of staffs employed during the year on a full time equivalent and headcount basis was:

| | 2022 | 2021 |
|--|------------|------------|
| | No. | No. |
| Full time equivalent: | | |
| Clinical and patient support staff | 68 | 66 |
| Support – HR & Volunteer, Finance, Marketing, office and ICT | 17 | 17 |
| Income generation staff – retail, lottery and Fundraising | 17 | 18 |
| | 102 | 101 |
| Headcount – all areas: | 144 | 143 |

The number of staff whose emoluments exceeded £60,000 in the year was:

| | 2022 | 2021 |
|-------------------|------|------|
| | No. | No. |
| £70,001 - £80,000 | 1 | 2 |
| £80,001 - £90,000 | 1 | - |

Pension contributions of £11,132 (2021: £10,849) were made to a defined contribution scheme in respect of these employees.

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS
For the year ended 31 March 2022

The total amount of salary and benefits paid to key management personnel, as identified on page 2 (Legal and administrative details – Management Team) was £391,066 (2021: £380,596). None of the Trustees received any remuneration or benefits from an employment with the charity or related entities.

During the year no expenses were paid to or on behalf of Trustees (2021: £nil). Trustees donate their time, talent and skills to the smooth running of the Hospice. As well as their ambassadorial duties, they have supported fundraising events and contributed to the commercial activity of the Hospice as Lottery members and by making donations to the shops. In addition to this, the aggregate unconditional donations from Trustees during the year was £36,093 (2021: £25,820).

The Hospice is grateful for the valuable support of all its volunteers who support the work of paid staff in all areas of the Hospice's work.

11. Tangible fixed assets (group and charity):

| | Freehold land & Buildings | Plant & Equipment | Computers | Total |
|------------------------|--|----------------------------------|------------------|------------------|
| Cost | £ | £ | £ | £ |
| At 1 April 2021 | 5,515,670 | 673,650 | 173,055 | 6,362,375 |
| Additions | 668,201 | 92,259 | - | 763,460 |
| Disposals | 0 | (73,603) | (12,473) | (86,076) |
| At 31 March 2022 | 6,183,871 | 695,306 | 160,582 | 7,039,759 |
| Depreciation | | | | |
| At 1 April 2021 | 1,947,807 | 533,384 | 159,821 | 2,641,012 |
| Charge for the year | 160,201 | 39,904 | 10,199 | 210,304 |
| Disposals | - | (72,485) | (12,473) | (84,958) |
| At 31 March 2022 | 2,108,008 | 500,803 | 157,547 | 2,766,358 |
| Net book values | | | | |
| At 31 March 2022 | 4,075,863 | 194,503 | 3,035 | 4,273,401 |
| At 31 March 2021 | 3,567,863 | 140,266 | 13,234 | 3,721,363 |

Land and buildings includes £336,000 of non-depreciable land.

EAST CHESHIRE HOSPICE
NOTES TO THE ACCOUNTS
For the year ended 31 March 2022

12. Investments:

| Managed Portfolio | 2022 | 2021 |
|---|------------------|------------------|
| | £ | £ |
| Market value b/f | 3,746,604 | 2,964,389 |
| Additions | 6,501,091 | 210,766 |
| Disposals | (4,429,790) | (216,897) |
| Net investment gains/(losses) | 217,906 | 771,810 |
| Charges paid in the year | - | (2,182) |
| Movement in cash deposits | (37,828) | 18,718 |
| Market value c/f | 5,997,983 | 3,746,604 |
| | | |
| Historical cost c/f | 5,937,103 | 2,742,643 |
| | | |
| The portfolio consisted of: | | |
| Charity Authorised Investment Fund units | 5,997,983 | - |
| Equity Shares | - | 2,602,028 |
| Fixed Interest | - | 566,755 |
| Alternatives | - | 539,993 |
| Cash | - | 37,828 |
| | 5,997,983 | 3,746,604 |
| | | |
| Unquoted - Hospices Quality Partnership | 10 | 10 |
| | 5,997,993 | 3,746,614 |
| | | |
| ECH Trading Ltd - wholly owned subsidiary (see note 13) | 2 | 2 |
| | 5,997,995 | 3,746,616 |

The investment portfolio, which was previously managed by Advisors on a discretionary basis with the objective of having a balanced, medium risk fund with no investments in tobacco companies, was reinvested into a Charity Authorised Investment Fund (CAIF) during the year.

