

EAST CHESHIRE HOSPICE
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

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 2016

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LEGAL AND ADMINISTRATIVE INFORMATION
For the year ended 31 March 2016

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 51 Park Green Macclesfield Cheshire SK11 7NH
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 R Barrow	Chairman		
Dr J Beck		Mr R J W Jones	(ret. Nov 2015)
Mrs A Challinor		Mr A C Kennedy	Treasurer and Company Secretary
Miss M Coyle	(ret. Sep 2015)	Mr J Lovett	
Mr K Gilliver		Mr P G Morrissey	Vice Chairman
Dr L Hastings		Mrs J Stephens	
Mr M J Hooper	(ret. May 2016)	Dr A Wills	

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

Patrons: Samia Ghadie Ryan Giggs Charlie Lawson

President: Mr David Briggs K.St.J

Vice Presidents:

Mr P Bianchi	Mrs J C Legh
Mr N Bianchi (app. May 2015)	Rt Hon G Osborne MP
Mrs Fiona Bruce MP (app. Feb 2016)	David Pollock (app. Nov 2015)
Mrs Justine Clowes (app. Aug 2015)	Mr M H Rains
Mr H G Fielding	Mr R Raymond
Clare Haywood (app. Nov 2015)	Mr David Rutley MP (app. Jan 2016)
Simon Haywood (app. Nov 2015)	Dr R Stead
Mrs J Hilditch	Lady Winterton
Mr M Jones	Sir N Winterton
Mr P E Jones	

Management Team:

Mr M Pyrah	Hospice Director
Dr T Rimmer	Medical Director (to April 2016)
Mrs H Knight	Clinical and Operations Director
Mrs S M Brownbridge	Head of Support Services (to October 2015)
Mrs S Seabourne	Head of Finance
Mrs K Johnston	Income Generation Director

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The Trustees submit their Annual Report, together with the consolidated financial statements of the Hospice and its subsidiary for the year ended 31 March 2016. The 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 2015).

OUR PURPOSE

The objects and principal activities of East Cheshire Hospice are to promote the relief of illness and suffering for people living in 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. 240,000. It does this by:

- operating a residential hospice; and
- operating a day care centre; and
- operating outpatient clinics; and
- providing social, psychological and spiritual support services; and
- research into, and training of staff involved in delivering, end of life care.

Our aim is to make every day count for those that are suffering with a life-limiting illness, their families and carers. Our mission is to provide the highest quality care and support for the people we serve. Our values are:

- To put our patients, their families and carers at the centre of everything we do;
- To act always with care and compassion;
- To strive to deliver excellence in all that we do;
- To be accessible to all, tailoring our services to meet the needs of the communities we serve;
- To work in partnership and collaboration in the interests of our patients;
- To value our staff and volunteers, investing in their learning and development;
- To be open and transparent; promoting equality and celebrating diversity;
- To make the best possible use of our resources, upholding the spirit and the letter of our charitable status;
- To recognise and be mindful of our responsibilities to the communities who support us.

ACTIVITIES

In setting our objectives, the Trustees have given careful consideration to the Charity Commission guidance on public benefit. East Cheshire Hospice provides services free of charge to adults with life-limiting illnesses within its boundaries, and supportive care for their families and carers. Our comprehensive range of services are available without restriction to all groups in the communities we serve. These include:

A 15-bed purpose-built inpatient unit, appropriately staffed by a consultant-led team of highly trained clinical palliative care specialists across all grades and supported by a 30-

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strong team of volunteers. Admissions into the unit can be facilitated at any time and are not restricted to normal working hours.

Sunflower Centre Day Hospice, open five days-a-week, providing nurse-led clinics and therapeutic interventions through Living Well sessions for all conditions and a bespoke dementia carers programme. The Centre relies on a team of volunteers who transport patients to and from the facility, support patients who wish to access creative activities, counselling sessions or need assistance with their three-course midday meal.

Outpatient facility operating five days-a-week providing private appointments for patients needing access to:

- Physiotherapy
- Occupational Health
- Blood transfusions
- Lymphoedema Service
- Art psychotherapy
- Complementary therapies
- Consultations with Advanced Nurse Practitioners
- In-reach social worker

Family Support Services meeting the practical, social, physiological and spiritual needs of the people who are important to our patients. These include:

- 24-hour helpline staffed by clinical palliative care specialists
- Carers break programme
- Information and advice service
- Complementary therapies
- Pre and post bereavement counselling for adults
- Specialist childhood bereavement service
- Spiritual support provided by an ordained minister supported by a team of volunteer chaplains from all faiths and none
- Access to a social worker

Education and learning is central to the provision of our high quality services and meeting the needs of our community. We mitigate risks and with a comprehensive range of annual training programmes that are mandatory for all 90 staff and our 600+ volunteers. Our teams have access to job-related training delivered in-house, with partner organisations or through external accredited providers.

Volunteers enable us to deliver exceptional levels of care and support than would not have been possible with our finite resources. In 2015/16 our 600+ volunteers donated an estimated 115,200 hours of their time and skills, saving us in the region of £1.5million in costs.

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For the year ended 31 March 2016

Addressing our local need

Our geographic area has a population of 240,000 living in largely rural locations with a higher than the national average of older people aged 65+. This means we must adapt to meet an increased need for elderly frail and dementia services. Patients are also receiving multiple treatments for longer which means they are presenting to our services with more complex needs and co-morbidities. Pockets of extreme deprivation are masked by neighbouring affluent areas resulting in low levels of inward funding investment. The area does not attract major NHS per capita funding, therefore the grant awarded to East Cheshire Hospice by local CCGs equates to 18% of our annual running costs, the remaining 82% raised from voluntary contributions from the communities we serve and, to a much lesser extent, our commercial activity. The disparate and rural nature of our area of benefit restricts communication channels and makes awareness-raising of our services more challenging.

To better understand our local need and to develop services that meet that need, this year we commissioned two pieces of research, the results of which are detailed in the Achievements and Performance section of this report.

