

EAST CHESHIRE HOSPICE
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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 2021

Contents	Page
Legal and administrative information	1
Report of the Trustees (incorporating the Strategic Report)	2
Independent Auditors Report	18
Consolidated Statement of Financial Activities	22
Consolidated Balance Sheet	23
Consolidated Cash Flow Statement	24
Notes to the Consolidated Financial Statements	25-37

EAST CHESHIRE HOSPICE

LEGAL AND ADMINISTRATIVE INFORMATION
For the year ended 31 March 2021

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

EAST CHESHIRE HOSPICE
REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)
For the year ended 31 March 2021

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

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

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

Patrons: Mr Nick Robinson
Prof Alistair Burns CBE
Mr Charlie Lawson

President: Mr David Briggs CVO MBE KStJ

Vice Presidents:

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

Honorary Vice President Mrs E Keefe

Management Team:

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

2020/21

An unprecedented year in the life of East Cheshire Hospice



361 patients were supported in their own homes by the newly launched Hospice @Home daytime team and the overnight Rapid Response team

113,932 additional pieces of PPE (personal protective equipment such as masks, and aprons) were sourced and used

£460k donated to our emergency fundraising campaign



8 ECH nurses worked in their spare time to help vaccinate local people

3,505 telehealth sessions delivered over Zoom

1 new shop opened in Poynton

ECHO
by East Cheshire Hospice
REDISCOVERED TREASURES

840 patients and their families were supported by the ECH team during the pandemic

5,376 additional hours worked to cover Covid absences

EAST CHESHIRE HOSPICE
REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)
For the year ended 31 March 2021

In submitting their Annual Report together with the consolidated financial statements of East Cheshire Hospice and its subsidiary for the year ended 31 March 2021, the Trustees have ensured that all financial statements comply with the Charity Act 2011, the Companies Act 2006, and Accounting & Reporting by Charities: Statement of Recommended Practice applicable to charities preparing accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102, effective 1 January 2019).

CHARITABLE PURPOSE & PUBLIC BENEFIT

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

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

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

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

Our Vision

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

ACTIVITIES

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

This report covers the year from 1st April 2020 to 31st March 2021, which was a year unlike any other, as it began in the midst of the first wave of the Covid-19 pandemic and a national lockdown. Inevitably throughout the year our patients, families and carers, staff, volunteers and services were all significantly impacted by the virus as well as the resulting government restrictions to get the spread under control.

How each element of hospice operations was specifically impacted is described below:

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

Covid Impact: This facility has remained open throughout the pandemic, with increased capacity from 15 to a potential 19 beds to help protect the NHS. With little known about symptoms, transmission and without access to testing in the early stages of the pandemic, all patients were cared for as if they had the virus and therefore were under strict infection control procedures. This put a huge strain on staff as well as on our supplies of personal protective equipment (PPE) which were extremely difficult to replenish. We were indebted to our community and corporate supporters for helping us maintain adequate stocks of PPE to keep services operating safely.

Whilst we never closed to visitors, their time on and movement around the Unit was severely restricted. Staff worked incredibly hard to maintain our patients' care and wellbeing, despite unprecedented challenges such as working long hours in PPE, reduced access to complementary therapies and having to impose limitations on visiting hours.

The need to keep numbers of people entering and leaving the Unit to a minimum meant that we had to ask our volunteers to stay at home. This meant that staff members had to do the work of around 30 caring and compassionate volunteers who all help to make the Inpatient Unit a cheerful, welcoming and relaxing environment.

- **The Hospice @Home Service** providing specialist palliative care for patients in their own homes. The service works in close collaboration with existing community services to prevent unnecessary hospital admissions and to enable more people to spend their final days in the place where they feel most at home.

Covid Impact: Despite the challenges of Covid, we launched our new daytime Hospice @Home service as planned in April 2020. The new team complemented the existing out of hours @Home rapid response team to offer personal care to end-of-life patients within their own homes between 7:30am and 8:30pm, this meant that we could support patients at home around the clock, 365 days a year. With patients fearful of going into hospital or a care home and families desperate to keep their loved ones close, the demand for this service was much greater than we had anticipated. The staff worked under incredibly difficult conditions, maintaining high levels of infection control and supporting many more patients than we had originally planned for. The bravery and dedication of this team cannot be underestimated.

EAST CHESHIRE HOSPICE
REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)
For the year ended 31 March 2021

- **The Sunflower Wellbeing Centre**, a day hospice providing nurse-led clinics and therapeutic interventions for all disease types and conditions, including specialist support for conditions such as Dementia and Motor Neurone Disease (MND). Services include a living well programme, breathlessness clinic, stimulating activities, complementary therapies and guidance on advanced care planning.

Covid Impact: Sunflower Centre services operated using telehealth procedures during the national lockdowns, with in-person sessions open for only limited numbers of patients to comply with Covid-safe guidelines at all other times. Patients reported feeling well supported, and some of the telehealth procedures will continue in the post-pandemic era as a positive way to share information, experiences and social interaction for many more patients than our in-person facilities could accommodate pre-pandemic.

- **The Outpatient Facility** providing individual appointments for patients needing access to physiotherapy, occupational health, lymphoedema management, art psychotherapy and complementary therapies.

Covid Impact: Outpatient appointments were offered in person wherever possible outside of national lockdowns and within Covid-safe limitations. Virtual support and telehealth care were made available throughout the year.

- **Family Support Services** meeting the practical, social, physiological and spiritual needs of the people who are important to our patients. These include a 24-hour helpline staffed by clinical palliative care specialists, friends and family support and information programme, pre- and post-bereavement counselling for adults, specialist childhood bereavement service and spiritual support for those of all faiths and none, led by a chaplain.

Covid Impact: Using additional Covid19 funding from Cheshire Clinical Commissioning Group (CCCG), we were able to review and expand our bereavement services to offer specialist counselling support for local people who had experienced bereavement by any cause during the pandemic. This was particularly important when, due to Covid restrictions, funeral traditions, the usual family and friends network support or access to other local authority/third sector counselling services were severely limited or absent.

- **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.

Covid Impact: Whilst our normal training programmes were disrupted by the inability to meet in person, our team worked hard to provide as much learning as possible via online training and webinars. We were able to contribute to and learn from many of the programmes produced by the End of Life Partnership, who did an excellent job of re-engineering their training modules so that they could be delivered online.

In addition, we focused on providing specialist wellbeing support and resilience training for all our staff, to help them cope with and recover from the physical, emotional and mental impact of working through the Covid19 pandemic.

EAST CHESHIRE HOSPICE
REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)
For the year ended 31 March 2021

- **Volunteers** play a vital role in connecting us to our local community, bringing their skills, talents and insights to our work. Our 640 fully trained and supported volunteers, from all age groups, demographics and communities, are able to make their valuable contribution to the exceptional care delivered by East Cheshire Hospice. But not this year.