13. Results of Trading Subsidiary:

ECH Trading Limited (Company number 05688814) is a wholly owned subsidiary of East Cheshire Hospice, operating a retail business selling new goods. The results for the year ended 31 March 2022 are:

| | 2022 | 2021 |
|--|-------------|-------------|
| | £ | £ |
| Turnover | 28,581 | 14,643 |
| Cost of sales and administration | (17,092) | (12,042) |
| Operating profit | 11,489 | 2,601 |
| Amount gift aided to the charity | 11,489 | (2,601) |
| Retained in subsidiary | - | - |
| | | |
| Balance Sheet | £ | £ |
| Current assets | 820 | 820 |
| Current liability - amount owed by / (to) parent | - | - |
| Total net assets | 820 | 820 |

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS
For the year ended 31 March 2022

14. Stocks:

| | Group | | Charity | |
|-------------------|------------|------------|----------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| | £ | £ | £ | £ |
| Merchandise stock | <u>171</u> | <u>441</u> | <u>-</u> | <u>-</u> |

The amount of stock recognised as an expense in other trading activity during the year for the Group is £9,215 (2021: £4,969) and Charity £nil (2021: £nil).

15. Debtors:

| | Group | | Charity | |
|---|------------------|----------------|------------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| | £ | £ | £ | £ |
| Amounts falling due within one year: | | | | |
| Trade debtors | 567,746 | 70,817 | 567,746 | 70,817 |
| VAT recoverable | 20,180 | 58,475 | 20,180 | 58,475 |
| Amount due from subsidiary company | - | - | - | - |
| Gift aid recoverable | 27,707 | 68,630 | 27,707 | 68,630 |
| Prepayments and accrued income | 842,359 | 753,278 | 842,359 | 753,278 |
| | <u>1,457,992</u> | <u>951,200</u> | <u>1,457,992</u> | <u>951,200</u> |

16. Creditors:

| | Group | | Charity | |
|---|------------------|------------------|------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | £ | £ | £ | £ |
| Amounts falling due within one year: | | | | |
| Grants payable | 15,000 | 15,000 | 15,000 | 15,000 |
| Trade creditors | 74,423 | 68,895 | 74,423 | 68,895 |
| Amount due to subsidiary company | - | - | 647 | 377 |
| Taxation & social security | 72,947 | 61,837 | 72,947 | 61,837 |
| Accruals | 125,767 | 235,541 | 125,767 | 235,541 |
| Deferred income | 98,584 | 126,747 | 98,584 | 126,747 |
| | <u>386,721</u> | <u>508,020</u> | <u>387,368</u> | <u>508,397</u> |
| Analysis of deferred income: | | | | |
| Deferred income b/f | 126,747 | 71,632 | 126,747 | 71,632 |
| Income deferred in the year | 350,289 | 389,802 | 350,289 | 389,802 |
| Income released in the year | <u>(378,452)</u> | <u>(334,687)</u> | <u>(378,452)</u> | <u>(334,687)</u> |
| Deferred income c/f | <u>98,584</u> | <u>126,747</u> | <u>98,584</u> | <u>126,747</u> |

Deferred income includes lottery subscription fees and event income received in advance. Lottery income is deferred on receipt and released in the week of the draw. Events income relates to ticket and participator sponsorship monies received in advance of events, which is deferred and released when the event takes place.

EAST CHESHIRE HOSPICE
NOTES TO THE ACCOUNTS
For the year ended 31 March 2022

17. Pensions:

The Hospice, without obligation, contributes to 3 pension schemes for current employees:

- **Scottish Widows Group Personal Pension Plan** - a defined contribution scheme. The Hospice paid employers contributions of £133,191 (2021: £123,085), and the pension creditor at the yearend was £nil (2021: £nil).
- **Now Pensions** - a defined contribution, auto-enrolment scheme for staff who do not wish to join the Scottish Widows or NHS schemes. The Hospice paid employers contributions of £6,114 during the year (2021: £6,302), and the pension creditor at the year end was £1,456 (2021: £1,229).