ACHIEVEMENTS AND PERFORMANCE

In 2013 the Trustees embarked on an ambitious five year strategy to deliver quality in all we do, secure sustainable income to support our aims, work in collaboration and partnership and ensure East Cheshire Hospice is an effective, efficient and thriving organisation. Great strides have been made; 2015/16 is the mid-point of our strategic plan and we are further ahead than we planned to be, using fewer resources than we had planned to use.

Each year an Annual Deliver Plan is created to achieve our strategic priorities and measure performance. The progress in relation to the 2015/16 plan is detailed below.

Strategic Priority 1: Developing high quality services for the communities we serve

Quality is at the heart of everything we do and we received confirmation of this through our commissioned research and the feedback we received from 169 respondents, (27% of all families) about the care we provided to their loved one and the positive way in which we supported their end of life experience.

We also received an excellent Care Quality Commission inspection report that rated our service good across all aspects of care and governance containing many statements reflecting excellence in our delivery and with no recommendations for improvement.

In the year we made a difference to our patients and families by:

- Admitting 225 patients to our inpatient unit with 11.5% of admissions achieved outside of normal working hours (9-5, Monday-Friday);
- Streamlining our discharge processes and introducing in-reach social work to support 65 (29%) of our patients to transfer safely to their preferred place of care;

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- Adapting expertise and equipment to meet the needs of patients with co-morbidities and/or receiving diverse treatments;
- Supporting 1,125 family members and welcoming 8,760 visitors;
- Assessing and supporting 185 patients through 1,628 consultations in our day services;
- Providing expert help and advice for 215 patients at 881 appointments for physiotherapy, occupational therapy, lymphoedema service, complementary therapy and art psychotherapy in our Outpatient Department;
- 476 bereavement consultations were undertaken by our child and adult services.
- Increased our Dementia support by:
 - Launching a Dementia Carers Wellbeing Service which supported 47 carers and those with dementia through a programme to develop knowledge, skills and build up their resilience in collaboration with Alzheimer's Society and funded by St James' Place.
 - Continuing to fund the Dementia End of Life Practice Development team who support those in our communities who are caring for people with dementia.
 - Creating a team of volunteer dementia buddies, trained by the Hospice, who support those with the illness to allow carers to participate in courses.
 - Improving our environment and replacing equipment such as crockery to be more Dementia friendly.
 - Trained staff and volunteers to be Dementia Friends.

Strategic Priority 2: Securing sustainable income to support our aims

As a charity that relies on 82% of its funding from voluntary income, we faced a significant number of financial challenges in 2015/16. This meant that our fundraising strategy needed to be reviewed to control costs, develop existing income streams and introduce innovation into our income generating activity.

The principle challenges were that our statutory funding has fallen as a percentage of our costs over the last three years, whilst costs were rising and local giving remained static. Increased competition from new and existing local and national charities, who were heavily investing resources into Cheshire East, meant that our response had to be immediate and effective.

As the year began, we reviewed our income generating workforce to ensure we had the right people with the right skills and the right tools to be efficient and effective. This element was successfully completed by June 2015. We then aligned our approach to income generation with our care principles ensuring our supporters were at the centre of everything we do, delivering exceptional donor care and meeting the needs of those who wish to fundraise on our behalf.

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With fewer than 5% of the local population actively supporting the Hospice, there was opportunity to grow local engagement. We introduced a small marketing team of two in November with a brief to improve communication, raise awareness of our services and our need for funding. We began to see the results of this almost immediately and ended the year with a 64% increase in donor numbers.

Strategic Priority 3: Working in collaboration and partnership to achieve our aims

- Our membership of the Cheshire End of Life Partnership gives us access to training and support to keep staff and volunteers up-to-date with current legislation and best practice.
- We extended our Childhood Bereavement Service into schools and train teachers who are working with recently bereaved children.
- Through a partnership with our neighbouring hospice we were able to fund a Dementia End of Life Practice Development Team whose aim it is to up-skill care workers in residential and nursing homes to provide high quality care to residents at end of life.
- We share our training facilities with partners in the local health and social care sector.

Strategic Priority 4: Ensuring that East Cheshire Hospice is an effective, efficient and thriving organisation

Being a lean organisation means we have the agility to deploy new technology quickly with the minimum of service disruption. After investing in infrastructure in 2014/15 we were able to introduce two major technological advances in 2015/16. We have extensively shared our experience to our networks, with colleagues from 25 hospices from across the country visiting our facility to see the improvements we have made to secure information sharing and the positive impact it has had on patient care. Major innovations in the year were:

- Launched EMISWeb a secure digital platform by which GPs, and East Cheshire Hospice palliative care specialists can co-ordinate patient care efficiently and effectively and above all without causing inconvenience to patients having to reiterate their health history.
- Introduction of Electronic Patient Care Co-ordination System (EPaCCS) allowing patient wishes to be recorded and shared with other providers to ensure that an individual's wishes are known and followed, ensuring preferred place of care and death is achieved to the best of our ability. East Cheshire Hospice is leading and supporting the introduction and utilisation of EPaCCs with the Macmillan Service and End of Life Partnership across Eastern Cheshire.

Workforce Planning and Development

We acknowledged our workforce demographics and used this to plan for the future, as patient and family needs change, to ensure we continue to meet the prevailing need. Our

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workforce has been restructured to provide a lean, efficient and cohesive team across all disciplines. We maintain excellent clinical staffing levels with an appropriate support structure, have an administration and income generation staff who have the skills and space to continually innovate and a 600-strong integrated volunteer team which adds value across all our services.

Foundations were laid in previous years to ensure East Cheshire Hospice achieved its goal of becoming a learning organisation. This year we continued to develop this further ensuring we have the right staff, in the right place with the right skills. We supported this approach by:

- Reviewing and streamlining our governance framework to make it more efficient
- Improving internal communication and the forming of a regular team leaders open forum to share lessons learned
- Introducing a specific learning and development role, supporting staff and volunteers to enhance or add to their skills and knowledge
- Launching an electronic reporting system used by staff to log incidents, accidents or near misses to continually learn from and improve the way we operate
- Fastidiously logging and learning from feedback and complaints to ensure the services we provide are safe and of high quality

Research needs and experiences to improve patient services

Understanding the needs of our local health economy and population is important to the development of future services. In conjunction with the End of Life Partnership, East Cheshire Hospice completed a Community Needs Assessment which informed our decisions for future services and collaborations to better meet the increasing needs of those who wish to die in their usual place of residence.