Covid Impact: One of the most significant impacts of the initial lockdown was the enforced instruction to all our volunteers to stay at home in order to stay safe. We have always believed that it was our volunteers who added immeasurably to the vibrancy of our work, but with their absence, it was blatantly obvious that it was their presence which gave the Hospice its soul. By the end of the year as restrictions were lifted, we were grateful to those volunteers who returned and brought with them added vitality and enthusiasm to our battle-weary workforce. We worked hard throughout a very difficult year to stay engaged with our volunteer team members and remain hopeful that most of them will return to their pre-Covid roles in due course.

ACHIEVEMENTS AND PERFORMANCE

East Cheshire Hospice's senior management team were in the process of reviewing the year and articulating the annual delivery plan for 2020/21 when the Covid pandemic became the top priority in February 2020. As a consequence, we did not release a new plan until September 2020, when our 18-month Covid19 Recovery and Delivery Plan was developed. The key elements of this plan are outlined in the ***Plans for Future Periods*** section of this report.

The year was spent reviewing and adapting our services against the constantly developing Covid19 situation, to ensure that care for our patients and families was maintained wherever possible, whilst also protecting the wellbeing and safety of our teams. The following factors were key considerations during this time:

- The safety of our patients, staff, visitors and volunteers, including who should be allowed onsite, the effective and efficient use of PPE, Covid isolation procedures, regular testing and access to vaccinations.
- The wellbeing and mental health of our staff and volunteers. Significant investment was made into providing professional support to all staff impacted by Covid19, including group and individual counselling if required. Resilience training is now ongoing.
- The wellbeing and mental health of our patients and families, which was drastically impacted by visitation restrictions and the limited access to some of our services. Reaching the perfect balance between safety and compassion was a challenge throughout the year, one which we faced with determination and were able to achieve for the vast majority of those in our care.
- The viability of service delivery given the limitations on staffing due to Covid19 illness and isolation following potential exposures. We have been able to maintain key services throughout the pandemic thanks to the flexibility and dedication of our staff who have worked in different roles across the Hospice as needed.

Efficient collaboration with all partners involved with health and social care services was key to the local pandemic response, and we were able to strengthen existing relationships and make new connections to support patients and families under very difficult circumstances.

EAST CHESHIRE HOSPICE
REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)
For the year ended 31 March 2021

In terms of progress against the 18-month Covid19 Recovery and Delivery Plan, whilst several projects remain outstanding for the year ahead, significant progress has been made in the following areas:

- **Hospice @Home Expansion:** Despite Covid, we were able to launch and expand a new Hospice @Home Daytime Service this year to provide planned and highly personalised care for palliative patients in their own homes. The extra capacity which the launch of this service added to our local health and social care economy and the high quality of the care provided was only made possible by donations from our community, principally from a significant and on-going annual gift from Dr Michael Oliver & Mrs Jennifer Oliver. This meant that patients at home could access our care around the clock, which proved invaluable in a time when all health and social care services were operating well beyond their capacities.

Since the formal launch in April, the Hospice @Home service has:

- supported 361 patients at home,
- made 2,379 home visits,
- helped 64% of patients to achieve their preferred place of death,
- attended at end of life on 39 occasions,
- avoided c. 13 hospital admissions

Most referrals into this service came through the Continuing Healthcare process and was our first venture into contracting with the NHS, providing a new income stream to help cover a proportion of the operating costs of the service. The systems and procedures established under this process are working well.

- **Phase one of the building refurbishment programme:** Phase one is to erect a new Hospice wing as a self-contained extension of the existing site. It will accommodate our East Cheshire Hospice @Home service and become the hub from which all palliative and end of life care in northeast Cheshire will be co-ordinated.

This is the first stage of a multi-million-pound refurbishment programme, and was made possible by a generous donation totalling £1.3m from local firm Proseal together with the Porto and Hargreaves charitable trusts.

Following a competitive tender process conducted in the first half of the year, builders PE Jones Contracts Ltd was selected and arrived on site in November 2020 to begin work. Construction began in the midst of the second wave of Covid19, however the site was managed and operated under strict Covid secure guidelines and building work was able to progress to programme. It is expected to be completed by August 2021.

- **Palliative Care 24hr Helpline:** Working with St Luke's (Cheshire) Hospice, Hospice of the Good Shepherd and End of Life Partnership, this project's aim is to give consistent access to telephone support to end of life patients, their families and healthcare professionals involved in their care across East, Mid and West Cheshire. The project is part of the grant service level agreement which we currently have with Cheshire CCG. In year, we completed phase one to standardise data collection and call handling across all Cheshire Hospices, and focused on the next stage to collect and analyse call comparison data to identify potential improvements.
- **Childhood and Adult Bereavement:** This year, we planned to develop and expand our existing service offering to help more people, using a mix of digital communication platforms and in-person sessions, in order to increase capacity, accessibility and choice.

EAST CHESHIRE HOSPICE
REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)
For the year ended 31 March 2021

Government mandated retail closures and the need to operate premises in a Covid secure way outside of lockdowns meant that our smallest shop on Chestergate, Macclesfield was not viable. We decided to convert its use into a wellbeing centre that could accommodate the planned expansion of Adult, Children and Young People's bereavement services. Renovation work took longer than anticipated due to the age and condition of the building, but we worked hard to ensure the new Chestergate Wellbeing Centre would be operational by mid-2021.

- **Regular and Legacy Giving:** The appointment in 2020 of a dedicated Individual Giving Fundraiser has proven to be hugely successful. The contribution that this role has made to the overall fundraising effort cannot be under-estimated, and a more intelligent approach to donor journeys has been developed which will enhance all aspects for future income growth. In year we carried out developmental work and training to lay strong foundations that will enable us to further strengthen our vital legacy income stream.
- **Eco-Friendly Retailing:** The launch of our new ECHO concept store in Poynton not only supports communities to recycle and reuse unwanted items, but it is also part of our donor engagement strategy which has proved to be highly successful. Despite the enforced retail closures, the community of Poynton has taken the eco-shop to its heart and support for the Hospice in that area has never been higher.

FINANCIAL REVIEW

The Statement of Financial Activities is set out on page 21, and a summary of the financial results is given below. The group achieved a surplus on net operating activity of £809,073 (2019/20: surplus £1,570,887). The overall result, after allowing for stock market gains and losses on the market value of our investment fund, is a gain of £1,580,883 (2019/20: surplus £1,311,404).

This is a reassuring result in what has been the Hospice's most challenging year, and very different from where we expected to be when the pandemic first hit. We are hugely grateful for the continued and generous support of our local community, along with the significant funding we received over the last year from NHS England and our local commissioner, Cheshire CCG. This helped us not just to maintain, but also to expand our services during the most difficult of times for our patients and their families.

Given the continuing and heightened financial uncertainties in the short and medium terms, the Board felt that a strong closing balance sheet was important to maintaining existing services and developing new support mechanisms for patients in future years.

Income Generation Activity

Despite an incredibly challenging year, the Hospice's income generation activity has surpassed all expectations and we ended the year ahead of budget. The adverse financial impact of the national and local lockdowns have been mitigated by our community's substantial response to the *Now More Than Ever* fundraising campaign and government assistance. However, the impact on longer term fundraising activity is likely to be significant as we continue to experience the effects of the clinical and economic impact of the pandemic.

