

# Hospice accounts

Analysis of the Accounts of UK Charitable Hospices  
for the year ended 31 March 2019

Prepared in 2020 by Hospice UK



Supported by

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Published by Hospice UK in January 2021.

# Introduction

haysmacintyre is pleased to partner with Hospice UK for the sixth year in producing the Hospice Accounts Report. This year's report brings together information from the statutory accounts of 192 independent charitable hospices in the UK, plus two national charities, Marie Curie and Sue Ryder. It shows a sector with total annual income of £1.5 billion per year.

This report combines information from the 2019 published statutory accounts. As with previous years, we continue to see reliance on local community fundraising, donations, legacies, corporate supporters and trading for 73% of their income. Government funding has risen again in real terms, but lags against the rise in expenditure and we still see disparities in funding between different areas and organisations. Unsurprisingly expenditure has continued to rise, and with the increasing challenges for hospices to generate voluntary income combined with the moderate increase in government funding, hospices have seen a reduction in reserves overall with 43% of hospices suffering a deficit in 2019. With the impact of COVID-19 yet to be fully shown in the statutory accounts, we are expecting to see more hospices with reduced or negative reserves in the near future.

Whilst the focus of this report is on the 2019 statutory accounts, we cannot ignore the ongoing challenges presented in 2020 due to COVID-19. We have seen hospices having to adapt overnight and make significant changes to policies, with strict social distancing measures having had a significant impact on not only fundraising opportunities, but also the delivery of care to those needing vital support. As fundraising lurched to a halt during lockdown, and despite the additional £200m government funding, there remains a shortfall in income for the majority of hospices at a time when it is more important than ever for the sector to continue providing care and support to those with terminal or life-limiting illnesses, as well as their families and loved ones. It has highlighted the need for the hospice sector to look for more sustainable funding.

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.



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*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](http://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 192 independent charitable hospices for the financial year ending any time between 1 April 2018 and 31 March 2019. For the majority of hospices, this means the accounts for the year ended 31 March 2019.

Figure 1 on page 7 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 14 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 2019, the hospice sector overall generated a surplus on their core activities of £23 million. These surpluses allow hospices to expand their services and fund new buildings, such investments are shown as capital spend and therefore not included in the expenditure figures below. Total capital spend in the year was around £100M indicating that hospices are not generating enough to fund essential infrastructure.

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

	2019	2018	2017	2016
	£million	£million	£million	£million
Fundraised income including income from shops, lotteries and trading	1,132	1,070	984	972
Government income	360	346	330	324
Investment income	22	23	23	21
Other income	35	33	31	26
<b>Total income</b>	<b>1,549</b>	<b>1,473</b>	<b>1,367</b>	<b>1,344</b>
Charity expenditure	1,008	953	906	880
Cost of raising funds including cost of shops, lotteries and trading	518	486	458	445
<b>Total expenditure including retail</b>	<b>1,526</b>	<b>1,438</b>	<b>1,364</b>	<b>1,324</b>
<b>Surplus/(deficit)</b>	<b>23</b>	<b>34</b>	<b>3</b>	<b>20</b>
Total investment gains/(losses) and other movement	27	16	73	(4)
<b>Total movement in funds</b>	<b>50</b>	<b>50</b>	<b>76</b>	<b>16</b>

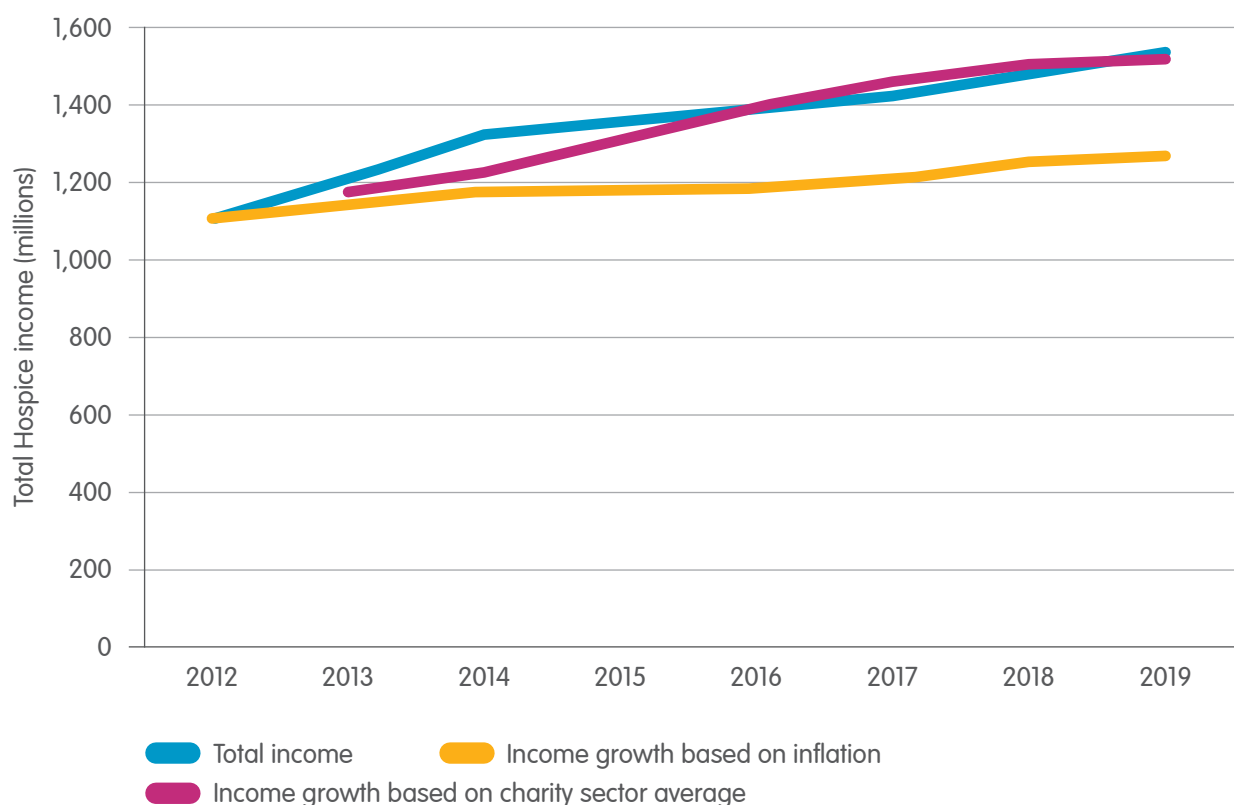
## Total income growth over time

Total income for charitable hospices increased by 5.2% 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 now stands at £360 million per year, but this still only represents a small proportion of the funds needed to provide hospice care to those with end of life care needs.

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**



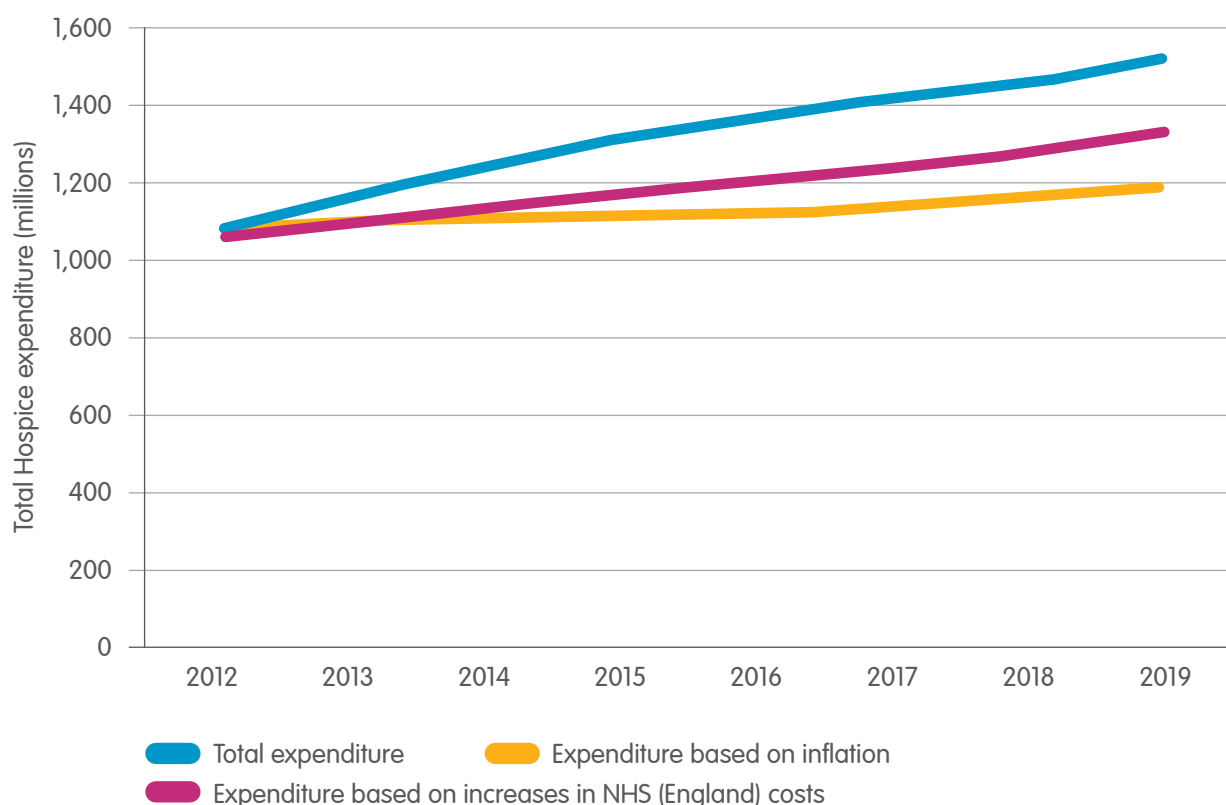
## Total expenditure growth over time

Expenditure increased by over 6.1% 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 2019 is more than £180 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 £1.5 billion, of which £1 billion is spent on charitable activities (i.e. care).

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



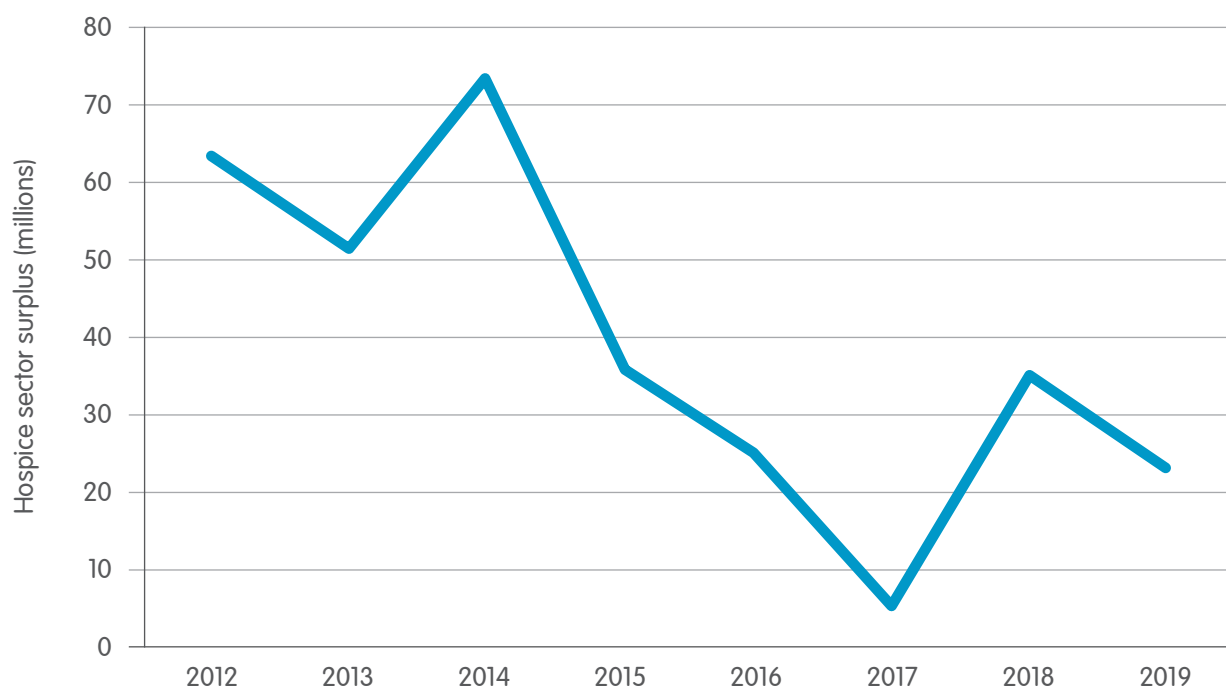


## Surplus over time

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 graph below indicates that the overall surplus generated by the hospices sector has tended to decline over the years, meaning there is less scope to invest in new services.