Liverpool University were commissioned by us to measure the impact of hospice services on service users. This successful piece of research gave recognition to the excellent quality of our services whilst highlighting elements of our care that we could potentially enhance going forward. This research has been peer reviewed, acclaimed and shared nationally and internationally and has initiated a conversation within the health and social care sector as to the future shape of end of life provision.

FINANCIAL REVIEW

The Statement of Financial Activities is set out on page 17, and a summary of the financial results is given below. The group achieved a surplus on net operating activity of £153,481, compared to a loss of £245,319 last year. The overall result after allowing for gains and losses on the market value of our investment fund through movements on the stock market is a gain of £36,270, compared to a loss of £96,677 last year. The Trustees were anticipating a deficit of c£500,000 this year, but strong legacy performance, along with a non-recurrent write back of a pension creditor added significantly to performance. The Hospice finished the year in a strong financial position and the Board is pleased with the progress made against the ambitious service plans and development of income generation capability.

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Income generation activity

We started the year with a deficit budget which included stretching targets for income generation. As detailed above, we took steps to create a team that had the capacity, capability and cohesiveness to deliver funding for our services. We were able to increase both the value and number of donations with a series of targeted appeals and legacies performed well above our five year rolling average (£740,000) at £1,045,222 from 37 legators to ensure we ended the year with a net gain of £36,270.

In 2015/16 we focused on three key areas supported by relevant activity.

Commercial

- Selling an increased number and value of donated goods through our two Macclesfield shops and on eBay, only narrowly missing our expected net income target.
- Welcoming 600 new players to our weekly Lottery through appeals and event attendance. Although retaining existing players and attracting new ones continues to be a challenge, we are confident that by operating our Lottery in-house, not paying for agencies to carry out face-to-face player acquisition, and marketing the Lottery to a wider, younger demographic, our £250,000 net profit represents one of the most efficient hospice lotteries in the country.

Relationships

- Updating our fundraising policies and procedures in line with the recommendations from the Etherington Review which was published in December 2015 helped us to ensure we treat all donors fairly and resulted in measurable improvements in donor engagement
- Ensuring our supporters were thanked appropriately, protecting personal data and improving how we seek and record their contact preferences for future use
- Making it easier and more attractive for more people in our communities to fundraise for our cause
- Actively seeking to create key relationships with donors who can provide funding for major developments in service provision
- Engaging with local businesses, providing opportunities for staff development and corporate social responsibility giving

Engagement

- Creating easily accessible appeals for items such as beds and core costs
- Improving the quality, quantity and participant numbers involved in our Hospice events
- Using social media and marketing more effectively to raise awareness of our services, and in doing so, increasing our supporter network by 64%
- Effectively communicating the importance of legacy giving to the future of Hospice services

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Funding from statutory bodies

Our core funding towards running costs (excluding drugs funding) from local Clinical Commissioning Groups (CCG's) continues to remain static at £474k for the fifth year in a row, resulting in a decrease in funding in real terms, and requiring us to find additional monies from income generation activity. We continue to work closely with our CCG to develop services and during the year we were awarded a contract to provide a Blood Transfusion service for our day patients. We also successfully bid for funding from Cheshire East Council to run our Carers Support Programme – unfortunately this was non-recurrent and we continue to explore new funding opportunities to support this service.

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. The investment portfolio is managed by Quilter Cheviot on a discretionary basis, but with no investment in tobacco related companies. Their performance is reviewed quarterly against the ARC benchmark, comprising 50% of the Balanced Index and 50% of the Steady Growth Index. The markets have been extremely volatile over the year to 31 March 2016 and the portfolio fell by 1.4% in line with the benchmark.

Expenditure

Due to pressure on income from static statutory funding, we undertook a cost review during the year, with all areas of the Hospice asked to deliver a 3% cost reduction. Highlights of the review include:

- A workforce redesign of Family Support, Income Generation, Administration and Volunteer services. We are now working collaboratively with East Cheshire Council on the provision of social work services, enabling patients and their carers to receive a more holistic service;
- Contracting services through Hospice Quality Partnership, a bulk purchasing company set up and owned by Hospices across the country. This has generated cost savings and improved quality in areas such as utilities, printing and stationery, with more savings expected in future years.

The cost review has allowed us to add new services such as the Dementia Buddies Programme and Blood Transfusions service, all within the existing cost base.

Total costs reduced by £70,122 in the year due to a write back of £78,355 for pension costs. This is included in 'other costs' and is in connection with the Federated Flexiplan No1 Scheme, a multi-employer pension scheme which was closed to new members in 2010. The scheme is subject to a recovery plan and the Hospice accounts for its full outstanding liability as determined by the Triennial Actuarial Valuation. The latest valuation as at 31 March 2015

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and issued in April 2016 shows a reduced liability, resulting in the write back. The scheme administrators believe that an insurance buy out of the scheme will be possible by March 2019.

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 and supporting services 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 five year 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 benchmarking reports;
- appropriate levels of delegation of authority and segregation of duties.

The key risk identified by the Trustees is financial sustainability, given the reliance on voluntary income, which is needed to support c80% of the Hospice's annual costs. The Trustees are following a strategy of investing in the Income Generation and marketing team, alongside service delivery, in order to generate an increased donor base.

Reserves

At 31 March 2016 the Hospice held total reserves of £7,888,443, an increase of £36,270 over last year. Of this total, £4,027,729 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. Restricted reserves increased during the year due to the successful 'Bed Appeal' - we are currently trialling a number of new beds and expect to make the purchase in summer 2016.

The Hospice's 'free reserves', excluding all restricted funds and fixed assets is £3,684,744, compared to £3,719,581 last year. This is equivalent to 11 months running costs (2015: 10 months). The Board reviews its reserves requirements annually and still deems it prudent to hold 'free reserves' equivalent to a minimum of 3 months total running costs in readily accessible funds, and a further 6 months free reserves in a mixture of deposits and investments to meet exceptional circumstances and as a basis for service developments. The year-end position is in line with this expectation.

