HOSPICE ACCOUNTS

Analysis of the accounts of UK independent voluntary hospices for the year ended 31 March 2013
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Introduction

haysmacintyre is pleased to partner with Hospice UK on this year’s Hospice Accounts report, which brings together the accounts of 186 hospices in the UK. These hospices provide invaluable inpatient care, day care, Hospice at Home services, bereavement support, complementary therapies and numerous other services to adults and children throughout the country.

The report can be used by hospice staff and trustees to benchmark their own hospice against others of the same size or in the same area. Over the years it has been quoted in Parliament, the media and numerous publications and presentations.

This year’s report demonstrates again the size and scope of the independent hospice movement, which continues to grow. Including the activities of two national charities, the charitable hospice sector has income over £1 billion per year.

The average adult hospice in England receives funding for 32% of its expenditure from the government. Government funding of hospices in England has been steady at around one third of expenditure for many years now. This means that the majority of hospice costs are paid for by fundraising in the local community.

Levels of statutory funding for hospices in Wales as a proportion of expenditure is considerably lower than in England, and on average is 19%. Again there is considerable variation between hospices, but overall the proportion of government funding in Wales has been falling steadily in recent years. The average level of government funding in Northern Ireland remains at 33% and in Scotland at 39%.

Government funding for children’s hospices tends to be much lower than for adult hospices, and averages 18% of expenditure.

Local communities and businesses are therefore vital sources of support to hospices, with 64% of income coming from donations, legacies and trading for adult hospices and 78% for children’s hospices. Although the size of hospices varies throughout the UK, from the largest at over £16 million expenditure to the smallest services with expenditure under £1 million, this means an average of £1.9 million per day being raised by local hospices from voluntary income to support their services.

Charitable hospices continue to provide the majority of hospice care throughout the UK. The hospice movement is one of the UK’s most successful models of community-led care and has developed ground breaking services throughout its history. Hospices will continue to deliver real change and enable the best possible care for all affected by terminal illness.

Richard Weaver
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020 7969 5567
Definitions and scope of report

This report brings together the accounts of independent hospices in the UK. These hospices are local charities which are governed by trustees. No charge is made to patients.

The purpose of the report is to:

- demonstrate the size and operation of hospice care in the UK
- identify and highlight changes over time in the overall operation of these hospices
- identify differences between the various sizes of hospice
- provide hospices with critical figures and benchmarks against which to compare their own accounts.

Scope

The majority of this report is based on the audited accounts of 186 independent charitable hospices for the financial year ending any time between 1 April 2012 and 31 March 2013. For the majority of hospices, this means the accounts for the year ended 31 March 2013. A summary table only, shown on page 7, also includes the income and expenditure of two large national charities – Marie Curie and Sue Ryder – that relates to their hospice care activities, as identified in their audited accounts. Because these two charities are very different in scale to the other charities, their results have been excluded from all the other tables.

Preparation

The figures are drawn from the Statement of Financial Activities (SOFA), Balance Sheet and Notes included in published, audited financial statements. As far as possible, we have taken information at face value, but we have had to interpret data in some cases where clear information was not given. In some cases, where data was not provided in published accounts, we have had to omit it from our calculations.

There are changes in the number of hospices submitting accounts each year; where appropriate, figures from previous years have been amended to ensure like for like comparisons.

Children’s and joint services

In some areas, we have split the figures for children’s and adult hospices. This has been done where there are significantly different results in the accounts of children’s hospices. In total, there are 25 standalone children’s hospices included in this report. There are also 13 joint hospices, serving both adults and children. It has not been possible to split the accounts of the joint hospices into their two components, so they have been included as adult hospices, as this part of their services accounts for a majority of their income and expenditure. Such hospices are treated as a single entity for the purpose of this report, as are hospices which are based in more than one location.

Definitions

- In the SOFA, which forms part of the published accounts of a hospice, trading income and expenditure are respectively included in gross income and gross expenditure. In this report, we have excluded trading income and expenditure from both these figures and included trading profit within gross income. This makes no difference to the surplus or deficit, but serves to make for better comparisons.
- Income includes money raised for capital projects, but expenditure excludes capital payments such as building costs.
Definitions and scope of report continued

- Charitable income is total income less investment and government income. It also includes money given for capital projects.
- Unrestricted reserves include designated funds.
- Free reserves are unrestricted reserves less unrestricted tangible fixed assets.
- Tangible assets are made up of the cost price of the building and equipment less depreciation.
- Investment gains/losses include both realised and unrealised changes in the value of investments.
- Other gains/losses represent gains and losses on defined benefit pensions schemes and the revaluation of properties.