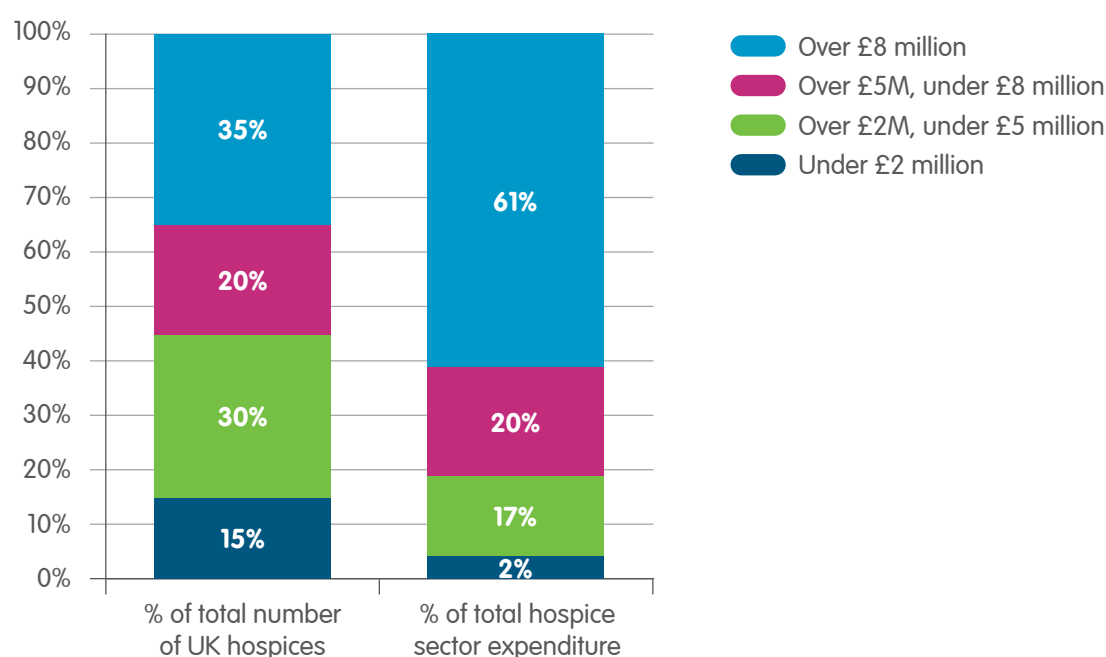
**Figure 4 – Surplus over time (before investment gains & losses)**



# Hospice sizes 2019

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 2019 total expenditure, which means that some hospices will have moved between bands since the last report.

**Figure 5 – Proportion of hospices in each expenditure band and the proportion of expenditure attributable to hospices in each expenditure band (including shops, lotteries and other trading expenditure)**



	Under £2 million	Over £2 million, under £5 million	Over £5 million, under £8 million	Over £8 million
	£'000	£'000	£'000	£'000
Average total expenditure	1,066	3,808	6,391	11,517

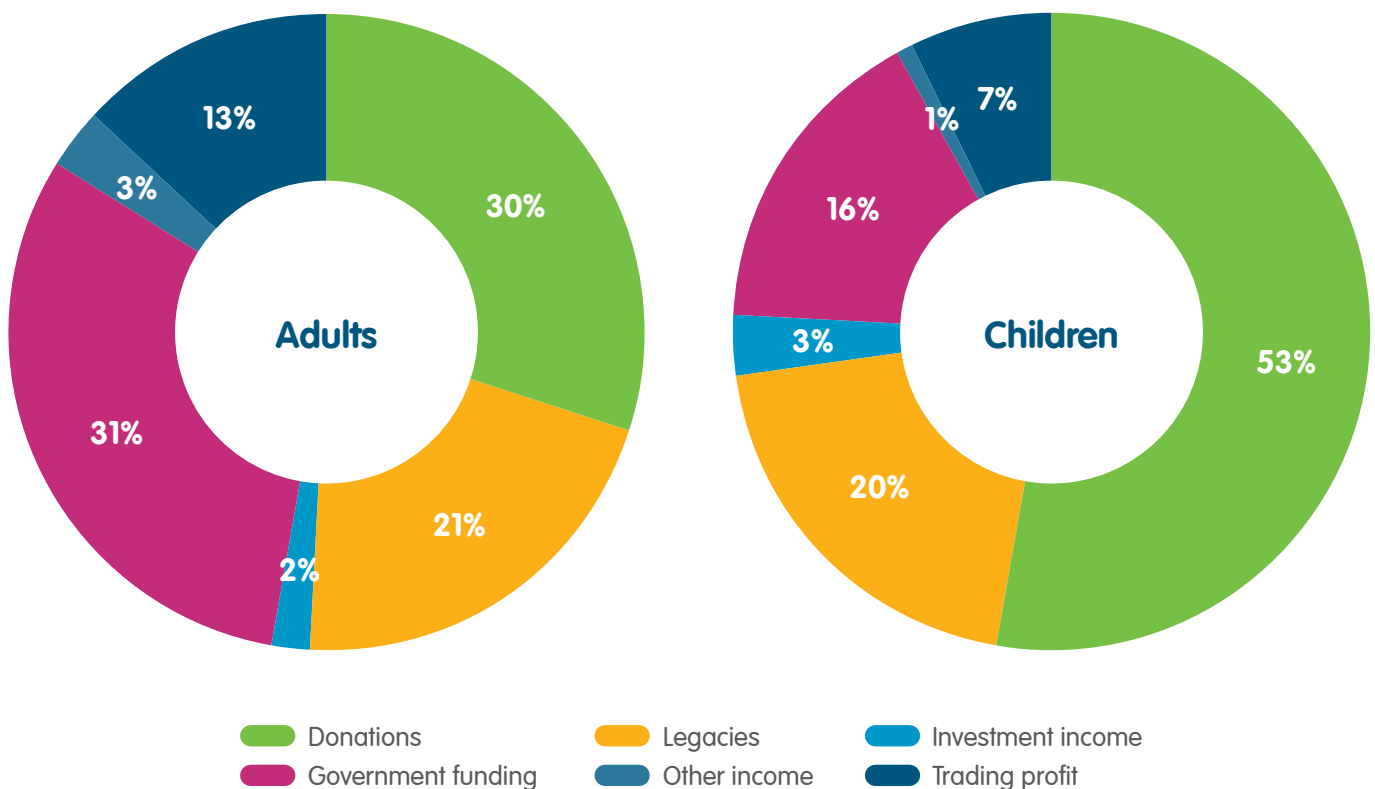
## Key findings

- 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 £21.5 million expenditure to those hospices with an annual expenditure under £1 million. Our smallest hospice has annual expenditure of just under £160,000.

# Income

Total income in 2019, including profits from trading activities for independent hospices was £1,028 million.

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

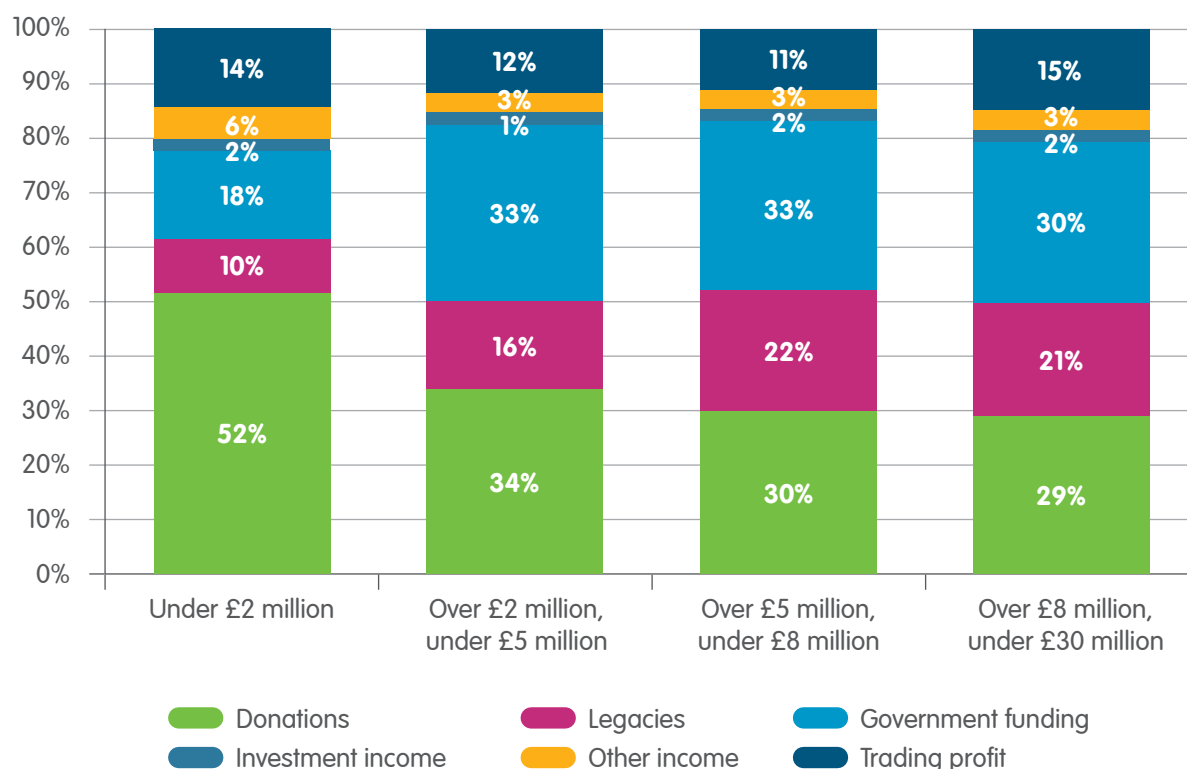


## Key findings

- 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).
- Government funding as a percentage of total income for children's hospices is much lower than for adults' hospices at 16% on average compared to 31% 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, but now 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

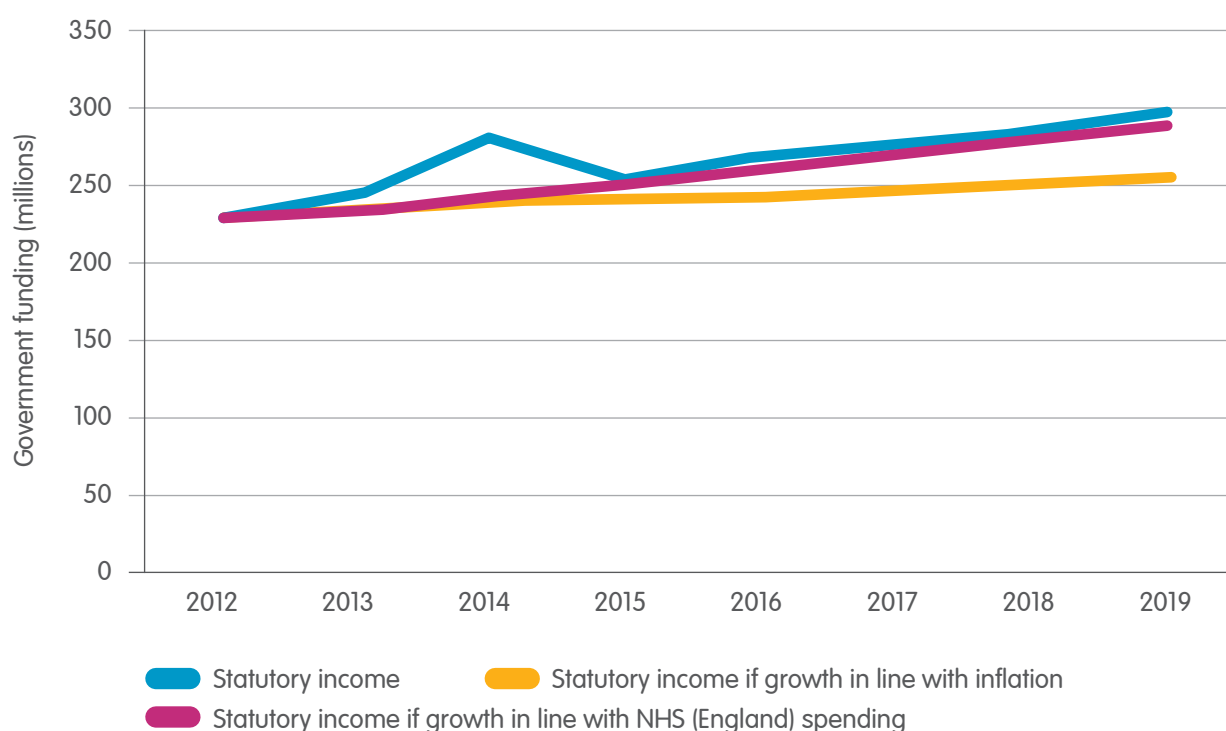
- Government funding comprises a much smaller proportion of total income for the smallest hospices than it does for other hospices.
- In contrast, donations from the public are a far more significant source of income for the smallest hospices. This suggests that smaller hospices are most vulnerable to 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 renegotiation of government income year on year.

# Government funding

Hospices in different nations are funded differently, as are hospices for children and hospices for adults.