The income generation team was restructured during the year in order to reduce costs and maximise the potential of changing income streams. Whilst the changes were difficult, the new team structure is

EAST CHESHIRE HOSPICE
REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)
For the year ended 31 March 2021

working well and we are taking full advantage of the new opportunities presented to us. Key activities within the three key income streams were as follows.

Commercial

Our charity shops had a particularly trying time, with some staff being on furlough for almost half the year. Our Chestergate shop was deemed too small to operate effectively with any form of social distancing, and so has closed permanently and is to be reused as a wellbeing centre. We also reviewed the staffing of our furniture collection and delivery service to reduce costs, and this is now an ad-hoc volunteer service.

New retail premises were found in Poynton, in line with our strategy to expand our retail offering to other areas of our catchment. This shop is branded as 'ECHO' and is designed to appeal to the eco-friendly modern consumer, as opposed to being a typical charity shop. We were able to refurbish and rebrand the space with the help of our corporate supporters and a team of trade professionals who volunteered their time and expertise. The opening of the new shop was delayed until September 2020 due to the lockdown restrictions, but it has been a huge success since launch consistently meeting target income when open and generating significant local interest and engagement.

Despite restrictions, our retail team have remained committed to generating income wherever possible and have made the most of online selling options such as Facebook and eBay.

Relationships

Covid restrictions led to the cancellation of a vast range of community fundraising activities this year, significantly impacting on our community income stream. However, our dedicated supporters found other ways to support us, launching virtual quizzes and taking part in their own challenge activities.

Our annual Christmas Tree Collection was delayed at the last minute due to Covid restrictions, but we were inundated with support following this decision. Indeed, the additional donations received surpassed the small number of refunds which were requested, making this collection our most successful ever, raising £150k. Trees were finally collected from just over 1,000 customers in April.

We are hugely grateful for the hard work and dedication of Richard Raymond and Peter Chapman and their families and friends without whose leadership and support the ECH Christmas Tree Collection would not happen. Richard and Peter have also devoted significant amounts of their time to share their valuable experience with over 50 other hospices to ensure the scheme can be operated in the most efficient way in other areas. This has made a momentous contribution to the end of life experience of thousands of patients and families across the UK.

Our corporate support was particularly strong this year, with AstraZeneca selecting us as their Charity of the Year, and Leek Building Society and PourMoi Clothing both running major fundraising campaigns for us during the Covid outbreak.

Our major donor activity continues to be highly successful thanks to our Angels and Ambassador programme. This year the group focused on seed funding the East Cheshire Hospice Co-ordinated Care Service, reaching 65% of the £775,000 five-year funding target by February 2021, two months ahead of schedule. With the usual programme of events cancelled due to Covid restrictions, the Group launched a series of virtual 'Meeting of Minds' networking events, led by our Patron Nick Robinson and including a range of famous figures, such as Robert Peston and Sir John Timpson. The online events proved extremely popular and not only did they attract new donors, but were instrumental in retaining 100% of our pledged income and several people have signed up for new five-year pledges, despite a

EAST CHESHIRE HOSPICE
REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)
For the year ended 31 March 2021

challenging economic climate.

Engagement

Digital engagement has proven even more fundamental to our success during lockdown. We have continued to evolve our website and virtual fundraising activities to reflect the preferences and needs of our supporters. We are planning to invest further in our digital communications in the coming year, so that we can communicate more effectively with our supporter base.

Event engagement declined this year, even prior to lockdown with many events cancelled indefinitely. We are reviewing our events activities moving forwards to ensure that they are cost effective as well as adhering to Covid19 safety guidance. Our first major in person event is scheduled take place in August 2021, some 22 months after our last.

Fundraising complaints

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

Funding from statutory bodies

During the year Hospice UK worked on behalf of all adult hospices in England to secure NHS England (NHSE) funding. This funding was intended to allow hospices to make available bed capacity and community support from April 2020 to July 2020, and subsequently from November 2020 to March 2021. This was to ensure that support could continue to be provided to people with complex needs during the COVID19 pandemic. We are hugely grateful to both Hospice UK and NHSE for the £864,000 received through this grant, which helped us not only to stay open but also to increase our inpatient and community services.

Our main commissioner, Eastern Cheshire CCG, merged with 3 other local CCGs on 1 April 2020 to form the Cheshire CCG. We were delighted to see a 2.5% increase in our core grant for 2020/21 after more than 10 years of static funding. We also worked with Cheshire CCG to expand our services in year, with a one-year, non-recurrent grant to support Covid19 bereaved families, and another to provide carer's breaks for end-of-life patients. We also contracted with Cheshire CCG to provide domiciliary end of life care under the Continuing Health Care framework, enabling us to further expand our Hospice @Home service to provide care 24/7 in more patients own homes, a service that has been particularly well received during the pandemic.

We continue to work closely with our CCGs in Cheshire and Derbyshire. Both CCGs are now required to undergo further restructuring into Integrated Care Systems (ICS) by April 2022 and it is not yet clear how this will impact our relationships or funding.

Finally, we also benefited in year from government Covid assistance through the Job Retention Scheme (£49,000) primarily for our furloughed retail staff, and from Cheshire East Council Retail Assistance Grants (£53,000) whilst our retail premises were required to remain shut.

Investment Objectives and Returns

The Trustees have the power to invest in such assets as they see fit. The Hospice maintains a mixture

EAST CHESHIRE HOSPICE
REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)
For the year ended 31 March 2021

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 Asset Risk Consultants (ARC) benchmark, comprising 50% of the Balanced Index and 50% of the Steady Growth Index. Despite extremely turbulent markets in the final quarter, the total return on the portfolio for the year to 31 March 2021 was ahead of the benchmark by 1.3%, ending the year at +28.3%. This equates to an unrealised gain of £771,810, which more than recovered the 2019/20 fall in investment value, and has added to reserves in year.

Expenditure

Total costs have increased by £434,450 over last year, an increase of 9%, primarily driven by the expansion of our Hospice @Home service and a change in depreciation methodology. We were able to realise some temporary in-year savings as a result of fundraising events being cancelled.

Our Hospice @Home daytime service launched in April, providing care between 7.30am and 9.30pm seven days a week, making the @Home service now 24/7. Staffing costs increased by £129,000 for the additional staffing, and are expected to increase further as the service expands to meet demand. The cost of other operational services remained broadly in line with the prior year before depreciation charges.

Work on the Proseal Wing, which was fully funded by Proseal UK, The Hargreaves Charitable Trust and the Porto Charitable Trust, started in November 2020, with an expected completion date of August 2021. All costs related to the build have been capitalised in year. In considering the need for the new annex and the use of our existing buildings and assets, we identified that the method of depreciation no longer reflected their useful life or value. Accordingly, we changed the method of depreciation in year, and this has resulted in an additional one-off depreciation charge of £362,000.

We remain grateful to NHSE that, for the third year in a row, they have picked up the increase in the NHS Pensions employers costs following the 2016 actuarial valuation (effective April 2019). This increase in employers' contributions from 14.3% to 20.6% and would otherwise be an additional cost of c.£65,000 to the Hospice. It is not yet clear if or when the Hospice will be expected to take on this cost directly.