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PLANS FOR FUTURE PERIODS

Our 2016/17 Annual Delivery Plan was agreed by the Trustees at the Board meeting in February 2016 and includes the following projects designed to meet our strategic priorities:

Clinical

- **Dementia Buddies Community support programme (March 2017)**
Working with Alzheimer's Society, Age UK and Methodist Homes Association to develop a dementia buddies support programme to facilitate support for carers within our community. The programme aims to join forces with other agencies recruiting, training and developing dementia buddies through expert volunteer training programmes and our wealth of experience providing time and support for carers within their community.
- **Senior medical workforce redesign (August 2016)**
To implement Senior Clinical Workforce redesign following previous Consultant retirement, recognising the changing needs of the organisation. Increasing collaboration with our acute Trust and provide increased senior medical cover on site.
- **Develop a community service plan to enhance current provision (December 2016)**
In conjunction with other health and social care providers explore the need for increased community provision to meet the needs of those at end of life. Develop a hospice rapid response community service plan.
- **Promote and embed EPaCCs template across the locality (March 2017)**
To promote both internally and externally the use of the EPaCCS template within EMISWeb to record patients and their family's end of life care wishes to improve end of life communication and coordination of care.

Workforce Development (right people, right place, right skills)

- **To establish a planned approach to a sustainable workforce to meet the future needs of the Hospice (March 2017)**
We acknowledge the climate of challenging local recruitment conditions in association with increasing complexity of service requirements. There is a need to develop, communicate and sustain our employment 'brand' to maintain and increase local recognition. We need to develop innovative recruitment and retention strategies to support workforce well-being. Increased flexible employment opportunities will be developed to meet the current & future expectations of employees and volunteers (generation Y).
- **Fit for the Future - Developing our workforce (March 2017)**
We acknowledge the need for and the importance of a competent and efficient workforce to meet the increasing need to deliver more extensive and complex services to the community we serve. We need to ensure that our workforce has the right level of skills and competence to meet current and future service demands. We

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will continue to embed a culture of continuing professional & personal development and develop and establish recognised career pathways to underpin our current & future skill requirements. Our new learning & development lead will strengthen collaboration and partnerships with others in the education and health care sector.

Income Generation and Marketing

• **Major donor project (March 2017)**

We acknowledge the need to secure future income from major donors. Following a feasibility study, success relies heavily on building positive relationships with those able to fund major innovations led by a dedicated role – Key Relationships Manager. The post holder will identify potential supporters, develop relationships, raising awareness and communicating the positive benefits, etc. of the brand, in order to deliver outcomes – securing income and on-going support to an annual income target building (within a three year period) to a recurrent gross income of £250k

• **Strengthening our Commercial Independence (Phase 1 – March 2017)**

We are behind the curve in both commercial income streams, Retail and Lottery. Our shop coverage in the areas we service is poor and Lottery membership has been falling consistently from its high of 9,800 in 2008. There is a need to strengthen and grow the net financial contribution that our commercial activities make to the work of the Hospice.

• **Embed our ‘People, People, people’ approach in all we do (December 2016)**

This project aims to embed the P³ strategy into the organisation so that it becomes the way we do business, holding ourselves to the highest ethical standards and delivering exceptional levels of care across all our functions.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Hospice is a charitable company limited by guarantee, incorporated 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 Remuneration and Nominations 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 all vacancies are externally advertised. 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 co-opted 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.

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

The sub-committees meet quarterly and 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 subcommittees are:

- The Patient Care & Clinical Governance Committee is responsible for monitoring patient care/services, partnership and clinical governance
- Finance and Resources Committee is responsible for monitoring and compliance of all matters financial, donor engagement, partnerships, use of technology and all other resources inclusive of human resources.
- The Remuneration and Nominations Committee is responsible for the appointment of Trustees, Vice Presidents and other key roles. 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 has a close relationship with The End of Life Partnership, a local charity which promotes the delivery of high quality palliative care education in order to transform end of life care in the communities that we serve. The Hospice does not have any control over this charity, but does provide an annual grant towards its core costs, along with other hospices within Cheshire. 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 bulk purchasing power.

The Hospice's wholly owned subsidiary, ECH Trading Limited, was established to run commercial retail activities. It gift aid's 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

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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 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 1 September 2016 and signed on its behalf by:

Mr R Barrow

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF EAST CHESHIRE HOSPICE

For the year ended 31 March 2016

We have audited the financial statements of East Cheshire Hospice for the year ended 31 March 2016 which comprise of the financial statements and the related notes on pages 20 to 31. These financial statements have been prepared under applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Statement of Trustee Responsibilities, the Trustees (who are also the directors of East Cheshire Hospice for the purposes of company law) are responsible for preparing the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been properly prepared in accordance with the Companies Act 2006

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

1 Park Street
Macclesfield
Cheshire SK11 6SR
Dated: 1 September 2016

Mr N A Kennington (Senior Statutory Auditor)
For and on behalf of Heywood Shepherd
Chartered Accountants and Statutory Auditors

EAST CHESHIRE HOSPICE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an Income & Expenditure account)
For the year ended 31 March 2016

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Restated Unrestricted Funds £	Restated Restricted Funds £	Restated Total 2015 £
Income from:							
Donations and legacies	2	2,693,173	227,899	2,921,072	2,396,851	216,822	2,613,673
Charitable activities	3	62,972	-	62,972	60,816	-	60,816
Other trading activities	4	1,028,514	831	1,029,345	1,007,364	1,971	1,009,335
Investments	5	98,715	-	98,715	99,602	-	99,602
Total		3,883,374	228,730	4,112,104	3,564,633	218,793	3,783,426
Expenditure on:							
Raising funds	7	840,167	2,153	842,320	756,043	3,848	759,891
Charitable activity	8						
Inpatient services		2,133,961	28,029	2,161,990	2,175,946	75,642	2,251,588
Day-care and outpatients		531,359	29,425	560,784	514,335	951	515,286
Family support services		284,982	26,090	311,072	274,824	34,652	309,476
Outreach and education		160,812	-	160,812	187,504	5,000	192,504
Other	18	(78,355)	-	(78,355)	-	-	-
Total		3,872,926	85,697	3,958,623	3,908,652	120,093	4,028,745
Net gains/(losses) on investments	12	(117,211)	-	(117,211)	148,642	-	148,642
Net income/(expenditure)		(106,763)	143,033	36,270	(195,377)	98,700	(96,677)
Transfers between funds	23	117,492	(117,492)	-	203,217	(203,217)	-
Net income/(expenditure) for the year		10,729	25,541	36,270	7,840	(104,517)	(96,677)
Total funds brought forward		3,849,985	4,002,188	7,852,173	3,842,145	4,106,705	7,948,850
Total funds carried forward	23	3,860,714	4,027,729	7,888,443	3,849,985	4,002,188	7,852,173

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 20 to 31 form part of these accounts.

