Supporting the hospice workforce to flourish in stressful times

Hospice accounts
Analysis of the Accounts of UK Charitable Hospices for the year ended 31 March 2020
Prepared in 2021 by Hospice UK
Introduction

haysmacintyre is pleased to partner with Hospice UK for the seventh year in producing the Hospice Accounts Report. This year’s report brings together information from the statutory accounts of 191 independent charitable hospices in the UK, plus two national charities, Marie Curie and Sue Ryder. It shows a sector with total annual income of £1.6 billion per year.

This report combines information from the 2020 published statutory accounts. As with previous years, we continue to see reliance on local community fundraising, donations, legacies, corporate supporters and trading for most hospices’ income, and for the first-time fundraising has tipped over £1 billion. However, costs continue to rise, suggesting it is becoming more challenging to raise this income. Government funding has risen again in real terms, but lags against the rise in expenditure, especially when eliminating the additional COVID-19 funding received. As a result, this report notes that 50% of hospices saw a reduction in reserves in 2020.

With the focus of this report being on the 2020 statutory accounts, the true impact of COVID-19 was only just emerging and sadly at the time of writing this, the impact continues to be felt across the sector. Throughout this time, the hospice sector has demonstrated extraordinary resilience and fortitude through extremely difficult circumstances. Whilst it has additional government support of over £300 million, which has resulted in more positive financial results than previously feared, it is more important than ever to look towards the future to ensure financial resilience.

With government restrictions lifting over the past few months, the focus is shifting to concerns around staff recruitment and retention with increasing costs and shortages of supply, increasing expenditure costs against insufficient funding, increased competition for grant funding, and the stark reality that the mortality rates are expected to have increased significantly by the end of this decade placing even more demand on the sector. We have seen an increase in collaborative working over the past few years to alleviate some of the challenges the sector faces, whether it be giving a collaborative voice to the sector, joint working in areas such as finance and HR, and even mergers between hospices. Planning for the future is more important than ever and financial governance will underpin the success of the sector.

We hope that you find this report helpful, both to inform debate and to help local hospice staff and Trustee Boards to benchmark their own figures against similar organisations. Please get in touch if you have any questions about the report or any suggestions for further analysis to include in future publications.

haysmacintyre’s Charities team is one of the largest in the country and we are auditor to more of the top 5,000 charities than any other UK accountancy firm. We support and advise many local hospices and have wide experience of their business and the risks and challenges they face. Find out more about the team at www.haysmacintyre.com/charities
Definitions and scope of report

This report brings together the accounts of charitable hospices in the UK. These hospices are primarily local charities that are governed by voluntary trustees.

The purpose of the report is to:

• demonstrate the size and operation of hospice care in the UK
• identify and highlight changes over time in the overall operation of these hospices
• identify differences between the various sizes of hospice
• provide hospices with critical figures and benchmarks against which to compare their own accounts.

Scope

This report is based upon the audited accounts of 191 independent charitable hospices for the financial year ending any time between 1 April 2019 and 31 March 2020. For the majority of hospices, this means the accounts for the year ended 31 March 2020.

Figure 1 on page 4 also includes the income and expenditure of two large national hospice charities – Marie Curie and Sue Ryder. Because these two charities are very different in scale to the other charities, their results have been excluded from all the other tables. When a chart in the report refers to independent hospices, this means the results of Marie Curie and Sue Ryder are excluded from those figures.

Preparation

The figures are drawn from the Statement of Financial Activities (SOFA), Balance Sheet and Notes included in published, audited financial statements. As far as possible, we have taken information at face value, but we have had to interpret data in some cases where clear information was not given. Where data was not provided in published accounts, we have had to omit it from our calculations.

There are changes in the number of hospices submitting accounts each year; where appropriate, figures from previous years have been amended to ensure like for like comparisons.

Children’s and joint services

In some analysis we have split the figures for children’s and adults’ hospices. This has been done where there are significantly different results in the accounts of children’s hospices. In total, there are 25 standalone children’s hospices included in this report. There are also 13 joint hospices, serving both adults and children. It has not been possible to split the accounts of the joint hospices into their two components, so they have been included as adults’ hospices, as this part of their services accounts for a majority of their income and expenditure. Such hospices are treated as a single entity for the purpose of this report, as are hospices that are run by one charity but based in more than one location.
Definitions used in this report

- In the published accounts of a hospice, trading income and expenditure are respectively included in gross income and gross expenditure. In some figures in this report, we have excluded trading income and expenditure from both these figures and included trading profit within gross income. Whether trading income and expenditure has been included in the analysis is stated above each relevant figure. This makes no difference to the surplus or deficit, but serves to make for better comparisons. Income includes money raised for capital projects, but expenditure excludes capital payments such as building costs.