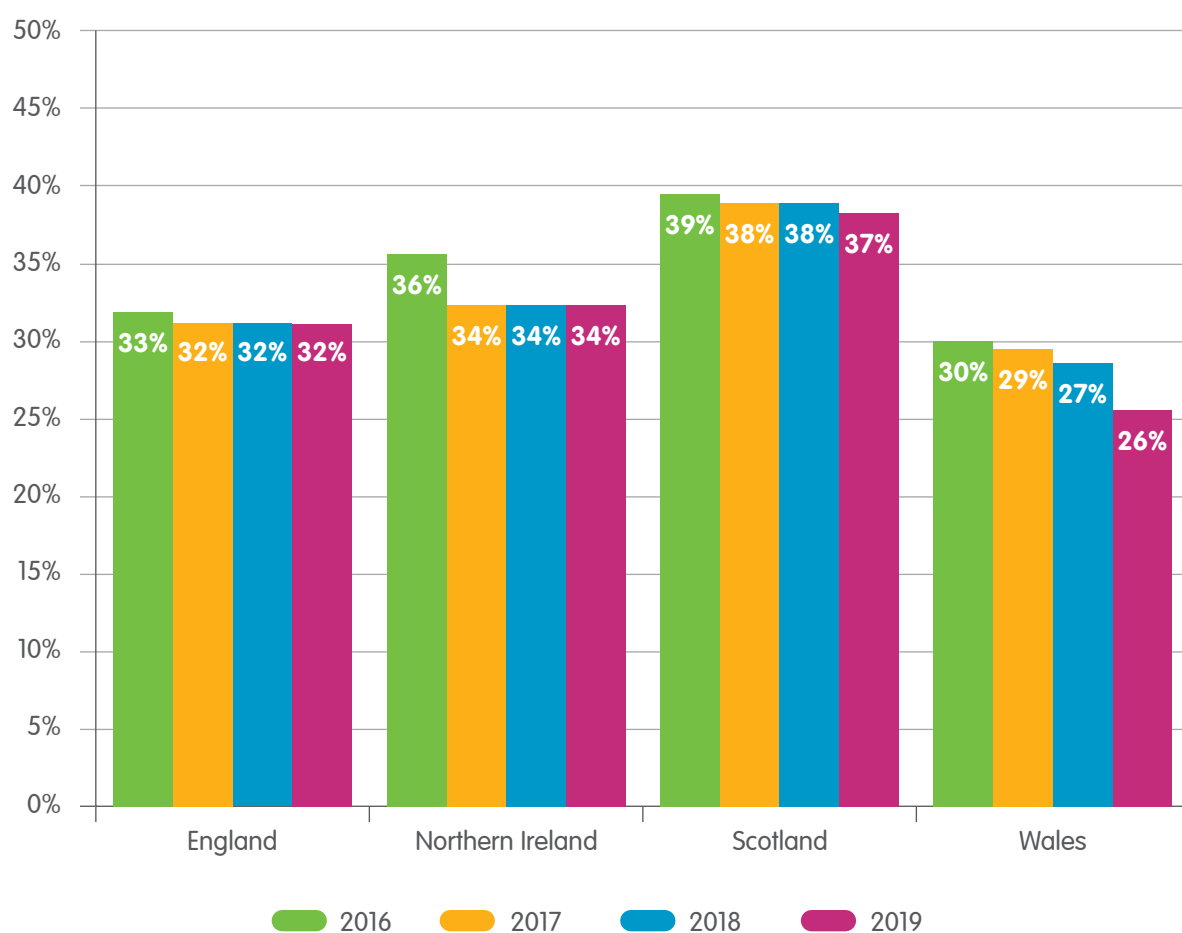
In analysing government funding, we have split hospices by nation as well as into adults' and children's hospices. We have excluded the cost of trading activities (i.e. shops & lotteries) from expenditure.

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



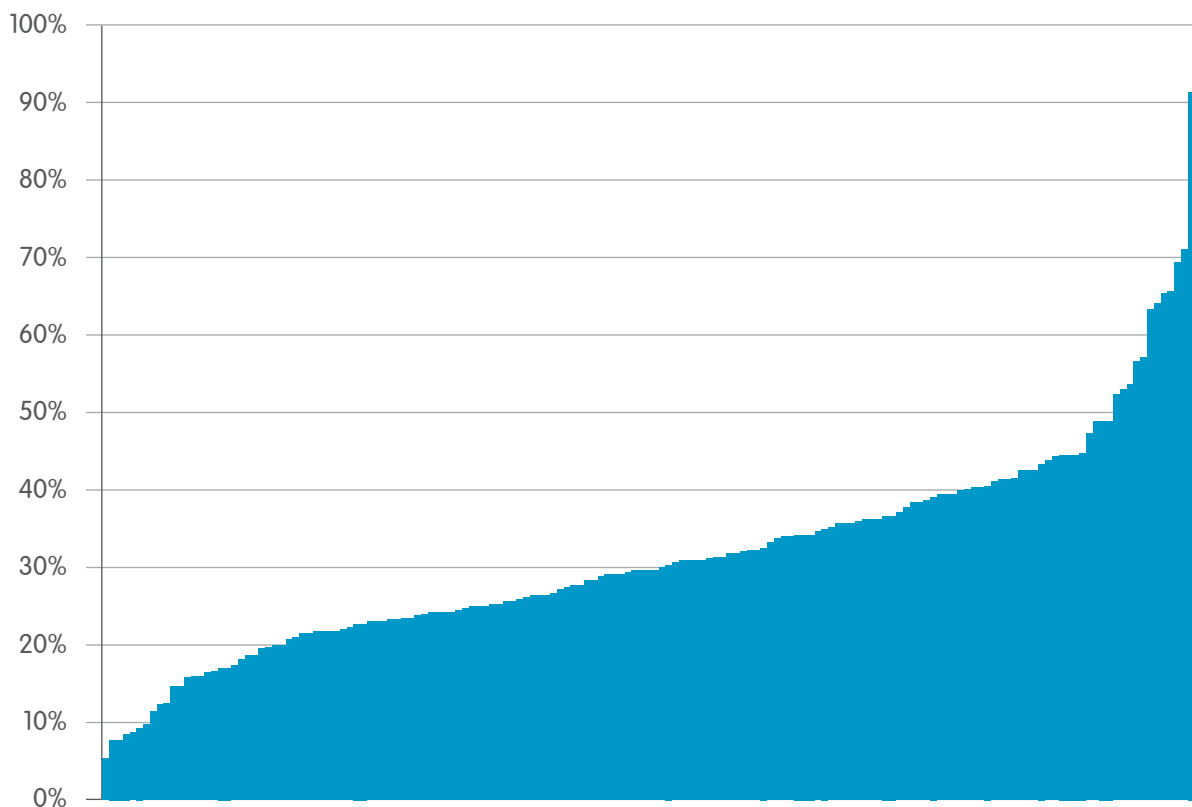
- The graph above shows that government funding has generally increased at a higher level than inflation since 2012 and has kept pace with general increases in NHS spending.
- The peak in 2014 was due to a capital funding round by NHS England in that year.
- Although government funding has increased in absolute terms, the graphs below show that as a proportion of total expenditure it has at best remained static.

**Figure 9 – Government funding as a percentage of expenditure by nation (adults' hospices comparison by year)**



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)**

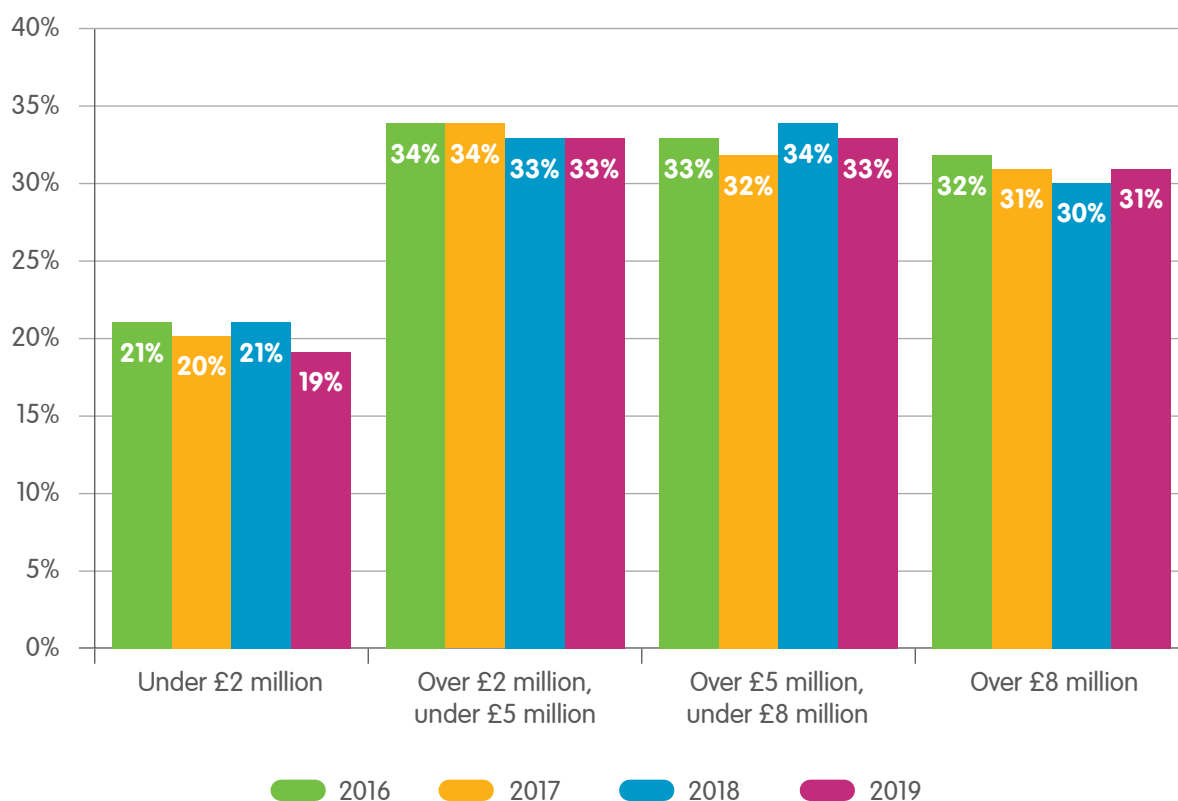


## Key findings

- In total, the government funded 32% of the expenditure incurred by independent adults' hospices in the UK.
- Several hospices receive less than 20% funding from Government sources while at the other extreme 12 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)



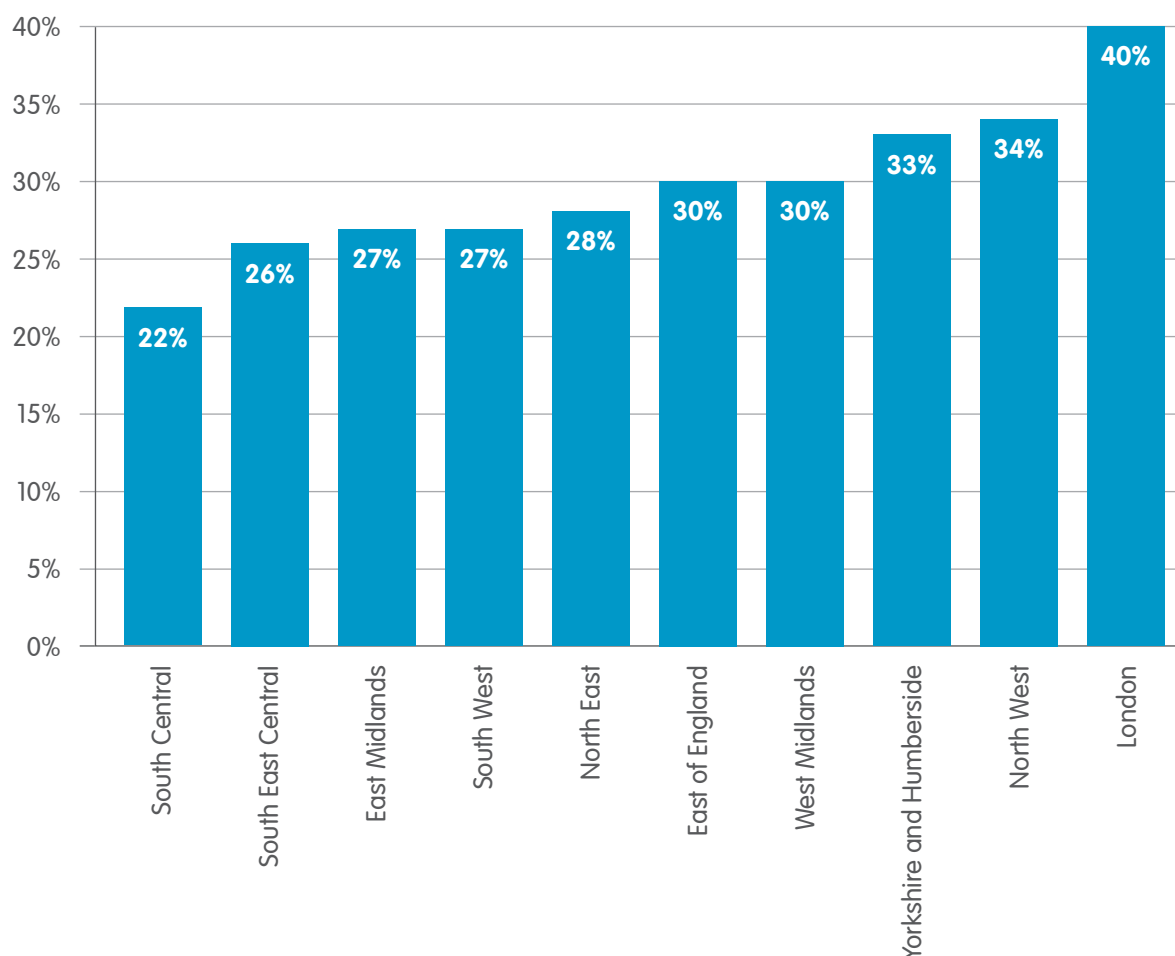
### Key findings

- In total, the government funded 32% of the expenditure incurred by adults' hospices in England. The proportion of expenditure funded by the government has been consistent over the past few years at around one third of expenditure.
- 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)