EAST CHESHIRE HOSPICE

BALANCE SHEET
As at 31 March 2016

	Notes	Group		Charity	
		2016	Restated 2015	2016	Restated 2015
		£	£	£	£
Fixed Assets					
Tangible assets	11	4,105,562	4,227,222	4,105,562	4,227,222
Investments	12	2,480,787	2,610,857	2,480,789	2,610,859
		6,586,349	6,838,079	6,586,351	6,838,081
Current Assets					
Stock	14	7,566	12,272	2,785	8,087
Debtors	15	349,127	242,488	353,908	246,671
Cash at bank and in hand		1,434,967	1,200,201	1,434,965	1,200,201
		1,791,660	1,454,961	1,791,658	1,454,959
Creditors: amounts falling due within one year	16	431,726	268,175	431,726	268,175
Net Current Assets		1,359,934	1,186,786	1,359,932	1,186,784
Total Assets Less Current Liabilities		7,946,283	8,024,865	7,946,283	8,024,865
Creditors: amounts falling due after more than one year	17	57,840	172,692	57,840	172,692
Net Assets		7,888,443	7,852,173	7,888,443	7,852,173
Restricted funds		4,027,729	4,002,188	4,027,729	4,002,188
Unrestricted - general funds		3,646,782	3,557,835	3,646,782	3,557,835
- revaluation reserve		213,932	292,150	213,932	292,150
Total Funds	23	7,888,443	7,852,173	7,888,443	7,852,173

These financial statements of East Cheshire Hospice (charity number 515104; company number 01807691) were approved by the Board of Trustees on 1 September 2016 and signed on its behalf by:

Mr R Barrow

Mr A Kennedy

The notes on pages 20 to 31 form part of these accounts

EAST CHESHIRE HOSPICE

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2016

	2016	Restated 2015
	£	£
Cash flows from operating activities:		
Net cash provided by / (used in) operating activities	<u>181,813</u>	<u>(437,138)</u>
Cash flow from investing activities:		
Dividends and interest from investments	98,715	99,602
Purchase of property, plant and equipment	(56,420)	(32,917)
Proceeds from the sale of investments	360,809	1,835,876
Purchase of investments	<u>(350,151)</u>	<u>(1,379,183)</u>
Net cash provided by / (used in) investing activities	<u>52,953</u>	<u>523,378</u>
Change in cash and cash equivalents in the year	234,766	86,240
Cash and cash equivalents b/f	<u>1,200,201</u>	<u>1,113,961</u>
Cash and cash equivalents c/f	<u>1,434,967</u>	<u>1,200,201</u>

Notes to the consolidated cash flow statement

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

	2016	Restated 2015
	£	£
Net income / (expenditure) for the reporting period	36,270	(96,677)
Depreciation charge	166,451	183,432
(Gains) / losses on investments	117,211	(148,642)
Investment income	(98,715)	(99,602)
Loss / (profit) on sale of fixed assets	11,629	8,488
Decrease/(increase) in stock	4,706	(312)
(Increase)/decrease in debtors	(106,639)	(119,209)
(Decrease)/increase in creditors	48,699	(196,724)
Investment commissions	<u>2,201</u>	<u>32,108</u>
Net cash provided by / (used in) operating activities	<u>181,813</u>	<u>(437,138)</u>

Analysis of cash and cash equivalents:

	2016	2015
	£	£
Cash in hand	700,003	505,291
Notice deposits	<u>734,964</u>	<u>694,910</u>
Total cash and cash equivalents	<u>1,434,967</u>	<u>1,200,201</u>

EAST CHESHIRE HOSPICE
NOTES TO THE ACCOUNTS
For the year ended 31 March 2016

1. Accounting Policies

Basis of Accounting

The Accounts are 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 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006. Assets and liabilities are initially recognised at historic cost unless otherwise stated in the relevant accounting policy note.

Transition to FRS102

The opening fund balances at the date of transition have been restated. Due to the revaluation of investments, no other subsequent restatement of items has been required in making the transition to FRS102. The transition date was 1 April 2014. While no adjustment was required to the Fund balances, certain comparative figures have been reclassified as identified in the relevant notes.

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 income of the Hospice for the year is £36,270 (2015: net expenditure £96,677).

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 charged as a cost against the relevant activity. 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.

EAST CHESHIRE HOSPICE
NOTES TO THE ACCOUNTS
For the year ended 31 March 2016

1. Accounting Policies (continued)

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. 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 and depreciated over their estimated useful life as follows:

- Buildings 2 - 10% p.a. reducing balance depending on the asset nature
- Plant, equipment and vehicles 20% p.a. reducing balance basis
- Computer hardware 33.3% reducing balance basis

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

Investments

Listed investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year.

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 2016

2. Donations and legacies:

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Unrestricted Funds £	Restricted Funds £	Total 2015 £
Donations	640,748	89,051	729,799	499,026	28,017	527,043
Legacies	1,045,072	150	1,045,222	636,714	-	636,714
Community activity	376,135	52,178	428,313	413,827	2,554	416,381
Grants	631,218	86,520	717,738	847,284	186,251	1,033,535
	2,693,173	227,899	2,921,072	2,396,851	216,822	2,613,673

Donations includes £2,156 (2015: £nil) from gifts in kind of donated equipment for use within the Hospice.