- Fundraised income includes donations and legacies, grants from charitable trusts and other fundraising activities.

- Income generation includes income arising from shops and lotteries as well as fundraised income.

- Unrestricted reserves include designated funds.

- Available reserves are taken to mean unrestricted reserves less unrestricted tangible fixed assets.

- Tangible assets are made up of the cost price of the building (or valuation if the hospice has revalued the building in their statutory accounts) and equipment less depreciation.

- Investment gains/losses include both realised and unrealised changes in the value of investments.

- Other gains/losses represent gains and losses on defined benefit pensions schemes and the revaluation of properties.

- Inflation refers to the Consumer Price Index (CPI).

- Where we refer to increases in NHS Income, this is based on expenditure in England only as published in the House of Commons library.
Overall summary

Figure 1 shows the total size of the charitable hospice movement in the UK, including the amounts relating to hospice care from two national charities - Marie Curie and Sue Ryder. The figures would be even greater if the value of the substantial role of unpaid volunteers were included.

In 2020, the hospice sector overall generated surplus on their core activities of £36 million, but this was more than wiped out by a £44 million reduction in the value of their investments. This meant the sector recorded a collective loss of £9 million in the year to 31 March 2020.

**Figure 1 – Key figures (including activities of national charities involved in hospice care)**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£million</td>
<td>£million</td>
<td>£million</td>
<td>£million</td>
</tr>
<tr>
<td>Charitable income</td>
<td>1,136</td>
<td>1,119</td>
<td>1,088</td>
<td>1,018</td>
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<tr>
<td>Government income</td>
<td>415</td>
<td>360</td>
<td>349</td>
<td>347</td>
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<tr>
<td>Investment income</td>
<td>24</td>
<td>22</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>Other income</td>
<td>43</td>
<td>35</td>
<td>34</td>
<td>33</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>1,618</td>
<td>1,536</td>
<td>1,496</td>
<td>1,421</td>
</tr>
<tr>
<td>Charity expenditure</td>
<td>1,039</td>
<td>1,002</td>
<td>963</td>
<td>944</td>
</tr>
<tr>
<td>Fundraising expenditure, including cost of shops, lotter &amp; trading</td>
<td>544</td>
<td>514</td>
<td>490</td>
<td>473</td>
</tr>
<tr>
<td><strong>Total expenditure including retail</strong></td>
<td>1,583</td>
<td>1,516</td>
<td>1,453</td>
<td>1,417</td>
</tr>
<tr>
<td>Surplus/(deficit)</td>
<td>35</td>
<td>20</td>
<td>43</td>
<td>4</td>
</tr>
<tr>
<td>Total investment &amp; other unrealised gains</td>
<td>(44)</td>
<td>25</td>
<td>16</td>
<td>73</td>
</tr>
<tr>
<td><strong>Total movement in funds</strong></td>
<td>(9)</td>
<td>45</td>
<td>59</td>
<td>77</td>
</tr>
<tr>
<td>Total income less shop &amp; lottery income</td>
<td>1,149</td>
<td>1,078</td>
<td>1,068</td>
<td>1,009</td>
</tr>
<tr>
<td>Total expenditure less shop &amp; lottery cost</td>
<td>1,244</td>
<td>1,117</td>
<td>1,144</td>
<td>1,117</td>
</tr>
</tbody>
</table>
Total income growth over time

Total income for charitable hospices increased by 5.1% compared to the prior year. Most of that income comes from various forms of charitable donations, with fundraised income for UK hospices exceeding £1 billion per year.

Government funding for hospices in the year to 31 March 2020 was just over £415 million. This represents an increase of £65 million or 18% on the prior year. An analysis of the underling figures suggests that at least half of this increase represents emergency grants for COVID-19 support that hospices, along with other small businesses, were able to claim in March 2020.

Hospice income has grown at a significantly faster rate than inflation in recent years. However this has been necessary in order to keep pace with the increase in costs (see below).