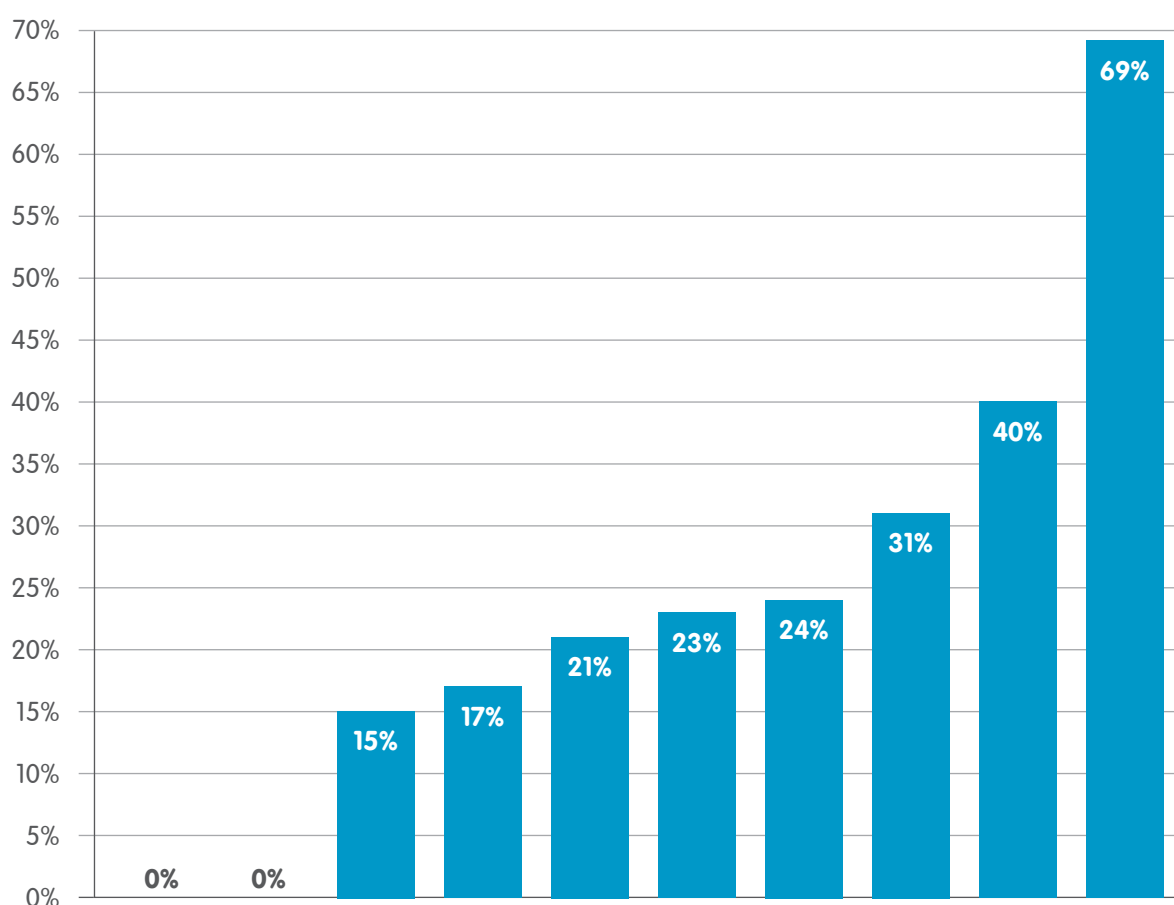
### Key findings

- 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 bar representing a different hospice.

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



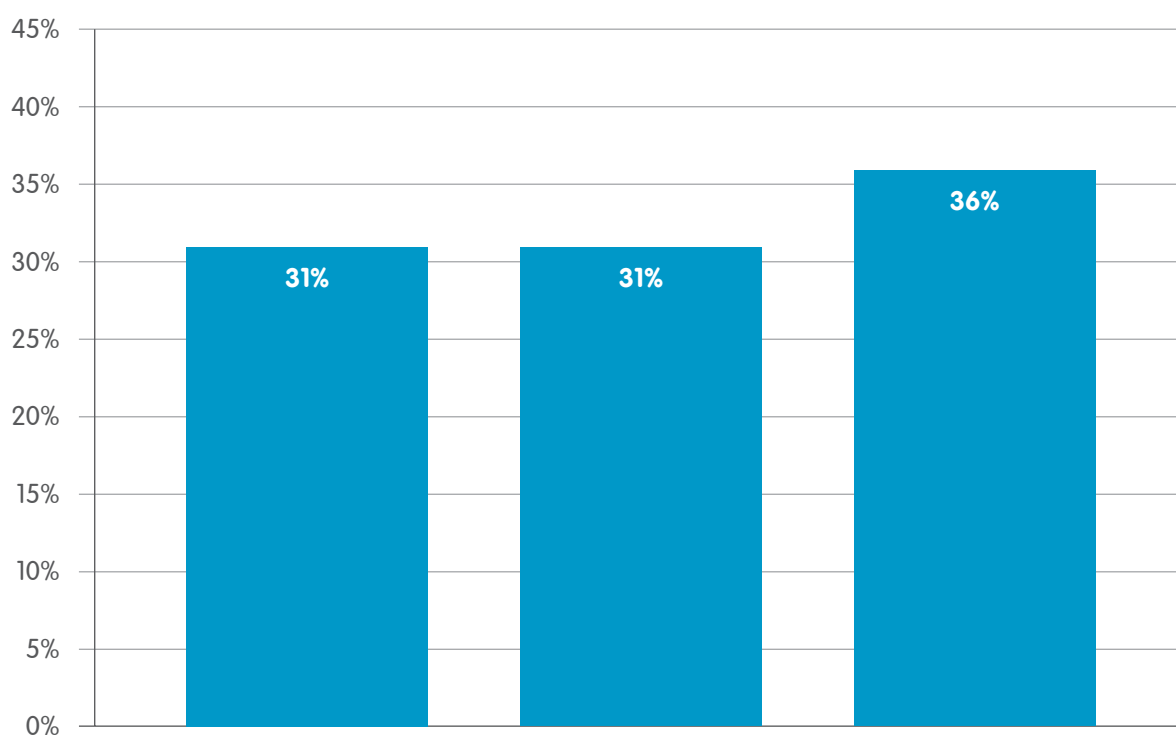
## Key findings

- In total, the government funded 26% 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 69%.
- 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.

## Government funding – Northern Ireland

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

**Figure 14 – Government funding as a percentage of expenditure in Northern Ireland (comparison by size of adult's hospices)**



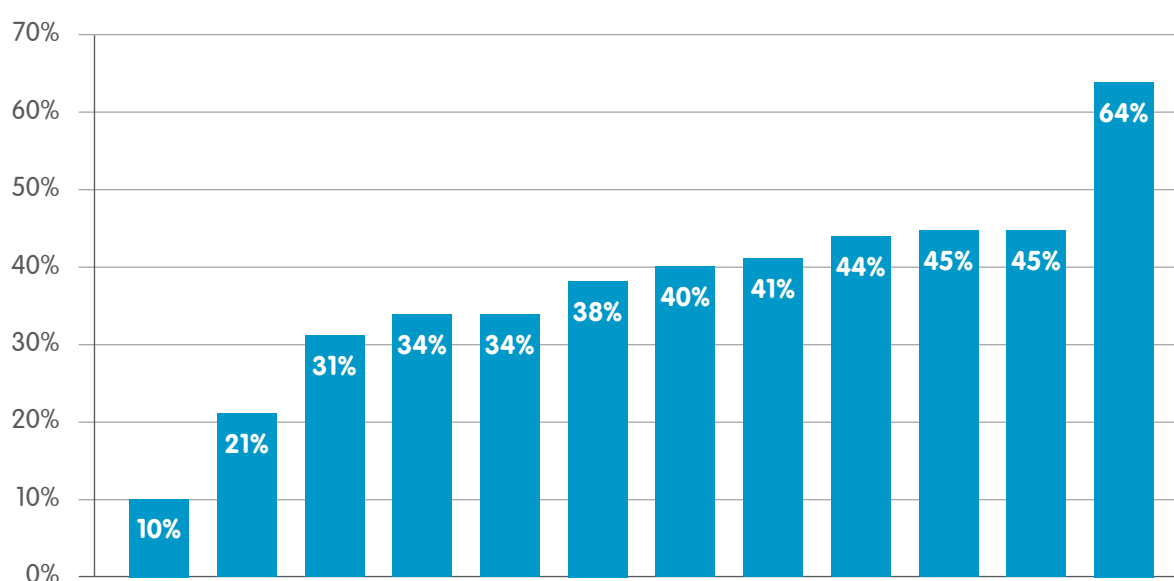
### Key findings

- 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)**



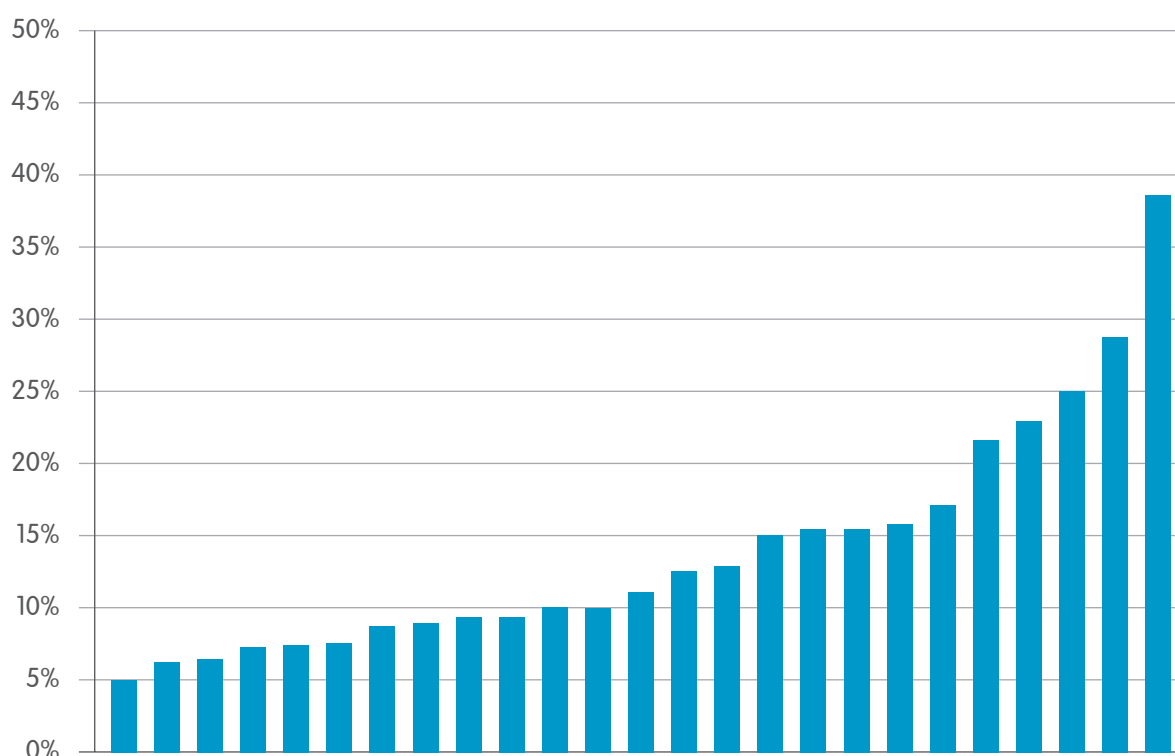
## Key findings

- 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.

## Government funding – children’s hospices (all nations)

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

**Figure 16 – Government funding as a percentage of expenditure (children’s hospices)**



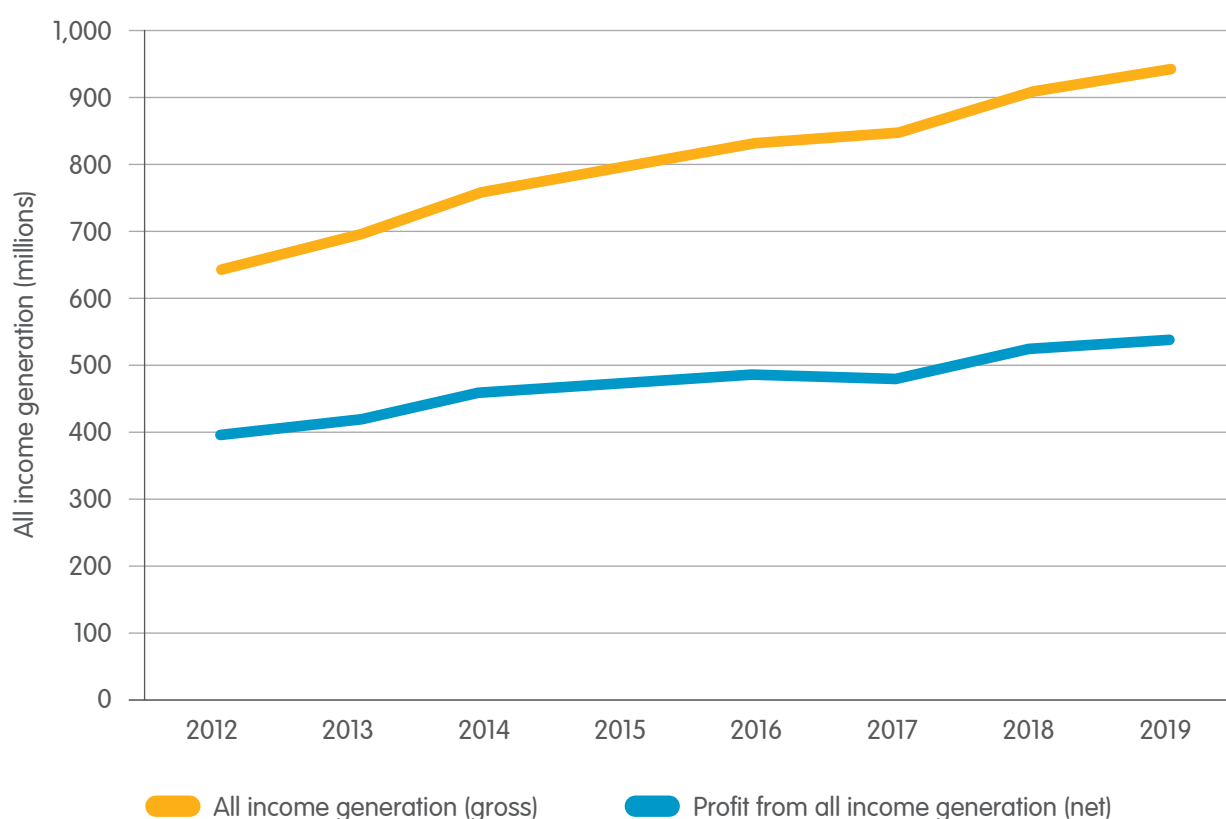
## Key findings

- Most children’s hospices are located in England, and on average, government funding in 2019 amounted to 16% 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 one 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)**