We are mindful as always of the need to use our donated income and resources in the most efficient way, and to provide the maximum benefit for our patients and their families. This led to a restructuring of a number of services in year, primarily in our income generation teams but also within our day hospice and bereavement services. We continue to review all our activity to ensure we meet the changing needs of the community we serve.

Risk Management

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

EAST CHESHIRE HOSPICE
REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)
For the year ended 31 March 2021

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

The key risk identified by the Trustees is the long-term financial sustainability, given the reliance on voluntary income, which is needed to support 81% of the Hospice's annual costs. The pandemic increased demand for our services and therefore costs escalated, and we experienced the largest economic downturn since the Great Depression which increased the risk of long-term sustainability. The Trustees share a concern about this risk with trustees in every other majority voluntary funded local hospice across the country and, through the collective voice of Hospice UK, are working with government to put end of life care services on a more assured footing. The Trustees are also continuing to follow a strategy of investing in income generation and service delivery in tandem, in order to stay relevant to the needs of the community and increase both the number and value of the engagement with our donor base.

Reserves

At 31 March 2021, the Hospice held total reserves of £12,355,131, an increase of £1,580,883 over the previous year. Of the total reserves, £4,995,992 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.

Remaining restricted funds relate primarily to the afore-mentioned build project and the Hospice @Home service – this is being pump-primed by our Hospice Angels campaign which started in 2016, 12 months before the service became operational. Angels have pledged to provide support for 5 years whilst a sustainable income stream is built up. The service is also match-funded by the Hospice via a designated Hospice @Home fund, which has been increased in year to support continued service expansion.

During the year, the Trustees reviewed the reserves policy and set a range within which it was deemed prudent to hold free reserves. This is based on a minimum level required to support the Hospice through two fallow income generation years and sufficient funds to wind up the Hospice in the event of a forced closure, and a maximum level of 12 months' operating costs. Reserves in excess of the minimum are held to support service development and to meet exceptional circumstances.

The Hospice's 'free reserves' are those unrestricted funds that are freely available to spend on any of the charity's purposes, and excludes all fixed assets, restricted and designated funds. Free reserves at 31 March 2021 are £6,361,228 compared to £4,610,816 last year. This is equivalent to 14.1 months running costs (2020: 11.1 months) and has been driven by additional Covid-19 relief funding and an exceptional year for investment gains. Although this is in excess of the preferred maximum level of reserves, the Trustees are satisfied that this level is reasonable given the huge uncertainty over funding streams created by the pandemic, the expected ongoing impact this may have over a number of years,

and the ongoing expansion of our @Home services.

PLANS FOR FUTURE PERIODS

Our 18-month Covid19 Recovery and Delivery Plan was released in September 2020 and outlines our priorities until March 2022.

Our strategy has been influenced by our patient and family feedback, research into local health and social care needs and trend analysis of ‘consumer behaviour’ in the health arena. It is designed to fit with the six ambitions in the National Framework for Palliative Care and informed locally by the Joint Strategic Needs Assessment for Cheshire East, and regionally by the Palliative and End of Life Strategic Collaborative Cheshire. We have also engaged with our patients and families, supporters, colleagues, partners and collaborators as well as people in the wider community who have the potential to become stakeholders in the future.

Whilst we will not deviate from our ten-year vision to be at the centre of a whole-system solution delivering or facilitating high quality, seamless, co-ordinated end of life care to people affected by life limiting illness, the way we plan to achieve it has been radically impacted by the Covid pandemic.

Strategic Priority 2020-2022

To provide and expand the availability of high quality, compassionate and co-ordinated palliative and end of life care that gives patients and families real choice and control and meets the future needs of the communities we serve.

Key Projects

The following key projects have been identified as priorities to be delivered by March 2022:

- **Hospice @Home Expansion**
We will further expand our Hospice @Home Daytime Service provide planned and highly personalised care for patients in the last 12 weeks of life. We will help patients who are at home in the last six months of life and those who care for them with regular respite breaks.
- **Palliative Care Respite Beds**
We will care for patients with short term (1-2 weeks) inpatient stays and give their families, carers and loved ones much needed respite breaks from their caring responsibilities.
- **Cheshire-wide Palliative Care in Partnership Project** – East Cheshire Co-ordinated Care Service
We have been working and will continue to work with partners in the public, private and third sectors to deliver excellence in end of life care across Cheshire. Co-ordinated care is key to ensuring all resources in our area are deployed efficiently and effectively to deliver high quality, easily accessible at home care services. East Cheshire Hospice will operate the Co-ordinated Care Hub.
- **Palliative Care 24hr Helpline**
We will work with St Luke’s (Cheshire) Hospice, Hospice of the Good Shepherd and End of Life Partnership to give consistent, countywide access to telephone support to end of life patients, their families and healthcare professionals involved in their care.

EAST CHESHIRE HOSPICE
REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)
For the year ended 31 March 2021

- **Childhood and Adult Bereavement**

We will develop and expand our existing service offering to help more people by using a mix of digital communication platforms and in-person sessions which will increase accessibility and choice.

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

Working in partnership with St Luke's (Cheshire) Hospice and Hospice of the Good Shepherd, we will provide specialist support to those who need end of life care but have no fixed abode.

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

We will complete the building of an annex to the rear of the Hospice site to accommodate East Cheshire Hospice @Home expanded clinical team and future care co-ordination centre together with administration facilities.

- **IT and Digital Futures Strategy**

We will create a digital strategy to enable ECH to transform into a tech-enhanced organisation using new technologies to better meet the needs and expectations of patients now and in the future.

- **End of Life Care Practice Facilitator**

We will part-fund an End of Life Practice Facilitator role to enhance the palliative care skills and confidence of hospital staff and support a pilot of a community-based scheme in Bollington, Disley and Poynton Care Community.

- **Quality Improvements Framework**

We will work with individual GP Practices and Primary Care Networks to provide practical help and specialist advice to assist in the care of end-of-life patients in the community.

- **Integrate and digitise our financial processes**

Continue to develop and integrate a new accounting systems and processes that are fit for purpose now and in the future.

- **Regular and Legacy Giving**

We will develop and expand our individual and retail regular giving offer, and also our legacy income streams by initiating and growing long-term meaningful relationships with new and existing supporters.

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 Nominations and Remuneration Committee is responsible for monitoring and evaluating the trustee recruitment, selection and appraisal process. The governing document requires between 5 and 14 trustees. Board vacancies are identified through regular skills audits and vacancies are filled through a formal recruitment process. The Hospice serves the needs of the broad community so the Board endeavours to reflect this in the make-up of its membership, whilst meeting the need to have an

EAST CHESHIRE HOSPICE
REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)
For the year ended 31 March 2021

appropriate mix of professional skills necessary for the day-to-day and longer term running of the Charity. Once appointed to the Board, new trustees undertake an induction programme, supported by an existing member of the Board, and are supplied with a comprehensive information pack detailing the responsibilities of their trusteeship. Trustees are elected to serve for a term of three years, but can seek re-election for two further periods, with a total permitted maximum of nine consecutive years.

