

PRINCESS ALICE HOSPICE 2021 TRUSTEES' ANNUAL REPORT

YEAR ENDED 31 MARCH 2021

**For Excellence. For Compassion. For People. For Living
Trustees' Annual Report 2020-21**

Princess Alice Hospice makes a difference

It costs us £10.1 million each year to provide free, high-quality care.

Funding provided by CCGs represents circa 24% of our expenditure on charitable activities. In more normal times the balance is raised through legacies, fundraising, dedicated shop units, investments and the generous support of our communities. It is only the support of our community and beyond, that makes it possible to do our work.

In the year under report the Hospice has also received additional support through NHS emergency capacity funding grants via Hospice UK, Government grants to support non-essential retail and the Coronavirus Job Retention Scheme (CJRS). It is only as a result of this support that we were able to maintain our services and help to alleviate the pressure on our NHS colleagues throughout the pandemic.

We have been rated by the Care Quality Commission as providing outstanding palliative and end of life care in the community and within our Hospice. Our teams of employees, volunteers and supporters are positive, passionate and professional.

No one can prevent death, but we do everything we can to make dying as good as possible for patients, their families and friends. We believe that hospice care is for living.

Our Vision

Our communities will have the best care and support before, during and after death.

Our Mission

To reach out to more people by delivering outstanding care, nurturing compassionate communities, sharing our knowledge and expertise, and influencing the debate around death and dying.

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Chair and CEO report

The pandemic has dominated the year and had a profound physical, emotional and social effect on all aspects of our lives. As the enormity of the situation became clear in this, the fourth year of our five-year strategy, we refocused priorities: the safety and wellbeing of our patients, their families, our staff and volunteers remained at the forefront of our work, with a raft of new measures required to achieve that, while we looked to safeguard our challenged financial resources to ensure ongoing viability. We are indebted to the courage and expertise of the whole organisation. Early on, our staff adapted and changed direction at speed to stay abreast of daily policy changes and relieve the burden on the NHS. We extended our digital capabilities to allow our community team to provide clinical advice and consultations online, when appropriate. A significant proportion of staff began working from home and we worked hard to support and engage them through the uncertainties.

All our care is delivered without charge, with 76% usually funded through charitable donations and income generating activities. In the last year we faced acute financial risks: successive lockdowns and restrictions forced us to close and re-open our retail shops, furlough many staff, ask most volunteers to step down temporarily, and cancel planned fundraising challenges and events, apart from what could be reinvented online. Along with grants for our retail operation, which were awarded to non-essential businesses, we were extremely grateful to receive government emergency funding allocated to preserve capacity in the system for the NHS. Our extraordinarily loyal supporters responded generously to our online campaign #compassionatecarecontinues driven by staff demonstrating how they have been able to provide support to patients, families, communities and the wider health and social care system at a time of critical need.

The impact of the pandemic while extremely damaging in so many ways, has also inspired creativity and innovation. Recognising how isolated people were in danger of becoming, we recruited and trained an additional 130 Compassionate Neighbour volunteers from diverse backgrounds to provide telephone support, medication collection and shopping support during the successive pandemic surges and associated lock-downs. Many of our other, more established services, such as bereavement support and carers' support, continued by telephone and on Zoom, while Death Cafés, Bereavement Cafés and children's bereavement group, Dovetail, took place online.

At the request of NHS partners, our Education team created and delivered online training programmes to groups of care homes, GP partnerships, paramedics and community nurses, on topics from infection control to difficult conversations around the end of life. We are also delighted at how well our online Wellbeing services have been attended and received by patients and families. Many of the changes that were made of necessity have been received positively and the learning we have gained will be applied to new projects and initiatives in the coming year.

In 2020 we welcomed four new Trustees who are experts in their fields and generous with their time, knowledge and networks - they will help to strengthen our Board as we face the future. Diversity and inclusion is a priority for the Board. As we develop a strategic approach to improving our position, we are fortunate to have access to the ideas, advice and lived experience of a new cohort of Committee Advisors. We are determined to do better and improve the inclusivity and reach of services we deliver to ensure fairness and equity across the organisation.

This is my last year as Chair of Trustees after ten years of service. It has been a privilege and honour to lead Princess Alice as it builds its centre of excellence, influence and reach. I am delighted to be handing over to Professor Sean Hilton who has a background in general practice, is an experienced Trustee and is currently acting as Vice-Chair. He will take up the position of Chair in September. I am confident Princess Alice will be in great hands as we reframe, refocus and rebuild priorities in a post-pandemic climate.

Chair

Chief Executive

How we improved our care and support in 2020/21

GOAL 1 We will be recognised for the outstanding care we provide

We will use our specialist expertise to develop wide-ranging approaches to palliative and end of life care and support to help more people live life to the full, and when the time comes, to have a good death.

The COVID-19 pandemic meant that some of our aspirations for improving the care and support we provide were accelerated, others had to be delivered differently. Despite the challenges, what remained constant was the shared desire to put patients and their families at the centre of the decisions made in the face of almost overwhelming uncertainty, complexity and change.

Through the course of the year under report we have:

- Transitioned from a bespoke clinical database (Crosscare) to EMIS-Health- an electronic health management information system that is widely used by other health care providers within our local health economy. As a result, the referral process is simpler, services are better co-ordinated and patients experience improved care as all healthcare professionals looking after them have access to real time information.
- Launched a Single Point of Response (SPR) with a dedicated '0300' number providing a 'one stop shop' and direct access to the right person at the right time.
- Maintained face to face consultations throughout the pandemic but have also utilised technology to virtually connect with patients and families. Of particular note is the shift, almost overnight, of the Wellbeing programme from being a physical in-hospice service delivered in the Wellbeing Centre, to being delivered entirely by Zoom to people accessing from the safety of their homes. During the year under report 197 patients and carers accessed the service 3,593 times and colleagues had delivered 441 sessions.
- Implemented the changing COVID-19 regulations and guidelines for delivering safe care in the emerging situation to ensure that patients, their families and our staff were protected to the best of our ability.
- Encouraged and empowered teams to be innovative and creative in tackling the challenges that COVID-19 had created to delivering care in the way that we want to. Teams rose to the challenge with skill, compassion and empathy.

GOAL 2 We will nurture compassionate communities

We will continue to grow and nurture our Compassionate Communities and equip more people with the knowledge, skills and confidence to support each other through death, dying, grief and loss.

The pandemic regulations and social distancing guidelines meant that a number of activities under this programme had to be paused, including many of the volunteer roles carried out by 1200 people. However, it also encouraged new people to reach out to us with offers of help, many of whom went on to become Compassionate Neighbours and were matched with people in the community who needed support.

During the year we have:

- Recruited and trained 130 new Compassionate Neighbours, developing guidelines so that they could safely support community members from a distance.
- Developed our ability to provide support digitally and online by
 - Delivering eight virtual Death Cafés
 - Running the Dovetail group – a family and young people's support group – online and increasing the frequency from monthly to fortnightly to meet demand
 - Introducing a monthly online bereavement service that is also recorded so families and loved ones can access it at a time convenient to them

- Offering online and telephone bereavement support
- Delivering carers training courses over Zoom.
- Launched “Family Talk”, a joint family legacy initiative with Hospice Biographers allowing grandchildren the opportunity to record conversations with their grandparents.
- Developed a Planning Ahead webinar to support people and families to start those “difficult” conversations about what is important to them if they become unwell, and what choices they would like to make.
- Ensured our volunteers, many of who themselves are vulnerable and at risk of isolation, continued to feel supported and part of the hospice by communicating regularly and updating them on plans for reintroducing their roles.

GOAL 3

We will share our knowledge and expertise and influence the debate around death and dying

We will raise awareness of high-quality end of life care by sharing our skills, knowledge, research and opinions.

In “normal” times our education and training courses are delivered via a blend of face to face and online teaching. The COVID-19 restrictions meant that programmes had to be adapted to be delivered entirely online. This coincided with an increase in demand from our health and care colleagues in the community who needed urgent training and support to equip them to respond to the new challenges they were facing such as much higher levels of death and dying – particularly in nursing and care homes. Fortunately, we were already a Project ECHO training hub which enabled us to respond.

The team:

- Used Zoom throughout the year to deliver training to GPs, district nurses and care and nursing homes.
- Created new programmes for new groups of learners including a programme for SECAMbs (our local ambulance service).
- Adapted the delivery of programmes to cater for groups from three to 125 people, ensuring that learners had a high-quality experience.
- Provided clinical supervision for NHS colleagues who were unused to dealing with so much death and dying in their normal working environment.
- Conducted two evaluations on the effectiveness of videoconference consultations with patients and families.

Objectives for 2021/22

As we are focused on developing a new strategy in the first half of the year, our plans for 2021/22 do not represent a radical departure from current activity. Rather they seek to build on activities that we know will continue to be strategically important, these include:

- Continuing our digital journey both across the organisation as a whole and in relation to particular services or activities
- Continuing to support our workforce in the aftermath of COVID-19 in particular in relation to their wellbeing and their leadership capacity
- Building on the innovations that have taken place during COVID-19 across all areas and embedding them where appropriate
- Continuing to invest in external relationships – mindful of the move towards greater integration in health systems, but also in terms of being open to collaboration with others

such as academic institutions, neighbouring hospices and the voluntary sector more generally

- Increasing our focus on diversity and inclusion across both our workforce and in the care and support we provide.
- Focusing on the areas of income generation where we predict higher growth potential.
- Finalising our approach to our retail business for the next one to three years.
- Carrying out the refresh to the In-Patient Unit (IPU) so that it remains fit for purpose for the immediate future.

In 2021/22 our goals are:

GOAL 1 We will be recognised for the outstanding care we provide

We will use our specialist expertise to develop wide-ranging approaches to end of life care and support to help more people live life to the full, and when the time comes, to have a good death.

This year we will:

- Develop a strategic response to diversity and inclusion across our care and support services ahead of the launch of the new strategy in 2022.
- Embed virtual consultations into our core service.
- Work more closely with frailty consultants to support advance care planning and discharge from acute trusts.
- Use technology to enhance user involvement and feedback.
- Establish a referral pathway from GPs and Social Prescribers into the Wellbeing service.
- Refresh the IPU to make sure that it is still fit for purpose.

GOAL 2 We will nurture compassionate communities

We will continue to grow and nurture our compassionate communities and equip more people with the knowledge, skills and confidence to support each other through death, dying, grief and loss.

This year we will:

- Expand the Compassionate Neighbour programme, targeting particular geographical areas and communities that are under-represented for recruitment.
- Deliver Planning Ahead Awareness sessions to raise the importance of thinking about what would be important to you if you became seriously unwell or faced the end of your life.
- Grow community bereavement support initiatives by working with new partners.
- Develop digital bereavement resources to support the wider community in the aftermath of the pandemic.
- Introduce new Hospice-based volunteer roles when it is safe to do so and develop volunteering opportunities for young people.