NHS Pension Scheme – an unfunded defined benefit scheme under the direction of the Secretary of State in England and Wales. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. It is 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, the scheme is accounted for as if it were a defined contribution scheme: the cost to the Hospice is taken as the contributions payable to that scheme for the accounting period. The Hospice paid employers contributions of £154,406 (2021: £149,238) on behalf of employees who were existing members of the scheme before joining the Hospice and are therefore able to carry on their membership under the scheme rules. This is based on a rate of 14.3% of pensionable pay, based on HMT Valuation Directions. The pension creditor as at the year end was £20,767 (2021: £21,197).

The schemes are subject to a full actuarial valuation every four years and an accounting valuation every year, carried out by the Government Actuary's Department to ensure 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. 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 2022, is based on valuation data as 31 March 2021, updated to 31 March 2022 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.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at March 2016. The results of this valuation set the employer contribution rate payable from April 2021 at 20.6%, and the Scheme Regulations were amended accordingly. 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. 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>.

While the Employer contribution rate has been set at 20.6%, Employers have only been required to make contributions at 14.3% for both 2019/20 and 2021/21. Had the full rate been in force, the Employer contributions in 2021/21 would have been £222,052 (2021: £214,986), an increase of £67,646 (2021: £65,748).

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS For the year ended 31 March 2022

18. Contingent assets:

As at 31 March 2022 the Hospice is aware of 20 ongoing legacy cases (5 pecuniary and 15 residuary) where the value is uncertain as estate accounts are still to be finalised – no amounts have been included in income in relation to these legacies.

19. Capital Commitments:

Capital commitments at the end of the financial year for which no provision has been made are as follows:

| | 2022 £ | 2021 £ |
|------------|-----------|----------------|
| Contracted | - | <u>635,097</u> |

20. Operating lease commitments:

At the year end, the group and charity had total commitments under operating leases expiring:

| | Land & Buildings £ | Equipment £ | Total 2022 £ | Total 2021 £ |
|-----------------------|--------------------------|----------------|--------------------|--------------------|
| Within 1 year | - | - | - | - |
| Between 1 and 5 years | 127,083 | 13,456 | 142,324 | 117,700 |
| In more than 5 years | 176,000 | - | 176,000 | 198,000 |
| | <u>303,083</u> | <u>13,456</u> | <u>318,324</u> | <u>315,770</u> |

Operating lease payments made during the year were £82,471 (2021: £63,706).

21. Share capital and company status:

The company is incorporated under the Companies Act 2006. It is limited by guarantee and, therefore, does not have any issued share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS
For the year ended 31 March 2022

22. Funds:

| | Balance b/f | Income | Costs | Transfers | Gains/ (losses) | Balance c/f |
|--------------------------------------|----------------|-----------|-------------|-------------|--------------------|-------------|
| | £ | £ | £ | £ | £ | £ |
| Unrestricted Funds: | | | | | | |
| General | 5,546,791 | 5,754,226 | (4,194,143) | (2,889,220) | 1,160,987 | 5,378,641 |
| Revaluation reserve | 1,003,961 | - | - | | (943,081) | 60,880 |
| Designated Funds: | | | | | | |
| Service development | 808,387 | - | (320,136) | 1,200,000 | - | 1,688,251 |
| Repairs & equipment | - | - | - | 485,000 | - | 485,000 |
| Building Development | - | - | - | 1,830,000 | - | 1,830,000 |
| | 7,359,139 | 5,754,226 | (4,514,279) | 625,780 | 217,906 | 9,442,772 |
| Restricted: | | | | | | |
| Property Funds: | | | | | | |
| Hospice Premises | 3,531,863 | - | (160,201) | 668,201 | - | 4,039,863 |
| Proseal Wing Fund | 826,075 | - | (30,631) | (693,831) | - | 101,613 |
| Equipment fund | 19,275 | 60,117 | (670) | (48,489) | - | 30,233 |
| Hospice garden | 1,337 | 1,200 | (802) | | - | 1,735 |
| Service Funds: | | | | | | |
| NHSE Covid-19 capacity fund | - | 551,661 | - | (551,661) | - | - |
| Hospice @Home services | 482,112 | 509,315 | (541,735) | | - | 449,692 |
| Single point of access service | 95,089 | 212,488 | (13,375) | | - | 294,202 |
| Bereavement – Adult & Child services | 35,054 | 10,974 | (46,028) | | - | - |
| Day Care services | 5,000 | 41,947 | (17,129) | | - | 29,818 |
| Dementia services | - | 62,500 | (32,939) | | - | 29,561 |
| Chaplaincy services | - | 662 | (662) | | - | - |
| Other Funds: | | | | | | |
| Staff Fund | 187 | 3,295 | (332) | | - | 3,150 |
| Total Restricted | 4,995,992 | 1,454,159 | (844,504) | (625,780) | - | 4,979,867 |
| TOTAL FUNDS | 12,355,131 | 7,208,385 | (5,358,783) | - | 217,906 | 14,422,639 |

