

EAST CHESHIRE HOSPICE
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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 2017**

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LEGAL AND ADMINISTRATIVE INFORMATION
For the year ended 31 March 2017

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

2016/17 A Year in the life of East Cheshire Hospice

323
patient
admissions by
the nurses and
doctors on our
in-patient unit

577
bereavement
sessions with
children and
adults

316
people helped
with out-patient
appointments

17
new beds paid
for by our
generous
community,
delivered into
our freshly
painted wards
with new hoists
donated by the
What Women
Want Support
Group

83%
of our costs
were covered
by fundraising,
donations and
legacies



5 New apprentices joined our
team to start their careers
in nursing, in administration,
in IT and in providing our much-
celebrated hospitality

1,771
Attendances
by patients at
our Wellbeing
Centre

124,800
hours of care
and support
provided by our
600+ volunteers

13,566
visitors were
welcomed
7 days a week
365 days a year

2,714
supporters
attended
Hospice
events

1 logo refresh



**East Cheshire
Hospice**

Where people come to live



1,598
family members
were cared for
by our support
services

4 number of
ECH charity
shops including
eBay and new
Handforth shop

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REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)

For the year ended 31 March 2017

In submitting their Annual Report together with the consolidated financial statements of East Cheshire Hospice and its subsidiary for the year ended 31 March 2017, the Trustees have ensured that all financial statements comply with the Charity Act 2011, the Companies Act 2006, and Accounting & Reporting by Charities: Statement of Recommended Practice applicable to charities preparing accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102, effective 1 January 2015).

CHARITABLE 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 wellbeing 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 improve the quality of life for those that are suffering with a life-limiting illness, their families and carers. Our mission is to provide the highest quality most compassionate 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

The Trustees have given careful consideration to the Charity Commission guidance on public benefit in setting the objectives. 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-strong team of volunteers. Admissions into the unit can be facilitated at any time and are not restricted to normal working hours.

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Sunflower Wellbeing Centre Day Hospice, open five-and-a-half days per week providing nurse-led clinics and therapeutic interventions for all disease types and conditions as well as dedicated external partnership collaborations with local branches of national charities for disease specific support groups. The Centre relies on a team of volunteers who transport patients to and from the facility, one-to-one support of patients who wish to access a range of activities or those who need assistance with their three-course midday meal.

Other services offered by the Centre include:

- Living Well programme
- Breathlessness clinic
- Dementia carers support programme
- Community Dementia Companions service
- Fatigue management sessions
- Friends and family support and information programme
- Combating social isolation - Meet & Eat lunches, garden parties and peer support
- Disease specific support groups for Lung Cancer, MND, Lymphoedema and MS
- Creative activities
- One-to-one and group counselling sessions
- Patient-led follow-on group for discharged patients
- Complementary therapies
- Looking well, feeling well sessions including hairdressing
- Information and Advice provided by Community Agents
- Local services signposting
- Healthcare professional awareness raising sessions

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 care assessor

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
- Friends and family support and information programme
- Information and advice service
- Complementary therapies

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- Pre- and post-bereavement counselling for adults
- Specialist childhood bereavement service
- Spiritual support led by a chaplain supported by a team of volunteers from all faiths and none
- Access to an in-reach social work assessor

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

Volunteers play a vital role in connecting us to our local community, bringing their skills, talents and insights to our work. Our 600+ volunteers from all age groups, demographics and communities across our area are trained and given safe spaces to make their valuable contribution to the exceptional care delivered by East Cheshire Hospice.

Addressing our local need

Our part of north east Cheshire has a population of 240,000 living in largely rural locations with a higher than the national average of older people aged 65+. Pockets of extreme deprivation are masked by neighbouring affluent areas resulting in low levels of inward investment. The area does not attract major NHS per capita funding, therefore the grant awarded to East Cheshire Hospice by local CCGs equates to 16% of our annual running costs, the remaining 83% 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.

Our services must adapt to meet an increased need for the largely neglected patient group of elderly frail and those living with or caring for someone with dementia. More patients are accessing multiple treatments for longer across the disease spectrum and that means they are presenting to our services with more complex needs and co-morbidities.

This year, we have carried out in-depth research into the needs of end-of-life patients in the community the results of which are detailed in the Achievements and Performance section of this report.

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For the year ended 31 March 2017

ACHIEVEMENTS AND PERFORMANCE

The financial year 2016/17 is the fourth year of the Trustees' 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. Building on the great strides which have been made in 2015/16, we continue to be further ahead than we planned to be, using fewer resources than we had planned to use.

Each year an Annual Delivery Plan is created to achieve our strategic priorities and measure performance. The progress in relation to the 2016/17 plan is detailed below.

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

Our common purpose is to deliver high quality in every aspect of everything we do and we know we achieve this from the positive feedback we receive on a daily basis from the patients and families we are privileged to serve.

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

- 323 admissions supporting 250 patients (292 admissions / 225 patients in 2015/16) into our inpatient unit with 10% of admissions achieved outside of normal working hours (9-5, Monday-Friday);
- Using the skills and expertise of our embedded in-reach social work assessor and our stress-free discharge process to ensure 105 (33%) of our patients could safely transfer to their preferred place of care following a period of treatment. This was up from 65 patients in 2015/16;
- Personalising the care of patients with co-morbidities or who are receiving diverse treatments by using our expertise and equipment flexibly;
- Caring for and supporting 1,598 family members and welcoming 13,566 visitors;
- Assessing, supporting and treating, 199 patients through 1,771 consultations in our wellbeing day centre, an increase of 7% from 2015/16;
- Supporting with expert clinical treatment and advice, 316 patients at 1,396 appointments for physiotherapy, occupational therapy, Lymphoedema service, complementary therapy and art psychotherapy in our Outpatient Department;
- Delivering 577 bereavement consultations undertaken by our child and adult services.
- Extended our support for those living with or caring for someone with Dementia by:
 - Continuing our Dementia Carers Wellbeing Service which supported 45 carers and those with dementia through a programme to develop knowledge, skills and build up their resilience.
 - Providing a new cohort of volunteer dementia buddies, trained by the Hospice, who support those with the illness to allow carers to participate in courses. The service was funded by Cheshire East Council.