GOAL 3 We will share our knowledge and expertise and influence the debate around death and dying

We will raise awareness of high-quality end of life care by sharing our skills, knowledge, research and opinions.

This year we will:

- Develop an Advanced Communications Skills programme utilising videoconferencing and e-learning.
- Increase the number of hospices delivering the European Certificate in Essential Palliative Care (ECEPC), now in its 20th year.

Strategic Report

- Seek new learning and development partnerships with Learning Disability services.
- Further develop our relationships with our local universities to ensure that End of Life Care (EoLC) is embedded in the pre-qualification curriculum.
- Seek opportunities to disseminate our education and research activity at conferences and through publication.
- Work with clinical teams to encourage and support research projects conducted in-house.

Structure, governance and management

Princess Alice Hospice was incorporated as a company limited by guarantee on 25 November 1981 and is governed by its Articles of Association. We are registered with the Charity Commission in England and Wales. Our registered office is at West End Lane, Esher, Surrey KT10 8NA.

Objectives

The Hospice is an independent charity working across a large part of Surrey, south west London and Middlesex. We provide free high-quality, compassionate care and support at the end of life for patients, families, carers and close friends at every stage, up to, and after death.

Through education and research, we aim to improve palliative care knowledge and to change practice in the wider health and social care economy. Founded by our local community, fundraising and community support are crucial to our continuing work as a charity.

How we are governed

Trustees

Our Board of Trustees is responsible for overseeing the Hospice's strategy and performance. It is chaired by Professor Fiona Ross CBE and one of the Trustees serves as Vice-Chair. Sean Watson held this role from September 2018 to November 2020 when it was taken on by Professor Sean Hilton as Chair designate. Professor Hilton will be formally appointed Chair when Professor Fiona Ross completes her ten-year tenure as a Trustee and steps down at the AGM in September 2021.

The Trustees are the directors of Princess Alice Hospice for the purposes of the Companies Act 2006. They are not paid. There is a short biography of the Trustees on page 41.

The Board meets regularly throughout the year to consider, set and review strategies, policies, budgets, plans and performance. An annual "away day" is held for in-depth strategic discussions and decision-making. Members of the Senior Leadership Team (SLT) attend Board meetings to report back on performance and progress against strategic objectives. In depth "spotlight" sessions and business reviews are delivered by members of the management team, a practitioner working in front line services or a family member representing "patient voice". This allows the Board to gain a deeper understanding of the organisation.

Response to COVID-19

In the early days of the pandemic and first lockdown, the Board ensured good governance and oversight by working flexibly. Board and Committee meetings were rapidly moved online, weekly updates on the cash position were disseminated to Trustees and individual Chairs had regular one to ones with managers. For example, the Chair of Clinical Strategy and Governance held regular meetings with the Director of Patient Care and Strategic Development followed up with email updates to the Board. The intention was to ensure collective decision making while prioritising support and oversight of clinical governance at a time of constant change when safety was paramount. In addition the whole Board held informal and reflective meetings with SLT to share and learn.

As the pandemic affected the entire fabric of society but was an acute and serious challenge to palliative care providers, it was important for the Board to have communication networks across the sector to share intelligence and good practice. This was achieved through the network of hospice Chairs and Trustees co-ordinated by Hospice UK and through Fiona Ross' role as Chair of London Hospices.

Board Committees

The Board delegates powers and responsibilities to committees, more details of which are given below. The Board believes that this enables more detailed discussion and understanding of key areas of the organisation. Each committee has terms of reference defining membership, responsibilities and delegated authority. These are reviewed annually by the Committee and approved by the Board. An annual committee review process was introduced in 2021 to give the Board assurance that the Committees are working effectively. Minutes of committee meetings are on the agenda for the following Board meeting and Committee Chairs report back to the Board on the major issues discussed and decisions taken.

The **Clinical Strategy and Governance Committee**, chaired by Dr Heather Patel, is responsible for overseeing clinical strategy, education and research. It provides assurance on the development, implementation, safety and effectiveness of the clinical services delivered by the Hospice. It monitors clinical activity, performance and risks against the annual business plan, raising issues to the Board where appropriate. It also oversees relationships with our health and social care partners regarding grants, contracts and service level agreements. The Committee monitors health and education policy and regulation and keeps the Board informed as appropriate. During the early months of the pandemic the Committee received regular email updates to ensure collective oversight in a fast-moving and unpredictable situation.

The **Finance and General Purposes Committee**, chaired by Despina Don-Wauchope, oversees the finances of the Hospice. It is responsible for reviewing and recommending to the Board the annual budget and financial strategy and monitoring performance against budget during the year. It oversees the investment of the Hospice's funds, recommending on the appointment of an investment manager and reviewing their performance annually. In addition, the Committee is responsible for overseeing capital expenditure and infrastructure projects.

The **Income Generation Committee**, chaired by Jeannine Nolan, is responsible for the identification, development, implementation and effectiveness of all income generation activities (except for NHS grants) including the Hospice's retail portfolio. It ensures compliance with all regulatory requirements impacting the Hospice's income generation activities.

The **People and Communities Committee**, chaired by Karen Roberts, oversees the development, implementation and effectiveness of the Talent and People Strategy, diversity and inclusion, community engagement and communication and marketing programmes. It oversees and reviews HR governance, the volunteer strategy and from time to time undertakes workforce reviews, ensuring the Hospice has the skills and expertise it needs to deliver its strategy.

The **Remuneration and Nominations Committee**, chaired by Professor Fiona Ross, has a membership of the Committee Chairs, the Vice-Chair of the Board and the CEO. It meets at least annually to consider succession planning for the leadership team, to recommend changes to the remuneration of the Chief Executive and SLT, to receive reports from the Chair on trustee skills and succession and oversee arrangements for a search committee for senior management and Trustee recruitment.

The **Audit and Risk Committee**, chaired by Professor Sean Hilton, oversees risk management and governance processes, external audit and internal risk and quality reviews. It reviews the management of systems for internal control and advises the Board on exposure, mitigation and lessons for continuous improvement. It manages the relationship with the external auditors, reviews feedback on their performance and value for money and advises on reappointment as appropriate.

Trustee and committee advisory member recruitment

The Board believes it is vital to get a mix of Trustees with healthcare, legal, financial, investment, fundraising, commercial, digital and retail skills, as well as skills and experience drawn from the local community. Trustees are initially appointed for two years and may then be reappointed for up to two more four-year periods (up to a maximum of 10 years). The Board has a good gender balance and is pursuing positive action to increase the representation of people from a variety of ethnic minority backgrounds, skills and experiences.

In addition to Trustees, the Board may invite individuals to become advisory members to Committees. This is typically someone with relevant specialist expertise in the Committee's area of responsibility. These appointments are normally for an initial period of up to two years. During this time, the person may be invited to become a Trustee, or they may continue as a committee advisory member. Their appointment may be renewed by mutual agreement, and the Board may end the appointment at any time. During the year, there were 10 committee advisory members serving on Board committees.

A successful recruitment campaign was carried out in March 2020 despite the restrictions of the pandemic. We recruited four new trustees via advertisements in the national press, through LinkedIn and our website. Jamie Tolentino-Deludet joined the Board in July 2020 having previously been an advisory member to the Income Generation Committee. Jamie has extensive experience in digital marketing and innovation. Professor Deborah Bowman MBE, also joined the Board in July 2020. Professor Bowman is an Emeritus Professor of Medical Ethics and Law at St. George's, University of London. In September we welcomed Monica Harding, who has extensive experience in strategy and business transformation, and excellent local and regional networks; in November Tim Hewens, a Solicitor, joined the Board. We were very pleased with the outcome of our recruitment campaign and the new trustees have added to the skills of the Board and ensured that we will have continuity as some longer-standing trustees reach the end of their tenure in the next few years.

In addition to the new Trustees, we also recruited six new committee advisory members during the year - Karen Frend, Darren Webb, Gavin Ramjaun, Maxine Obeng, Monday Ugiagbe and Esther Kitto. We were delighted to welcome them to the various committees (page 42) bringing us a welcome freshness in perspective, background and experience.

New Trustees and advisory members receive an induction and training specific to their role, as well as attending the Hospice's induction day for all new employees and volunteers. This has been challenging during the pandemic as it has had to be delivered remotely. To support our new cohort of Trustees and advisors we have initiated a series of governance round tables. These provide opportunities to learn more about governance and each other through discussion of values and ethical decision making, governance in other sectors and conflict of interest. In addition, we are supporting observations of Board meetings in other sectors, for example, the NHS, universities and other hospices.

Charity Governance Code

The Board is committed to maintaining the highest standards of governance and has adopted the Charity Governance Code (the Code) as a tool to support continuous improvement:

<https://www.charitygovernancecode.org/en/front-page>

The Code sets out seven principles and provides recommended practice to support charities to develop high standards of governance. Not all of the recommended practice will be appropriate for us to adopt but the Code is designed to be aspirational and to support the development of the charity over time.

The Code was refreshed at the end of 2020 and additions were made, in particular to the recommended practice underpinning principle 6 - equality, diversity and inclusion. This was an area of focus for the Board during the year and improvements were made in the recruitment and induction process for new trustees and committee advisors.

Building on the governance effectiveness review carried out in 2017, a more formal annual review process was put in place for Trustees, advisory members, the Board and committees.

Senior Leadership Team

The Hospice internal management structure is made up of seven directorates, each led by a member of the team.

These directorates are:

Clinical Services – responsible for in-patient care, community care, wellbeing services, therapies, social work and education.

Medical – responsible for palliative medical care in all settings and covering doctors, including consultants.

Finance and Operations – responsible for finance, facilities, front of house, health, safety and environment, housekeeping, catering and business continuity

People and Organisational Development – responsible for human resources

Community Engagement – responsible for volunteering, community engagement, bereavement care and chaplaincy.

Income Generation – responsible for all income generation activities, apart from NHS income

Digital, Marketing, Communications and Performance – responsible for ICT, digital, data, marketing, communications and performance.

Remuneration Policy

We recognise that we have a duty to deliver our services effectively and maximise the use of our resources. To do this we need to attract and retain suitably qualified people with the right skills, knowledge and experience and pay them fairly and responsibly.

The market comparator for the majority of our clinical roles is the NHS. We directly employ medical consultants, doctors, nurses and other allied professional healthcare staff and in order to recruit and retain qualified and experienced professionals we pay them at a rate equivalent to the relevant national scale.

For the remainder of our roles, when setting salaries, we take into account the knowledge, skills, experience and effort needed for the job and market forces affecting recruitment, which may be local or national. We also benchmark against available information such as comparable roles being advertised locally and charity salary surveys. We take part in such surveys ourselves and benchmark against a range of our peers.