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Unrestricted Funds £	Restricted Funds £	Total 2015 £
Grants receivable were:						
NHS Eastern Cheshire CCG - care	433,067	-	433,067	433,067	-	433,067
NHS Eastern Cheshire CCG - drugs	105,000	-	105,000	92,000	-	92,000
NHS Eastern Cheshire CCG - non recurrent care and capital	-	-	-	185,000	132,419	317,419
NHS Derbyshire CCG - care	40,481	-	40,481	40,481	-	40,481
Big Lottery Fund Grant	-	35,456	35,456	-	34,150	34,150
Other grants and trusts	52,670	51,064	103,734	96,736	19,682	116,418
	631,218	86,520	717,738	847,284	186,251	1,033,535

The Hospice's main grant agreements are with NHS Eastern 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.

3. Charitable activities:

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Unrestricted Funds £	Restricted Funds £	Total 2015 £
Local government and NHS service contracts	46,361	-	46,361	48,759	-	48,759
Other ancillary income	16,611	-	16,611	12,057	-	12,057
	62,972	-	62,972	60,816	-	60,816

4. Other trading activities:

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Unrestricted Funds £	Restricted Funds £	Total 2015 £
Events and sponsorship	423,953	831	424,784	406,312	1,971	408,283
Lottery income	390,632	-	390,632	407,189	-	407,189
Shops	183,593	-	183,593	185,048	-	185,048
Other sundry income	30,336	-	30,336	8,815	-	8,815
	1,028,514	831	1,029,345	1,007,364	1,971	1,009,335

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS
For the year ended 31 March 2016

5. Investment income:

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Unrestricted Funds £	Restricted Funds £	Total 2015 £
Dividends received	89,626	-	89,626	90,009	-	90,009
Interest received	9,089	-	9,089	9,593	-	9,593
	98,715	-	98,715	99,602	-	99,602

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

	2016 £	2015 £
This is stated after charging:		
Depreciation (owned assets)	166,451	183,432
Auditor's remuneration (excluding VAT)	7,750	7,750
Non audit fees (excluding VAT)	3,067	3,145

7. Raising funds:

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Restated Unrestricted Funds £	Restated Restricted Funds £	Restated Total 2015 £
Donations and legacies:						
Staff costs	289,197	-	289,197	231,660	-	231,660
Events and fundraising costs	100,778	2,153	102,931	103,391	-	103,391
	389,975	2,153	392,128	335,051	-	335,051
Other trading activity:						
Staff costs	157,327	-	157,327	123,346	-	123,346
Events and fundraising costs	110,216	-	110,216	81,141	3,250	84,391
Lottery management costs	17,044	-	17,044	33,418	598	34,016
Lottery prizes	78,066	-	78,066	85,086	-	85,086
Shop running costs	65,883	-	65,883	71,422	-	71,422
	428,536	-	428,536	394,413	3,848	398,261
Investment costs:						
Investment managers fee	13,370	-	13,370	17,119	-	17,119
Support costs	8,286	-	8,286	9,460	-	9,460
	840,167	2,153	842,320	756,043	3,848	759,891

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS
For the year ended 31 March 2016

8. Charitable activities:

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Restated Unrestricted Funds £	Restated Restricted Funds £	Restated Total 2015 £
Inpatient services:						
Staff and related costs	1,565,617	2,677	1,568,294	1,567,367	28,356	1,595,723
Patient consumables – direct	117,963	20,043	138,006	140,380	31,784	172,164
Catering and housekeeping	49,549	216	49,765	43,718	-	43,718
Property occupation and repairs	119,474	5,093	124,567	102,107	15,502	117,609
Depreciation	103,200	-	103,200	118,990	-	118,990
Support costs	178,158	-	178,158	203,384	-	203,384
	2,133,961	28,029	2,161,990	2,175,946	75,642	2,251,588
Day care and outpatients:						
Staff and related costs	360,536	25,681	386,217	339,979	876	340,855
Patient consumables – direct	3,203	3,744	6,947	2,277	75	2,352
Catering and housekeeping	14,834	-	14,834	12,487	-	12,487
Property occupation and repairs	40,147	-	40,147	30,529	-	30,529
Depreciation	41,613	-	41,613	47,980	-	47,980
Support costs	71,026	-	71,026	81,083	-	81,083
	531,359	29,425	560,784	514,335	951	515,286
Family support:						
Staff and related costs	202,853	25,616	228,469	190,336	33,767	224,103
Patient consumables – direct	487	298	785	482	885	1,367
Catering and housekeeping	3,614	176	3,790	2,639	-	2,639
Property occupation and repairs	20,876	-	20,876	15,875	-	15,875
Depreciation	21,639	-	21,639	24,950	-	24,950
Support costs	35,513	-	35,513	40,542	-	40,542
	284,982	26,090	311,072	274,824	34,652	309,476
Outreach and education:						
Staff and related costs	32,879	-	32,879	46,035	-	46,035
Patient care – grant	124,972	-	124,972	138,091	5,000	143,091
Support costs	2,961	-	2,961	3,378	-	3,378
	160,812	-	160,812	187,504	5,000	192,504

9. Allocation of support costs:

	Raising funds £	Inpatient services £	Day care & outpatients £	Family Support £	Outreach/ education £	Total 2016 £	Total 2015 £
Governance costs	267	5,749	2,292	1,146	96	9,550	26,882
Office support	533	11,467	4,572	2,286	190	19,048	14,153
Accounting and payroll	1,584	34,048	13,574	6,787	566	56,559	69,317
Information technology	2,164	46,530	18,550	9,275	773	77,292	72,778
HR, education & volunteers	2,411	51,845	20,669	10,335	861	86,121	91,821
Marketing	1,327	28,519	11,369	5,684	475	47,374	62,897
	8,286	178,158	71,026	35,513	2,961	295,944	337,848

Support costs are apportioned on the basis of floor space used in each activity as an approximation of the resources used in that activity.

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS
For the year ended 31 March 2016

10. Staff costs and numbers

Staff payroll costs (excluding agency) were:	2016	2015
	£	£
Salaries	2,280,972	2,287,000
Social security costs	169,764	170,210
Employers pension – defined contribution	95,412	92,506
Employers pension – defined benefit	94,267	85,331
	<u>2,640,415</u>	<u>2,635,047</u>

Staff costs includes £39,907 (2015: £29,266) for redundancy and termination payments as a result of a reorganisation of service delivery.