**Figure 2 – Total income growth over time**
Total expenditure growth over time

Expenditure increased by over 4.2% compared to the prior year. In recent years, expenditure for the hospice sector has tended to increase at a higher rate than inflation – this reflects the fact that hospices have been expanding their activities to care for more people. Despite this, they are still struggling to cope with rising demand.

The graph above also shows that expenditure on hospice care has grown at a higher rate than spending on the NHS. Expenditure on hospice care in 2020 is more than £140 million higher than it would have been if the expenditure had only increased in line with the rest of the health sector (since 2012).

Expenditure now stands at £1.6 billion, of which £1 billion is spent on charitable activities (i.e. care).

Figure 3 – Total expenditure growth over time
**Surplus over time**

Hospices are charities, and so all their surpluses are re-invested for the benefit of their patients. Hospices use surpluses to fund capital spend for the long term – for example improvements to hospice buildings or new equipment.

The below graph shows the overall surplus generated by the hospice sector in recent years.

As noted on page 4, in the year to March 2020, those surpluses that were recorded were entirely wiped out by investment losses.

**Figure 4 – Surplus over time (before investment gains & losses)**
Throughout this report, hospices are grouped by size of expenditure. Different sized hospices have different trends so it often proves more useful to compare hospices of the same size, rather than those in the same region or similar locations. The bandings are based on 2020 total expenditure, which means that some hospices will have moved between bands since the last report.

**Key findings**

- Average total expenditure (including trading expenditure) per hospice in each size band is shown above.

- The size of hospices varies throughout the UK, from St Christopher’s Hospice with £22.9 million expenditure to those hospices with an annual expenditure under £1 million. Our smallest hospice has annual expenditure of £262,807.
Total income in 2020, including profits from trading activities for independent hospices, was £1,078 million.

Figure 6 – Income type as a percentage of total income (shown separately for adults’ and children’s hospices)

Key findings

- Children’s hospices are funded very differently from adults’ hospices, with far greater reliance on donations and fundraising (which contribute over 50% of their total income) and less government funding.

- Government funding as a percentage of total income for children’s hospices is much lower than for adults’ hospices at 18% on average compared to 34% for adults.

- Historically children’s hospices received much less funding than adults’ hospices from legacies, but in recent years the amounts have become much more comparable. This may be because adults’ hospices tended to be established before children’s hospices, most children’s hospices have now been in existence for enough time to build up a legacy pipeline.

- Adults’ hospices appear to have more developed and profitable trading operations than children’s hospices.
The graph below shows the difference in types of funding for adults' hospices of different sizes, including profits from trading activities.

**Figure 7 – Income type as a percentage of total income (comparison by size of adults’ hospices)**

- **Key findings**
  - Government funding comprises a much smaller proportion of total income for the smallest hospices than it does for other hospices.
  - In contrast, donations from the public are a far more significant source of income for the smallest hospices. This suggests that smaller hospices are most vulnerable to any changes in charitable giving by the public.
  - Overall government income is stable as a percentage of total income, although this is not true for each individual hospice. The position is made more unstable by the re-negotiation of government income year on year.
Hospices in different nations are funded differently, as are hospices for children and hospices for adults.

In analysing government funding, we have split hospices by nation as well as into adults’ and children’s hospices. We have excluded the cost of trading activities (i.e. shops & lotteries) from expenditure.

**Figure 8 – Government funding of independent hospices (comparison by year)**

### Key findings

- The graph above shows that government funding has generally increased at a higher level than inflation since 2012 and has kept pace with general increases in NHS spending.

- The peak in 2014 was due to a capital funding round by NHS England in that year. The second peak in 2020 was due to government funding regarding the Covid-19 pandemic.
Figure 9 – Government funding as a percentage of expenditure by nation (adults’ hospices comparison by year)

Key findings

- The graph above measures the total government funding from all sources compared to the total expenditure of hospices (excluding retail and lottery costs).
- Most of this income relates to grant funding by local and national NHS bodies to contribute towards the work of hospices.
- The increase in the proportion of government funding in the year to March 2020 is due to additional emergency funding that hospices – along with many other businesses – were able to access from March 2020 due to the Covid-19 emergency.
- The hospice sector also received separate support from the government during the pandemic, but this funding did not begin until 1 April 2020, and so is not reflected in these figures.
The graph below shows government funding as a percentage of expenditure for all independent adults’ hospices, with each line representing a different hospice. Expenditure on shops and lotteries is excluded from the calculations.