Financial review

The COVID-19 pandemic has been the most profoundly difficult and disruptive period since the Hospice was founded. The impact on our fundraising operations, the closure of our retail shops during successive lockdowns and cancellation of face-to-face fundraising, at the same time as the demand for our clinical services and innovative capacity was under pressure to do more, inevitably posed challenges for the Board to ensure that the Hospice could both continue to operate in the short-term and remain viable for the future.

Over the period our main income streams can be categorised as NHS England emergency grant funding to protect capacity within the hospice sector, legacies, historical NHS grants, and COVID-19 grants and schemes accessed to mitigate the losses incurred on our trading activities to protect their viability for the future. These are discussed below in more detail:

NHS England emergency grant funding

We received emergency grants from NHS England in 2020/21 which were restricted funding for patient care. The funding was initially made available from April – July 2020 as part of the £750m pledged by the Government to support charities through the pandemic, of which £360m was allocated to central government departments to fund charities in England depending on service need. Hospice UK negotiated with the Department of Health and Social Care to secure up to £200m funding for hospices to protect capacity in the sector and enable hospices to support the wider health economy. In response to the second wave of COVID-19 and winter pressures on the NHS, a further £125m was made available for the period November 2020 – March 2021 to secure and increase NHS capacity. The Trustees recognise that without this funding the Hospice would have faced an extremely difficult period and would undoubtedly have been forced to cut back services at a time of great need. It allowed us to continue operating and to find new and innovative ways to support our local NHS partners both in hospitals and the community who were facing unprecedented demand for services. No further emergency funding will be available in 2021/2022.

Legacies

Last year legacies accounted for 15% of our total income (2020: 25%). We use forecast information produced by Legacy Foresight, a specialist legacy sector analysis company, as a basis for budgeting and business planning. Legacy KPIs such as notifications, open estates and outstanding accruals are monitored and reported monthly. This should enable us to identify whether any fluctuations in legacy income are short-term, or part of a longer-term trend, so that we can adapt our plans accordingly.

Legacy Foresight has reported that the pandemic and administrative delays at the probate service slowed charities' legacy income in 2020, they predict legacy income to be down 11% overall but to increase in 2021 by 18% - 23%. On this basis the trustees believe that the fall in legacy income in 2020/21 is due to these short-term factors but will be monitoring legacy KPIs closely during 2021/22.

NHS grants

NHS grants are block grants based on historical practice and not of our expenditure on charitable activities. These are block grants based on historical practice and not related to the level of clinical activity undertaken. We have a three-year grant funding agreement with Surrey Heartlands CCG and a one-year grant agreement with South West London CCG. The Board has assumed in its strategic plans that there would not be a significant drop in this source of income over the next few years.

Impact of the pandemic on fundraising and retail

The COVID-19 pandemic has had a significant impact on trading activities in 2020/21, and in particular on our retail operations. Retail made a net deficit of £3,154,707 compared with a net contribution of £350,891 in 2019/20.

In normal times the shops provide a vital source of cash for the Hospice, bringing in gross receipts of over £450,000 per month and generating a net contribution. All of the shops were forced to close by lockdown on 21 March 2020 and remained closed until 2 July 2020 when they re-opened on a phased basis. All but a few shops were open by the end of October, some with adapted opening hours to allow for enhanced cleaning and to accommodate a shortage of volunteers due to pandemic-related issues. The second lockdown in November 2020 forced the closure of all non-

essential retail once more, and although the shops were able to re-open at the beginning of December, they closed again on 20 December when all of London and the South East entered Tier 4 restrictions. They remained closed continuously from that date until the year-end due to the third national lockdown imposed from 5 January 2021. During the closure periods a limited amount of trading took place online, Christmas card sales through the Hospice's trading subsidiary were particularly successful.

During store closure periods all shop staff were furloughed and most of their salary costs recovered through the CJRS. A total of £1,197,431 (2020: £51,806) was claimed from the CJRS in respect of retail staff. In addition, we were able to apply for Government grants from local authorities through the various schemes announced during the year to support non-essential retail businesses forced to close by lockdown and the local Tier restrictions. A total of £531,940 (2020: £835,000) was received in coronavirus business support grants.

The impact of the disruption caused by the opening and closing of retail in response to Government regulations cannot be underestimated. This is both at the organisational level and on our retail colleagues who have had to deal with a high level of uncertainty during a period of anxiety for the whole workforce. We would like to acknowledge the unprecedented times they have experienced and thank them for their patience and positivity in support of the Hospice.

The shops re-opened from 12 April 2021 and have been trading well. The longer-term impact on high street sales is still unknown and a conservative budget has been set for retail income in 2021/22.

Work on a strategic plan for the future of our retail portfolio is still in progress. We remain committed to maximising the contribution of our retail footprint in the future, both in terms of profitability and the part the shops play in disseminating our service and support to the local community.

Our fundraising team worked tirelessly during the pandemic to maximise fundraising activity online and our community continued to support us by responding generously to our campaigns and appeals. It is hoped to build back face-to-face fundraising gradually as restrictions are eased but to also retain a blend of virtual events as evidence has shown that we can reach a wider group of supporters in this way.

Going concern

The financial impact of the pandemic in 2020/21 was mitigated by the emergency capacity funding from NHS England, Government support grants for non-essential retail and recovery of furloughed staff costs from the CJRS. The Board and the Finance and General Purposes Committee are monitoring closely the impact of the pandemic on both short and longer-term operations. A range of budget scenarios have been considered and cash flow forecasts prepared in response to scenario planning. The Trustees are satisfied that even under the worst-case scenario considered, there are sufficient funds in current bank and building society accounts, together with investment funds, to continue operating and meet liabilities as they fall due for the foreseeable future.

The Board's view, therefore, is that the Hospice's balance sheet is sufficiently robust to provide resilience and that our reserves should allow the Hospice time to respond with reduction of services and cost savings if income projections indicate a significant reduction over the next three years.

Internal Control and Risk Management Processes

Through the Audit & Risk Committee, the Board oversees the management of systems for internal control designed to prevent, as far as possible, material misstatement or loss. It also undertakes reviews to promote quality improvement and develop learning across the organisation. The

Hospice has a five-year strategy supported by an annual business plan and budget which are approved by the Board. The Finance and General Purposes Committee reviews the annual budget in detail before recommending it to the Board for approval.

Reserves

As noted above, a significant amount of the Hospice's income comes from legacies and NHS income. The Board maintains scrutiny over the external environment and uncertainties related to these sources of income.

We carry out financial planning and produce a three-year projection of income and expenditure, cash and reserves. This is particularly challenging in the current economic conditions but a range of scenarios from pessimistic to optimistic has been considered.

The Trustees have set aside funds in a designated Running Costs Reserve to meet future charitable expenditure in the event of a significant short-term drop in income. This has a target of nine months' (plus or minus three months') budgeted charitable expenditure for the year ahead. During the current uncertain economic climate, and the fact that future pandemic-related restrictions cannot be entirely ruled out, the Board feels that the aim should be to maintain this reserve at the upper end of the target range. The balance on this reserve at the year-end represented 12 months (2020 – nine months) of the Hospice's budgeted charitable expenditure for 2021/22. The strength of this reserve has enabled the Board to approve a deficit budget for 2021/22 on the basis that fundraising and retail income will take 12 – 24 months to recover to their pre-pandemic levels.

The Trustees established a designated fund, the Strategic Development Reserve, to support the delivery of our five-year strategy 2017- 2022. Historically the Board has approved proposals for strategic initiatives to be funded from this reserve as part of the annual budget process. There was no draw-down in 2020/21 (2020: £30,851) as the focus was on maintaining essential services during the pandemic. A transfer of £983,442 has been made into this reserve from unrestricted funds bringing the balance at the year-end to £1,400,000. There have been opportunities during the pandemic to move forward at pace in some areas of strategic focus such as digital and education and this reserve will enable the Hospice to fund further initiatives to build on that progress.

Notes 5 to 7 of the Financial Statements provide more detail on these and other reserves.

Investments

As set out in the Articles, the Trustees may invest the Hospice's reserves in banks and building society deposits, stocks, funds, shares or other securities they feel to be appropriate. The Hospice's investments are managed on a discretionary basis by Cazenove Capital Management, a firm of professional investment managers. As at 31 March 2021, the Investment Portfolio totalled £3,007,844 (2020: £2,536,839). The investment portfolio recovered its pandemic-related losses of 2019/20 and the market value of the Investment Portfolio increased by £437,365 (2020: decreased by £240,820) during the year.

Currently the only ethical restriction imposed by the Board is that there must be no direct investment in any securities issued by tobacco companies. The investment policy was due to be reviewed by the Finance & General Purposes Committee in 2020/21 but this was deferred due to the pandemic and is now planned for 2021/22. The review will take into consideration the growing debate around ethical and responsible investment. The Finance and General Purposes Committee and our investment managers regularly review the performance of the investments in meeting the Hospice's investment policy.

More details about our investments are in Note 11 of the Financial Statements.

Employees

Our work is only possible because of the dedicated service that our employees provide. Each year we thank them for their hard work, commitment and extraordinary contributions but 2020/21 has truly been an exceptional year. They have enabled us to keep our vital services going through a national public health emergency and to offer vital extended support to our local health economy through new and innovative services (see page 4).

We estimate that during the year around 26% of our workforce have been working from home for most or all of the time in line with Government regulations. We recognised early on in the pandemic the challenges that this can present, including isolation and less than ideal working conditions, and worked hard to support them. We provided the equipment they needed to work effectively, access to the BUPA Healthy Minds service, regular email updates and Zoom sessions delivered by the Chief Executive and the SLT. A further 39% of employees were fully or partly furloughed at some point during the year, both retail shop staff and a small number of Hospice-based staff where demand for their job role declined during the pandemic. We thank everyone who was furloughed for their understanding at this difficult time. Three roles were made redundant due to permanent changes in services as a result of the pandemic.

In 2020/21 the Hospice employed 428 people (2020:443), the equivalent of 317 full-time employees (2020:334).

Volunteers

Volunteers have been at the heart of the Hospice since before we opened our doors in 1985, so to stand them down almost entirely at the start of lockdown to comply with Government guidance impacted the whole organisation. After we had taken the necessary actions to make the Hospice building COVID-19-secure we were able to take a risk-based approach to reviewing each of our volunteer-delivered services and to bring back volunteers where it was safe to do so. Some services, such as bereavement and carers support, were able to continue throughout as they could be provided in a socially distanced way.

We are immensely grateful to all of our volunteers, whether or not they were able to volunteer during 2020/21, and we know that they too have faced considerable challenges. Our volunteers' team and staff who manage volunteer delivered services have done a tremendous job staying in touch with their volunteers through catch-up calls, monthly newsletters and social media so that they have felt connected to us during this time. Over the next 12 months, we hope to welcome back all of those who wish to continue volunteering and also to recruit new volunteers to replace those who have made the decision to retire. Volunteers provide enormous added benefit to the Hospice and the people we help.