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

Full time equivalent:	2016	2015
	No.	No.
Clinical and patient support staff	57	60
Support – HR & Volunteer, Finance, Marketing, office and ICT	12	12
Income generation staff – retail, lottery and Fundraising	14	13
	<u>83</u>	<u>85</u>
Headcount – all areas:	<u>125</u>	<u>133</u>

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

	2016	2015
	No.	No.
£60,000 - £70,000	1	-
£70,001 - £80,000	-	-
£80,001 - £90,000	-	1
	<u>-</u>	<u>1</u>

Pension contributions of £4,744 (2015: £3,799) were made to a defined benefit scheme in respect of this employee.

The total amount of salary and benefits paid to key management personnel, as identified on page 2 (Legal and administrative details – Management Team) was £311,300 (2015: £292,511). 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 (2015: £709 on behalf of 2 trustees for travel and entry to conferences related to their roles as trustees). 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 £4,193 (2015: £12,610).

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.

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS
For the year ended 31 March 2016

11. Tangible fixed assets (group and charity):

	Freehold land & Buildings	Plant & Equipment	Computers	Total
Cost	£	£	£	£
At 1 April 2015	5,027,275	512,890	146,796	5,686,961
Additions	17,550	36,844	2,026	56,420
Disposals	-	(63,643)	(1,419)	(65,062)
At 31 March 2016	5,044,825	486,091	147,403	5,678,319
Depreciation				
At 1 April 2015	1,046,660	316,641	96,438	1,459,739
Charge for the year	110,416	39,249	16,786	166,451
Disposals	-	(52,211)	(1,222)	(53,433)
At 31 March 2016	1,157,076	303,679	112,002	1,572,757
Net book values				
At 31 March 2016	3,887,749	182,412	35,401	4,105,562
At 31 March 2015	3,980,615	196,249	50,358	4,227,222

Land and buildings includes £300,000 of non-depreciable land

12. Investments:

Managed Portfolio	2016	2015
	£	£
Market value b/f	2,610,847	2,951,014
Additions	365,757	1,379,185
Disposals	(360,809)	(1,871,907)
Net investment gains/(losses)	(117,211)	148,642
Charges paid in the year	(2,201)	(32,108)
Movement in cash deposits	(15,606)	36,021
Market value c/f	2,480,777	2,610,847
Historical cost c/f	2,266,845	2,318,697
The portfolio consisted of:	£	£
UK Equity Shares	1,015,590	1,168,258
International equity shares	663,423	695,458
UK Fixed Interest	371,387	365,969
Alternatives	388,568	323,748
Cash	41,809	57,414
	2,480,777	2,610,847
Unquoted - Hospices Quality Partnership	10	10
ECH Trading Ltd - wholly owned subsidiary (see note 13)	2	2
	2,480,789	2,610,859

The investment portfolio is managed by the Investment Advisors on a discretionary basis with the objective of having a balanced, medium risk fund with no investments in tobacco companies.

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS
For the year ended 31 March 2016

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 2016 are:

	2016	2015
	£	£
Turnover	28,389	23,938
Cost of sales and administration	(18,686)	(13,997)
Operating profit	9,703	9,941
Amount gift aided to the charity	(9,703)	(9,941)
Retained in subsidiary	-	-
Balance Sheet	£	£
Current assets	4,783	4,185
Current liability - amount owed to parent	(4,781)	(4,183)
Total net assets	2	2

14. Stocks:

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Merchandising	7,566	12,272	2,785	8,087

15. Debtors:

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	58,070	142,712	58,070	142,712
Amount due from subsidiary company	-	-	4,781	4,183
Gift aid recoverable	49,398	30,390	49,398	30,390
Prepayments and accrued income	241,659	69,386	241,659	69,386
	349,127	242,488	353,908	246,671

16. Creditors:

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Amounts falling due within one year:				
Grants payable	104,972	60,000	104,972	60,000
Trade creditors	70,075	27,973	70,075	27,973
Tax and social security	55,038	650	55,038	650
Accruals	88,686	84,789	88,686	84,789
Deferred income	112,955	94,763	112,955	94,763
	431,726	268,175	431,726	268,175

Analysis of deferred income:

Deferred income b/f	94,763	116,582	94,763	116,582
Income deferred in the year	425,419	411,109	425,419	411,109
Income released in the year	(407,227)	(432,928)	(407,227)	(432,928)
Deferred income c/f	112,955	94,763	112,955	94,763

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS For the year ended 31 March 2016

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.

17. Creditors due after more than one year:

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Federated Flexiplan Scheme (see note 18)	57,840	172,692	57,840	172,692

18. Pension Schemes:

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 £94,266 (2015: £91,319), and the pension creditor at the yearend was £13,226 (2015: £nil).
- **NowPensions** - a defined contribution, auto-enrolment scheme with for staff who do not wish to join the Scottish Widows or NHS schemes. The Hospice paid employers contributions of £1,146 during the year (2015: £1,187), and the pension creditor at the yearend was £167 (2015: £52).
- **NHS Pension Scheme** – an unfunded defined benefit scheme which is subject to a full actuarial valuation every four years and an accounting valuation every year. The purpose of the actuarial valuation is to assess the level of liability in respect of the benefits due under the Scheme and to recommend the contribution rates to be paid by employers and members. The last such valuation was undertaken as at 31 March 2012 and covered the period from 1 April 2008 to that date. Details can be found on the pension scheme website at www.nhsbsa.nhs.uk/pensions. Employer contributions are made at 14.3% of pensionable pay. The Hospice paid employers contributions of £94,267 (2015: £85,311) on behalf 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. The pension creditor as at the yearend was £13,226 (2015: £nil).