Unrestricted Funds:

General fund – this is the accumulation of free reserves. **Revaluation Reserve** – is required by the Companies Act 2006 and represents the amount by which investments have been revalued from their historic cost.

Designated fund:

Service development – the Hospice @Home designated fund has been incorporated into the service development fund, and a further £1.2m has been designated in year to support ambitious plans in the fields of dementia and single point of access as well as further Hospice at Home expansion

Repairs and equipment – funds have been designated in year to ensure that the fabric of the Millbank Drive building can be maintained to a high standard. Much of the building is over 30 years old and inevitable repairs to areas such as boilers, windows, roof, plumbing and electrics are starting to be required on a rolling basis.

Building Development – in 2018 plans were drawn up to modernise the Millbank Drive site, making it fit for modern services required by our patients and their families. The plans are phased so that they could be done as and when funding is

EAST CHESHIRE HOSPICE
NOTES TO THE ACCOUNTS
For the year ended 31 March 2022

available. Phase 1, the Proseal Wing, was completed in 2021 and fully funded by a generous donation. This designated fund will be used to match fund capital appeals for the remaining 4 phases, and accounts for c30% of the forecast build cost.

Restricted Funds:

Property Funds - Hospice Premises - this fund represents the net book value of the Hospice's premises at Millbank Drive and includes £300,000 for the land originally donated by the Health Authority. It does not include £36,000 relating to a separate property in Macclesfield. Should the Hospice's activities cease, and the Millbank Drive premises be sold, all the proceeds would be payable to The Secretary of State for Health and Social Care. This obligation is secured by a legal charge over the Hospice's premises at Millbank Drive. The value of the land and buildings is therefore considered to be restricted. The transfers result from movements in the property value arising from capital expenditure and depreciation.

Proseal Wing Fund – These funds were generously provided by £1m donation from Proseal UK, and a further £150,000 from each of The Hargreaves Charitable Trust and the Porto Charitable Trust to fully fund the building of the Proseal Wing to house the community care hub. The transfer in year relates to the certified value of the build completion and will be finalised in late summer 2022.

Property funds - Equipment Fund and Hospice Garden funds represents funds received for the purchase of equipment for all areas of the Hospice, and for the maintenance of the gardens.

Service funds:

The NHSE Covid-19 capacity relates to funding received in year to allow the Hospice to make available bed capacity and community support for people with complex needs in the context of the COVID-19 situation. The Hospice @Home service is supported by a well-received major donor campaign, started in 2017 with 5-year support pledged whilst other funding sources are built up. This work has led into the development of a Single Point of Access project which is now in development phase. Other service funds represent monies received for the provision of specific Hospice services as named.

The **Staff Fund** - this represents donations given specifically for the benefit of staff and for staff training. The HR manager is responsible for deciding benefits to be provided.

Transfers between funds:

These reflect the fulfilment of restrictions through the purchase of fixed assets with restricted donations, and depreciation of those restricted assets.

Analysis of net assets between funds:

| | Unrestricted Funds £ | Restricted Funds £ | Total 2022 £ |
|-----------------------|----------------------------|--------------------------|--------------------|
| Tangible fixed assets | 233,538 | 4,039,863 | 4,273,401 |
| Investments | 5,997,993 | - | 5,997,993 |
| Net current assets | 3,211,241 | 940,004 | 4,151,245 |
| Group: | 9,442,772 | 4,979,867 | 14,422,639 |
| Investments | 2 | - | 2 |
| Net current assets | (820) | - | (820) |
| Charity: | 9,441,954 | 4,979,867 | 14,421,821 |

23. Related parties:

There are no related party transactions that require disclosure other than those relating to the trading company (note 13).