Around 970 volunteers normally support the Hospice itself in a variety of different roles. Some provide care services to our patients and families, as ward support volunteers, compassionate neighbours, bereavement support volunteers or complementary therapists. Others volunteer in the Hospice by manning our reception and coffee shop, supporting with administrative tasks, patient transport and maintaining our grounds. We also welcome volunteers from local companies who donate their time for a day to support us in the Hospice or our shops.

Other volunteers are involved in fundraising, including the Friends' Committees, which organise events in the community and promote the work of the Hospice to raise vital funds. We have around 530 volunteers normally volunteering in our retail operation, supporting the staff to keep the Hospice's shops open six or seven days a week or helping with administration at the retail head office in Molesey.

Volunteers are recruited through advertising. They attend an induction programme and receive initial and ongoing training. Service users such as patients, families and carers, who have

expressed an interest in participating in-service design, work with us on steering groups and in other activities where they can influence areas of service delivery.

Environmental impact

We are committed to reducing our environmental impact and are in the process of developing record-keeping systems and KPIs so that we can report on our environmental performance by 2022.

The Hospice has an Environmental Policy that sets out key principles and commitments:

- We are committed to sustainable development and reducing the impact of our operations on the environment
- We are committed to promoting and achieving environmental responsibility in all our operations and activities
- We are committed to sourcing and using environmentally responsible contractors and suppliers that meet our environmental standards and expectations

We already divert a significant amount of unwanted items from landfill by recycling through our retail shops.

Public benefit

The Trustees give careful consideration to the Charity Commission's guidance on public benefit when setting the Hospice's aims and objectives and planning activities. Access to our services is on the basis of need and open to anyone via referral from a healthcare professional, or, in the case of bereavement support, self-referral. There is no charge to patients or their families for any of our current care services.

Statement of Trustee's responsibilities

The Trustees (who are the Directors of the Hospice for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in line with the law and the regulations that apply. Under company law, the Trustees must prepare financial statements for each financial year. Under that law, the Trustees have elected to prepare such statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). By law, these statements must give a true and fair view of the Hospice's finances and of the income and expenditure for the financial year.

When preparing these financial statements, the Trustees must:

- Choose suitable accounting policies and follow them consistently;
- Keep to the methods and principles in the Charities' Statement of Recommended Practice (FRS 102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on a 'going concern' basis, unless the Hospice is unlikely to continue in business.

The Trustees must keep proper accounting records that disclose the Hospice's financial position to a reasonable level of accuracy at all times and make sure that the financial statements comply with the Companies Act 2006. They are also responsible for protecting the Hospice's assets and taking reasonable steps to prevent and detect fraud and other unusual activity.

The Trustees believe they have taken all the necessary steps to make the auditors aware of any relevant audit information and have given the auditors a written undertaking to that effect. They also believe that they have identified the major risks that the Hospice faces. These have been reviewed, and systems have been put in place to reduce these risks as far as possible.

Auditor

Mazars LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006, unless the company receives notice under section 488(1) of the Companies Act 2006.

Fundraising Regulation

Princess Alice Hospice is registered with the Fundraising Regulator and committed to adhering to the Code of Fundraising Practice. We review compliance through audit and monitoring feedback, and take corrective action where required.

Standards and monitoring

We are committed to following the highest ethical standards and ensuring a quality supporter experience. We have detailed policies and procedures in place that in many cases go beyond the minimum requirements for the sector, and we regularly monitor ourselves and our agencies through a range of methods (including regular internal audits and call listening). This helps ensure all Hospice fundraisers, and those who work on our behalf are aware of, and adhere to, our high standards. Some of our fundraising activity is conducted on our behalf, by carefully selected professional fundraising agencies. We also work with agencies to telephone existing supporters to talk about their donation and, on some occasions, to ask for a further donation. We work very closely with our agencies to make sure they represent our work and our organisation to the highest standards. None of our fundraisers, whether employed by us or one of our agencies, are paid on a commission basis.

Complaints

We report our complaints on a calendar year basis to comply with the Fundraising Regulator's requirements. The number of complaints received for the 12 months to 31 March 2021 regarding fundraising was zero.

Managing communications

Most people who donate to us want to know how their money is making a difference. We ask whether they would like us to keep in touch with them so we can update them on our work and how they've helped us. From time to time, we ask supporters if they would like to support us further – for example, by increasing their donation or by taking part in a particular event. Sometimes, we need to share information with authorised people or organisations so they can deliver services. If this is the case, we only give them the information they need to do so – and we always make sure that they will protect information with security and confidentiality processes equivalent to ours.

We ask supporters how they would prefer us to communicate with them. We give them the option to let us know if they prefer less contact or no longer wish to hear from us, and always respect their wishes. We never share, swap, rent or sell our supporters' details to any other charities or third parties for marketing purposes.

Our Fundraising Promise

We will commit to high standards.

We will be clear, honest and open.

We will be fair and reasonable.

We will be respectful.

For further details please see our privacy policy at www.pah.org.uk

Principal risks and uncertainties

The Audit and Risk Committee (A&RC) oversees the Hospice's risk management and governance processes on behalf of the Board.

A&RC oversee the Board Main Risks summary and strategic registers for each committee. The Main Risk register has six risk areas that impact the Hospice. These act as domains under which the individual committees review specific risks relating to their responsibilities.

This consistent approach helps the A&RC to determine an overall risk rating for the domains informed by the assessment and scoring of the individual committees. A summary status of main risks, and a commentary, is provided for each board meeting by the Chair of A&RC.

The Committee risk registers help us to prioritise risks in terms of the effect they might have and how likely they are to occur. The registers also identify the controls, systems and procedures in place for mitigation. At each committee's meeting their register is reviewed and the A&RC is notified of any significant change in any of the major risk areas. Committees cross representation by Trustees allows a verbal report from each committee to the A&RC by a Trustee member who is also a member of that committee.

There is an annual formal review of the risk domains and committee risk registers by the A&RC and the Board. A&RC collates views and presents a summary to the Board for further discussion.

At the present time we have not seen any significant business impact as a result of leaving the EU in January 2021. Each committee will be considering whether they need to have any specific residual risks relating to their area. Along with every other charity, corporation and organisation, the Hospice has had to adjust its policies and operations to meet the challenges of the COVID-19 pandemic which impact on every main risk area. The Trustees will continue to assess the business impact of the pandemic as lockdown eases as there is no guarantee that restrictions will not be re-imposed in the future.

The longer-term economic impact of both the UK leaving the EU and the pandemic remains, and will remain, a significant concern/risk for the Board and its committees.

Our Main Risk areas are:

Income – inability to generate sufficient income to deliver our charitable activities. We have diversified our income streams, monitor our finances closely and have an appropriate level of reserves to withstand short term funding fluctuations. If we identify a longer-term trend of falling income, our reserves will ensure continuity of service provision whilst we seek other sources of funding or implement an appropriate cost reduction programme. From the onset of the COVID-19 pandemic, Trustees have been receiving a weekly update on our cash position.

People – inability to recruit and retain the people with the right skills we need across the organisation. We carry out workforce planning and monitor supply and demand carefully, introducing new roles and diversifying skills and competencies to make scarce resource go further. We have a Talent and People Strategy which supports effective recruitment, development and retention. We also carry out employee satisfaction and wellbeing surveys.

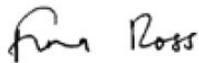
Culture/morale – inability to align our culture with changes that we need to make and that are being made in the environment within which we work. The Board and SLT recognise that our people are at the heart of all we do and that it is essential that our employees and volunteers understand what is important to us, our patients and families and the communities that we work with. We are open and transparent in our communications, share our business decisions and rationale and take steps to ensure that the organisational strategy is known and understood throughout the organisation. We monitor the effectiveness of these steps by conducting regular employee and volunteer engagement surveys.

Health and Social Care Environment – the risk that changes in the health and social care environment will impact on our NHS funding and/or our ability to continue to deliver palliative and end of life care and support. Senior colleagues work in partnership with health and care professionals and organisations across local health economies, demonstrating the impact of the care that we deliver. As new structures emerge, we take every opportunity to ensure that we have effective representation and continue to advocate for the needs of patients facing the end of life.

Reputation – risk of reputational damage. As a sector leader, our reputation is of vital importance. We have a comprehensive set of policies and procedures in place to ensure compliance with best practice and legislation. All comments and complaints are promptly responded to and investigated to ensure that lessons are learned for organisational improvement. This is supported by our communications strategy.

Business continuity – risk of fire, flood or other environmental events that impact on our ability to operate. We have a comprehensive business continuity plan in place. This includes contingency plans for maintaining services and operations in the event that the Hospice building is out of use. We have an offsite disaster recovery server which can be brought online very quickly to ensure continued access to patient records and other business critical information. Staff receive regular training on dealing with emergency situations, including evacuation of the premises if necessary. Elements of the plan are tested on a regular basis. Our ability to continue to deliver care and support and maintain our operations while complying with the COVID-19 lockdown and still to meet Government advice to have as many colleagues working from home as possible, provided reassurance to the Board.

Approved by the Board of Trustees on 15 July 2021 and
signed on its behalf by



Professor Fiona Ross CBE

Chair, Board of Trustees, Princess Alice Hospice

Independent auditor's report to the members of Princess Alice Hospice

Opinion

We have audited the financial statements of Princess Alice Hospice (the 'charity') for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows 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 FRS 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 charity and the group's affairs as at 31 March 2021 and of the group's 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 charity 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Strategic Report and Trustees' Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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 with the financial statements or our knowledge obtained in the course of 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 which includes the Strategic Report and the Directors' Report prepared for the purposes of company law, 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 included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included within the Trustees' Report.

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 and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

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

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 charity'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 charity 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 the financial statements.

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. Based on our understanding of the charity and its activities, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006 and the Charities Statement of Recommended Practice.

We evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to use of restricted and endowment funds, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the trustees and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 auditor's report.

Use of the audit report

This report is made solely to the charity'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 charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.