**Figure 10 – Government funding as a percentage of expenditure (adults’ hospices)**

### Key findings

- In total, the government funded 35% of the expenditure incurred by independent adults’ hospices in the UK.

- This proportion is up slightly on prior years, due to additional funding received in March 2020 in relation to the COVID-19 emergency.

- Several hospices receive less than 20% funding from Government sources while at the other extreme 16 received more than 50% funding.

- The amount received by each hospice varies significantly. There is no obvious cluster of results around the average, showing the inequitable funding for hospices throughout the country.
**Government funding – England**

**Figure 11 – Government funding as a percentage of expenditure in England (comparison by size of adults’ hospices)**

**Key findings**

- In total, the government funded 34% of the expenditure incurred by adults’ hospices in England. The proportion of expenditure funded by the government has been broadly consistent over the past few years at around one third of expenditure.

- The increase in 2020 is due to additional grants which were made available to many businesses from March 2020.

- However, there is great divergence in the proportion of funding received by different hospices. Smaller hospices in particular tend to receive significantly lower government funding than medium sized or larger hospices.
**Government funding – England**

Figure 12 – Government funding as a percentage of expenditure in England adults’ hospices (comparison by region)

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Central</td>
<td>25%</td>
</tr>
<tr>
<td>East Midlands</td>
<td>28%</td>
</tr>
<tr>
<td>South East Central</td>
<td>30%</td>
</tr>
<tr>
<td>South West</td>
<td>30%</td>
</tr>
<tr>
<td>West Midlands</td>
<td>32%</td>
</tr>
<tr>
<td>North East</td>
<td>33%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>34%</td>
</tr>
<tr>
<td>East of England</td>
<td>34%</td>
</tr>
<tr>
<td>North West</td>
<td>36%</td>
</tr>
<tr>
<td>Yorkshire and Humberside</td>
<td>40%</td>
</tr>
<tr>
<td>London</td>
<td>49%</td>
</tr>
</tbody>
</table>

**Key findings**

- Average levels of government funding vary significantly between regions in England.
- On average, levels of funding are lowest in the South of England.
- On average, hospices in London receive twice as much statutory funding as those in the South Central region.
- Levels of government funding are typically based on historic arrangements rather than by a specific tariff or assessment of need.
- As a consequence of this, there will also be substantial differences in funding levels within regions.
**Government funding – Wales**

The graph below shows government funding as a percentage of expenditure (excluding trading activities) for Welsh adults’ hospices, with each line representing a different hospice.

**Figure 13 – Government funding as a percentage of expenditure in Wales**

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**Key findings**

- In total, the government funded 29% of the expenditure incurred by adults’ hospices in Wales.

- There is significant variation between the funding levels of different hospices, from no funding at all to up to 48%.

- Overall, hospices in Wales receive less government funding as a proportion of expenditure than those in England and Scotland – however this is partly as a result of a different funding system, with more costs being borne directly by the NHS so it is not possible to make direct comparisons.
**Key findings**

- In total, the government funded 34% of the expenditure incurred by adults’ hospices in Northern Ireland.
- There are only three independent, charitable adults’ hospices in Northern Ireland, and funding levels are reasonably consistent.
**Government funding – Scotland**

The graph below shows government funding as a percentage of expenditure (excluding trading activities) for Scottish adults’ hospices, with each bar representing a different hospice.

**Figure 15 – Government funding as a percentage of expenditure in Scotland (comparison by size of adult’s hospices)**

![Bar chart showing government funding as a percentage of expenditure for Scottish adult's hospices.](image)

**Key findings**

- In total, the government funded 37% of the expenditure incurred by adults’ hospices in Scotland.

- Government funding for hospices in Scotland is typically higher than in other parts of the UK, although there remains significant variation between individual hospices.
**Key findings**

- Most children’s hospices are located in England, and on average, government funding in 2020 amounted to 18% of expenditure for a children’s hospice (these figures are for hospices which only care for children, and exclude those who care for both children and adults).

- The variation between hospices is similar to that of adults, ranging from virtually nothing to just under 40%.