A further scheme - **the Federated Flexiplan No 1 Pension Scheme** (“the Plan”) is in the process of being wound up. The administrator for the scheme is KPMG and the trustee is Entrust Pension Ltd. It is a defined benefit, multi-employer scheme which is closed to new members and to future accrual of benefits. There are no current employees in this scheme. It is a last man standing scheme which means that all participating employers are jointly and severally liable for the Plan’s liabilities. However, because of the non-associated, multi-employer nature of the Plan, the Hospice does not have sufficient information to use defined benefit accounting.

The latest actuarial valuation of the Plan was at 31 March 2015 and was conducted under the scheme funding regime introduced by the Pensions Act 2004. This requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their liabilities (or ‘technical provisions’). The technical provisions were calculated using assumptions that were chosen to produce a level for the technical provisions which was anticipated to be broadly in line with the cost of securing the Plan benefits with an insurer.

At the valuation date, the value of the assets of the Plan was £83.9 million and the value of the Plan's technical provisions was £88.8 million indicating a deficit of £4.9 million. The assets therefore were sufficient to cover 94% of the benefits that had accrued to members. As the Plan was in deficit at the latest actuarial valuation a recovery plan was put into place. Under this recovery plan, contributions of £2,063,417 per annum are payable from 1 April 2016 to 31 March 2017 and £1,555,556 per annum are payable from 1 April 2017 to 31 March 2019. The Hospice’s agreed share of these contributions is £95,154. Following the 2012 Actuarial Valuation the Hospice accrued for future contributions in full. As the funding position has improved and the contributions due under the 2015 Actuarial Valuation have reduced, the Hospice has recognised a write back to the SOFA of £78,355 for the year.

EAST CHESHIRE HOSPICE
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For the year ended 31 March 2016

The next formal triennial actuarial valuation is due at 31 March 2018. The contribution rate will be reviewed as part of each valuation.

19. Contingent liabilities and assets:

Contingent liability - In 2011 the Hospice received a grant from the Social Enterprise Investment Fund of £450,000. The grant agreement contains a condition that repayment is required if free reserves, defined as all liquid assets that are not restricted, exceed 12 months operational expenditure in any financial year. Should this happen the grant must either be repaid in full or converted to an interest bearing loan to be repaid in monthly instalments over the remainder of a ten year term. If free reserves remain below 12 months operational expenditure for the whole of the 10 year term commencing on 1st April 2011, the grant becomes non-repayable. The grant is secured by a legal charge over the Hospice's premises at Millbank Drive.

Contingent asset – as at 31 March the Hospice is aware of 19 ongoing legacy cases (17 residuary and 2 pecuniary) 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.

20. Operating lease commitments:

At the year end, the group and charity were committed to make the following payments during the next year in respect of operating leases which expire in:

	Land & Buildings	Equipment	Total 2016	Total 2015
	£	£	£	£
Within 1 year	-	1,260	1,260	-
Between 1 and 5 years	-	1,886	1,886	-
In more than 5 years	20,083	-	20,083	19,250
	20,083	3,146	23,229	19,250

21. Capital Commitments:

There were no capital commitments at the end of the financial or prior year.

22. 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 2016

23. Funds:

	Restated Balance b/f £	Income £	Costs £	Transfers £	Gains/ (losses) £	Balance c/f £
Unrestricted Funds:						
General	3,557,835	3,883,374	(3,872,926)	117,492	(38,993)	3,646,782
Revaluation reserve	292,150	-	-	-	(78,218)	213,932
	3,849,985	3,883,374	(3,872,926)	117,492	(117,211)	3,860,714
Restricted:						
Property Funds:						
Hospice Premises	3,944,615	-	-	(92,866)	-	3,851,749
Equipment fund	31,806	159,983	(18,942)	(24,626)	-	148,221
Hospice garden	2,120	150	(355)	-	-	1,915
Service Funds:						
Staff Pharmacist	6,540	-	(6,540)	-	-	-
In-patient Unit	-	1,677	(1,677)	-	-	-
Big Lottery Fund - childhood bereavement	10,644	35,456	(24,563)	-	-	21,537
Childhood services	2,711	333	-	-	-	3,044
Sunflower Centre for Day Care	-	1,155	(1,155)	-	-	-
Dementia services	-	22,705	(22,705)	-	-	-
Lymphoedema Services	256	5,000	(5,256)	-	-	-
Chapel Fund	246	1,271	(1,351)	-	-	166
Other Funds:						
Christmas Tree Project	3,250	-	(2,153)	-	-	1,097
Staff Fund	-	1,000	(1,000)	-	-	-
Total Restricted	4,002,188	228,730	(85,697)	(117,492)	-	4,027,729
TOTAL FUNDS	7,852,173	4,112,104	(3,958,623)	-	(117,211)	7,888,443

Unrestricted Funds:

General fund – this is the accumulation of free reserves bought forward.

Revaluation Reserve – is required by the Companies Act 2006 and represents the amount by which investments have been revalued from their historic 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 retail property in Macclesfield. Should the Hospice's activities cease, and the Hospice premises be sold, all the proceeds would be payable to The Secretary of state for Health. 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.

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.

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS For the year ended 31 March 2016

23. Funds (continued):

Service funds:

These represent monies received for the provision of specific Hospice services. In particular the **Big Lottery Fund Grant** funds a project to provide on-going emotional support and childhood bereavement counselling services in the Hospice's catchment area. Funding for the 5 year project term is provided by The Big Lottery Fund under a 'Reaching Communities' grant, and any unspent monies must be refunded to the provider.

Other funds:

Christmas Tree Project - this represents a grant from IBM to support the promotion of the Christmas Tree Collection event to other Hospices. 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 reflect the fulfilment of a restriction through the purchase of a fixed asset with a restricted donation, and depreciation of restricted assets.

24. Analysis of net assets between funds:

	Unrestricted Funds £	Restricted Funds £	Total 2016 £
Tangible fixed assets	253,813	3,851,749	4,105,562
Investments	2,480,787	-	2,480,787
Net current assets	1,183,954	175,980	1,359,934
Creditors falling due after one year	(57,840)	-	(57,840)
Group:	3,860,714	4,027,729	7,888,443
Investments	2	-	2
Net current assets	(2)	-	(2)
Charity:	3,860,714	4,027,729	7,888,443

25. Related parties:

There are no related party transactions that require disclosure.