Nicola Wakefield
(Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
6 Sutton Plaza, Sutton Court Road, Sutton, Surrey, SM1 4FS

Consolidated statement of financial activities (including income and expenditure account)

For the year ended 31 March 2021

Consolidated	Notes	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	Total funds 2021	Total funds 2020
		£	£	£	£	£	£
Income							
Donations and legacies							
Donations	1.4	2,369,906	-	193,934	-	2,563,840	2,025,791
Legacies	1.4	2,943,798	-	-	-	2,943,798	4,498,206
NHS grants	1.4	2,095,908	-	-	-	2,095,908	2,155,956
Other trading activities							
Retail shops	2	1,544,272	-	-	-	1,544,272	5,962,685
Fundraising events	1.4	397,182	-	-	-	397,182	810,812
Trading subsidiaries	3	595,067	-	-	-	595,067	869,730
Investments	1.4	51,842	-	-	91	51,933	81,259
Charitable activities							
NHS England Covid-19 emergency funding	1.4	-	-	6,276,936	-	6,276,936	-
NHS Covid-19 local response funding	1.4	-	-	289,529	-	289,529	-
NHS service funding	1.4	278,519	-	-	-	278,519	328,944
NHS continuing healthcare funding	1.4	62,190	-	-	-	62,190	119,872
Education	1.4	132,902	-	-	-	132,902	161,797
Other income							
Coronavirus Retail Grants	1.4	531,940	-	-	-	531,940	835,000
Coronavirus Job Retention Scheme	1.4	1,302,403	-	-	-	1,302,403	51,806
Other income	1.4	10,942	-	-	-	10,942	30,417
Total income		12,316,871	-	6,760,399	91	19,077,361	17,932,275
Expenditure							
Expenditure on raising donations and legacies	4	930,301	-	-	-	930,301	920,844
Expenditure on other trading activities							
Retail shops	2 & 4	4,698,979	-	-	-	4,698,979	5,611,794
Fundraising events	4	131,327	-	-	-	131,327	187,247
Trading subsidiaries	3 & 4	246,129	-	-	-	246,129	345,875
Total expenditure on raising funds		5,076,435	-	-	-	5,076,435	6,144,916
Expenditure on charitable activities							
In-patient care	4	1,252,205	-	3,758,722	89	5,011,016	5,109,583
Hospice at home	4	779,667	-	2,918,944	-	3,698,611	3,541,826
Community engagement and support	4	476,710	-	92,673	-	569,383	625,049
Education	4	776,907	-	-	2	776,909	836,105
Total expenditure on charitable activities		3,285,489	-	6,770,339	91	10,055,919	10,112,563
Total expenditure	4	9,292,225	-	6,770,339	91	16,062,655	17,178,323
Net income/(expenditure) before gains/losses		3,024,646	-	(9,940)	-	3,014,706	753,952
Net gains/(losses) on investments	11	437,365	-	-	-	437,365	(240,820)
Net income/(expenditure)		3,462,011	-	(9,940)	-	3,452,071	513,132
Transfer to designated funds	5	(3,274,799)	3,274,799	-	-	-	-
Transfer from restricted funds	6	2,243	-	(2,243)	-	-	-
Net movement in funds		189,455	3,274,799	(12,183)	-	3,452,071	513,132
Reconciliation of funds							
Total funds brought forward at 1 April 2020		132,948	15,116,431	90,252	905,041	16,244,672	15,731,540
Total funds carried forward at 31 March 2021		322,403	18,391,230	78,069	905,041	19,696,743	16,244,672

Note 5

Note 6

Note 7

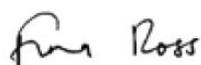
All the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

The comparative figures for each fund are shown in Note 8. The Notes on pages 26 to 41 form part of these financial statements

Balance sheets as at 31 March 2021

	Notes	Group		Charity	
		2021	2020	2021	2020
		£	£	£	£
Fixed assets					
Intangible assets	9	110,982	82,702	110,982	82,702
Tangible fixed assets	10	6,201,950	6,734,873	6,201,950	6,734,873
Investments	11	3,007,844	2,536,839	3,008,944	2,537,939
Total fixed assets		9,320,776	9,354,414	9,321,876	9,355,514
Current assets					
Stock	12	28,594	33,811	-	-
Debtors	13	4,802,990	5,763,017	5,018,254	5,935,174
Cash at bank		6,544,196	2,334,375	6,253,622	2,094,731
Total current assets		11,375,780	8,131,203	11,271,876	8,029,905
Liabilities					
Creditors: Amounts falling due within one year	14	(900,813)	(1,141,945)	(798,009)	(1,041,747)
Net current assets		10,474,967	6,989,258	10,473,867	6,988,158
Total assets less current liabilities		19,795,743	16,343,672	19,795,743	16,343,672
Provisions for liabilities					
Annuity provision	1.9	(99,000)	(99,000)	(99,000)	(99,000)
Total net assets		19,696,743	16,244,672	19,696,743	16,244,672
The funds of the charity:					
Endowment funds	7	905,041	905,041	905,041	905,041
Restricted income funds	6	78,069	90,252	78,069	90,252
Designated funds	5	18,391,230	15,116,431	18,391,230	15,116,431
Unrestricted funds		322,403	132,948	322,403	132,948
		19,696,743	16,244,672	19,696,743	16,244,672

Approved by the Board of Trustees on 15 July 2021 and signed on its behalf by:



Professor F M Ross CBE

Chair



D. Don-Wauchope

Honorary Treasurer

Consolidated cash flow statement for the year ended 31 March 2021

	Notes	2021	2020
		£	£
Net income for the year (as per the statement of financial activities)	b/fwd from page 24	3,452,071	513,132
Adjustments for:			
Depreciation and amortisation	9 & 10	691,141	669,121
Net (gain)/loss on investments	11	(437,365)	240,820
Investment income		(51,933)	(81,259)
Decrease in stock	12	5,217	4,602
Decrease/(increase) in debtors	13	960,027	(242,832)
(Decrease) in creditors	14	(241,132)	(441,825)
Cash flows from operating activities			
Net cash provided by operating activities		4,378,026	661,759
Cash flows from investing activities			
Investment income		51,933	81,259
(Purchase) of fixed assets	9 & 10	(186,498)	(94,460)
Sale of investments	11	1,112,716	681,341
Movement in cash	11	(124,619)	81,389
(Purchase) of investments	11	(1,021,737)	(819,739)
Net cash (used in) investing activities		(168,205)	(70,210)
Increase in cash in the year		4,209,821	591,549
Opening balance at bank		2,334,375	1,742,826
Closing balance at bank		6,544,196	2,334,375

Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2021

1. Accounting Policies

1.1 Basis of preparation

These financial statements are prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - ("Charities SORP" (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006.

The charitable company, Princess Alice Hospice (the "Hospice") meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The financial position of the Hospice is set out in the Trustees' Annual Report. The COVID-19 pandemic had a significant impact on the Hospice's voluntary and trading income in 2020/21. Retail income saw a significant reduction due to the enforced closure of the Hospice's retail shops for more than half of the year. The impact was partially offset by government support in the form of £531,940 (2020: £835,000) Government support grants for non-essential retail businesses and

recovery of the majority of furloughed shop staff costs through the Coronavirus Job Retention Scheme (CJRS). (See note 1.4 for more details of these grants). The retail shops also benefitted from a business rates holiday in 2020/21.

Face-to-face fundraising events were cancelled but some activity was able to move online. Income from trading subsidiaries was also affected, in particular PAH Trading Limited with the loss of new goods sales and commission on Gift-aided sales during the shop closure periods. Education income was impacted due to the cancellation of all face-to-face training for most of the year.

The Hospice benefited from emergency NHS England capacity funding in the form of grants through Hospice UK. A total of £6,276,936 in funding was receivable under this emergency scheme during 2020/21 of which £1,187,019 remained outstanding at 31 March 2021. (See note 1.4 for further details)

The Hospice claimed, and was reimbursed for, £1,302,403 (2020: £51,806) from the CJRS in respect of employees who were furloughed during the year. The majority of these employees were retail shop staff.

The Hospice is expecting retail and fundraising income to recover slowly during 2021/22 and to reach pre-pandemic levels by 2022/23. Cash flow forecasts have been prepared and a range of future scenarios considered. The Trustees are satisfied that, due to the level of cash and reserves held, even under the worst-case scenario considered there are sufficient funds to continue operating and meet liabilities as they fall due.

The Trustees are of the opinion that the Hospice has sufficient money in current bank and building society accounts together with investment funds to continue in operational existence for the foreseeable future. The Trustees therefore continue to adopt the going concern basis of accounting in preparing these annual financial statements.

1.2 Group financial statements

The financial statements consolidate the results of the Hospice and its wholly-owned subsidiaries PAH Trading Limited and PAH Lottery Limited (“the group”) on a line-by-line basis. A separate Statement of Financial Activities (“SoFA”) and Income and Expenditure Account for the charity has not been presented because the Hospice has taken advantage of the exemption afforded by section 408 of the Companies Act 2006. The income of the Hospice was £18,831,497 (2020: £17,587,317) and the expenditure was £15,816,790 (2020: £16,833,365).

1.3 Fund accounting

Endowment, restricted, designated and unrestricted funds are separately disclosed in the Balance Sheet and in the Consolidated SoFA. These different funds are defined as follows:

- Endowment funds are funds given to the Hospice where it may use only the income generated from investing these funds
- Restricted funds are subject to specific restrictive conditions imposed by the donor or by the nature of an appeal
- Designated funds are set aside at the discretion of the Trustees for specific purposes. They would otherwise form part of unrestricted funds
- Unrestricted funds are available to use at the discretion of the Trustees in furtherance of the charitable objectives of the Hospice.

1.4 Income

The total income receivable in the year comprises donations, legacies, NHS income, income from trading activities, interest, fees from education courses run by the Hospice, coronavirus-related government grants and other sundry income.

Legacies are recognised as income when it can reasonably be assumed that the Hospice is entitled to the legacy and the amount can be estimated with sufficient reliability.

NHS England (NHSE) COVID-19 funding is income received under two funding programmes negotiated and administered by Hospice UK during 2020/21. The NHSE awarded funding to allow the Hospice to make available bed capacity and community support from April 2020 to July 2020 to provide support to people with complex needs in the context of the COVID-19 situation and to provide bed capacity and community support from November 2020 to March 2021 for the same purpose. The funding was restricted for patient care and was fully expended during 2020/21. See page 12 for further details.

NHS grants are the block grants that the Hospice receives from NHS Surrey Heartlands Clinical Commissioning Group, and NHS South West London Clinical Commissioning Group (the "CCGs"). These are based on historic practice and not related to the level of clinical activity undertaken by the Hospice. They are only agreed for up to one year at a time.

Local NHS COVID-19 funding is income received related to the provision of additional services requested by a local CCG or healthcare provider specifically in response to the COVID-19 pandemic.

NHS service funding is income received related to the provision of a clinical service, which is normally linked to specific clinical activities undertaken by the Hospice. This may be funding for a new initiative which has been commissioned by a CCG in its care area, such as rapid response night service or a pilot project. Funding is typically received as a percentage contribution towards the total costs.

NHS continuing healthcare funding is income received for patients who are eligible for a continuing care package. These patients are ready for discharge from the In-Patient Unit but are waiting for a suitable place in a care home or nursing home, or for domiciliary care to be arranged.