Lists of financial results by hospice
We have also used the information gathered when producing this report to prepare a number of listings of the performance of individual hospices.
These lists are available from the Hospice UK website.
### Overall summary

#### Key figures – independent charitable hospices only

<table>
<thead>
<tr>
<th></th>
<th>2013 £’000</th>
<th>2012 £’000</th>
<th>2011 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income and expenditure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charitable income</td>
<td>700,697</td>
<td>656,147</td>
<td>638,383</td>
</tr>
<tr>
<td>Statutory income</td>
<td>227,847</td>
<td>220,601</td>
<td>237,312</td>
</tr>
<tr>
<td>Investment income</td>
<td>20,162</td>
<td>19,074</td>
<td>17,698</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>948,706</td>
<td>895,822</td>
<td>893,392</td>
</tr>
<tr>
<td>Charitable expenditure</td>
<td>632,283</td>
<td>603,994</td>
<td>573,103</td>
</tr>
<tr>
<td>Governance</td>
<td>10,157</td>
<td>9,447</td>
<td>9,272</td>
</tr>
<tr>
<td>Fundraising</td>
<td>252,930</td>
<td>233,642</td>
<td>215,607</td>
</tr>
<tr>
<td>Other</td>
<td>11,244</td>
<td>8,692</td>
<td>8,915</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td>906,614</td>
<td>855,775</td>
<td>806,896</td>
</tr>
<tr>
<td><strong>Surplus on core activities</strong></td>
<td>42,092</td>
<td>40,047</td>
<td>86,496</td>
</tr>
<tr>
<td><strong>Investment and other gains/losses</strong></td>
<td>41,285</td>
<td>(6,022)</td>
<td>40,227</td>
</tr>
<tr>
<td><strong>Net movement in funds</strong></td>
<td>83,377</td>
<td>34,023</td>
<td>126,723</td>
</tr>
<tr>
<td><strong>Other information</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total income less trading expenditure</td>
<td>788,202</td>
<td>749,387</td>
<td>759,120</td>
</tr>
<tr>
<td>Total expenditure less trading expenditure</td>
<td>746,110</td>
<td>709,340</td>
<td>672,624</td>
</tr>
<tr>
<td><strong>Free reserves</strong></td>
<td>815,933</td>
<td>738,958</td>
<td>770,232</td>
</tr>
</tbody>
</table>

The table shows the total size of the charitable hospice movement in the UK. The figures would be even greater if the substantial role of unpaid volunteers was taken into account.

Total income for charitable hospices has increased by 6% compared to the previous year. Most of this growth is a result of an increase in charitable income, which grew by 7% compared to the previous year, and totals over £700 million.

Expenditure has also grown by 6% compared to the prior year and now stands at £907 million, of which £632 million is spent on charitable activities (ie care; most of the rest is spent on income generating activities to fund that care).

It is possibly more accurate to look at income and expenditure after discounting trading activities, as this measure focuses on the core activities of the hospice. By this measure, total income is £788 million (5% higher than last year), while total expenditure also rose by 5% to £746 million.
In 2013, the hospice sector overall generated a surplus on core activities of £42 million. These surpluses allow hospices to expand their services and fund new buildings (such items would be shown as capital and therefore not included in the expenditure figures above).

The table above, and all the other tables in this report, contain data from independent charitable hospices only. The table below also includes the amounts relating to hospice care from two national charities – Marie Curie and Sue Ryder. If these figures are taken into account, then it can be seen that income for the sector is over £1 billion per year, with £700 million being spent by charities on care (and the remainder on fundraising and running costs).