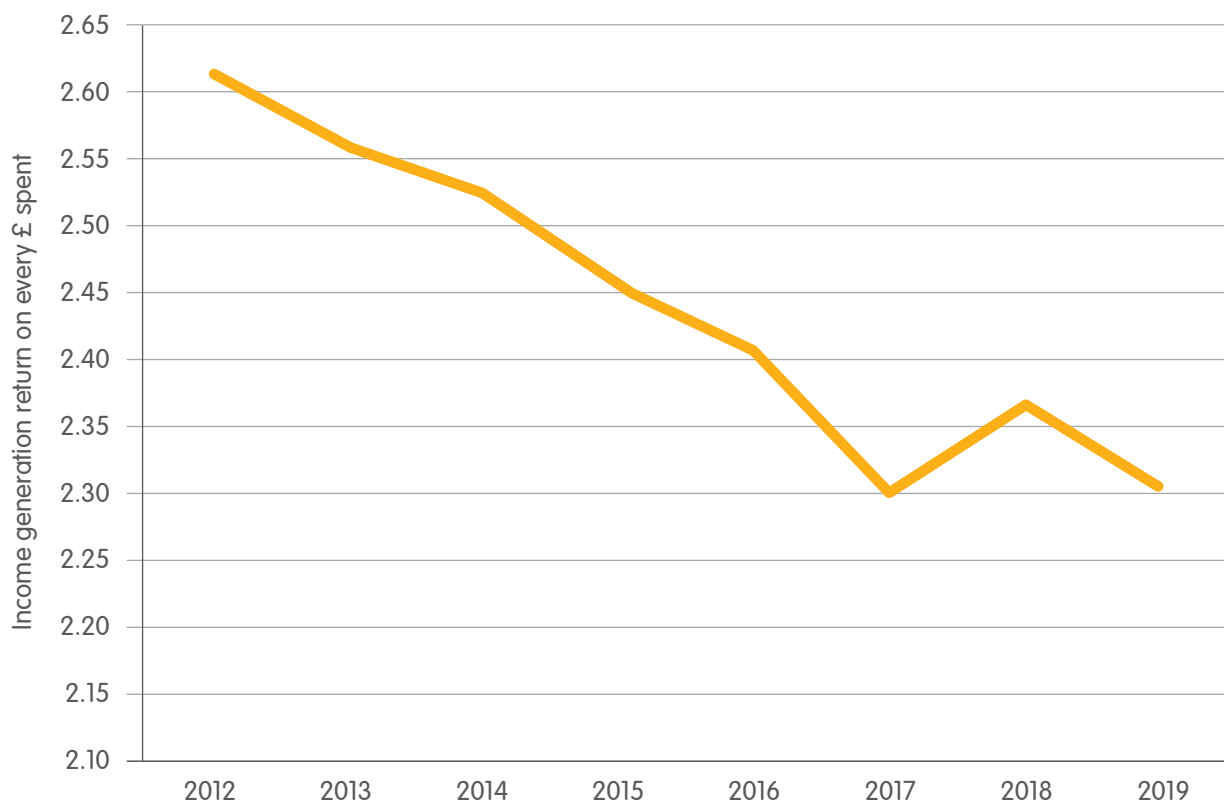


## Key findings

- It shows that while total income generated from voluntary sources has been growing substantially over the last seven 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 – Income generation return on investment (including trading activities)**



## Key findings

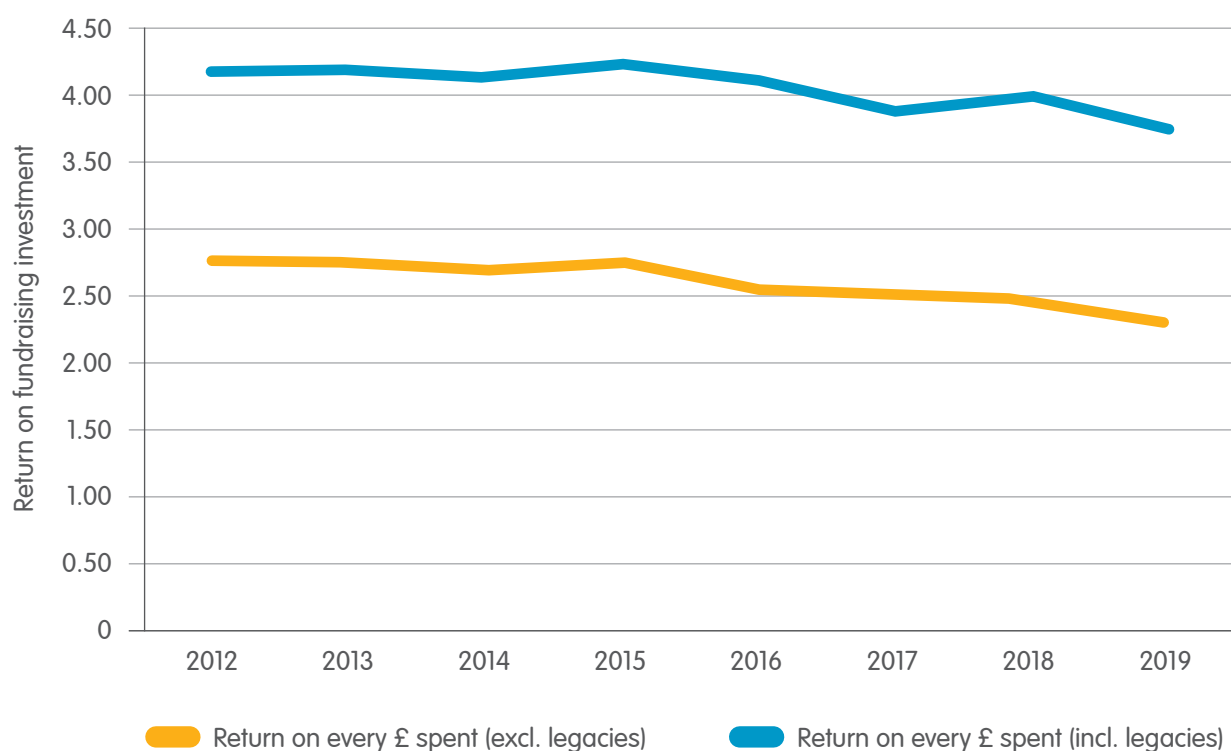
- This shows that for every £1 spent on generating income, hospices on average generated £2.61 in 2012. By 2019 this had fallen to £2.31.
- As noted above, the overall trend suggests it is becoming more challenging for hospices to generate the income they need from voluntary sources.
- The data suggests 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 to 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 2019 hospices generated £3.71 in income for every £1 spent.
- There is a clear trend towards smaller returns on investment in fundraising in recent years.



# Legacy income

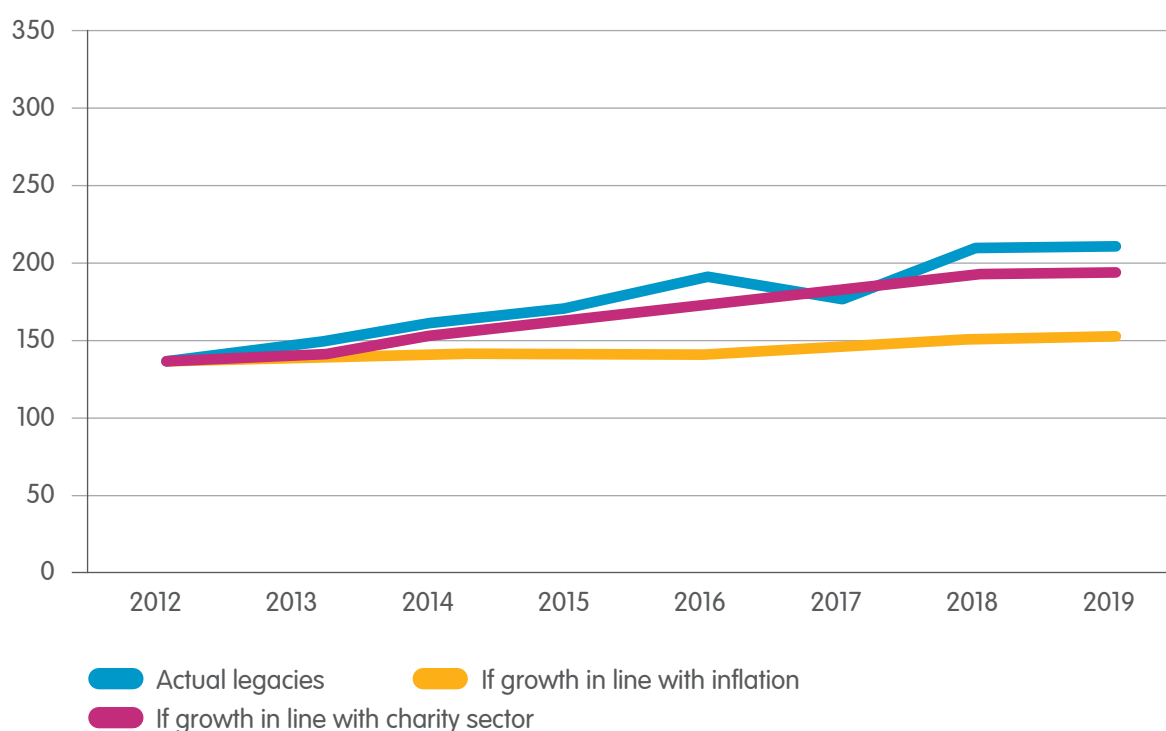
Legacy income is a critical, but often unpredictable, source of income for hospices.

Whilst legacy growth has tended to outstrip inflation, there was a significant fall in legacy income in the 2017 financial year. This illustrates the difficulty hospices have in budgeting for legacy income.