Coronavirus Retail Grants are Government grants received via local authorities to support non-essential businesses forced to close due to lockdown restrictions. A variety of different schemes ran during the year during both periods of full national lockdown and local Tier restrictions. The grants are based on 2020/21 rateable value and calculated on the period that the shop was forced to remain closed. The Hospice is eligible for a grant for each of the retail shops which meets the qualifying criteria. The income has been recognised as receivable in the year ended 31 March 2021, under the accruals basis, as it is for the purposes of providing immediate financial support and there are no future related costs.

The Coronavirus Job Retention Scheme (CJRS) was set up by the Government to support businesses with the employment costs of staff who would otherwise have been laid off or made redundant because the business was severely impacted by the COVID-19 crisis. Announced on 20 March 2020, the CJRS initially reimbursed up to 80% of the employment costs of furloughed employees, subject to a cap of £2,500 per month. The amount that could be claimed via the CJRS was subject to change during the year and it has now been extended to September 2021. Income claimed under the CJRS has been recognised as receivable in the year ended 31 March 2021, under the accruals basis, as it is for the purposes of providing immediate financial support and there are no future related costs.

1.5 Donated goods and services

Donated vehicles, plant or furniture are recognised as tangible fixed assets and the corresponding gain recognised as income from donations in the SoFA. Donated facilities or services are likewise recognised as income from donations on the basis of the value of the gift to the Hospice and an equivalent amount recognised as an expense under the appropriate heading in the SoFA.

There were no donations of goods or services in the year ended 31 March 2021 (2020: £Nil). Donated goods for resale are recognised as income when sold and included in income from retail shops in the SoFA. It is not practical to estimate the fair value of these goods on receipt because of the volume of low-value items received and the lack of detailed records.

In accordance with the Charities SORP (FRS 102), general volunteer time is not included as income in the accounts as it is not possible to measure this reliably. However, the Hospice relies on the contribution of volunteers and is very grateful for their time. See page 15 for further details.

1.6 Expenditure

Direct costs comprise expenditure incurred during the year both directly and indirectly attributable to the activity concerned. Support costs include the cost of governance, housekeeping, catering, facilities and health & safety, people services, marketing and communication, finance and administration and depreciation of fixed assets. These have been allocated to activities on a proportionate basis e.g. by activity level, headcount or on the basis of staff time spent (see Note 4).

1.7 Taxation

As a registered charity, the Hospice benefits from business rates relief from local Councils and is exempt from direct tax on its charitable activities. The Hospice is able to claim back VAT on most of its activities, any irrecoverable VAT is included in the cost of those items to which it relates. Income tax recoverable in respect of donations under Gift Aid and investment income is included with the income to which it relates.

1.8 Intangible and tangible fixed assets

Fixed assets are stated at cost, net of depreciation. Depreciation is provided at rates calculated to write off the cost in equal instalments over the economic life of the asset at the following annual rates:

• Intangible assets	20%/33%
• Freehold land	0%
• Freehold buildings	4%
• Leasehold buildings	over the life of the lease
• Furniture and equipment	10%
• Medical equipment	20%
• Motor vehicles	25%
• Information and Communication Technology Equipment	20%/33%

Items are treated as fixed assets and their costs capitalised only where the purchase price exceeds £1,000.

Intangible fixed assets are non-monetary fixed assets that do not have physical substance, such as computer software, licences and website development.

The cost of leasehold buildings represents capital expenditure on retail shops and lease acquisition premiums.

1.9 Pension costs

The total employer pension contribution to all schemes for the year ended 31 March 2021 was £632,716 (2020: £634,685). Total contributions of £98,040 (2020: £53,793) were due to be paid after the year end.

NHS Pension Scheme

The Hospice makes payments to the NHS Pension Scheme for former NHS employees who, on employment with the Hospice, are eligible to continue in or re-join the NHS Pension Scheme. The NHS Pension Scheme is an unfunded defined benefit scheme that covers employees of NHS employers, General Practices and other bodies allowed under the direction of the Secretary of State for Health and Social Care in England and Wales, which includes the Hospice. It is not possible to identify the Hospice's share of the underlying assets and liabilities and as a result the NHS Pension Scheme is treated as a defined contribution scheme under FRS102.

The employer contribution payable in the year to the NHS Pension Scheme was £335,766 (2020: £323,179).

Group Personal Pension Scheme

A defined contribution scheme is in operation for eligible employees with contributions payable by both the Hospice and the relevant employees. The assets of these plans are held separately from those of the Hospice, being invested with an insurance company. The current provider of the scheme is Scottish Widows Limited.

The employer contribution payable in the year into the Group Personal Pension Scheme was £203,009 (2020: £213,671).

Auto-enrolment

All employees meeting certain criteria must be enrolled into a workplace pension if they are not already in a qualifying scheme. The Hospice has chosen the National Employment Savings Trust ("NEST") to meet its auto-enrolment obligations. The employer contribution payable in the year into NEST was £77,518 (2020: £80,849).

Other pension schemes

The Hospice contributed to one other pension scheme (2020: one). This scheme is a defined contribution pension scheme.

Prior to 31 December 2011 it was a defined benefit scheme, which is now closed to new members and also to future accrual of benefits to existing members. It is not possible to identify the Hospice's share of the underlying assets and liabilities and as a result the scheme is treated as a defined contribution scheme under FRS102. However, the scheme is in deficit and the Hospice is paying its share of the deficit on an ongoing basis through its employer contributions at a rate set by the scheme and reviewed annually.

The employer contribution payable in the year into the scheme was £8,503 (2020: £9,613).

Annuities

The Hospice is contracted to pay annual sums for life to two former employees based on a sum of £4,499 per annum in 1998 increased by the Hospice annual salary increase (if any). The sum paid in the year under review was £7,520 (2020: £7,373). This liability is met from income in the year in which it is paid. A provision of £99,000 is retained to cover future unfunded liabilities. The Trustees consider this provision to be adequate.

1.10 Stock

Stock purchased for sale is valued at the lower of cost and net realisable value. Stock donated for sale in the Hospice's retail shops is valued at nil.

1.11 Operating leases

The Hospice has entered into various operating leases, the future financial commitment to which is set out in Note 18. Rentals payable under these leases are charged on a straight-line basis over the term of the lease.

1.12 Investments

Listed investments are included in the balance sheet at market value. Realised gains and losses on disposals in the year and unrealised gains and losses on investments at the balance sheet date are included in the Consolidated Statement of Financial Activities. The movement in the valuation of investments during the year is set out in Note 11.

2. Retail shops results

		2021	2020
		£	£
Turnover*		1,544,272	5,962,685
Direct costs	(4,495,069)		
Support costs	(203,910)	(4,698,979)	(5,611,794)
Net (deficit)/contribution as per SoFA		(3,154,707)	350,891
"Other income" related to retail operations			
Coronavirus Job Retention Scheme	1,197,431		
Coronavirus retail grants	531,940	1,729,371	886,806
		(1,425,336)	1,237,697

*Turnover includes £503,015 (2020: £1,992,832) of donations and associated Gift Aid of £125,754 (2020: £498,208) from the retail Gift Aid scheme. This scheme involves PAH Trading Limited selling goods on behalf of supporters ("Agency Sales") in the Hospice's retail shops and the supporters then donating the proceeds of the Agency Sales to the Hospice under Gift Aid.

The results of the retail shops have been significantly impacted by the coronavirus crisis. All shops were closed at the end of trading on Saturday March 21 2020 and although phased re-opening began in July 2020 further periods of closure were experienced during the year due to national and local restrictions. They were closed for the whole of the period from 20 December 2020 until 31 March 2021.

Retail shop staff were furloughed during closure periods and the Hospice was able to recover the majority of their salary costs through the CJRS. A total of £1,197,431 (2020: £51,806) was recovered in respect of retail staff. This is included in the total for the CJRS shown under "other income" in the Statement of Financial Activities (SoFA) (page 24). The Hospice has also been able to access support grants of £531,940 (2020: £835,000) for non-essential businesses forced to close due to the restrictions. Although the grants are directly related to the retail shops as they are based on rateable value, the income is treated as a Government grant and is shown under "other income" in the SoFA.

3. Trading subsidiaries

The Hospice has two wholly-owned subsidiaries which are incorporated in the UK for the purposes of generating income for the Hospice's charitable purposes. The whole of their taxable profit is donated to the Hospice under a Deed of Covenant within nine months of the year end. The specific activity of each of the trading subsidiaries is:

PAH Trading Limited (1925762) – sells new and promotional goods, as well as receiving commission on Agency Sales, provides catering services for the benefit of the Hospice and external users and undertakes other sundry trading activities. Operations have been significantly impacted by the coronavirus crisis. There were no agency sales or sales of new goods during the periods of retail shop closures (see note 2 above). Catering services for visitors and other external users were suspended from March 2020 as a result of the first lockdown and remained suspended for the whole of the financial year. A limited amount of catering for staff was maintained. The majority of the turnover and profit relates to sales of Christmas cards.

PAH Lottery Limited (3347939) – operates lotteries. Operations were impacted by the coronavirus crisis as single ticket sales from the retail shops were lost during periods of shops closure (see note 2 above). There was also some loss of regular subscribers over the year.

	PAH	PAH	Total	Total
	Trading Ltd	Lottery Ltd	2021	2020
Profit and loss accounts	£	£	£	£
Turnover	104,687	490,380	595,067	869,730
Income	104,687	490,380	595,067	869,730
Cost of sales	(65,712)	(104,520)	(170,232)	(279,905)
Direct overheads	-	(42,384)	(42,384)	(43,092)
Administrative expenses	(9,612)	(28,493)	(38,105)	(44,951)
Expenses	(75,324)	(175,397)	(250,721)	(367,948)
Net profit	29,363	314,983	344,346	501,782
Amount covenanted to the Hospice	(29,363)	(314,983)	(344,346)	(501,782)
Retained in subsidiary	-	-	-	-
Previous year net profit (all covenanted to the Hospice)	121,712	380,070	501,782	-
Shareholder's funds				
Share capital (issued)	100	1,000	1,100	1,100

4. Total expenditure

	Direct Costs	Support costs	Total 2021	Total 2020
	(See note 1.6)			
	£	£	£	£
In-patient care	3,093,170	1,917,846	5,011,016	5,109,583
Princess Alice at home	2,951,351	747,260	3,698,611	3,541,826
Community engagement and support	422,452	146,931	569,383	625,049
Education	467,631	309,278	776,909	836,105
Raising donations and legacies	489,055	441,246	930,301	920,844
Fundraising events	131,327	-	131,327	187,247
Retail shops	4,495,069	203,910	4,698,979	5,611,794
	12,050,055	3,766,471	15,816,526	16,832,448
Trading subsidiaries	246,129	-	246,129	345,875
	12,296,184	3,766,471	16,062,655	17,178,323
Analysis of support costs:	Basis of apportionment	Group	Group	Group
		2021		2020
		£		£
Governance	Time spent	34,465		31,683
Housekeeping	Time spent	526,368		536,061
Catering	Resource allocated	260,011		291,017
Facilities and health & safety	Resource allocated	441,833		408,034
People services and volunteers	Resource allocated	308,094		336,275
Information technology	Time spent	301,663		216,003
Marketing and communication	Resource allocated	318,574		318,079
Digital and data	Time spent	273,629		224,491
Executive, finance and administration	Time spent	699,569		760,814
Amortisation/depreciation (excluding retail)	Resource allocated	602,265		600,471
		3,766,471		3,722,928
		Group		Group
		2021		2020
The above figures include:		£		£
Auditor's remuneration - statutory audit		17,220		16,961
- other services		4,350		3,799
Operating lease rentals:				
For charitable activities:				
Equipment		31,350		27,059
For generating funds:				
Leasehold retail shops		1,441,120		1,601,256
Amortisation/depreciation of owned assets		691,141		669,121

5. Designated funds

	Group and Hospice			
	Balance	Expenditure	Net Transfers	Balance
	2020			2021
	£	£	£	£
Fixed Asset Equalisation Fund	6,817,575	-	(504,643)	6,312,932
Running Costs Reserve	7,848,000	-	2,796,000	10,644,000
Strategic Development Reserve	416,558	-	983,442	1,400,000
Staff wellbeing fund	34,298	-	-	34,298
	15,116,431	-	3,274,799	18,391,230

The Fixed Asset Equalisation Fund represents the net book value of tangible and intangible fixed assets. This assists in identifying funds which are not free for the Trustees to use. The transfer of £504,643 out to (2020: £574,661 out to) unrestricted funds represents the difference between net capital expenditure and depreciation.