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- Setting up a specific Dementia Community Companions programme to support carers and the cared for in their own home.
- Held special Dementia Lunches which allowed patients and carers to dine out without fear or judgement.

Strategic Priority 2: Securing sustainable income to support our aims

With economic and political uncertainty becoming the new normal, the Hospice continued to experience challenges in raising the 83% of its funding needed from voluntary income streams. Our ambitious income generation strategy allowed us to control our costs, whilst modestly growing existing income streams and introducing new donors from previously disengaged towns in our area.

In the year, our income generation and marketing strategy delivered:

- **Major donor project**

With the average donation to East Cheshire Hospice <£165, we acknowledged the need to secure future income from major donors in our area. A Key Relationships Manager post was created to identify potential supporters, develop relationships and raise awareness of our funding need. Articulating the need for funds to keep the Hospice open proved an unattractive ask and the project took longer than expected to gain traction. It was with the introduction of the Angel Funding Initiative to provide seed funding for our new East Cheshire Hospice @Home service that proved appealing to major donors.

- **Strengthened our Commercial Independence**

Our Retail and Lottery income streams were not delivering the net returns enjoyed by other charities with similar commercial interests in our area.

In Retail, we adhered to our 'shop local' strategy and focused on opening a new furniture shop in a shopping centre in Handforth, a town on the outer reaches of our area of benefit from which we had lower levels of donor engagement. The shop opened in July 2016 and with the help of a dedicated 21-strong volunteer team led by an enthusiastic shop manager, it quickly established itself in the community and has consistently met its stretching income targets. Added to the success of the shop sales, we have significantly grown our donor base in the area, referrals to our services have increased and we even improved the number of Christmas trees that were recycled in Handforth through our volunteer-led annual Christmas Tree Collection.

Our 21-year-old Lottery is an important part of our income, giving donors a fun way to give small amounts regularly. Its popularity, in line with all other lotteries has been declining since 2008. Our research showed that lotteries who were growing player numbers were predominantly using out-sourced door-to-door canvassers to increase sign-ups. We rejected this approach on the grounds of the ethics of sending agents with no connection to the Hospice to homes in our area, the risk of contravening Data Protection regulations and the cost (c£47/sign-up).

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We did, however, re-launch the lottery website, streamlined the sign-up process and introduced a facility to set up Direct Debits online. To help with sales, we increased our mailing activity, attendance at events, especially with single ticket sales. Although the net playing numbers were down again, the rate of decrease has slowed markedly.

- **Embed our ‘People, People, people’ approach in all we do**

Our P³ strategy seeks to re-enforce our common purpose across all aspects of our work from clinical and community to fundraising and finance.

People #1 - Our patients and their families and friends

People #2 – Our collaborators, colleagues and supporters

People #3 – Our wider community, potential People #1 and People #2

It was important to embed this strategy into the organisation so that it became the way we do business, holding ourselves to the highest ethical standards and delivering exceptional levels of care across all our functions.

To underpin this strategy we invited McCann Manchester, an advertising and marketing agency, to review our offering. They interacted with all three ‘People’ groups and assessed our services and facilities. The over-arching impression they received was that East Cheshire Hospice was a bright, positive space filled with caring individuals who were all dedicated to ensuring that every day of life deserved to be lived in the best way possible.

“From the minute we were met by staff at the Hospice door my stress levels dropped, I could finally stop being Dad’s carer and for the last two weeks of his life, I could be his daughter again.”

It was this quote from one family member which resonated so much so that we changed our brand to better reflect the experience of those we care for. East Cheshire Hospice, where people come to live.

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

- Links with our local colleges have strengthened in the year through our focus on workforce development. Through our apprenticeship programme, we have successfully started the careers of seven young people.
- We partner with Cheshire East Council to provide a social work in-reach service to support patients and families being discharged from our in-patient unit back to their homes.
- Working with Alzheimer’s Society, Age UK and Methodist Homes Association and funded by Cheshire East Council, we developed a dementia buddies support programme to facilitate support for carers within our community. The programme joined forces with other agencies recruiting, training and developing dementia buddies through

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expert volunteer training programmes and our wealth of experience providing short respite breaks and support for carers within their community.

- 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.
- Having successfully introduced the secure patient record system, EMIS Web, in 2015, an ECH staff member chairs the national Hospice User Group, which makes recommendations for improvements and upgrades. We have shared our implementation plans and processes with 38 other hospices, whom we either visited or hosted a visit from them.
- We are founder members of Hospice Quality Partnership (HQP), a procurement organisation designed to use the collective purchasing power of hospices and other charities to achieve discounts on such expenses as utilities, consumables and printing. East Cheshire Hospice has benefited from the deals arranged by HQP which have helped to control costs in the business.
- 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

- **Volunteering**

We recognised that the way people donate their time is changing and we needed to adapt our roles, policies and procedures to better meet the needs of new volunteers. We have revised our processes and data collection and introduced new opportunities. We have worked with those who struggle to find work as well as supporting volunteers who are less able-bodied to make a contribution to their community.

We are indebted to the 600+ volunteers who generously donated an estimated 124,800 hours of their time, skills and talents to our work, saving us in the region of £1.6million in costs. They enabled us to deliver exceptional levels of care and support than would have been possible with our finite resources.

- **Using technology to provide better care**

We are an active partner in the Cheshire project to develop, promote and embed the Electronic Palliative Care Co-ordination System (EPaCCs) across our area. This is a standardised template that records the end-of-life wishes of patients and their families in a format and on a platform that can be easily accessed by all healthcare professionals involved in their care.

We installed the template on our systems, hosted training sessions for internal and external users and at once noticed the difference it was making to the communication

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and coordination of care of our patients. The Hospice IT manager remains a member of the project's steering group to support future upgrades.

In the year, we also increased the capacity and security of our IT servers, secured our fibre optic broadband by building in redundancy, upgraded clinical computer hardware including antibacterial keyboards to support our infection control procedures.

- **Senior medical workforce redesign**

In August 2016, we implemented a Senior Clinical Workforce redesign following the previous Consultant's retirement. We recognised the changing needs of patients and the advances in palliative care as well as the need for our workforce to better meet the demographic challenges ahead.