**Key figures – including activity of national charities relating to hospice care**

<table>
<thead>
<tr>
<th></th>
<th>2013 £'000</th>
<th>2012 £'000</th>
<th>2011 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>All charitable hospices</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charitable income</td>
<td>732,710</td>
<td>687,024</td>
<td>668,417</td>
</tr>
<tr>
<td>Statutory income</td>
<td>262,980</td>
<td>253,566</td>
<td>265,167</td>
</tr>
<tr>
<td>Investment income</td>
<td>20,162</td>
<td>19,074</td>
<td>17,698</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>1,015,852</td>
<td>959,664</td>
<td>951,281</td>
</tr>
<tr>
<td><strong>Charitable expenditure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governance</td>
<td>10,157</td>
<td>9,447</td>
<td>9,272</td>
</tr>
<tr>
<td>Fundraising</td>
<td>252,930</td>
<td>233,642</td>
<td>215,607</td>
</tr>
<tr>
<td>Other</td>
<td>11,244</td>
<td>8,692</td>
<td>8,915</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td>973,760</td>
<td>919,617</td>
<td>864,785</td>
</tr>
<tr>
<td><strong>Surplus on core activities</strong></td>
<td>42,092</td>
<td>40,047</td>
<td>86,496</td>
</tr>
</tbody>
</table>
Throughout this report, hospices are grouped by size of expenditure. This is because in some areas of their accounts, different sized hospices have different trends. It often proves more useful to compare hospices of the same size, rather than those in the same region or similar locations. The bandings are based on 2013 expenditure, which means that some hospices will have moved between bands since the last report.

**Key findings**

- Average expenditure (excluding trading expenditure) per hospice was £5 million.
- The size of hospices varies throughout the UK, from St Christopher’s Hospice with £16.2 million expenditure to those hospices with an annual expenditure under £1 million. Our smallest hospice has annual expenditure of just under £200,000.
Total income, including profits from trading activities, for all hospices in 2013 was £788 million.

The tables below show the different figures for adult and children’s hospices.

**Key findings**

- The most notable thing about the table above is its consistency year on year.
- The other striking thing is the different income patterns between adult and children’s hospices.
- Government funding as a percentage of total income for children’s hospices is much lower than for adult hospices at 17% on average compared to 31% for adults.
- Children’s hospices are funded very differently from adult hospices, with far greater reliance on donations and local fundraising and much less government funding.
- Historically children’s hospices received much less funding than adult hospices from legacies, but this is no longer the case.
- Adult hospices appear to have more developed and profitable trading operations than children’s hospices.

### UK adult hospices – Summary of types of income as a percentage of total income

<table>
<thead>
<tr>
<th></th>
<th>Donations</th>
<th>Legacies</th>
<th>Trading profit</th>
<th>Investment income</th>
<th>Government funding</th>
<th>Dept of Health Capital Funding</th>
<th>Sundry</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>32</td>
<td>18</td>
<td>11</td>
<td>2</td>
<td>35</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>2012</td>
<td>31</td>
<td>19</td>
<td>13</td>
<td>2</td>
<td>32</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>2013</td>
<td>32</td>
<td>19</td>
<td>13</td>
<td>2</td>
<td>31</td>
<td>3</td>
<td>2</td>
</tr>
</tbody>
</table>

### UK children’s hospices – Summary of types of income as a percentage of total income

<table>
<thead>
<tr>
<th></th>
<th>Donations</th>
<th>Legacies</th>
<th>Trading profit</th>
<th>Investment income</th>
<th>Government funding</th>
<th>Sundry</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>54</td>
<td>17</td>
<td>5</td>
<td>3</td>
<td>20</td>
<td>1</td>
</tr>
<tr>
<td>2012</td>
<td>57</td>
<td>15</td>
<td>6</td>
<td>3</td>
<td>17</td>
<td>1</td>
</tr>
<tr>
<td>2013</td>
<td>56</td>
<td>17</td>
<td>5</td>
<td>4</td>
<td>17</td>
<td>0</td>
</tr>
</tbody>
</table>
The graph below shows the difference in types of funding for adult hospices of different sizes.

**Key findings**

- There appears to be a clear trend whereby the larger the hospice, the greater proportion of its income comes from statutory sources.

- In contrast, donations from the public are a far more significant source of income for the smallest hospices. This indicates that smaller hospices are most vulnerable to any changes in charitable giving by the public, and larger hospices are more vulnerable to any changes in patterns of statutory funding.

- Although the tables on page 9 show that overall government income is stable as a percentage of total income, this is not true for each individual hospice. The position is made more unstable by the renegotiation of government income year on year.
Donations and legacies

The graph below shows the value of donations and legacies to adult hospices of different sizes.