The Running Costs Reserve is intended to provide adequate reserves to meet future charitable expenditure in the event of a significant short-term drop in income. The Trustees are targeting a level of 9 months +/- 3 months budgeted charitable expenditure. A transfer of £2,796,000 (2020: £1,168,000) has been made in from unrestricted funds. The balance on this fund is 12 months (2020: 9) of the Hospice's budgeted cash expenditure on charitable activities for 2021/22.

The Strategic Development Reserve has been established to support the delivery of the Hospice's strategic objectives. A transfer of £983,442 has been made in from unrestricted funds (2020: nil) No expenditure was incurred in the year (2020: £30,851).

The Staff Wellbeing Fund has been established to fund initiatives to improve workforce wellbeing and engagement. No expenditure (2020: £Nil) was incurred during the year.

6. Restricted funds

	Group and Hospice				
	Balance	Income	Expenditure	Transfers	Balance
	2020				2021
	£	£	£	£	£
Ward equipment fund	8,729	11,902	-	-	20,631
Children in Need project	-	38,582	(38,582)	-	-
Community Choir	1,500	-	-	-	1,500
Bereavement Service	3,186	11,198	(11,122)	-	3,262
Day Hospice	2,911	50	(54)	(2,243)	664
Rapid response nurse	50,000	-	(50,000)	-	-
Enhanced support service	16,686	36,773	(47,690)	-	5,769
Hospice at Home	500	48,420	(22,016)	-	26,904
Compassionate neighbours	5,820	20,400	(21,671)	-	4,549
Man Shed	-	5,155	-	-	5,155
Covid visitor coordinator	-	12,480	(5,114)	-	7,366
NHS England - patient care	-	6,276,936	(6,276,936)	-	-
Covid-19 local response	-	289,529	(289,529)	-	-
Other Funds	920	8,974	(7,625)	-	2,269
	90,252	6,760,399	(6,770,339)	(2,243)	78,069

The policy of the Trustees is to treat donations given for specific purposes as Restricted Funds until properly expended. The funds shown are those which were directed by donors to be used for specific purposes and are unexpended at 31 March 2021. These funds will be used in accordance with the directions of the donors in a subsequent accounting period.

7. Endowment funds

	Group and Hospice			
	Balance	Movement in resources		Balance
	2020	Income	Expenditure	2021
	£	£	£	£
The Edwin Stevens fund	40,000	4	(4)	40,000
The D.J. Squires "Love of Roses" fund	20,000	2	(2)	20,000
The June Daphne Allen fund	845,041	85	(85)	845,041
	905,041	91	(91)	905,041

The Edwin Stevens fund relates to a permanent capital contribution received on establishment of the Hospice. The D.J. Squires Love of Roses fund was established in 1996, the income from which is to be used for the research and advance of palliative care. The June Daphne Allen fund was created by the conditions of a legacy received in July 2001, the income from which is to be used for the general purposes of the Hospice. All income arising from these funds was expended during the year.

8. Comparative results for each group of funds

Year ended 31 March 2020	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	Total funds 2020
	£	£	£	£	£
Income					
Donations	1,763,374	-	262,417	-	2,025,791
Legacies	4,498,206	-	-	-	4,498,206
NHS grants	2,155,956	-	-	-	2,155,956
NHS service funding	328,944	-	-	-	328,944
NHS continuing healthcare funding	119,872	-	-	-	119,872
Education	161,797	-	-	-	161,797
Retail shops	5,962,685	-	-	-	5,962,685
Fundraising events	810,812	-	-	-	810,812
Trading subsidiaries	869,730	-	-	-	869,730
Investments	79,449	-	-	1,810	81,259
Coronavirus retail grants	835,000	-	-	-	835,000
Coronavirus job retention scheme	51,806	-	-	-	51,806
Sundry income	30,417	-	-	-	30,417
Total income	17,668,048	-	262,417	1,810	17,932,275
Expenditure					
Raising donations and legacies	889,993	30,851	-	-	920,844
Retail shops	5,611,794	-	-	-	5,611,794
Fundraising events	186,747	-	500	-	187,247
Trading subsidiaries	345,875	-	-	-	345,875
In-patient care	5,094,822	-	12,991	1,770	5,109,583
Hospice at Home	3,477,982	-	63,844	-	3,541,826
Community engagement and support	501,293	-	123,756	-	625,049
Education	834,065	-	2,000	40	836,105
Total expenditure	16,942,571	30,851	203,091	1,810	17,178,323
Net loss on investments	(240,820)	-	-	-	(240,820)
Net income/(expenditure)	484,657	(30,851)	59,326	-	513,132
Transfer from designated funds	(593,339)	593,339	-	-	-
Transfer from restricted funds	10,251	-	(10,251)	-	-
Net movement in funds	(98,431)	562,488	49,075	-	513,132

9. Intangible assets

		Total 2021
Cost		£
At 1 April 2020		409,537
Purchases		82,779
At 31 March 2021		492,316
Amortisation		
At 1 April 2020		326,835
Charge for year		54,499
At 31 March 2021		381,334
Net book value		
At 31 March 2021		110,982
At 31 March 2020		82,702

10. Tangible fixed assets

	Group and Hospice				Total 2021
	Freehold land	Freehold buildings	Leasehold buildings	Furniture, equipment and vehicles	
Cost or valuation	£	£	£	£	£
At 1 April 2020	71,586	12,168,870	524,229	2,086,967	14,851,652
Purchases	-	10,151	2,059	91,509	103,719
Disposals	-	(15,000)	-	(12,739)	(27,739)
At 31 March 2021	71,586	12,164,021	526,288	2,165,737	14,927,632
Depreciation					
At 1 April 2020	-	6,321,216	189,283	1,606,280	8,116,779
Charge for year	-	442,541	59,099	135,002	636,642
Disposals	-	(15,000)	-	(12,739)	(27,739)
At 31 March 2021	-	6,748,757	248,382	1,728,543	8,725,682
Net book value					
At 31 March 2021	71,586	5,415,264	277,906	437,194	6,201,950
At 31 March 2020	71,586	5,847,654	334,946	480,687	6,734,873

11. Investments

	2021	2020
	£	£
Marketable investments		
Market value at start of year	2,536,839	2,720,650
Net additions at cost	1,021,737	819,739
Movement in cash	124,619	(81,389)
Disposals at market value	(1,112,716)	(681,341)
Net gain/(loss) on revaluation/disposal	437,365	(240,820)
Market value at 31 March	3,007,844	2,536,839
Trading subsidiaries (see Note 3)	1,100	1,100
Total investments	3,008,944	2,537,939
Cost at 31 March	2,494,557	2,368,961
Marketable investments comprise:	£	£
Equities	1,536,927	1,179,873
Fixed Income	476,230	418,388
Other securities (absolute return funds, multi-asset funds, property funds, etc.)	794,708	863,252
Short term deposits and cash	199,979	75,326
	3,007,844	2,536,839

12. Stock

	Group	
	2021	2020
	£	£
Stock of promotional and new goods (all stock is held by PAH Trading Limited)	28,594	33,811

13. Debtors

	Group		Hospice	
	2021	2020	2021	2020
	£	£	£	£
Operating debtors	234,119	270,902	234,119	266,644
Accrued legacy income	2,472,085	3,726,784	2,472,085	3,726,784
Gift Aid recoverable	76,370	109,107	76,370	109,107
NHS England Covid-19 emergency funding	1,184,223	-	1,184,223	-
Retail rents prepaid	404,230	391,689	404,230	391,689
Insurance pre-paid	-	98,488	-	98,488
Coronavirus Retail Grants	84,143	835,000	-	835,000
Coronavirus Job Retention Scheme	160,495	51,806	160,495	51,806
Other debtors and prepayments	187,325	279,241	258,039	269,354
Amounts due from subsidiaries	-	-	228,693	186,302
	4,802,990	5,763,017	5,018,254	5,935,174

14. Creditors

	Group		Hospice	
	2021	2020	2021	2020
	£	£	£	£
Taxation and social security costs	223,834	242,123	223,834	242,123
Salaries and holiday pay	94,481	65,829	94,481	65,829
Operating creditors	186,880	427,070	185,869	425,512
Other creditors and accruals	395,618	406,923	293,825	308,283
	900,813	1,141,945	798,009	1,041,747

15. Staff remuneration

	Group	
	2021	2020
Costs	£	£
Salaries	10,289,040	10,636,598
Employer's National Insurance	902,067	927,767
Pension costs	632,316	634,685
Apprenticeship Levy	36,415	38,067
Agency staff	50,244	121,007
Recruitment and training expenses	90,877	78,411
Subsidiary companies staff costs	42,384	43,092
	12,043,343	12,479,627

	Group			
	2021		2020	
Average number of employees	Headcount	FTE	Headcount	FTE
In-patient unit	60	49	66	54
Hospice at home	62	47	58	43
Community engagement and support	12	10	11	10
Consultants and doctors	10	7	8	7
Clinical administration	15	11	16	12
Therapies	5	2	7	4
Housekeeping	18	14	21	15
Other support services	26	21	28	24
Education	10	7	10	8
Marketing and communication	9	6	8	7
Fundraising	14	12	16	13
Digital and data	7	6	5	5
Retail	171	118	179	124
Executive and finance	9	7	10	8
	428	317	443	334

	Group	
	2021	2020
The number of employees whose earnings (excluding employer's pension contributions) fell into the bands below were:	No.	No.
£60,000 to £69,999	2	6
£70,000 to £79,999	1	4
£80,000 to £89,999	4	-
£90,000 to £99,999	-	*2
£100,000 to £109,999	*1	-
£130,000 to £139,999	1	-
£140,000 to £149,999	-	1

*The pay of the Chief Executive falls within this band.