We sought to increase our collaboration with the local Acute Trust and provide increased senior medical cover on site. The Trustees are delighted to report that the improvements made have resulted in a 11% increase in patient numbers, with our resources being better utilised and fully integrated within the local health economy.

- **Developed a community service plan to enhance current provision**

Following Liverpool University research and a Local Needs Assessment carried out in 2015 which highlighted a gap in community end-of-life care, we embarked on a service development programme.

Working in conjunction with other health and social care providers in the area, we documented the need for increased community-based care, particularly in the provision of emergency and out-of-hours services, to meet the needs of those at end-of-life. This collaborative approach has led to the development of a hospice rapid response, out-of-hours community service which will be known as East Cheshire Hospice @Home.

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

This was the first year of a two-year project to establish a plan to deliver a sustainable workforce to meet the future needs of the Hospice.

We operate in an area with a highly skilled economy, high employment and our proximity to Manchester means that there is upward pressure on wage growth. We acknowledged the twin challenges presented by local recruitment and our need for highly trained, motivated people to meet the complexity of our service requirements.

We developed and communicated our employment 'brand' to increase and maintain local recognition. We developed innovative recruitment and retention strategies to support workforce well-being as well as increasing our flexible employment opportunities to meet the current and future expectations of employees and volunteers.

- **Education and learning** continues to be central to the provision of our high-quality services that meet the needs of our community. This year we enhanced our resource in this area to help introduce additional training, an apprenticeship programme and extend our links with training providers in our area. We also supported Blue Stream,

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an online mandatory training platform to adapt their offering from a GP practice to a hospice specific version. An operational version was road tested by East Cheshire Hospice staff and volunteers with improvements suggested and made. At year end 100% of all staff and relevant volunteers mitigated risks by successfully passing a comprehensive range of mandatory training modules.

FINANCIAL REVIEW

The Statement of Financial Activities is set out on page 23, and a summary of the financial results is given below. The group achieved a surplus on net operating activity of £411,761, compared to a surplus of £153,481 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 £818,625, compared to a gain of £36,270 last year. The Trustees were anticipating a small deficit this year, but above average legacy performance, exceptional stock market gains along with a non-recurrent write back of a pension creditor and a VAT refund following legislative changes, 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.

Income generation activity

Quarters one and two experienced unprecedentedly low levels of individual giving which was in stark contrast to quarter four of the previous year. Having reviewed our income generating workforce, aligned our income generation approach with our care principles, we embarked on a programme of delivering exceptional levels of donor care, event participant stewardship, service and fundraising marketing.

In the last two quarters of the year performance improved, and we were able to deliver increases both in the value and number of donations through community-led fundraisers, a targeted mailing programme and set of successful mass participation events. Legacies had an exceptional year at just over £1,300,000, well above our five-year rolling average (£840,000) from 33 legators, and with over £500,000 unexpectedly but gratefully received in March 2017 alone.

In 2016/17 we kept our focus on the three key income streams supported by relevant activity.

Commercial

- We added a new outlet to our retail network, opening a furniture shop in Handforth in the northern part of our area of benefit, which increased our income from retail by £86,000.
- We ended the year with 223 fewer players of the Lottery than in March 2016, however the attrition rate has reduced considerably towards the end of the year which was encouraging. Our £250,000 net contribution to service costs from Lottery still represents one of the most efficient hospice lotteries in the country.

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Relationships

- We have made it easier and more attractive for more people in our communities to fundraise for our cause
- We ensured that 100% of our supporters were thanked appropriately within seven days of receipt of their gift,
- We engaged with local businesses, providing opportunities for staff development and corporate social responsibility,
- We protected the personal data of our patients, families and donors and improved how we sought and recorded their contact preferences for future use,
- We actively sought to create key relationships with donors who can provide funding for major developments in service provision.

Engagement

- Through a carefully planned mailing programme, we sought to engage with each of the 110,000 households in our area to raise awareness of our cause and extend an offer to get involved with our fundraising efforts,
- We improved the marketing of Hospice events and as a result we increased the number of participants involved,
- Effectively communicating the importance of legacy giving to the future of Hospice services through talks, promotion and links with local solicitors.

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 £474,000 for the sixth 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. We also successfully bid for funding from Cheshire East Council to run our Dementia 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

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extremely buoyant over the year to 31 March 2017 and the total return on the portfolio increased was 19.3%, and ahead of the benchmark.

Expenditure

Total costs reduced for the second year in a row due to a number of 'one off' items including the write back of pension costs and VAT recovery. The pension write back is in connection with the Federated Flexiplan No1 Scheme, a multi-employer pension scheme which was closed to new members in 2010. The scheme was subject to a recovery plan and the Hospice had accounted for its full outstanding liability as determined by the 2015 Triennial Actuarial Valuation. The exceptional stock market performance during 2016/17 facilitated a full insurance buy out, removing the need for further funding, which will be finalised in early 2018. Following changes to Hospice VAT legislation effective from 1 April 2015, ECH undertook a review of its VAT structure and agreed a new recovery formula with HMRC in Autumn 2016. During 2016/17 ECH received £56,016 included in 'other costs' in relation to VAT paid during 2015/16, as well as VAT recovery of a similar amount for 2016/17 which was netted off the relevant cost lines. Together these exceptional 'other costs' reduced general expenditure by £113,856 - further exceptional items are not expected, meaning that costs will increase again next year.

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 84% 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.

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Reserves

At 31 March 2017 the Hospice held total reserves of £8,707,068, an increase of £818,625 over last year. Of this total, £3,859,599 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 decreased during the year following the purchase of 17 new clinical beds and mattresses which were successfully fundraised for in 2015/16.

Due to the exceptional year for both legacy income and investment portfolio gains, and the impact that this has had on reserves levels, the Trustees agreed to forge ahead with the Hospice @Home service even though the fundraising target needed to start the project had not been met. It is expected that the costs of this service will exceed expected income, resulting in annual losses and so the Trustees have agreed to utilise £1.1m of reserves to pump prime the service whilst a sustainable income stream is built up over the next 5 years. Accordingly, a designated Hospice @Home fund has been set up for £1.1m.

The Hospice's 'free reserves', excluding all restricted and designated funds and fixed assets is £3,404,620 compared to £3,684,744 last year. This is equivalent to 10 months running costs (2016: 11 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.