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

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

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

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

The Hospice is a member of The End of Life Partnership, a local charity consisting of 28 partner organisations involved in end of life care issues across Cheshire. It also promotes the delivery of high-quality palliative care education in order to ensure all communities are prepared for end of life care. The Hospice does not have any control over this charity, however, along with other hospices within Cheshire, it does provide an annual grant towards its core costs. The Hospice is also a shareholder in the Hospice Quality Partnership, a commercial company set up by hospices nationally to provide more efficient and better-quality procurement in the sector through collective bulk purchasing power.

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

RESPONSIBILITIES OF THE BOARD OF TRUSTEES

The Trustees (who are directors of East Cheshire Hospice for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted

EAST CHESHIRE HOSPICE
REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)
For the year ended 31 March 2021

Accounting Practice).

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

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

The Board is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Board is also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware

- there is no relevant audit information of which the company's auditors are unaware; and
- we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

AUDITORS

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

Approved by the Board on 16 September 2021 and signed on its behalf by:

Mr S W Spinks

EAST CHESHIRE HOSPICE
INDEPENDENT AUDITORS REPORT TO THE MEMBERS AND TRUSTEES OF EAST CHESHIRE HOSPICE
For the year ended 31 March 2021

Opinion

We have audited the financial statements of East Cheshire Hospice (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2021 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheet and the consolidated statement of cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2021, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent

EAST CHESHIRE HOSPICE
INDEPENDENT AUDITORS REPORT TO THE MEMBERS AND TRUSTEES OF EAST CHESHIRE HOSPICE
For the year ended 31 March 2021

with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

EAST CHESHIRE HOSPICE
INDEPENDENT AUDITORS REPORT TO THE MEMBERS AND TRUSTEES OF EAST CHESHIRE HOSPICE
For the year ended 31 March 2021

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, are detailed below:

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

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

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

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

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

- Performed analytical procedures to identify any unusual or expected relationships;
- Investigate the rationale behind significant or unusual transactions.

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

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

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from errors as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Independent Auditor's Report.

EAST CHESHIRE HOSPICE
INDEPENDENT AUDITORS REPORT TO THE MEMBERS AND TRUSTEES OF EAST CHESHIRE HOSPICE
For the year ended 31 March 2021

Use of our report

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

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

Dated: 16 September 2021

EAST CHESHIRE HOSPICE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating and Income & Expenditure account)
As at 31 March 2021

	Notes	2021			2020		
		Unrestricted Funds £	Restricted Funds £	Total £	Unrestricted Funds £	Restricted Funds £	Total £
Income from:							
Donations and legacies	2	3,841,723	1,503,309	5,345,032	3,395,615	1,972,145	5,367,760
Charitable activities	3	87,226	-	87,226	24,925	-	24,925
Other trading activities	4	666,530	1,541	668,071	1,011,693	21,983	1,033,676
Investments	5	106,048	-	106,048	107,380	-	107,380
Total		4,701,527	1,504,850	6,206,377	4,539,613	1,994,128	6,533,741
Expenditure on:							
Raising funds	7	934,133	2,272	936,405	1,055,539	70	1,055,609
Charitable activity	8						
Inpatient services		2,604,379	17,206	2,621,585	2,275,039	63,251	2,338,290
Day-care and outpatients		663,049	6,436	669,485	518,753	45,591	564,344
Hospice @Home		214,850	477,559	692,409	166,321	349,789	516,110
Family support services		363,834	43,478	407,312	291,548	33,958	325,506
Outreach and education		69,974	134	70,108	95,074	3,617	98,691
Other		-	-	-	64,304	-	64,304
Total		4,850,219	547,085	5,397,304	4,466,578	496,276	4,962,854
Net gains/(losses) on investments	12	771,810	-	771,810	(259,483)	-	(259,483)
Net income/(expenditure)		623,118	957,765	1,580,883	(186,448)	1,497,852	1,311,404
Transfers between funds	22	1,246,924	(1,246,924)	-	13,875	(13,875)	-
Net income/(expenditure) for the year		1,870,042	(289,159)	1,580,883	(172,573)	1,483,977	1,311,404
Total funds brought forward		5,489,097	5,285,151	10,774,248	5,661,670	3,801,174	9,462,844
Total funds carried forward	22	7,359,139	4,995,992	12,355,131	5,489,097	5,285,151	10,774,248

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

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

EAST CHESHIRE HOSPICE

BALANCE SHEET
For the year ended 31 March 2021

	Notes	Group		Charity	
		2021 £	2020 £	2021 £	2020 £
Fixed Assets					
Tangible assets	11	3,721,363	3,747,964	3,721,363	3,747,964
Investments	12	3,746,614	2,964,399	3,746,616	2,964,401
		7,467,977	6,712,363	7,467,979	6,712,365
Current Assets					
Stock	14	441	767	-	-
Debtors	15	951,200	898,039	951,200	898,039
Cash at bank and in hand		4,443,533	3,551,812	4,443,531	3,551,810
		5,395,174	4,450,618	5,394,731	4,449,849
Creditors: amounts falling due within one year	16	508,020	388,733	508,397	388,784
Net Current Assets		4,887,154	4,061,885	4,886,334	4,061,065
Total Assets Less Current Liabilities		12,355,131	10,774,248	12,354,313	10,773,430
Creditors: amounts falling due after more than one year		-	-	-	-
Net Assets		12,355,131	10,774,248	12,354,313	10,773,430
Restricted funds		4,995,992	5,285,151	4,995,992	5,285,151
Unrestricted - general funds		5,546,791	4,707,827	5,545,973	4,707,007
- designated funds		808,387	573,896	808,387	573,896
- revaluation reserve		1,003,961	207,374	1,003,961	207,374
Total Funds	22	12,355,131	10,774,248	12,354,313	10,773,430

These financial statements of East Cheshire Hospice (charity number 515104; company number 01807691) were approved by the Board of Trustees on 16 September 2021 and signed on its behalf by:

Mr S W Spinks

Mr A C Kennedy

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

EAST CHESHIRE HOSPICE

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2021

	2021	2020
	£	£
Cash flows from operating activities:		
Net cash provided by / (used in) operating activities	<u>1,287,549</u>	<u>821,308</u>
Cash flow from investing activities:		
Dividends and interest from investments	106,048	107,380
Proceeds from the sale of equipment	11,800	-
Purchase of property, plant and equipment	(501,090)	(56,027)
Proceeds from the sale of investments	216,897	319,376
Purchase of investments	(229,483)	(557,566)
Net cash provided by / (used in) investing activities	<u>(395,828)</u>	<u>(186,837)</u>
Change in cash and cash equivalents in the year	891,721	634,471
Cash and cash equivalents b/f	<u>3,551,812</u>	<u>2,917,341</u>
Cash and cash equivalents c/f	<u>4,443,533</u>	<u>3,551,812</u>

Notes to the consolidated cash flow statement

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

	2021	2020
	£	£
Net income / (expenditure) for the reporting period	1,580,883	1,311,404
Depreciation charge	520,034	157,416
(Gains) / losses on investments	(771,810)	259,483
Investment income	(106,048)	(107,380)
Loss / (profit) on sale of fixed assets	(4,143)	395
Decrease/(increase) in stock	326	51
(Increase)/decrease in debtors	(53,160)	(734,276)
(Decrease)/increase in creditors	119,285	(73,804)
Investment commissions	2,182	8,019
Net cash provided by / (used in) operating activities	<u>1,287,549</u>	<u>821,308</u>

Analysis of cash and cash equivalents:

	2021	2020
	£	£
Cash in hand	1,193,533	651,812
Notice deposits	3,250,000	2,900,000
Total cash and cash equivalents	<u>4,443,533</u>	<u>3,551,812</u>

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS For the year ended 31 March 2021

1. Summary of Significant Accounting Policies

General Information and Basis of Preparation

The financial statements of the charitable company, which is a public benefit entity under FRS102, have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP FRS102 – effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments, which are included at market value as modified by the revaluation of certain assets.