Included in the number above are medical consultants, doctors and other senior clinical staff directly employed by the Hospice who are paid at a rate equivalent to the relevant NHS scale.

The key management personnel of the Hospice are the Trustees and the Senior Leadership Team ("SLT"). The SLT comprises the Chief Executive, Medical Director, Director of Patient Care and Strategic Development, Director of Digital, Communication, Marketing and Performance, Director of Income Generation, Director of Finance and Operations, Director of People Services and Organisational Development. They are subject to the same terms and conditions as other members of staff and do not receive any additional employee benefits. They are only reimbursed

for expenses wholly and necessarily incurred for business purposes in accordance with Hospice policy. The total employee benefit (salary and employer's pension contribution) received by the SLT was £630,382 (2020: £659,074)

The Trustees are the directors for the purposes of the Companies Act 2006 and, as required by the Articles of Association, are the members of Princess Alice Hospice, a Company limited by Guarantee. They receive no remuneration. During the year to 31 March 2021 they were not reimbursed for any expenses (2020: nil).

An aggregate payment of £55,751 (2020: £14,752) was made to 4 ex-employees (2020: one) under a settlement agreement. An aggregate payment of £9,498 (2020: £100,422) was made to 3 (2020: 7) employees on redundancy in respect of statutory redundancy pay.

16. Related Party Transactions

During the year ended 31 March 2021, the aggregate amount of donations received from Trustees and their close family members, the SLT and their spouse/partner was £4,126 (2020: £11,058).

The Trustees volunteer their time to fulfil their governance and leadership role. They provide support and advice to the SLT, which took the form of increased communication during the rapid fluctuations of the pandemic when staff and patient safety was paramount. They have continued to attend internal and external meetings, Hospice events and external events, in person where possible but otherwise virtually during the year. The Trustees estimate that during the year they donated over 2,000 hours of time in aggregate.

Gail Cookson, Trustee, is an International Director of WPNC a company providing direct marketing services. During the reporting period WPNC provided direct marketing services to the Hospice of £28,430 (2020: £4,821). There was no balance outstanding at 31 March 2021 (2020: £Nil).

During the year to 31 March 2021 the Hospice invoiced PAH Trading Limited for £2,431 (2020: £8,886) for the use of retail shop facilities to sell goods on behalf of supporters (Agency Sales) and £2,161 (2020: £13,187) for the preparation of sandwiches to sell in the coffee shop.

17. Analysis of net assets between funds (Group)

	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	Total 2021	Total 2020
	£	£	£	£	£	£
Fixed assets	-	6,312,932	-	-	6,312,932	6,817,575
Investments	-	2,102,803	-	905,041	3,007,844	2,536,839
Current assets	1,322,216	9,975,495	78,069	-	11,375,780	8,131,203
Current liabilities	(900,813)	-	-	-	(900,813)	(1,141,945)
Annuity provision	(99,000)	-	-	-	(99,000)	(99,000)
	322,403	18,391,230	78,069	905,041	19,696,743	16,244,672

18. Other financial commitments

	Retail Shops		Equipment	
	2021	2020	2021	2020
At 31 March 2021 the Group was committed to making the following payments under non-cancellable operating leases:	£	£	£	£
Operating leases which expire:				
Within 1 year	1,369,671	1,474,796	30,623	3,292
Within 2 to 5 years	2,700,167	3,434,822	-	54,119
After 5 years	1,042,935	1,347,952	-	-
	5,112,773	6,257,570	30,623	57,411

19. Post Balance Sheet Events

COVID-19 has continued to impact the Hospice after 31.03.21. The retail shops remained closed until 11 April 2021 but had all re-opened by 14 April COVID-19-secure. Early trading results show sales are up on the comparable period in 2019. The longer term-impact on high street sales is still unknown. Retail income is expected to recover slowly and reach pre-pandemic levels by 2022/23 providing no further restrictions are imposed. Face to face fundraising events are expected to gradually resume and form part of the fundraising portfolio which will include expanded online and social media activity. The Hospice received additional government support through NHS England emergency capacity funding grants via Hospice UK in 2020/21 but no further funding is expected in 2021/22. The CJRS has been extended until September 2021.

WHO'S WHO

Trustees

Professor Fiona Ross CBE **Chair**

Fiona is Emeritus Professor and former Dean at Kingston University and St George's, University of London; she is also a Governor of Westminster University.

Professor Sean Hilton

Vice-Chair (from December 2020)

Sean is Emeritus Professor at St George's, University of London. He was a GP partner for 30 years in Kingston upon Thames.

Sean Watson

Vice-Chair (to November 2020)

Sean is a Solicitor and formerly a Corporate Finance partner in International Law Firm CMS Cameron McKenna and a Non-Executive Director of 2 Listed FTSE companies. He is a founding Trustee of Dovedale Foundation, a family charitable foundation.

Despina Don-Wauchope

Honorary Treasurer

Despina is a Chartered Management Accountant and has more than 30 years' experience working for a number of FTSE100 companies.

Professor Deborah Bowman MBE

Deborah is an Emeritus Professor of Medical Ethics and Law and a Clinical Ethicist who has combined a successful academic career with effective and values-based senior leadership in Higher Education.

Gail Cookson

With over 30 years' experience in fundraising, Gail has been a director of WPNC for 18 years.

Monica Harding

Monica has worked as a CEO, Director and consultant in the UK and internationally across government, charity and business sectors.

Tim Hewens

Tim is a solicitor and a partner at Osborne Clarke LLP where he specialises in M&A and Private Equity. He was previously a trustee of Walton Charity and of the RG Foundation.

Andrew Jennings

Andrew is retired following a career as a Chartered Accountant in the City where he spent over 30 years in International Law management.

Jeannine Nolan

Jeannine has over 30 years' experience in the healthcare communications sector, working with leading pharmaceutical companies and global agencies.

Dr Heather Patel

Heather is a recently retired GP with 35 years' experience. Her practice was in Claygate where she worked closely with the Princess Alice Hospice on behalf of her patients.

Karen Roberts

Karen has over 30 years' experience of managing Human Resources in global companies, specialising in talent management and workforce planning.

Christopher Roshier

Christopher is a retired chartered accountant with 20 years' experience working in the City as a merchant/investment banker.

Jamie Tolentino-Deludet

Jamie has extensive experience in digital marketing and innovation. She is currently working for StoneShot, a digital agency. She helps the traditional industry of financial services become digitally enabled.

Dr Peter West

Peter is a health economist with over 40 years' experience working for consulting groups, universities and government agencies across the world.

Honorary President**Jane Formby MBE**

Jane has been involved with the Hospice for over 30 years, first as a volunteer then as a founding Trustee. Jane stepped down as a Trustee in 2018 and took up the role of Honorary President.

Committee Advisory Members

Rob Aldous, Director of Kingston Hospital Charity – Income Generation Committee

Duncan Burton, Deputy Chief Nursing Officer for England - Clinical Strategy and Governance Committee

Jon Cunliffe, Chief Investment Officer, Charles Stanley – Audit and Risk Committee

Karen Frend, Deputy Head of Central Governance at the Cabinet Office – Audit and Risk Committee

Esther Kitto, Director of Clinical Operations (clinical drug development) – People and Communities Committee

Tim Moody, Head of Property, British Heart Foundation – Income Generation Committee

Maxine Obeng, Assistant Director East London NHS Foundation Trust and founder of Niche Careers Consultancy – People and Communities Committee

Gavin Ramjaun, sports journalist and TV presenter – Income Generation Committee

Monday Ugiagbe, Senior Lecturer in Nursing, Middlesex University – Clinical Strategy and Governance Committee

Darren Webb, Director, Global Capital Markets – Finance and General Purposes Committee

Representatives of the Friends of Princess Alice Hospice

Veronica Eagles – People and Communities Committee

Mary Houghton – People and Communities Committee

Senior Leadership Team

Nicki Shaw
Chief Executive

Professor Craig Gannon
Medical Director (to 28 February 2021)

Karen Garforth
Director of People Services and Organisational Development (from September 2020)

Angela Grimes
Director of Income Generation

Diane Rickwood
Director of Finance and Operations and Company Secretary

Nigel Seymour
Director of Digital, Marketing, Communications and Performance

Lesley Spencer
Director of Patient Care and Strategic Development

Jennifer Todd
Medical Director (from 1 March 2021)

Advisors

Cazenove Capital Management, 1 London Wall Place, London EC2Y 5AU

Mazars LLP, 6 Sutton Plaza, Sutton Court Road, Sutton, Surrey, SM1 4FS

Barclays Corporate, Ground Floor, Tagus House, Ocean Way, Southampton, SO14 3TJ

Special thanks to

Trusts

- A and R Woolfe Charitable Trust
- The Albert Hunt Trust
- The Ann Jane Green Trust
- The Anonymous Donor Trust
- BBC Children in Need
- Belron Ronnie Lubner Charitable Foundation
- The Bookhams, Fetcham & Effingham Nursing Association
- The Brock Webb Trust
- Charity of Stella Symons
- The Childwick Trust
- Community Foundation for Surrey
- The Dandy Charitable Trust
- Diocese of Arundel and Brighton
- Edwin George Robinson Charitable Trust
- Farrer-Brown Charitable Trust
- The February Foundation
- G F MacAulay Charitable Trust
- The Gerald Bentall Charitable Trust
- The Girdlers Company
- GM Marriage Charitable Trust
- Hampton Fund
- Hargrave Foundation for A Brighter Future
- Holloway Charitable Trust
- The Hospital Saturday Fund Charitable Trust
- I Vassiliou Charitable Trust
- The Ingram Trust
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- The Joseph Strong Frazer Trust
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- Richmond Parish Lands Charity
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- The Sandra Charitable Trust
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- Sir Edward Lewis Foundation
- Spelthorne Borough Council

- SSP Foundation
- Starkie Bence Charitable Trust
- Surrey Provincial Charity Fund
- The Vernon N Ely Charitable Trust
- Walsingham Care

Masons

- Abbey Lodge No 2120
- Astede Lodge Chapter
- Baron Carleton Lodge No 8434
- Egyptian Lodge
- Light from the East Chapter No 4186
- Lodge of Good Companions 7524
- McMahon Chapter Rose Croix No 161
- Rosehill Park Lodge
- Southborough Lodge
- St Georges Esher Lodge
- Surbiton Lodge No 2146
- The Oddfellows Mid-Surrey District Lodge 3713

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