- Children’s hospices receive significantly less funding as a proportion of their total expenditure than adults’ hospices – all but three children’s hospice receives less than a third of its funding from statutory sources.
Income generation

The graph below shows the trend in gross and net income generation activities over time. Income generation activities include trading activities (shops and lotteries) as well as other areas of fundraising such as donations, legacies, grants and sponsorship.

Figure 17 – Income generation over time (including trading activities)

Key findings

• It shows that while total income generated from voluntary sources has been growing substantially over the last nine years, costs are also increasing, suggesting it is becoming more challenging to raise this income.

This is shown more clearly by the graph on the next page (figure 18).
Key findings

- This shows that for every £1 spent on generating income, hospices on average generated £2.61 in 2012. By 2020 this had fallen to £2.22.
- As noted above, the overall trend suggests it is becoming more challenging for hospices to generate the income they need from voluntary sources.
- The data suggests that this trend is primarily due to a decline in the profitability of hospice shops, and that returns on other areas of income generation have been more consistent (see pages 22 and 27).
Cost of raising funds
(excluding trading activities)

The graph below shows the fundraising ratio of hospices. This is calculated by dividing expenditure on fundraising (excluding shop and lottery costs) by fundraised income raised (comprising donations, legacies grants and income from fundraising activities). Note that, unlike the graph on the previous page, income and costs relating to shops and lotteries are excluded from the calculation.

**Figure 19 – Cost of raising funds as a percentage of total fundraised income excluding shops and lotteries (adults’ hospices)**

**Key findings**

- On average, in 2020 hospices generated £3.42 in income for every £1 spent.

- There is a clear trend towards smaller returns on investment in fundraising in recent years as shown in the graph above.
Legacy income is a critical, but often unpredictable, source of income for hospices.

Whilst legacy growth has tended to outstrip inflation, there was a significant fall in legacy income in the 2017 and 2020 financial years. This illustrates the difficulty hospices have in budgeting for legacy income. Many hospices have also reported that it is taking longer to process legacies, impacting on their cashflow.

We have also compared the legacy trend for independent hospices with the trend in legacy growth for the charitable sector as a whole, based on information provided by Legacy Foresight. This shows that the growth in legacies for the hospice sector have fairly closely tracked the growth in the wider charity sector.

Legacy income for hospices is significantly affected by the performance of the housing and stock markets, as well as by the number of gifts in wills left by members of the public.

**Figure 20 – Legacy income**

![Legacy income graph](image-url)
We have used information available in the hospices’ published, consolidated accounts to analyse the profitability of shop activities. In some cases, hospices have not separately disclosed their expenditure on shops in their accounts – in such cases their results have been excluded from the table below.

We have calculated profitability as profit divided by income.

**Figure 21 – Shop profits as a percentage of shop income (each bar represents a different hospice)**

**Key findings**

- The average profitability in 2020 was 23% which is consistent with the prior year.
- Hospices derive on average 7% of their income from shop profits. Total profits reported by hospice shops were £70 million.
- However, 19 hospices reported that their shops made a loss in 2020. As there were few restrictions on retail until the very end of the period in question, this is unlikely to be due to the impact of Covid-19, and probably reflects the underlying trading conditions for those shops.
- Gross income reported by independent hospice shops is £301 million, and income has risen by 2% since the previous year.
- If income from the large national charities of Marie Curie and Sue Ryder is also included, then hospice shops generate gross income of £376 million per year.
The graph below shows that total shop income has grown rapidly in recent years with growth consistently well above the rate of inflation, but profitability has not.

**Figure 22 – Trend in shop income and profits**

This is illustrated more clearly by the graph below:

**Figure 23 – Trend in shop return on investment**

**Key findings**

- The amount of income generated for every £1 a hospice spends on its charity shops decreased from an average of £1.48 in 2012 to £1.27 in 2017, before recovering slightly to £1.30 in 2020.
We have used information available in the hospices’ published, consolidated accounts to analyse the profitability of lottery activities. In some cases, hospices have not separately disclosed their expenditure on shops in their accounts – in such cases their results have been excluded from the table below.

We have calculated profitability as profit divided by income.