PLANS FOR FUTURE PERIODS

Our 2017/18 Annual Delivery Plan was agreed by the Trustees at the Board meeting in February 2017 and includes the following projects designed to meet our strategic priorities:

Clinical

Implement East Cheshire Hospice @Home Service

East Cheshire Hospice @Home is a collaborative service aimed at enhancing and supporting the existing care provision in our area enabling end-of-life patients to have the choice to stay at their usual place of residence and feel in control of their care.

We acknowledge that introducing additional capacity such as this into our local health economy will change current work practices. To minimise adverse impact on patients, families and our health professional colleagues, we aim to deploy agile methodologies in the implementation phase enabling us to adapt our service to better meet the prevailing need.

The objectives of the service are:

- To support families and carers to achieve patient preference.
- To provide practical hands-on care and emotional support in the last weeks of life, with the priority given to those in the terminal stage - the last days of life initially, to our population registered with GPs in Eastern Cheshire Clinical Commissioning Group.

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- The Hospice @Home service will work in collaboration with existing NHS services and third sector providers (District Nurses, Intermediate Care, Marie Curie, Macmillan, and Continuing Health Care).
- The service will support the delivery of the Care Plan for End of life, with the overall aim of enabling patients at end of life to achieve their preferred place of care and death in the context of dignity and comfort.
- Provision of specialist patient assessment on a 7-day basis 24/7, 365 days-a-year.
- The service will provide an equitable service to all patients with need, including hands on practical and social and psychological support, rapid (60mins) and planned response during out-of-hours i.e. 5pm-8am Monday-Friday, and all weekend including bank holidays.
- The service will be complementary to the district nursing service and will work in partnership to provide seamless care using connected IT systems.
- To increase the number of patients who achieve their preferred place of death at home.
- The service will be available to all on the basis of need not diagnosis.

Dementia Community Companions programme

Successful implementation of dementia carers 'Living Well' programme initiated in 2015/16 highlighted a lack of community support resulting in carers feeling isolated and unable to achieve normal everyday tasks due to their caring responsibilities.

In collaboration with other third sector providers, we have developed and initiated a community companion service providing trained volunteers to spend time with the person with dementia and/or their carer befriending and supporting them.

Motor Neurone Wellbeing Service

Patient feedback from our disease specific wellbeing groups identified an exponential benefit received from peer-to-peer support, therefore we have collaborated with the Motor Neurone Disease (MND) Association to design and test a monthly programme for people with MND and their carers.

The full programme will roll out in 2017/18 and include clinical and social support on fatigue management, use of equipment, dealing with diagnosis, advanced care planning, nutrition, communication and finances. All patients and carers will have access to the full range of Hospice services to assist their wellbeing.

EPaCCs template

The implementation of EMIS Web within East Cheshire Hospice in April 2015 allowed shared access to patient records and End of Life Care Summary View using the EPaCCs template. To ensure continued patient safety and information governance compliance, our objective in 2017/18 is to hold a review of EPaCCs use and effectiveness internally and externally and promote its use in care settings across our area of benefit.

REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)
For the year ended 31 March 2017

Workforce

It has been increasingly difficult in recent years to recruit the high calibre nurses needed to deliver the quality and complexity of care required in a modern palliative care setting such as East Cheshire Hospice. We aim to develop, test and launch our employment 'brand' reflecting the positive culture and supportive working environment on offer at the Hospice. We will use alternative, innovative recruitment and retention strategies as well as review our remuneration packages. We will also seek to increase flexibility and improve, where possible, workforce well-being.

Fit for the Future - Developing our workforce

We acknowledge the need for and the importance of a competent and efficient workforce to meet the increasing need to deliver and fund more extensive and complex services to the community we serve.

To enable us to do this, we aim to embed a culture of continuing professional and personal development within ECH as well as establish robust links and work in partnership with appropriate education leads and healthcare volunteering organisations. Working within a bespoke framework we will support career development in a variety of ways such as vocational pathways/apprenticeship programmes to support personal ambitions.

IT and Infrastructure

We will continue to upgrade and keep secure our IT systems and processes to facilitate an efficient working environment. A key project for 2017/18 is the integration of payroll functionality into our staff rostering system to increase accuracy and remove the need for inefficient, paper-based processes.

Income Generation and Marketing

Integrating GDPR into our processes (May 2018)

The General Data Protection Regulation is an EU-wide regulation which will become effective in the UK on 25 May 2018 and will be enforced regardless of the UK exiting the European Union. It gives consumers and supporters the right to expect their personal data not to be shared with any organisation other than those they have expressed an interest in hearing from. A project began in April 2017 to ensure we collect data and preferences in the way advised by the guidance documentation. As more information becomes available, we will adapt our processes to ensure the data we hold on our patients and supporters is treated with the utmost care and security and we respect the wishes of our donors to be contacted in the way they wish.

Open, honest and timely reporting

We will publish a quarterly report to let our families, donors and supporters know how we are doing. At the end of each quarter we will report on the following:

- Number of patients and family members supported
- Volunteer and staff recruitment
- Community engagement; events, mailings and donations

EAST CHESHIRE HOSPICE

REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT) For the year ended 31 March 2017

- Income and expenditure
- Feedback and complaints
- How we have spent the money raised.

Major donor project - Phase II

Phase II of our major donor work will consolidate the progress made in phase I with a programme of stewardship and engagement of existing donors. We will go further in this phase by reaching out to our ambassadors and effectively networking to promote the work of the Hospice and its projects to new audiences and individuals.

Strengthening our Commercial Independence (Phase II)

Commercial activity has the greatest potential for growth for East Cheshire Hospice and as a result resource will be directed to meeting these objectives:

Retail Objectives

- Expand sales on eBay to include collection only furniture sales,
- Improve logistics, i.e. transport and warehousing to increase furniture items in shops and assist in storage of out-of-season stock to avoid hazards in store,
- Use the van as mobile advertising space.

Lottery Objectives

- Stem the flow of Lottery cancellations by investing in back-office resource,
- Increase year-on-year memberships by repositioning the Lottery as a way of giving regularly,
- Increase ways to play including online and by Direct Debit,
- Investigate alternative lottery models eg monthly, quarterly or annual draws.