**Key findings**

- Together, donations and legacies contribute 51% of funding for adult hospices. The level of local support for hospices is very high; a total of £223 million in donations and £125 million in legacies were given in 2013 to adult hospices. Without this continued support by local donors, hospices would be unable to continue to care for those at the end of life.

- As the value of legacies are often dependent on either the property or stock market, any reliance on legacies means that hospices face uncertainty in their income year on year.

- Smaller hospices tend to receive proportionately more income from donations than larger hospices, but less income from legacies.

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**UK adult hospices – Donations and legacies as a percentage of total income 2013**

<table>
<thead>
<tr>
<th></th>
<th>&gt;£6m</th>
<th>£4–6m</th>
<th>£2–4m</th>
<th>&lt;£2m</th>
<th>All adult hospices</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Donations</strong></td>
<td>18</td>
<td>20</td>
<td>19</td>
<td>13</td>
<td>18</td>
</tr>
<tr>
<td><strong>Legacies</strong></td>
<td>31</td>
<td>34</td>
<td>33</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>49</td>
<td>55</td>
<td>53</td>
<td>55</td>
<td>51</td>
</tr>
</tbody>
</table>
Cost of generating funds

The graph below shows the fundraising ratio of hospices, which is calculated as the fundraising and publicity costs as a percentage of the total charitable income raised.

**Key findings**
- On average, adult hospices had a fundraising ratio of 16%, which is remarkably low compared with other fundraising charities.
- There do not appear to be any significant differences between the fundraising ratios of larger and smaller hospices – the average fundraising ratio for a hospice with over £6 million expenditure is 17%, and the average ratio for a hospice with under £2 million expenditure is 16%.
In analysing government funding, we have split hospices by nation as well as into adult and children’s hospices. This is because hospices in different nations are funded differently, as are children’s and adult hospices.

**England – adult hospices**

**Key findings**

- On average, hospices in England receive 32% of their running costs from government funds.

- Other than in 2011, when there was a peak due to a capital funding programme from the Department of Health, the proportion of expenditure funded by the government has been remarkably consistent over the past few years.

However, there is great divergence in the proportion of funding received by different hospices. Larger hospices tend to receive proportionally more government funding (on average 34% in 2013) than the smallest hospices (on average 31% in 2013), but this is only a general pattern from which there are significant variations within each band as shown by the graph on page 14.
The graph below shows government funding as a percentage of expenditure for English adult hospices, with each line representing a different hospice.

**Key findings**

- Although the average funding for adult hospices in England was 32% of expenditure, the amount received by each hospice varies significantly.
- Several hospices receive less than 20% funding while at the other extreme about a dozen received more than 50% funding.
- There is no obvious cluster of results around the average, showing the inequitable funding for hospices throughout the country.
- For a number of years, the proportion of government funding for English adult hospices has been very steady at around one third of expenditure.
Wales – adult hospices
The graph below shows government funding as a percentage of expenditure for Welsh adult hospices, with each line representing a different hospice.

Key findings
- On average, government funding in 2013 was 19% of expenditure.
- As in England, there is great variation between the funding levels of different hospices, from 8% up to 46%.
- Overall, hospices in Wales receive less government funding as a proportion of expenditure than those in England and Scotland.
- Government funding as a proportion of total Welsh hospice expenditure has been falling for a number of years (e.g., five years ago the proportion of expenditure funded was 24%).

Northern Ireland – adult hospices
The graph below shows government funding as a percentage of expenditure for Northern Irish hospices, with each line representing a different hospice.

Key findings
- On average, government funding in 2013 was 33% of expenditure.
- There are only three adult hospices in Northern Ireland, and as can be seen from the above graph there are significant variations in funding between them.
**Scotland – adult hospices**

The graph below shows government funding as a percentage of expenditure for Scottish hospices, with each line representing a different hospice.

**Key findings**

- On average, government funding in 2013 was 39% of expenditure.
- Government funding for hospices in Scotland is typically higher than in other parts of the UK.

**Total – children’s hospices**

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

**Key findings**

- On average, government funding in 2013 was 17% of expenditure.
- The contrast between hospices is similar to that of adult hospices, ranging from virtually nothing to over 40%.
- Children’s hospices receive significantly less funding as a proportion of their total expenditure than adult hospices, although funding levels have overall been on an upward trend over the past few years.
We have analysed the results of shop activities in 162 hospices to show their profitability compared to average. We have calculated profitability as profit divided by income. In some cases, hospices had not separated their shop expenditure in their accounts – in such cases the results have been excluded from the table below. We have used what information was available to produce these figures.