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**

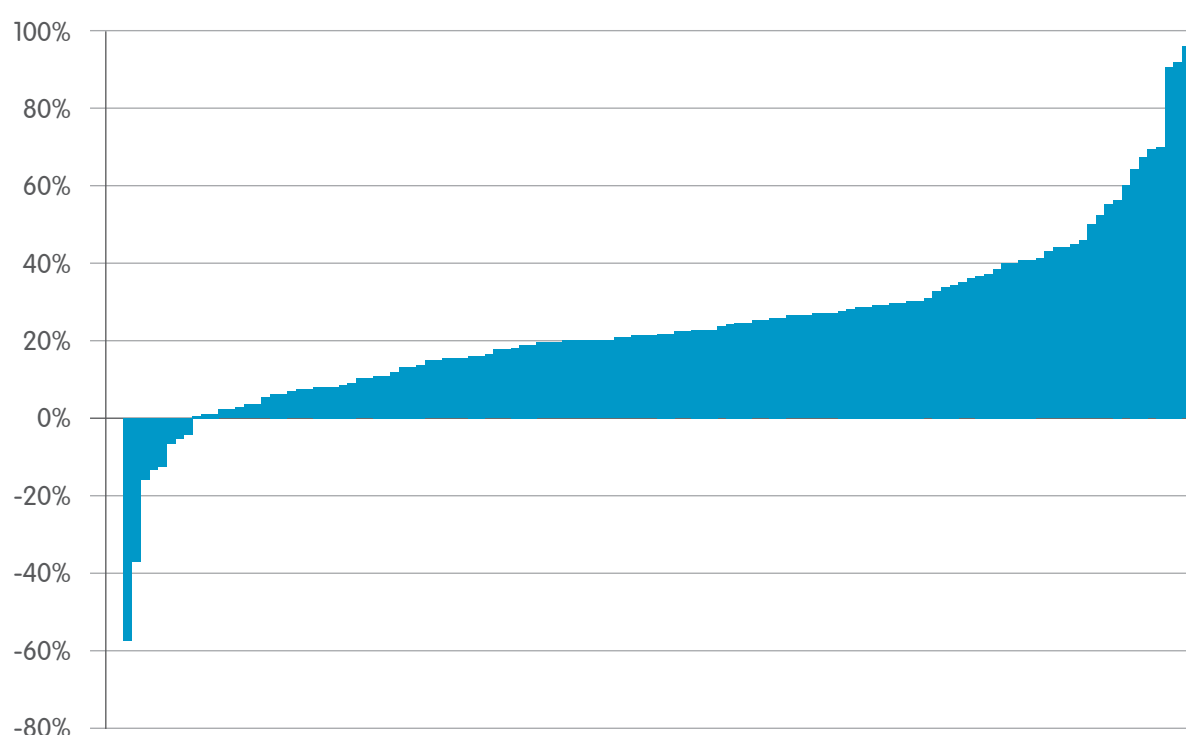


# Shops

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)**



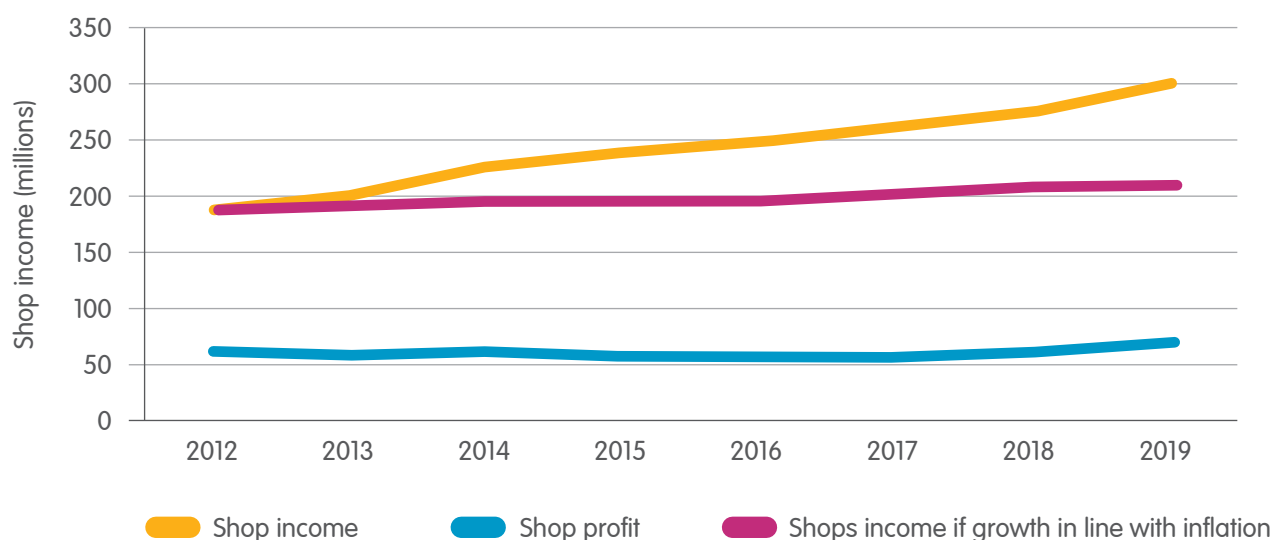
## Key findings

- The average profitability in 2019 was 24% 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 £71 million.
- However, 11 hospices reported that their shops made a loss in 2019.
- Gross income reported by independent hospice shops is £299 million, and income has risen by 9% since the previous year.
- If income from the large national chains of Marie Curie and Sue Ryder is also included, then hospice shops generate gross income of £374 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.

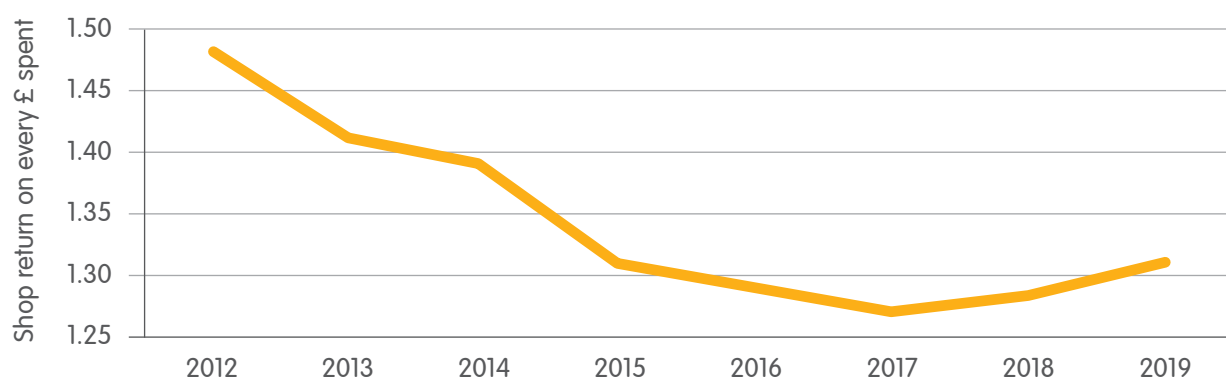
Shop profits have been at best static, although there was an increase in profitability in 2019 though it has increased slightly in the last two years.

**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

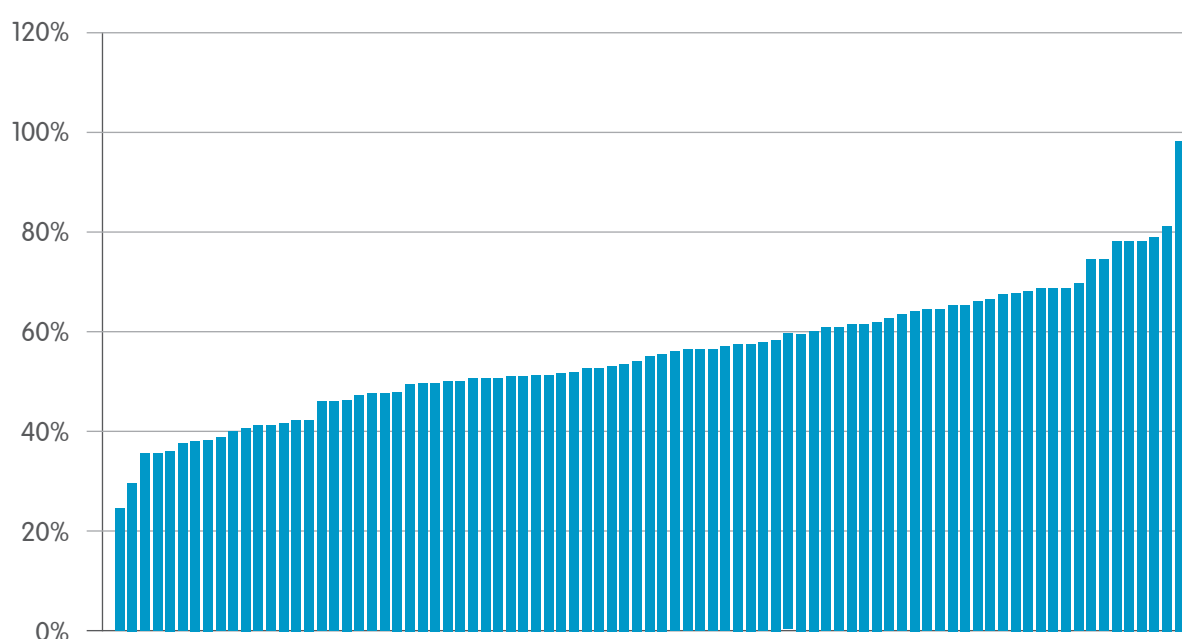
- The amount of income generated for every £1 a hospice spends on its charity shops decreased from an average of £1.48 in 2012 to £1.31 in 2019.

# Lotteries

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)**

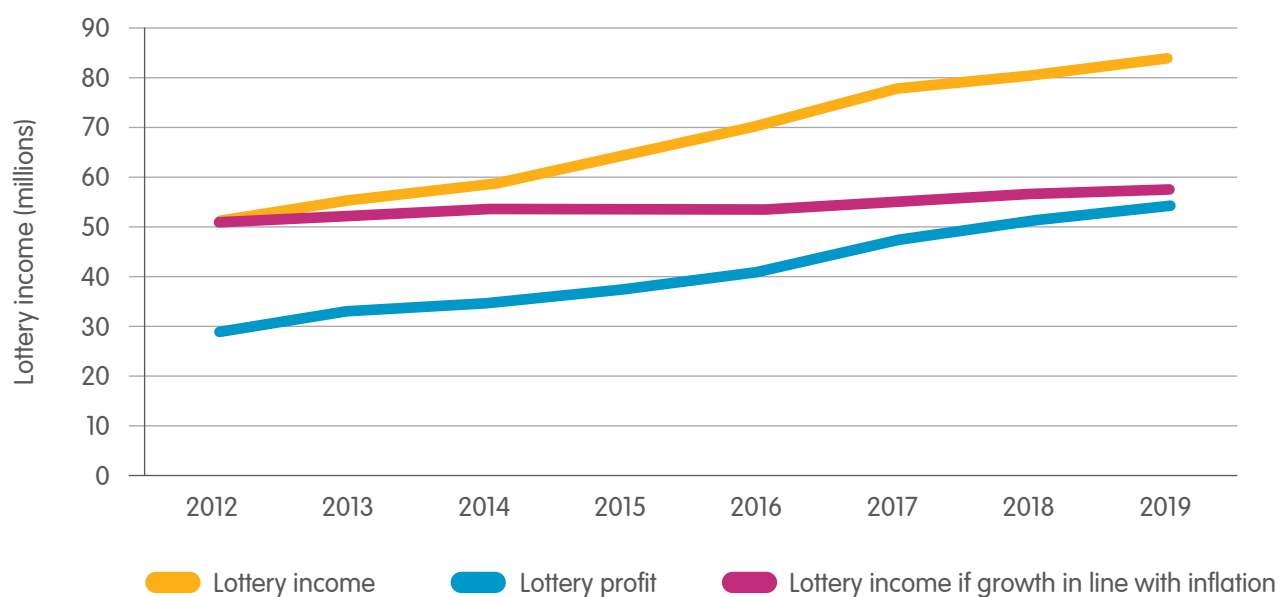


## Key findings

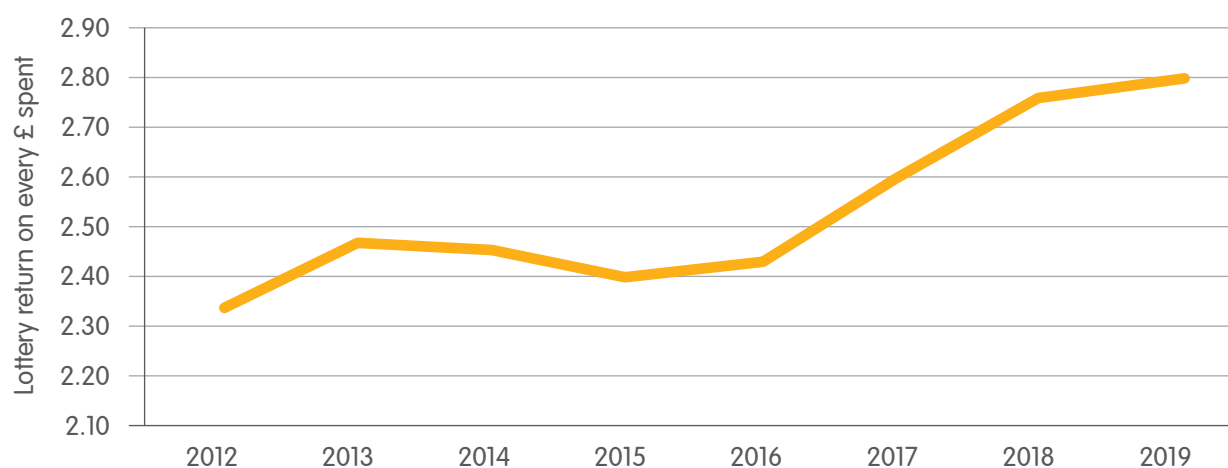
- The average profitability of a hospice lottery was 56% and the average profit per hospice is £285,000.
- There is greater consistency in profitability among lotteries than shops.
- Five hospices made a profit of over £1 million on their lottery activities.
- The total reported gross lottery income for independent was £85 million in 2019, an increase of 4% 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**