Marking 30 years of Hospice care in East Cheshire in 2018

By involving our whole community, we plan to launch our anniversary year and celebrate the work of East Cheshire Hospice over the past 30 years with specially branded events, PR stories and themed celebrations.

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

EAST CHESHIRE HOSPICE

REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT) For the year ended 31 March 2017

comprehensive information pack detailing the responsibilities of their trusteeship. Trustees are elected to serve for a term of three years, but can seek re-election for two further periods, with a total permitted maximum of nine consecutive years.

The Board meets at least four times a year and is responsible, through its 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 which is responsible for monitoring patient care/services, partnership and clinical governance.
- Finance and Resources Committee which is responsible for monitoring and compliance of all matters financial, donor engagement, partnerships, use of technology and all other resources inclusive of human resources.
- The Remuneration and Nominations Committee which 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).

EAST CHESHIRE HOSPICE

REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT) For the year ended 31 March 2017

Company law requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure for the financial year. In preparing those financial statements, the Board should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity 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 31 August 2017 and signed on its behalf by:

Mr P Morrissey

EAST CHESHIRE HOSPICE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure account) For the year ended 31 March 2017

We have audited the financial statements of East Cheshire Hospice for the year ended 31 March 2017 which comprise the Group Statement of Financial Activities, the Group and the Parent Charitable Company Balance Sheet, the Group and the Parent Charitable Company Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 and to the charitable company's Trustees as a body in accordance with regulations made under Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and its' Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, and its Trustees 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 Trustees' Responsibilities Statement set out on page 19 and 20, the Trustees (who are also the directors of East Cheshire Hospice for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and Section 151 of the Charities Act 2011, and report in accordance with those Acts. 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 Group's and the parent 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 Trustees' Annual Report to identify material inconsistencies with the audited financial statements, and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 Group's and the parent charitable company's affairs as at 31 March 2017 and of the Group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

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 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.

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

Dated: 31 August 2017

EAST CHESHIRE HOSPICE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an Income & Expenditure account)
For the year ended 31 March 2017

	Notes	2017			2016		
		Unrestricted Funds £	Restricted Funds £	Total £	Unrestricted Funds £	Restricted Funds £	Total £
Income from:							
Donations and legacies	2	3,126,167	129,478	3,255,645	2,693,173	227,899	2,921,072
Charitable activities	3	21,224	-	21,224	62,972	-	62,972
Other trading activities	4	968,269	-	968,269	1,028,514	831	1,029,345
Investments	5	99,983	-	99,983	98,715	-	98,715
Total		4,215,643	129,478	4,345,121	3,883,374	228,730	4,112,104
Expenditure on:							
Raising funds	7	950,149	1,570	951,719	840,167	2,153	842,320
Charitable activity	8						
Inpatient services		2,209,477	20,132	2,229,609	2,133,961	28,029	2,161,990
Day-care and outpatients		501,198	26,250	527,448	531,359	29,425	560,784
Family support services		212,746	33,976	246,722	284,982	26,090	311,072
Outreach and education		91,409	309	91,718	160,812	-	160,812
Other	11	(113,856)	-	(113,856)	(78,355)	-	(78,355)
Total		3,851,123	82,237	3,933,360	3,872,926	85,697	3,958,623
Net gains/(losses) on investments	13	406,864	-	406,864	(117,211)	-	(117,211)
Net income/(expenditure)		771,384	47,241	818,625	(106,763)	143,033	36,270
Transfers between funds	24	215,371	(215,371)	-	117,492	(117,492)	-
Net income/(expenditure) for the year		986,755	(168,130)	818,625	10,729	25,541	36,270
Total funds brought forward		3,860,714	4,027,729	7,888,443	3,849,985	4,002,188	7,852,173
Total funds carried forward	24	4,847,469	3,859,599	8,707,068	3,860,714	4,027,729	7,888,443

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 26 to 37 form part of these accounts.

EAST CHESHIRE HOSPICE

BALANCE SHEET
As at 31 March 2017

	Notes	Group		Charity	
		2017 £	2016 £	2017 £	2016 £
Fixed Assets					
Tangible assets	12	4,086,570	4,105,562	4,086,570	4,105,562
Investments	13	2,365,529	2,480,787	2,365,531	2,480,789
		6,452,099	6,586,349	6,452,101	6,586,351
Current Assets					
Stock	15	7,189	7,566	-	2,785
Debtors	16	168,593	349,127	175,782	353,908
Cash at bank and in hand		2,362,013	1,434,967	2,362,011	1,434,965
		2,537,795	1,791,660	2,537,793	1,791,658
Creditors: amounts falling due within one year	17	282,826	431,726	282,826	431,726
Net Current Assets		2,254,969	1,359,934	2,254,967	1,359,932
Total Assets Less Current Liabilities		8,707,068	7,946,283	8,707,068	7,946,283
Creditors: amounts falling due after more than one year	18	-	57,840	-	57,840
Net Assets		8,707,068	7,888,443	8,707,068	7,888,443
Restricted funds		3,859,599	4,027,729	3,859,599	4,027,729
Unrestricted - general funds		3,314,222	3,646,782	3,314,222	3,646,782
- designated funds		1,100,000	-	1,100,000	-
- revaluation reserve		433,247	213,932	433,247	213,932
Total Funds	24	8,707,068	7,888,443	8,707,068	7,888,443

These financial statements of East Cheshire Hospice (charity number 515104; company number 01807691) were approved by the Board of Trustees on 31 August 2017 and signed on its behalf by:

Mr P Morrissey

Mr A Kennedy

The notes on pages 26 to 37 form part of these accounts

EAST CHESHIRE HOSPICE

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2017

	2017	2016
	£	£
Cash flows from operating activities:		
Net cash provided by / (used in) operating activities	<u>453,215</u>	<u>181,813</u>
Cash flow from investing activities:		
Dividends and interest from investments	99,983	98,715
Purchase of property, plant and equipment	(141,624)	(56,420)
Proceeds from the sale of investments	803,630	360,809
Purchase of investments	<u>(289,158)</u>	<u>(350,151)</u>
Net cash provided by / (used in) investing activities	<u>472,831</u>	<u>52,953</u>
Change in cash and cash equivalents in the year	926,046	234,766
Cash and cash equivalents b/f	<u>1,434,967</u>	<u>1,200,201</u>
Cash and cash equivalents c/f	<u>2,361,013</u>	<u>1,434,967</u>