**Key findings**

- The average profitability in 2013 was 31% (down 2% on the previous year).
- The shops that made the highest profit in monetary terms were run by St Peter’s Hospice in Bristol, which raised well over £2 million for the hospice.
- In contrast, 12 hospices made a loss on their shops in 2013.
- Total profits made by hospice shops were £62 million. This was slightly down on last year when total profits were £63 million, and is the first time we have recorded a fall in shop profits from one year to the next.
Lotteries

We have analysed the lottery activities of 80 hospices. We have calculated profitability as profit divided by income. Again, in some cases the information for lottery income and expenditure was not separately available in the accounts. We have used what information was available to produce the figures below.

Key findings

- The average profitability of a hospice lottery was 55%, and the average profit per hospice is £284,000.
- There is greater consistency in profitability among lotteries than shops.
- Two hospices made a profit of over £1 million on their lottery activities – Myton Hospices (£1.2 million) and Ty Hafan (£1.1 million).
- The total lottery income was £54.7 million in 2013. Given a normal contribution of £1 per person per week, this suggests that over one million people are playing hospices lotteries in the UK each week.
Free reserves

We have defined free reserves as unrestricted reserves less unrestricted tangible fixed assets. Free reserves are held by hospices for a number of reasons:

- In a charity which relies on voluntary sources for half to two-thirds of its income and renegotiates NHS funding every year, it is important that there are reserves held to enable the hospice to continue charitable work effectively and seamlessly if income levels were to fall.
- Some free reserves are held to fund future capital projects, such as building work.
- Free reserves can be used to contribute to general expenditure in times of growth and change.
- The reserves held give flexibility to respond quickly to new demands and take on innovative projects.

In the graphs below, each line represents the free reserves of a single hospice, shown as months of expenditure. We have shown children’s hospices separately.

**Key findings**

- The average level of free reserves held by adult hospices represented 12 months expenditure.
- The range of free reserves held is wide, with 29% of hospices holding six months’ reserves or less.
- There are six adult hospices with negative free reserves, which means that they are using the value of their fixed assets to enable them to remain solvent. Two of these hospices have significant levels of negative reserves.
- At the other end of the scale, 19 hospices have free reserves of more than two years expenditure. It may be that these hospices are saving funds for a new building or major capital works.
**Key findings**

- On average, children’s hospices hold free reserves representing 18 months’ expenditure. This is higher than adult hospices, which may reflect the differences in sources of funding noted on page 9.

- Once again there is a significant variation in reserves, with two hospices holding negative reserves and seven holding more than two years reserves.
Deficits and falling reserves

The table below shows details of hospices that experienced losses during the year. Losses can be defined either:

a) before taking account of increases or decreases in the value of investments, or

b) after taking into account changes in investment value.

Both are shown in the table below.

a) The first measure is of how many hospices spent more than they received. By this measure, over a third of hospices recorded deficits in the year to March 2013. The fact that one third recorded deficits also means that almost two thirds recorded surpluses, despite the difficult economic conditions.

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of hospices included in report</td>
<td>186</td>
<td>186</td>
<td>186</td>
</tr>
<tr>
<td>Number of hospices with deficits</td>
<td>45</td>
<td>67</td>
<td>68</td>
</tr>
<tr>
<td>Percentage of hospices with deficits</td>
<td>24%</td>
<td>36%</td>
<td>36%</td>
</tr>
</tbody>
</table>

b) The second measure is to look at the level of reserves held by hospices. This measure is affected not just by income and expenditure in the year, but also by any changes to investment values or property revaluations. By this measure, only a quarter of hospices suffered losses in the year – the main reason for the difference to the table above being gains arising on the revaluation of investments.

In previous years there have been significant differences depending on what measure is used, but in the year to 2013 the results are similar regardless of which measure is used.