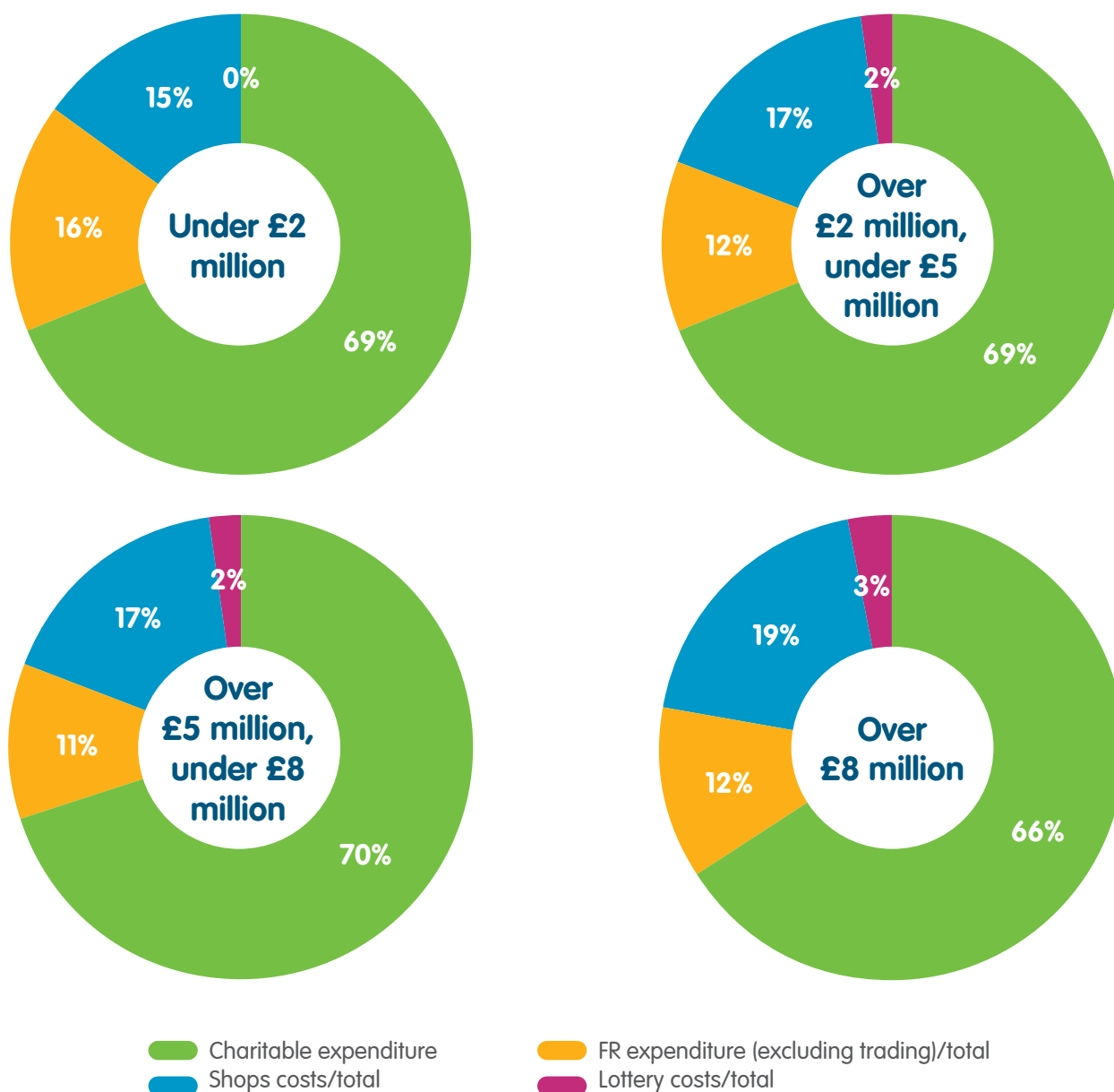


## Key findings

- 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 £2.34 in 2012 to £2.80 in 2019.

# Expenditure

Figure 27 – Breakdown of total expenditure (including Trading) for all independent hospices



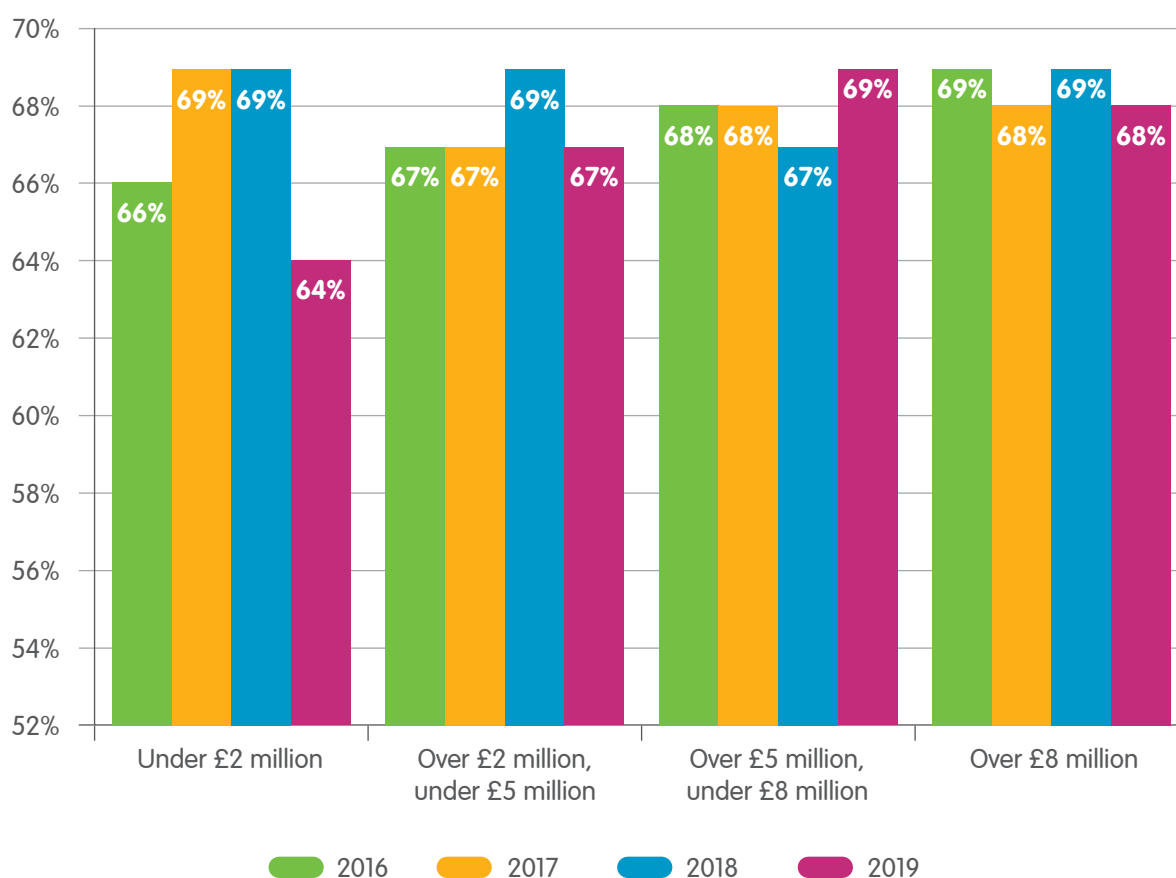
## Key findings

- On average, hospices spend more than two thirds of their total expenditure on charitable activities.
- 18% of total hospice spend is on retail activities, 12% of 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).

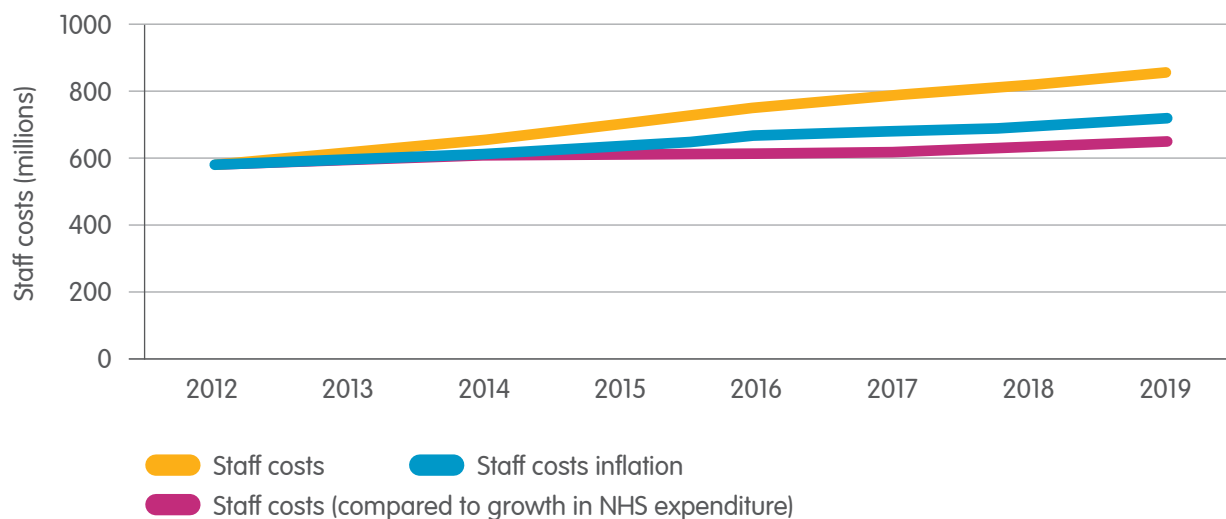
**Figure 28 – Staff costs as a proportion of total expenditure**



## Key findings

- Staff costs represent 68% 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 almost £861 million and have increased by over 4.7% 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.

**Figure 29 – Staff costs over time**



## Key findings

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

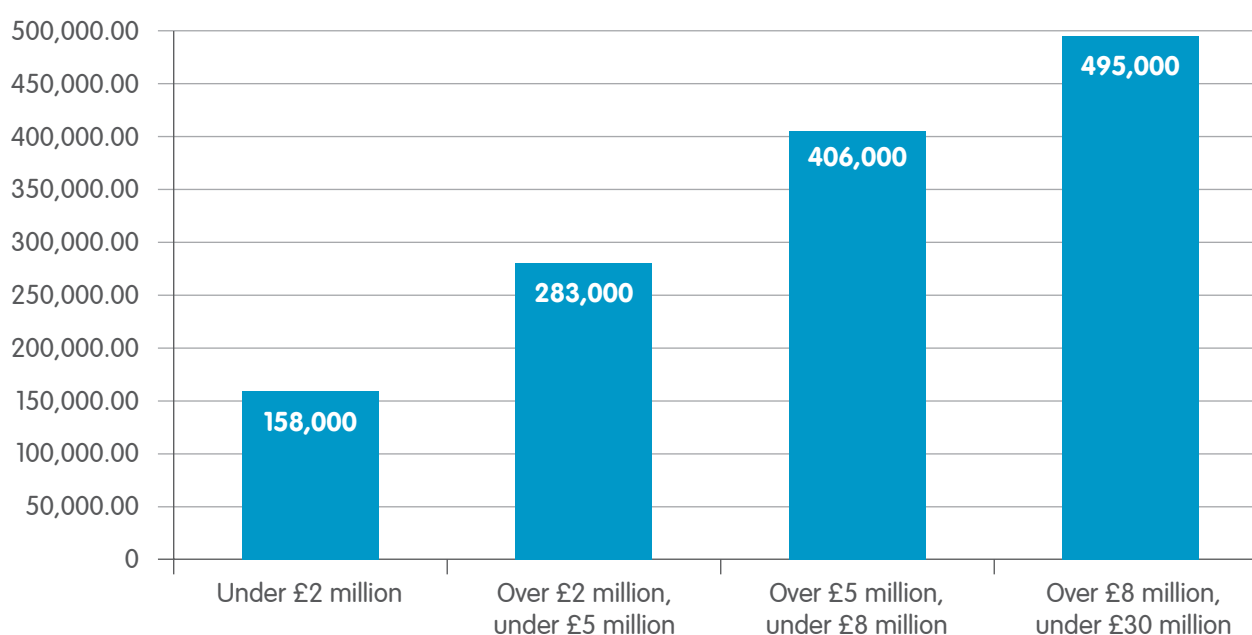
Under SORP 2015, charities have to disclose the cost of their “key management personnel”.

The average cost of key management personnel disclosed by hospices is £334,760, and the average number of staff included in this figure is 4.53.

Many (approximately 12%) of hospices have not disclosed the number of their key management personnel. Another 8% 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.

	2016	2017	2018	2019
Key management staff	781	805	862	871
Key management costs	50,871,000	55,047,000	60,093,000	64,274,000
Average number of staff	4.27	4.45	4.58	4.53
Average cost of key management personnel	278,000	304,000	320,000	335,000

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



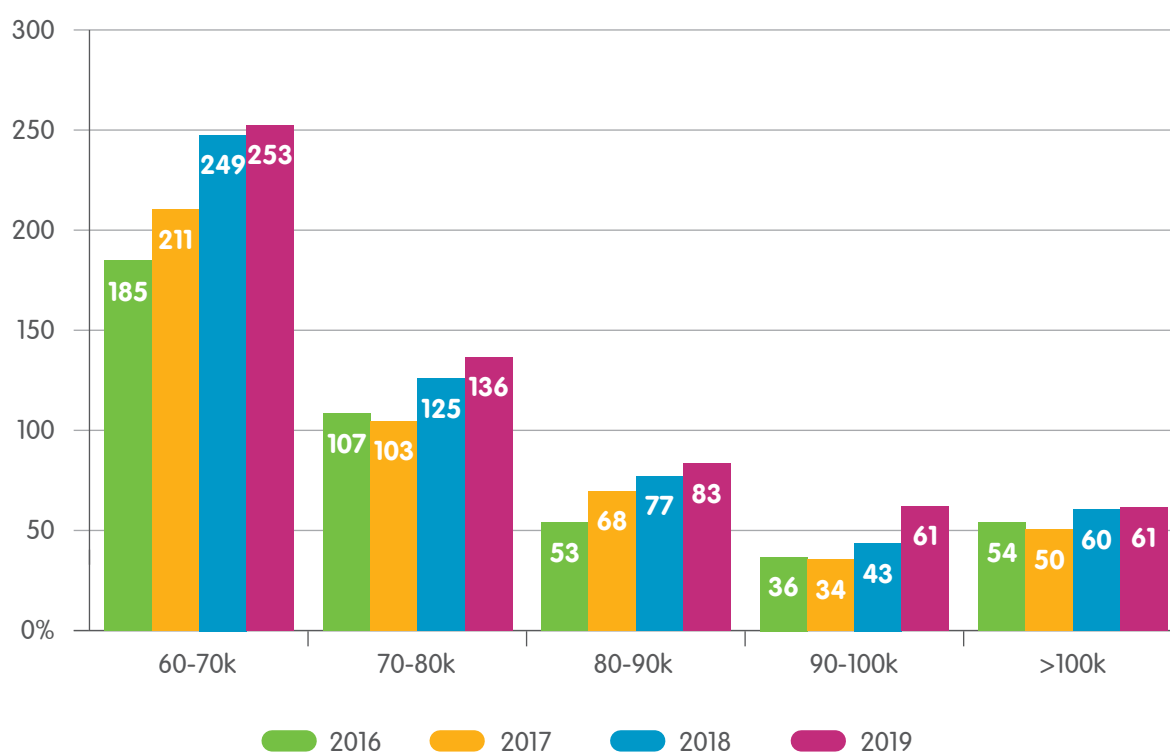
The table above shows that key management costs rise proportionally as overall organisational costs rise. Larger hospices incur four times as much key management costs as smaller hospices – this is to be expected since their overall costs are at least four times as high.