Basis of consolidation

These accounts consolidate the results of the charity and its wholly owned trading subsidiary, ECH Trading Limited, on a line by line basis. A separate Statement of Financial Activities has not been presented for the charity as allowed by Section 408 of the Companies Act 2006. The net gain of the Hospice for the year is £1,580,883 (2020: net gain £1,311,404).

Fund Accounting

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

Incoming Resources and Debtors

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

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

Debtors are recognised at settlement value.

Resources Expended and Creditors

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

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

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

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

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS For the year ended 31 March 2021

1. Summary of Significant Accounting Policies (continued)

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

Support costs

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

Tangible Fixed Assets and Depreciation

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

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

As a result of the Hub build project, the depreciation policy was reviewed in the year. This resulted in a change of depreciation methodology from reducing balance to straight line, and a change in estimated useful lives, which is considered to reflect a more accurate value of the assets. The land at Millbank Drive is included at market value at the time of donation from the Health Authority.

Investments and cash

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

Stock

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

Leases

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

Pensions

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

Taxation

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

Going Concern

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

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS
For the year ended 31 March 2021

2. Donations and legacies:

	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Unrestricted Funds £	Restricted Funds £	Total 2020 £
Donations	1,405,555	573,118	1,978,673	840,160	622,932	1,463,092
Donations – capital	-	-	-	-	1,300,000	1,300,000
Legacies	1,023,770	600	1,024,370	1,300,956	-	1,300,956
Community activity	388,530	200	388,730	412,715	43,288	456,003
Grants	1,023,868	929,391	1,953,259	841,784	5,925	847,709
	3,841,723	1,503,309	5,345,032	3,395,615	1,972,145	5,367,760

The capital donation fully funds the build of a new wing to house our Co-ordinated Care Service – see note 22.

Grants receivable were:	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Unrestricted Funds £	Restricted Funds £	Total 2020 £
NHS Cheshire CCG – care	443,894	-	443,894	433,067	-	433,067
NHS Cheshire CCG – drugs	110,700	-	110,700	108,000	-	108,000
NHS Cheshire CCG – other	168,247	-	168,247	123,265	-	123,265
NHS Derbyshire CCG – care	40,476	-	40,476	40,481	-	40,481
Cheshire East Council – retail grant	53,170	-	53,170	85,000	-	85,000
Job Retention Scheme	49,399	-	49,399	-	-	-
NHSE Covid-19 capacity grant	-	864,079	864,079	-	-	-
Other grants and trusts	157,982	65,312	223,294	51,971	5,925	57,896
	1,023,868	929,391	1,953,259	841,784	5,925	847,709

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

The NHSE awarded funding to allow the Hospice to make available bed capacity and community support from April 2020 to July 2020, and subsequently from November 2020 to March 2021, to provide support to people with complex needs in the context of the COVID-19 situation.

3. Charitable activities:

	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Unrestricted Funds £	Restricted Funds £	Total 2020 £
Local government and NHS service contracts	86,241	-	86,241	1,323	-	1,323
Other ancillary income	985	-	985	23,602	-	23,602
	87,226	-	87,226	24,925	-	24,925

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS
For the year ended 31 March 2021

4. Other trading activities:

	Unrestricted Funds	Restricted Funds	Total 2021	Unrestricted Funds	Restricted Funds	Total 2020
	£	£	£	£	£	£
Events and sponsorship	168,114	1,541	169,655	336,485	21,983	358,468
Lottery income	324,471	-	324,471	343,028	-	343,028
Shops	173,945	-	173,945	332,180	-	332,180
	666,530	1,541	668,071	1,011,693	21,983	1,033,676

5. Investment income:

	Unrestricted Funds	Restricted Funds	Total 2021	Unrestricted Funds	Restricted Funds	Total 2020
	£	£	£	£	£	£
Dividends received	87,167	-	87,167	89,161	-	89,161
Interest received	18,881	-	18,881	18,219	-	18,219
	106,048	-	106,048	107,380	-	107,380

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

	2021	2020
	£	£
This is stated after charging:		
Depreciation (owned assets)	520,034	157,416
Auditor's remuneration (excluding VAT)	8,000	7,800
Non audit fees (excluding VAT)	4,825	4,490

7. Raising funds:

	Unrestricted Funds	Restricted Funds	Total 2021	Unrestricted Funds	Restricted Funds	Total 2020
	£	£	£	£	£	£
Donations and legacies:						
Staff costs	274,517	-	274,517	255,315	-	255,315
Events and fundraising costs	98,889	-	98,889	189,497	-	189,497
	373,406	-	373,406	444,812	-	444,812
Other trading activity:						
Staff costs	271,763	-	271,763	248,799	-	248,799
Events and fundraising costs	19,724	-	19,724	102,145	-	102,145
Lottery management costs	10,225	-	10,225	29,133	-	29,133
Lottery prizes	78,022	-	78,022	78,070	-	78,070
Shop running costs	143,553	1,870	145,423	117,166	-	117,166
	523,287	1,870	525,157	575,313	-	575,313
Investment costs:						
Investment managers fee	19,955	-	19,955	20,161	-	20,161
Support costs	17,485	402	17,887	15,253	70	15,323
	934,133	2,272	936,405	1,055,539	70	1,055,609

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS
For the year ended 31 March 2021