Notes to the consolidated cash flow statement

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

	2017	2016
	£	£
Net income / (expenditure) for the reporting period	818,625	36,270
Depreciation charge	156,310	166,451
(Gains) / losses on investments	(406,864)	117,211
Investment income	(99,983)	(98,715)
Loss / (profit) on sale of fixed assets	3,306	11,629
Decrease/(increase) in stock	377	4,706
(Increase)/decrease in debtors	180,534	(106,639)
(Decrease)/increase in creditors	(206,740)	48,699
Investment commissions	<u>7,650</u>	<u>2,201</u>
Net cash provided by / (used in) operating activities	<u>453,215</u>	<u>181,813</u>

Analysis of cash and cash equivalents:

	2017	2016
	£	£
Cash in hand	1,762,009	700,003
Notice deposits	<u>600,004</u>	<u>734,964</u>
Total cash and cash equivalents	<u>2,362,013</u>	<u>1,434,967</u>

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS For the year ended 31 March 2017

1. Summary of Significant Accounting Policies

General Information and Basis of Preparation

The financial statements of the charitable company, which is a public benefit entity under FRS102, have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP FRS102 – effective 1 January 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments, which are included at market value as modified by the revaluation of certain assets.

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 £818,625 (2016: net income £36,270).

Fund Accounting

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

Incoming Resources and Debtors

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

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

Debtors are recognised at settlement value.

Resources Expended and Creditors

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

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

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

EAST CHESHIRE HOSPICE
NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

1. Accounting Policies (continued)

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

Support costs

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

Tangible Fixed Assets and Depreciation

Tangible fixed assets costing more than £1,000 are capitalised at cost 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 2017

2. Donations and legacies:

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Unrestricted Funds £	Restricted Funds £	Total 2016 £
Donations	622,191	38,625	660,816	640,748	89,051	729,799
Legacies	1,305,972	-	1,305,972	1,045,072	150	1,045,222
Community activity	515,438	2,675	518,113	376,135	52,178	428,313
Grants	682,566	88,178	770,744	631,218	86,520	717,738
	3,126,167	129,478	3,255,645	2,693,173	227,899	2,921,072

Donations includes £632 (2016: £2,156) from gifts in kind of donated equipment for use within the Hospice.

Grants receivable were:	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Unrestricted Funds £	Restricted Funds £	Total 2016 £
NHS Eastern Cheshire CCG - care	433,067	-	433,067	433,067	-	433,067
NHS Eastern Cheshire CCG - drugs	106,000	-	106,000	105,000	-	105,000
NHS Eastern Cheshire CCG - non recurrent care	50,000	-	50,000	-	-	-
NHS Derbyshire CCG - care	40,481	-	40,481	40,481	-	40,481
Big Lottery Fund Grant	-	37,131	37,131	-	35,456	35,456
Cheshire East Borough Council – Carers Break Programme	-	33,051	33,051	-	-	-
Other grants and trusts	53,018	17,996	71,014	52,670	51,064	103,734
	682,566	88,178	770,744	631,218	86,520	717,738

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 2017 £	Unrestricted Funds £	Restricted Funds £	Total 2016 £
Local government and NHS service contracts	2,793	-	2,793	46,361	-	46,361
Other ancillary income	18,431	-	18,431	16,611	-	16,611
	21,224	-	21,224	62,972	-	62,972

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

4. Other trading activities:

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Unrestricted Funds £	Restricted Funds £	Total 2016 £
Events and sponsorship	300,302	-	300,302	423,953	831	424,784
Lottery income	393,120	-	393,120	390,632	-	390,632
Shops	269,662	-	269,662	183,593	-	183,593
Other sundry income	5,185	-	5,185	30,336	-	30,336
	968,269	-	968,269	1,028,514	831	1,029,345

5. Investment income:

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Unrestricted Funds £	Restricted Funds £	Total 2016 £
Dividends received	93,017	-	93,017	89,626	-	89,626
Interest received	6,966	-	6,966	9,089	-	9,089
	99,983	-	99,983	98,715	-	98,715

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

	2017 £	2016 £
This is stated after charging:		
Depreciation (owned assets)	156,310	166,451
Auditor's remuneration (excluding VAT)	6,750	7,750
Non audit fees (excluding VAT)	3,210	3,067

7. Raising funds:

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Restated Unrestricted Funds £	Restated Restricted Funds £	Restated Total 2016 £
Donations and legacies:						
Staff costs	223,784	199	223,983	289,197	-	289,197
Events and fundraising costs	145,703	1,097	146,800	100,778	2,153	102,931
	369,487	1,296	370,783	389,975	2,153	392,128
Other trading activity:						
Staff costs	223,922	199	224,121	157,327	-	157,327
Events and fundraising costs	132,228	-	132,228	110,216	-	110,216
Lottery management costs	11,578	-	11,578	17,044	-	17,044
Lottery prizes	86,250	-	86,250	78,066	-	78,066
Shop running costs	101,236	-	101,236	65,883	-	65,883
	555,214	199	555,413	428,536	-	428,536
Investment costs:						
Investment managers fee	14,650	-	14,650	13,370	-	13,370
Support costs	10,798	75	10,873	8,286	-	8,286
	950,149	1,570	951,719	840,167	2,153	842,320