# 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 594 staff who are defined as highly paid (earning over £60,000), which works out at an average of 3.1 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.

Nation/region	Average no. of high paid staff per hospice	% of all (FTE) staff who earn more than £60k
East Midlands	1	0.9%
East of England	4	2.2%
London	5	2.9%
North East	1	0.8%
North West	2	1.4%
Northern Ireland	4	1.9%
Other	3	5.7%
Scotland	4	2.4%
South Central	3	1.7%
South East Coast	6	2.3%
South West Coast	4	2.1%
Wales	1	0.9%
West Midlands	3	1.2%
Yorkshire & Humberside	3	1.6%

## Staff numbers

The independent hospice sector employs 34,339 staff or 25,242 full time equivalent staff (FTE). 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 41,812 staff or 30,380 full time equivalent staff.

# Available reserves

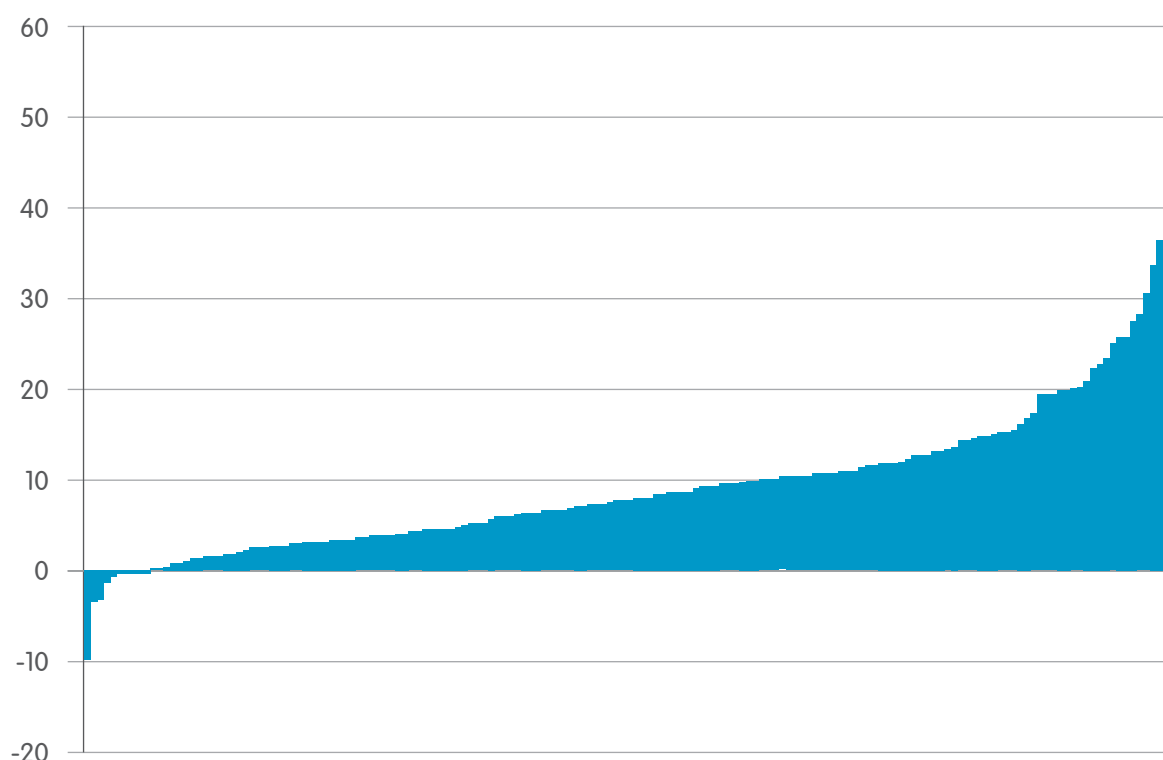
Available reserves are defined in this report as unrestricted reserves, including designated funds, less unrestricted tangible fixed assets. Available reserves are held by hospices for a number of reasons:

- 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.

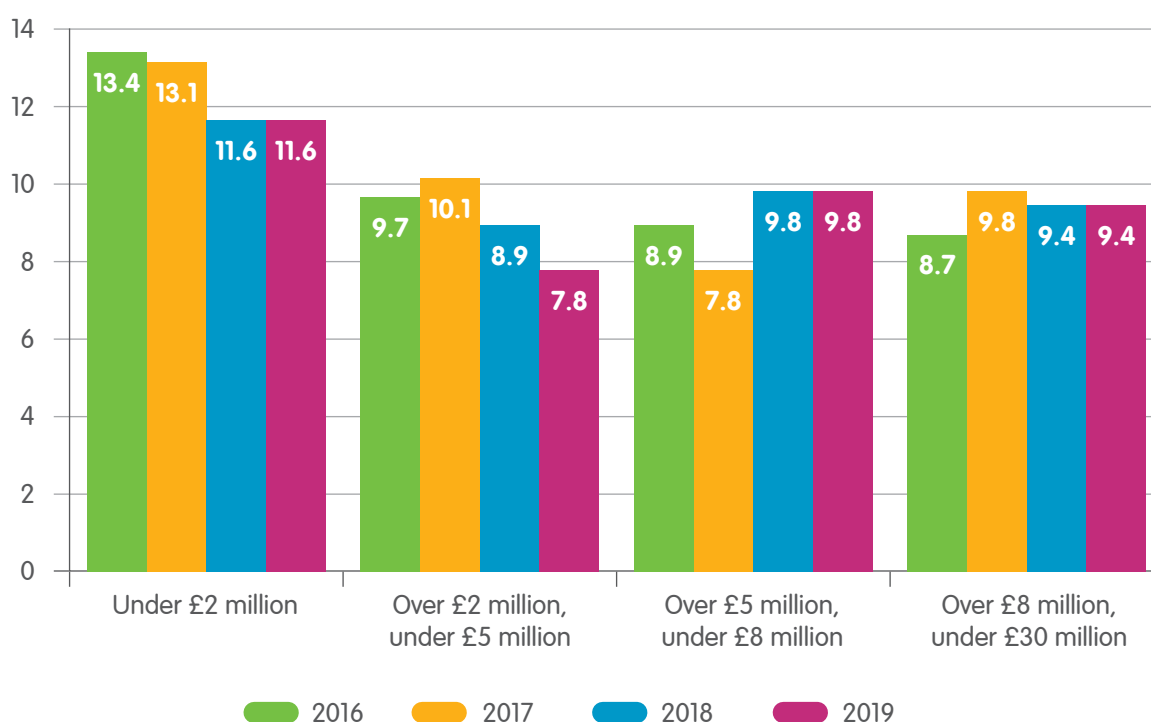
It is the responsibility of the trustees to balance the above considerations and determine how much a charity should hold in reserves. In the graphs below, the value of available reserves is compared to each hospice's annual total expenditure (including trading activities).

**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 2019 hospices were holding £376 million in cash and had investments value at £723 million.

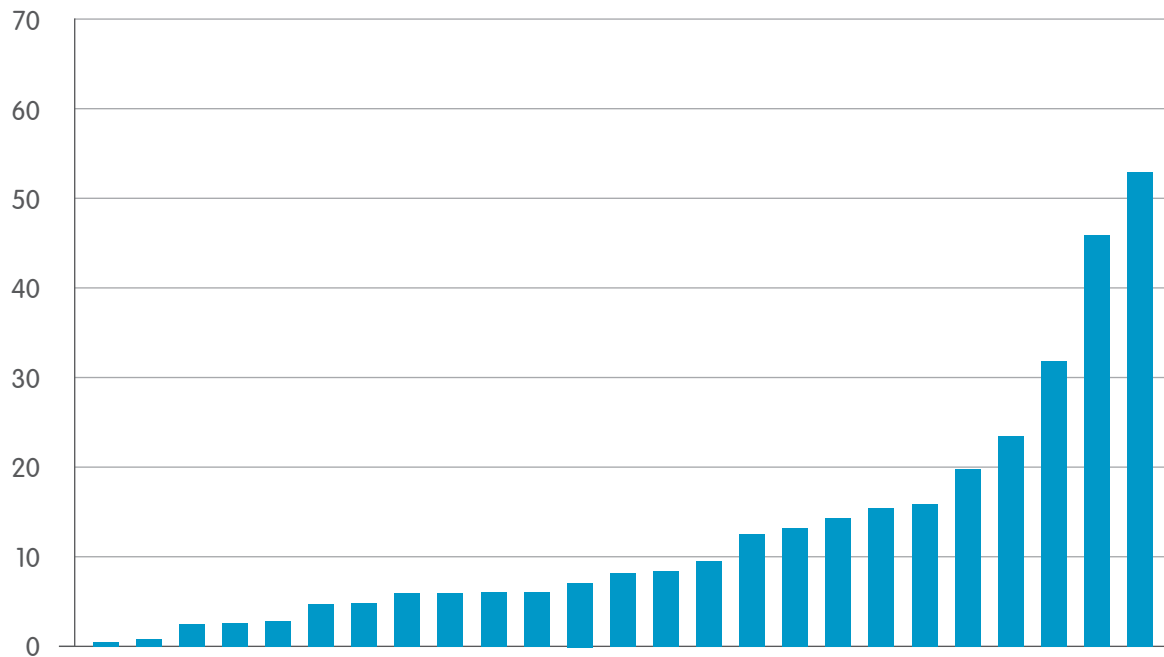
**Figure 33 – Average available reserves as months of expenditure by expenditure banding (adults' hospices)**



## Key findings

- Adults' hospices hold the equivalent of 9.3 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 10 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, 10 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.

**Figure 34 – Available reserves as months of expenditure (children’s hospices)**



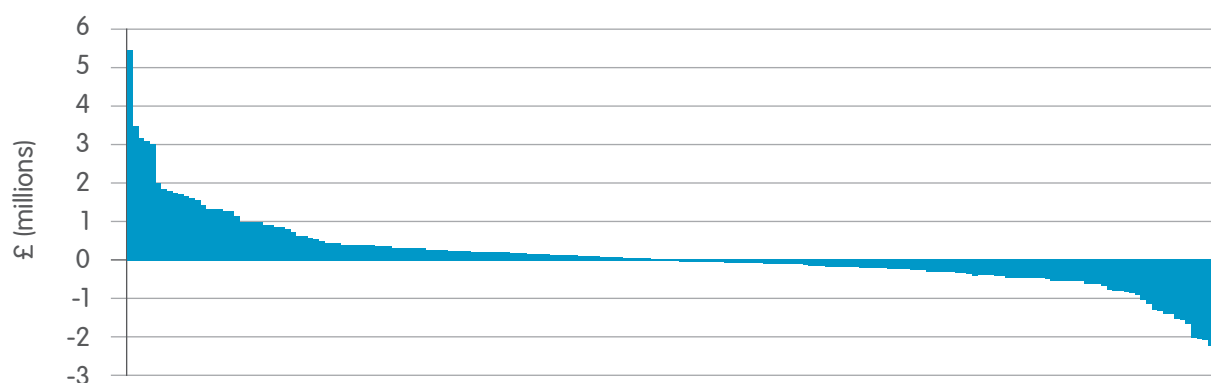
## Key findings

- On average, children’s hospices hold available reserves representing 13 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 one holding more than four years reserves.

# Deficits and falling reserves

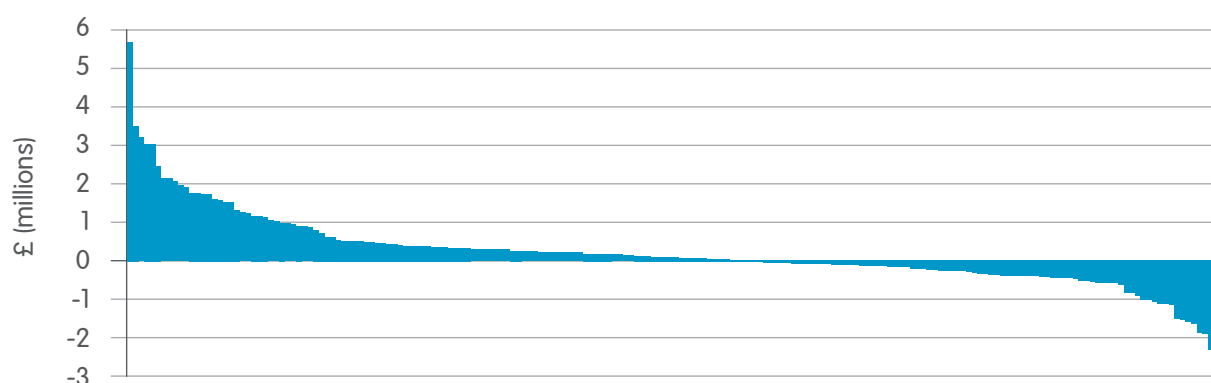
The table below shows details of hospices that experienced losses during the year. Losses can be defined either before or after taking into account changes in the value of investment. Losses may be budgeted or may be a result of falls in income, or unforeseen expenditure.

**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, 49% recorded deficits in 2019.

**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 43% of hospices suffered negative movements in reserves in 2019.



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