8. Charitable activities:

	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Unrestricted Funds £	Restricted Funds £	Total 2020 £
Inpatient services:						
Staff and related costs	1,719,401	160	1,719,561	1,686,017	40	1,686,057
Patient consumables – direct	132,209	30	132,239	111,584	-	111,584
Catering and housekeeping	42,108	-	42,108	45,978	287	46,265
Property occupation and repairs	109,862	9,643	119,505	111,645	6,762	118,407
Depreciation	280,248	-	280,248	35,089	54,864	89,953
Support costs	320,551	7,373	327,924	284,726	1,298	286,024
	2,604,379	17,206	2,621,585	2,275,039	63,251	2,338,290
Day care and outpatients:						
Staff and related costs	346,297	816	347,113	320,161	18,658	338,819
Patient consumables – direct	1,929	279	2,208	9,347	560	9,907
Catering and housekeeping	12,692	-	12,692	12,967	68	13,035
Property occupation and repairs	42,542	2,258	44,800	43,947	1,709	45,656
Depreciation	125,540	-	125,540	15,390	24,063	39,453
Support costs	134,049	3,083	137,132	116,941	533	117,474
	663,049	6,436	669,485	518,753	45,591	564,344
Hospice @Home:						
Staff and related costs	142,512	460,585	603,097	136,058	337,555	473,613
Patient consumables – direct	-	16,304	16,304	-	8,018	8,018
Catering and housekeeping	1,415	-	1,415	707	-	707
Property occupation and repairs	10,575	-	10,575	6,756	273	7,029
Depreciation	31,206	-	31,206	2,462	3,850	6,312
Support costs	29,142	670	29,812	20,338	93	20,431
	214,850	477,559	692,409	166,321	349,789	516,110
Family support:						
Staff and related costs	178,589	41,735	220,324	188,731	18,600	207,331
Patient consumables – direct	267	-	267	1,983	624	2,607
Catering and housekeeping	3,576	-	3,576	2,474	-	2,474
Property occupation and repairs	26,737	-	26,737	23,645	957	24,602
Depreciation	78,899	-	78,899	8,618	13,476	22,094
Support costs	75,766	1,743	77,509	66,097	301	66,398
	363,834	43,478	407,312	291,548	33,958	325,506
Outreach and education:						
Staff and related costs	18,224	-	18,224	17,707	-	17,707
Patient care – grant	45,922	-	45,922	72,283	3,594	75,877
Support costs	5,828	134	5,962	5,084	23	5,107
	69,974	134	70,108	95,074	3,617	98,691

Other costs of £nil (2020: £64,304), as shown on the face of the statement of financial activities, includes costs of developing the new build project.

EAST CHESHIRE HOSPICE
NOTES TO THE ACCOUNTS
For the year ended 31 March 2021

9. Allocation of support costs:

	Raising funds	Inpatient services	Day care & outpatients	Hospice @Home	Family Support	Outreach/ education	Total 2021	Total 2020
	£	£	£	£	£	£	£	£
Governance costs	946	17,335	7,249	1,576	4,097	315	31,518	21,840
Office support	953	17,473	7,307	1,589	4,130	318	31,770	28,918
Accounting and payroll	3,022	55,396	23,166	5,036	13,094	1,007	100,721	91,262
Information technology	4,189	76,802	32,117	6,982	18,153	1,396	139,639	96,909
Workforce & volunteers	5,941	108,926	45,551	9,903	25,746	1,980	198,047	174,645
Marketing	2,459	45,083	18,853	4,098	10,656	820	81,969	72,412
Irrecoverable VAT	377	6,909	2,889	628	1,633	126	12,562	24,771
	17,887	327,924	137,132	29,812	77,509	5,962	596,226	510,757

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

10. Staff costs and numbers

Staff payroll costs (excluding agency) were:

	2021	2020
	£	£
Salaries	3,129,259	2,950,953
Social security costs	268,484	245,887
Employers pension – defined contribution	129,386	117,864
Employers pension – defined benefit	149,238	141,459
	3,676,367	3,456,163

Staff costs includes £25,333 (2020: £nil) for redundancy and termination payments to 5 individuals as a result of service re-organisation.

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

	2021	2020
	No.	No.
Full time equivalent:		
Clinical and patient support staff	66	62
Support – HR & Volunteer, Finance, Marketing, office and ICT	17	18
Income generation staff – retail, lottery and Fundraising	18	17
	101	97
Headcount – all areas:	143	150

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

	2021	2020
	No.	No.
£70,001 - £80,000	2	2

Pension contributions of £10,849 (2020: £10,414) were made to a defined contribution scheme in respect of these employees.

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS
For the year ended 31 March 2021

The total amount of salary and benefits paid to key management personnel, as identified on page 2 (Legal and administrative details – Management Team) was £380,596 (2020: £368,445). 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 (2020: £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 £25,820 (2020: £12,425).

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

11. Tangible fixed assets (group and charity):

	Freehold land & Buildings	Plant & Equipment	Computers	Total
Cost	£	£	£	£
At 1 April 2020	5,044,825	662,100	173,055	5,879,980
Additions	470,845	30,245	-	501,090
Disposals	-	(18,695)	-	(18,695)
At 31 March 2021	5,515,670	673,650	173,055	6,362,375
Depreciation				
At 1 April 2020	1,565,245	437,753	129,018	2,132,016
Charge for the year	382,562	106,669	30,803	520,034
Disposals	-	(11,038)	-	(11,038)
At 31 March 2021	1,947,807	533,384	159,821	2,641,012
Net book values				
At 31 March 2021	3,567,863	140,266	13,234	3,721,363
At 31 March 2020	3,479,580	224,347	44,037	3,747,964

Land and buildings includes £300,000 of non-depreciable land. Additions of £470,845 in year relates to the new Proseal Wing to accommodate the Co-ordinated Care Service, which at the year end, is an asset under construction.

The depreciation methodology was updated during the year, resulting in a change from reducing balance to straight line basis.

EAST CHESHIRE HOSPICE
NOTES TO THE ACCOUNTS
For the year ended 31 March 2021

12. Investments:

Managed Portfolio	2021	2020
	£	£
Market value b/f	2,964,389	2,993,701
Additions	210,766	602,001
Disposals	(216,897)	(319,376)
Net investment gains/(losses)	771,810	(259,483)
Charges paid in the year	(2,182)	(8,019)
Movement in cash deposits	18,718	(44,435)
Market value c/f	3,746,604	2,964,389
Historical cost c/f	2,742,643	2,757,015
The portfolio consisted of:		
UK Equity Shares	904,579	768,282
International equity shares	1,697,449	1,159,494
UK Fixed Interest	484,435	471,899
International fixed interest	82,320	77,040
Alternatives	539,993	468,559
Cash	37,828	19,115
	3,746,604	2,964,389
Unquoted - Hospices Quality Partnership	10	10
	3,746,614	2,964,399
ECH Trading Ltd - wholly owned subsidiary (see note 13)	2	2
	3,746,616	2,964,401

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.

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 2021 are:

	2021	2020
	£	£
Turnover	14,643	28,820
Cost of sales and administration	(12,042)	(19,048)
Operating profit	2,601	9,772
Amount gift aided to the charity	(2,601)	(9,772)
Retained in subsidiary	-	-
Balance Sheet	£	£
Current assets	820	820
Current liability - amount owed by / (to) parent	-	-
Total net assets	820	820

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS
For the year ended 31 March 2021

14. Stocks:

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Merchandise stock	<u>441</u>	<u>767</u>	<u>-</u>	<u>-</u>

The amount of stock recognised as an expense in other trading activity during the year for the Group is £4,969 (2020: £10,286) and Charity £nil (2020: £nil).