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

8. Charitable activities:

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Restated Unrestricted Funds £	Restated Restricted Funds £	Restated Total 2016 £
Inpatient services:						
Staff and related costs	1,599,110	1,743	1,600,853	1,565,617	2,677	1,568,294
Patient consumables – direct	136,606	12,535	149,141	117,963	20,043	138,006
Catering and housekeeping	40,218	675	40,893	49,549	216	49,765
Property occupation and repairs	104,491	3,546	108,037	119,474	5,093	124,567
Depreciation	96,912	-	96,912	103,200	-	103,200
Support costs	232,140	1,633	233,773	178,158	-	178,158
	2,209,477	20,132	2,229,609	2,133,961	28,029	2,161,990
Day care and outpatients:						
Staff and related costs	317,780	24,177	341,957	360,536	25,681	386,217
Patient consumables – direct	4,714	-	4,714	3,203	3,744	6,947
Catering and housekeeping	11,424	161	11,585	14,834	-	14,834
Property occupation and repairs	35,655	1,261	36,916	40,147	-	40,147
Depreciation	39,078	-	39,078	41,613	-	41,613
Support costs	92,547	651	93,198	71,026	-	71,026
	501,198	26,250	527,448	531,359	29,425	560,784
Family support:						
Staff and related costs	125,283	32,599	157,882	202,853	25,616	228,469
Patient consumables – direct	(19)	397	378	487	298	785
Catering and housekeeping	2,347	-	2,347	3,614	176	3,790
Property occupation and repairs	18,541	655	19,196	20,876	-	20,876
Depreciation	20,320	-	20,320	21,639	-	21,639
Support costs	46,274	325	46,599	35,513	-	35,513
	212,746	33,976	246,722	284,982	26,090	311,072
Outreach and education:						
Staff and related costs	32,082	282	32,364	32,879	-	32,879
Patient care – grant	55,471	-	55,471	124,972	-	124,972
Support costs	3,856	27	3,883	2,961	-	2,961
	91,409	309	91,718	160,812	-	160,812

9. Allocation of support costs:

	Raising funds £	Inpatient services £	Day care & outpatients £	Family Support £	Outreach/ education £	Total 2017 £	Total 2016 £
Governance costs	464	9,982	3,979	1,990	166	16,581	9,550
Office support	517	11,119	4,432	2,216	185	18,469	19,048
Accounting and payroll	1,628	34,993	13,951	6,975	580	58,127	56,559
Information technology	2,783	59,843	23,858	11,929	994	99,407	77,292
HR, education & volunteers	3,143	67,565	26,935	13,468	1,122	112,233	86,121
Marketing	2,037	43,797	17,461	8,730	728	72,753	47,374
Irrecoverable VAT	301	6,474	2,582	1,291	108	10,756	-
	10,873	233,773	93,198	46,599	3,883	388,326	295,944

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
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For the year ended 31 March 2017

10. Staff costs and numbers

Staff payroll costs (excluding agency) were:	2017	2016
	£	£
Salaries	2,281,118	2,280,972
Social security costs	185,445	169,764
Employers pension – defined contribution	89,675	95,412
Employers pension – defined benefit	97,681	94,267
	<u>2,653,919</u>	<u>2,640,415</u>

Staff costs includes £11,955 (2016: £39,907) 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:	2017	2016
	No.	No.
Clinical and patient support staff	55	57
Support – HR & Volunteer, Finance, Marketing, office and ICT	14	12
Income generation staff – retail, lottery and Fundraising	14	14
	<u>83</u>	<u>83</u>
Headcount – all areas:	<u>126</u>	<u>125</u>

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

	2017	2016
	No.	No.
£60,000 - £70,000	<u>2</u>	<u>1</u>

Pension contributions of £9,023 (2016: £4,744) were made to a defined benefit scheme in respect of these employees.

The total amount of salary and benefits paid to key management personnel, as identified on page 2 (Legal and administrative details – Management Team) was £283,717 (2016: £311,300). 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 (2016: £nil). Trustees donate their time, talent and skills to the smooth running of the Hospice. As well as their ambassadorial duties, they have supported fundraising events and contributed to the commercial activity of the Hospice as Lottery members and by making donations to the shops. In addition to this, the aggregate unconditional donations from Trustees during the year was £14,754 (2016: £4,193).

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

11. Other costs:

Other costs includes the write back of pension contributions £57,840 (2016: £78,355) to The Federated Flexiplan No 1 Pension Scheme as explained in Note 19. It also includes £56,016 (2016: £nil) in respect of VAT recovered in respect of prior periods following a change to VAT recovery in the Hospice sector. VAT recovered for 2016/17 is deducted from the relevant cost lines, with irrecoverable VAT included within support costs.

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

12. Tangible fixed assets (group and charity):

	Freehold land & Buildings	Plant & Equipment	Computers	Total
Cost	£	£	£	£
At 1 April 2016	5,044,825	486,091	147,403	5,678,319
Additions	-	132,880	8,744	141,624
Disposals	-	(9,009)	(1,958)	(10,967)
At 31 March 2017	5,044,825	609,962	154,189	5,808,976
Depreciation				
At 1 April 2016	1,157,076	303,679	112,002	1,572,757
Charge for the year	108,028	36,481	11,801	156,310
Disposals	-	(4,830)	(1,831)	(6,661)
At 31 March 2017	1,265,104	335,330	121,972	1,722,406
Net book values				
At 31 March 2017	3,779,721	274,632	32,217	4,086,570
At 31 March 2016	3,887,749	182,412	35,401	4,105,562

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

13. Investments:

Managed Portfolio	2017	2016
	£	£
Market value b/f	2,480,777	2,610,847
Additions	321,352	365,757
Disposals	(803,630)	(360,809)
Net investment gains/(losses)	406,864	(117,211)
Charges paid in the year	(7,650)	(2,201)
Movement in cash deposits	(32,194)	(15,606)
Market value c/f	2,365,519	2,480,777
Historical cost c/f	1,932,271	2,266,845
The portfolio consisted of:		
	£	£
UK Equity Shares	959,755	1,015,590
International equity shares	698,189	663,423
UK Fixed Interest	210,492	371,387
International fixed interest	82,680	-
Alternatives	404,788	388,568
Cash	9,615	41,809
	2,365,519	2,480,777
Unquoted - Hospices Quality Partnership	10	10
	2,365,529	2,480,787
ECH Trading Ltd - wholly owned subsidiary (see note 13)	2	2
	2,365,531	2,480,789

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 2017

14. 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 2017 are:

	2017	2016
	£	£
Turnover	30,202	28,389
Cost of sales and administration	(20,965)	(18,686)
Operating profit	9,237	9,703
Amount gift aided to the charity	(9,237)	(9,703)
Retained in subsidiary	-	-
Balance Sheet	£	£
Current assets	7,191	4,783
Current liability - amount owed to parent	(7,189)	(4,781)
Total net assets	2	2

15. Stocks:

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Merchandise stock	7,189	7,566	-	2,785

The amount of stock recognised as an expense in other trading activity during the year for the Group is £14,947 (2016: £12,498) and Charity £2,785 (2016: £8,087).