**Figure 24 – Lottery profit as a percentage of lottery income (each bar represents a different hospice)**

### Key findings

- The average profitability of a hospice lottery was 53% and the average profit per hospice is £309 thousand.
- There is greater consistency in profitability among lotteries than shops.
- Seven hospices made a profit of over £1 million on their lottery activities.
- The total reported gross lottery income for independent hospices was £91 million in 2020, an increase of 5.6% on the prior year.
The graph below shows that total lottery income and profits have grown steadily and consistently since 2012.

**Figure 25 – Trend in lottery income and profits**

**Figure 26 – Trend in lottery return on investment**

**Key findings**

- The return on investment in hospice lotteries has shown a slight improvement over the time period.

- The amount of income generated for every £1 a hospice spends on its lottery increased from an average of £2.33 in 2012 to £2.86 in 2020.
Figure 27 – Breakdown of total expenditure (including trading) for all independent hospices

Key findings

- On average, hospices spend more than two thirds of their total expenditure on charitable activities.

- 17% of total hospice spend is on retail activities, 13% on fundraising activities and 2% on lotteries.

- There are no clear differences in how hospices spend their funds based on the respective size of the hospices.
Staff costs

In common with many charities, staff costs make up a majority of the expenditure within hospices. The graph below shows staff costs (including salaries, national insurance and pensions) as a percentage of total expenditure (including shops and lotteries).

**Figure 28 – Staff costs as a proportion of total expenditure**

**Key findings**

- Staff costs represent 69% of a hospice’s total expenditure, on average.
- This is broadly consistent across hospices of all sizes.
- Total staff costs for independent hospices are now £906 million and have increased by over 5.1% since the prior year, much higher than inflation.
- The value of volunteer time is not shown in the financial statements and therefore is also excluded from these figures. Volunteer time is a major contribution to the activities of hospices.
Key findings

- Staff costs have increased by significantly more than the rate of inflation since 2012.

- Given that this is the largest cost, it highlights the budgetary pressures facing hospices.

- Our historic data is incomplete with regard to staff numbers, but from the information we do have, it appears this growth is being driven by an increase in the number of staff employed to meet rising demand.
Key management personnel

Under SORP (FRS 102) second edition, charities have to disclose the cost of their “key management personnel.”

The average cost of key management personnel disclosed by hospices is £345,993, and the average number of staff included in this figure is 4.61.

Many hospices (approximately 10%) have not disclosed the number of their key management personnel. Another 9% disclosed key management personnel, but did not make it clear which or how many staff this refers to. This means the above figures are not based on information from all hospices.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key management staff</td>
<td>851</td>
<td>881</td>
<td>876</td>
<td>880</td>
</tr>
<tr>
<td>Key management costs</td>
<td>57,830,081</td>
<td>61,068,664</td>
<td>64,382,191</td>
<td>66,084,697</td>
</tr>
<tr>
<td>Average number of staff</td>
<td>4.46</td>
<td>4.61</td>
<td>4.59</td>
<td>4.61</td>
</tr>
<tr>
<td>Average cost of key</td>
<td>302,775</td>
<td>319,731</td>
<td>337,080</td>
<td>345,993</td>
</tr>
<tr>
<td>management personnel</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 30 – Average of key management costs (comparison by size of hospice)

The table above shows that key management costs rise proportionally as overall organisational costs rise. Larger hospices incur four times as much key management costs as smaller hospices – this is to be expected since their overall costs are at least four times as high.
High paid staff

All charities have also been required for many years to disclose the number of staff they employ who received emoluments (excluding pension contributions) of over £60,000.

In total, the hospice sector employs 637 staff who are defined as highly paid (earning over £60,000), which works out at an average of 3.4 per hospice.

**Figure 31 – Employees earning over £60,000**

Hospices are likely to employ more staff on high salaries than the average charity, as many will directly employ highly skilled medical staff, and will be required to offer salaries at a similar level to the NHS market.
There is considerable variation in the number of highly paid staff per region as shown by the following table:

<table>
<thead>
<tr>
<th>Nation/region</th>
<th>Average no. of high paid staff per hospice</th>
<th>% of all (FTE) staff who earn more than £60k</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Midlands</td>
<td>1</td>
<td>0.9%</td>
</tr>
<tr>
<td>East of England</td>
<td>5</td>
<td>2.1%</td>
</tr>
<tr>
<td>London</td>
<td>6</td>
<td>3.4%</td>
</tr>
<tr>
<td>North East</td>
<td>1</td>
<td>0.8%</td>
</tr>
<tr>
<td>North West</td>
<td>2</td>
<td>1.5%</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>3</td>
<td>1.7%</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>6.5%</td>
</tr>
<tr>
<td>Scotland</td>
<td>4</td>
<td>2.9%</td>
</tr>
<tr>
<td>South Central</td>
<td>3</td>
<td>2.0%</td>
</tr>
<tr>
<td>South East Coast</td>
<td>6</td>
<td>2.3%</td>
</tr>
<tr>
<td>South West</td>
<td>4</td>
<td>1.9%</td>
</tr>
<tr>
<td>Wales</td>
<td>1</td>
<td>1.0%</td>
</tr>
<tr>
<td>West Midlands</td>
<td>3</td>
<td>1.4%</td>
</tr>
<tr>
<td>Yorkshire &amp; Humberside</td>
<td>3</td>
<td>1.7%</td>
</tr>
</tbody>
</table>

**Staff numbers**

The independent hospice sector employs 34,691 staff or 25,756 full time equivalent staff. These numbers include staff working in hospice shops and other fundraising activities as well as those directly involved in care. They do not include the thousands of volunteers who are critically important for the delivery of hospice care in the UK.

If staff employed by the two large national charities, Marie Curie and Sue Ryder are included, then these figures rise to 42,065 staff or 31,006 full time equivalent staff.
Available reserves

Available reserves are defined in this report as unrestricted reserves, including designated funds, less unrestricted tangible fixed assets. Available reserves are held by hospices for a number of reasons:

- Hospices rely on voluntary donations and fundraising for on average two-thirds of their income, and most have to renegotiate their NHS funding every year. Hospices must hold sufficient free reserves to enable the hospice to continue to provide its essential services if income levels were to fall.
- To fund future capital projects, such as building or refurbishment work.
- To contribute to general expenditure in times of growth or change, to respond quickly to new demands and take on innovative projects.

It is the responsibility of the trustees to balance the above considerations and determine how much a charity should hold in reserves. In the graphs below, the value of available reserves is compared to each hospice’s annual total expenditure (including trading activities).

Figure 32 – Available reserves as months of expenditure (adults’ hospices) - (each bar represents a different hospice)
Hospices generally hold their reserves in a mixture of cash and listed investments. At 31 March 2020 hospices were holding £345 million in cash and had investments valued at £663 million.

**Key findings**

- Adults’ hospices hold the equivalent of 9 months of expenditure in available reserves, on average.
- Over a third (40%) of hospices hold less than six months of expenditure in available reserves.
- There are 8 adults’ hospices with negative available reserves, which means that they are using the value of their fixed assets to enable them to remain solvent.
- At the other end of the scale, 6 hospices have available reserves of more than two years expenditure. It may be that these hospices are saving funds for a new building or other major capital project.
- Overall, there is a clear trend of hospices holding less reserves than in previous years, which probably reflects the challenging economic climate.

(There was one hospice, included in figure 32, which has reserves of almost 150 months following an exceptional windfall in the year. That hospice has been excluded from figure 33 to avoid distorting the results).
Key findings

- On average, children’s hospices hold available reserves representing 11 months’ expenditure. This is higher than adults’ hospices, which may reflect the differences in sources of funding noted in Figure 6 – Income type as a percentage of total income. (If income sources are believed to be less secure in the long term, then charities would be expected to hold higher levels of reserves so that their services are not affected by short term fluctuations in income).

- Once again, there is a significant variation in reserves, with two hospices holding one month reserves and two holding more than three years reserves.

Figure 34 – Available reserves as months of expenditure (children’s hospices)
Deficits and falling reserves

The table below shows details of hospices that experienced losses during the year. Losses can be defined either before or after taking into account changes in the value of investment. Losses may be budgeted or may be a result of falls in income, or unforeseen expenditure.

Figure 35 – Surplus/(deficit) on total expenditure (each bar represents a different hospice)

The first measure is of how many hospices spent more than they received. By this measure, 44% recorded deficits in 2020.

Figure 36 – Movement in total reserves including investments (each bar represents a different hospice)

The second measure is movement in reserves held by hospices, which is affected by any changes to investment values or property revaluations as well as income and expenditure in the year. By this measure 50% of hospices suffered a reduction in reserves in 2020.