15. Debtors:

Amounts falling due within one year:	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	70,817	86,007	70,817	86,007
VAT recoverable	58,475	27,307	58,475	27,307
Amount due from subsidiary company	-	-	-	-
Gift aid recoverable	68,630	-	68,630	-
Prepayments and accrued income	753,278	784,725	753,278	784,725
	<u>951,200</u>	<u>898,039</u>	<u>951,200</u>	<u>898,039</u>

16. Creditors:

Amounts falling due within one year:	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Grants payable	15,000	60,000	15,000	60,000
Trade creditors	68,895	124,114	68,895	124,114
Amount due to subsidiary company	-	-	377	51
Taxation & social security	61,837	64,613	61,837	64,613
Accruals	235,541	68,374	235,541	68,374
Deferred income	126,747	71,632	126,747	71,632
	<u>508,020</u>	<u>388,733</u>	<u>508,397</u>	<u>388,784</u>
Analysis of deferred income:				
Deferred income b/f	71,632	96,426	71,632	96,426
Income deferred in the year	389,802	351,320	389,802	351,320
Income released in the year	(334,687)	(376,114)	(334,687)	(376,114)
Deferred income c/f	<u>126,747</u>	<u>71,632</u>	<u>126,747</u>	<u>71,632</u>

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

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS For the year ended 31 March 2021

17. Pensions:

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

- **Scottish Widows Group Personal Pension Plan** - a defined contribution scheme. The Hospice paid employers contributions of £123,085 (2020: £111,500), and the pension creditor at the yearend was £nil (2020: £15,840).
- **Now Pensions** - a defined contribution, auto-enrolment scheme for staff who do not wish to join the Scottish Widows or NHS schemes. The Hospice paid employers contributions of £6,302 during the year (2020: £6,363), and the pension creditor at the year end was £1,229 (2020: £1,405).

NHS Pension Scheme – an unfunded defined benefit scheme under the direction of the Secretary of State in England and Wales. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. It is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the Hospice is taken as the contributions payable to that scheme for the accounting period. The Hospice paid employers contributions of £149,238 (2020: £141,459) on behalf of employees who were existing members of the scheme before joining the Hospice and are therefore able to carry on their membership under the scheme rules. This is based on a rate of 14.3% of pensionable pay, based on HMT Valuation Directions. The pension creditor as at the year end was £21,197(2020: £20,178).

The schemes are subject to a full actuarial valuation every four years and an accounting valuation every year, carried out by the Government Actuary's Department. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021, is based on valuation data as 31 March 2020, updated to 31 March 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used. The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at March 2016. The results of this valuation set the employer contribution rate payable from April 2020 at 20.6%, and the Scheme Regulations were amended accordingly. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

While the Employer contribution rate has been set at 20.6%, Employers have only been required to make contributions at 14.3% for both 2019/20 and 2020/21. Had the full rate been in force, the Employer contributions in 2020/21 would have been £214,986 (2020: £203,434), an increase of £65,748 (2020: £61,975).

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS For the year ended 31 March 2021

18. Contingent liabilities and assets:

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. The Social Investment Business Group, who administer SEIF, varied the grant terms so that the Designated Hospice @Home Fund and the Revaluation reserve are also excluded from free reserves until the end of the grant term. This is the final year of the agreement and free reserves under this measure are equivalent to 11.9 months. The conditions have therefore been met in full and a contingent liability no longer exists in relation to this grant.

Contingent asset – as at 31 March 2021 the Hospice is aware of 8 ongoing legacy cases (4 residuary and 4 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.

19. Capital Commitments:

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

	2021 £	2020 £
Contracted	<u>635,097</u>	<u>-</u>

20. Operating lease commitments:

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

	Land & Buildings £	Equipment £	Total 2021 £	Total 2020 £
Within 1 year	-	-	-	-
Between 1 and 5 years	94,708	23,062	117,700	256,899
In more than 5 years	198,000	-	198,000	-
	<u>292,708</u>	<u>23,062</u>	<u>315,770</u>	256,899

Operating lease payments made during the year were £63,706 (2020: £59,755).

21. Share capital and company status:

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

EAST CHESHIRE HOSPICE

NOTES TO THE ACCOUNTS
For the year ended 31 March 2021

22. Funds:

	Balance b/f	Income	Costs	Transfers	Gains/ (losses)	Balance c/f
	£	£	£	£	£	£
Unrestricted Funds:						
General	4,707,828	4,701,527	(4,634,711)	796,924	(24,777)	5,546,791
Revaluation reserve	207,374	-	-	-	796,587	1,003,961
Designated Hospice @Home	573,895	-	(215,508)	450,000	-	808,387
	5,489,097	4,701,527	(4,850,219)	1,246,924	771,810	7,359,139
Restricted:						
Property Funds:						
Hospice Premises	3,443,580	-	-	88,283	-	3,531,863
Proseal Wing Fund	1,300,000	-	(3,080)	(470,845)	-	826,075
Equipment fund	26,125	2,927	(9,494)	(283)	-	19,275
Hospice garden	1,460	-	(123)	-	-	1,337
Service Funds:						
NHSE Covid-19 capacity fund	-	864,079	-	(864,079)	-	-
Hospice @Home	427,388	629,084	(479,271)	-	-	577,201
In-patient Unit	-	350	(350)	-	-	-
Bereavement – Adult and Child services	86,411	1,935	(53,292)	-	-	35,054
Sunflower Centre for Day Care	-	5,805	(805)	-	-	5,000
Dementia services	-	290	(290)	-	-	-
Chaplaincy services	-	380	(380)	-	-	-
Other Funds:						
Staff Fund	187	-	-	-	-	187
Total Restricted	5,285,151	1,504,850	(547,085)	(1,246,924)	-	4,995,992
TOTAL FUNDS	10,774,248	6,206,377	(5,397,304)	-	771,810	12,355,131

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 @Home – in March 2017 the Trustees agreed to transfer £1,100,000 of reserves to help fund the Hospice @Home project for 5 years whilst a secure and viable income stream is built up to fund this service in the longer term. A further £450,000 has been designated in March 2021 to support ongoing @Home services and the development of the Community Care Hub under the Palliative Care in partnership Project.

Restricted Funds:

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

EAST CHESHIRE HOSPICE
NOTES TO THE ACCOUNTS
For the year ended 31 March 2021

The value of the land and buildings is therefore considered to be restricted. The transfers result from movements in the property value arising from capital expenditure and depreciation.

Proseal Wing Fund – These funds were generously provided by £1m donation from Proseal UK, and a further £150,000 from each of The Hargreaves Charitable Trust and the Porto Charitable Trust to fully fund the building of the Proseal Wing to house the community care hub. Building works are on-going, having commenced in November 2020 and the transfer in year relates to the certified value of the build completion.

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

Service funds:

The NHSE Covid-19 capacity relates to funding received in year to allow the Hospice to make available bed capacity and community support for people with complex needs in the context of the COVID-19 situation.

Other service funds represent monies received for the provision of specific Hospice services. The Hospice @Home service is supported by a well-received major donor campaign, started in 2017 with 5-year support pledged whilst other funding sources are built up.

Other funds:

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.

23. Analysis of net assets between funds:

	Unrestricted Funds	Restricted Funds	Total 2021
	£	£	£
Tangible fixed assets	189,500	3,531,863	3,721,363
Investments	3,746,614	-	3,746,614
Net current assets	3,423,025	1,464,129	4,887,154
Group:	7,359,139	4,995,992	12,355,131
Investments	2	-	2
Net current assets	(820)	-	(820)
Charity:	7,358,321	4,995,992	12,354,313

24. Related parties:

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