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of hospices included in report</td>
<td>186</td>
<td>186</td>
<td>186</td>
</tr>
<tr>
<td>Number of hospices with falling reserves</td>
<td>32</td>
<td>68</td>
<td>45</td>
</tr>
<tr>
<td>Reserves</td>
<td>17%</td>
<td>36%</td>
<td>24%</td>
</tr>
</tbody>
</table>
Cash

The graph below shows the total number of days’ expenditure that could be covered by cash and short-term deposits available to hospices at the year end.

**Key findings**

- On average, hospices hold 180 days cash in hand, and this total has been falling steadily over recent years.
- Smaller hospices tend to have much higher cash holdings than larger hospices in comparison to their expenditure levels. The average small hospice holds about 10 months worth of cash in hand, while the average large hospice holds about four and a half months worth of cash.

<table>
<thead>
<tr>
<th>All UK hospices – Days of expenditure cash in hand</th>
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</thead>
<tbody>
<tr>
<td><img src="chart.png" alt="Bar chart showing cash holdings across different hospice sizes and years" /></td>
</tr>
</tbody>
</table>

- All UK hospices
- >£6m
- £4–6m
- £2–4m
- <£2m
- 2010
- 2011
- 2012
- 2013

<table>
<thead>
<tr>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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</tbody>
</table>
Cash continued

The graph below shows the total number of days’ expenditure that could be covered by cash and investments available to hospices at the year end. By this measure, the proportion of funds held is not as affected by hospice size.

If investments as well as cash are taken into account, then the average hospice is holding in excess of a year’s worth of expenditure (449 days).

All UK hospices – Days of expenditure cash and investments in hand
Return on investments

The graph below shows the income return on cash and investments (defined as dividend and bank interest received in the year as a percentage of the year-end bank and investment values).

**Key findings**

- Average returns in 2013 were 2.2%, which was similar to the levels of inflation during the period. This means that in real terms, hospices were not earning any return on their investments.

![All UK hospices – Return on cash and investments](image-url)
The graph below shows the total return on investments, including bank and dividend income plus the effect of any realised and unrealised gains or losses on investments. This graph shows a different picture to the one on page 24.

**Key findings**

- If changes in the value of investments are also taken into account, then hospices received an average return on investments of over 7% in 2013.
- Larger hospices tended to have received stronger returns than smaller hospices, as on average they had invested proportionally more on the stock market.
**Staff costs**

In common with many charities, staff costs make up a majority of the expenditure within hospices. The graph below shows staff costs as a percentage of total expenditure, including salaries, national insurance and pension costs.

**Key findings**

- Staff costs represent 71% of an average hospice’s expenditure.
- Although there is no change compared to the previous year, looking over a longer time period there is some evidence that staff costs are now forming a larger proportion of total expenditure.
- There is no obvious difference between the relative proportion of staff costs of smaller hospices and larger hospices.
- The value of volunteer time is not shown in the financial statements and therefore is also excluded from these figures – if hospices had to pay for these volunteers then the proportion of staff costs would be even higher and hospices would have to raise additional income from fundraising.

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**All UK hospices – Staff costs as a percentage of expenditure**

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<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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</thead>
<tbody>
<tr>
<td>All UK hospices</td>
<td>67</td>
<td>71</td>
<td>71</td>
</tr>
<tr>
<td>&gt;£6m</td>
<td>66</td>
<td>70</td>
<td>72</td>
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<tr>
<td>£4–6m</td>
<td>66</td>
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<td>73</td>
</tr>
<tr>
<td>£2–4m</td>
<td>68</td>
<td>71</td>
<td>70</td>
</tr>
<tr>
<td>&lt;£2m</td>
<td>64</td>
<td>68</td>
<td>74</td>
</tr>
</tbody>
</table>
Audit fees

In total, hospices spent £1.6 million on audit fees in 2013. The graph below shows the audit fees for hospices compared to their income levels.

**Key findings**

- The average audit fee (in proportion to income) has been fairly steady over recent years if one considers all hospices.
- However, there are clear economies of scale, with larger hospices paying proportionally far less than smaller hospices.
- Whilst fees for the larger hospices have shown little change, fees for smaller hospices are rising more sharply.
- In relative terms, the smallest hospices pay more than double the fees of larger hospices.

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*income is gross i.e. without deduction of trading*
Hospice UK is the national charity for hospice care. We champion and support the work of more than 200 member organisations, which provide hospice care across the UK, so that they can deliver the highest quality of care to people with terminal or life-limiting conditions and support their families.