16. Debtors:

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	24,975	58,070	24,975	58,070
VAT recoverable	25,135	-	25,135	-
Amount due from subsidiary company	-	-	7,189	4,781
Gift aid recoverable	36,129	49,398	36,129	49,398
Prepayments and accrued income	82,354	241,659	82,354	241,659
	168,593	349,127	175,782	353,908

17. Creditors:

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Amounts falling due within one year:				
Grants payable	60,000	104,972	60,000	104,972
Trade creditors	88,825	70,075	88,825	70,075
Tax and social security	-	55,038	-	55,038
Accruals	46,020	88,686	46,020	88,686
Deferred income	87,981	112,955	87,981	112,955
	222,826	431,726	222,826	431,726
Analysis of deferred income:				
Deferred income b/f	112,955	94,763	112,955	94,763
Income deferred in the year	476,278	425,419	476,278	425,419
Income released in the year	(501,252)	(407,227)	(501,252)	(407,227)
Deferred income c/f	87,981	112,955	87,981	112,955

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS For the year ended 31 March 2017

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.

18. Creditors due after more than one year:

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Federated Flexiplan Scheme (see note 18)	-	57,840	-	57,840

19. 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 £88,493 (2016: £94,266), and the pension creditor at the yearend was £nil (2016: £13,226).
- **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 £1,182 during the year (2016: £1,146), and the pension creditor at the yearend was £275 (2016: £167).
- **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 £97,681 (2016: £94,267) 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 £nil (2016: £13,226).

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 Scheme Trustees entered a buy-in covering the full scheme liabilities with an insurer in February 2017 and anticipates that the transition to achieve full buy-out will be finalised in the first half of 2018. When that process is completed there will be no further legal or financial obligations to the Scheme. As the Plan was in deficit at the latest actuarial valuation as at 31 March 2015 a recovery plan was put into place. Under this recovery plan, contributions of £2,063,417 per annum are payable from all employers from 1 April 2016 to 31 March 2017 and £1,555,556 per annum are payable from 1 April 2017 to 31 March 2019. However, the Scheme Actuary has now certified that no further contributions are required to be made in respect of the two years commencing 1 April 2017. The Hospice had provided for future contributions in full at the last valuation, and this buy-in has resulted in a £57,840 write back to the SOFA of those contributions. No other contributions are due from the Hospice.

20. Contingent liabilities and assets:

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS For the year ended 31 March 2017

Contingent liability - In 2011 the Hospice received a grant from the Social Enterprise Investment Fund (SEIF) 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. In April 2017, the Social Investment Business Group, who administer SEIF, varied the grant terms so that the Designated Hospice at Home Fund is also excluded from free reserves from 2016-17 for a 5 year period.

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. A further £121,332 was received after the year end on an ongoing legacy case but the Hospice had no entitlement to the income at the year end and no amount was included in these accounts in respect of this legacy.

21. Operating lease commitments:

At the year end, the group and charity were committed to make the following total future payments in respect of operating leases:

	Land & Buildings	Equipment	Total 2017	Total 2016
	£	£	£	£
Within 1 year	38,667	3,021	41,688	40,146
Between 1 and 5 years	84,083	4,972	89,055	110,493
In more than 5 years	3,375	-	3,375	23,625
	126,125	7,993	134,118	174,264

Operating lease payments made during the year were £40,146 (2016: £22,229).

22. Capital Commitments:

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

23. 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

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For the year ended 31 March 2017

24. Funds:

	Restated Balance b/f	Income	Costs	Transfers	Gains/ (losses)	Balance c/f
	£	£	£	£	£	£
Unrestricted Funds:						
General	3,646,782	4,215,643	(3,851,123)	(884,629)	187,549	3,314,222
Revaluation reserve	213,932	-	-	-	219,315	433,247
Designated Hospice at Home	-	-	-	1,100,000	-	1,100,000
	3,860,714	4,215,643	(3,851,123)	215,371	406,864	4,847,469
Restricted:						
Property Funds:						
Hospice Premises	3,851,749	-	-	(108,028)	-	3,743,721
Equipment fund	148,221	6,640	(15,655)	(106,408)	-	32,798
Hospice garden	1,915	10,050	(3,595)	-	-	8,370
Service Funds:						
Hospice at Home	-	32,119	(1,523)	-	-	30,596
In-patient Unit	-	550	(550)	-	-	-
Big Lottery Fund - childhood bereavement	21,537	37,131	(31,792)	-	-	26,876
Childhood services	3,044	200	(106)	-	-	3,138
Sunflower Centre for Day Care	-	7,567	(7,132)	(435)	-	-
Dementia services	-	33,541	(19,679)	(500)	-	13,362
Chapel Fund	166	680	(846)	-	-	-
Other Funds:						
Christmas Tree Project	1,097	-	(1,097)	-	-	-
Staff Fund	-	1,000	(262)	-	-	738
Total Restricted	4,027,729	129,478	(82,237)	(215,371)	-	3,859,599
TOTAL FUNDS	7,888,443	4,345,121	(3,933,360)	-	406,864	8,707,068

Unrestricted Funds:

General fund – this is the accumulation of free reserves.

Revaluation Reserve – is required by the Companies Act 2006 and represents the amount by which investments have been revalued from their historic cost.

Designated fund – Hospice at Home – in March 2017 the Trustees agreed to transfer £1,100,000 of reserves to help fund the Hospice at Home project for 5 years whilst a secure and viable income stream is built up to fund this service in the longer term.

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 Millbank Drive 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.

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS For the year ended 31 March 2017

24. Funds (continued):

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.

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:

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

25. Analysis of net assets between funds:

	Unrestricted Funds £	Restricted Funds £	Total 2017 £
Tangible fixed assets	342,849	3,743,721	4,086,570
Investments	2,365,529	-	2,365,529
Net current assets	2,139,091	115,878	2,254,969
Group:	4,847,469	3,859,599	8,707,068
Investments	2	-	2
Net current assets	(2)	-	(2)
Charity:	4,847,469	3,859,599	8,707,068

26. Related parties:

There are no related party transactions that require disclosure.