

Co Hse

REGISTERED COMPANY NUMBER: 01776496 (England and Wales)
REGISTERED CHARITY NUMBER: 288462

**REPORT OF THE TRUSTEES AND AUDITED CONSOLIDATED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013
FOR
ST MICHAEL'S HOSPICE HASTINGS AND ROTHER**

Gibbons Mannington & Phipps
Chartered Accountants
& Statutory Auditor
82 High Street
Tenterden
Kent
TN30 6JG

SATURDAY



A2KAHTER

A18

02/11/2013

#229

COMPANIES HOUSE

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

**CONTENTS OF THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2013**

	Page
Report of the Trustees	1 to 27
Report of the Independent Auditors	28
Consolidated Statement of Financial Activities	29
Consolidated Balance Sheet	30
Company Balance Sheet	31
Consolidated Cash Flow Statement	32
Notes to the Cash Flow Statement	33 to 34
Notes to the Financial Statements	35 to 48

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

REPORT OF THE TRUSTEES - *Quality for life; choice in care*

YEAR ENDED 31 MARCH 2013

CONTENTS

Chairman's statement

Chief Executive's introduction

Summary of the year

Our strategic aims and priorities

Increasing the accessibility of our services

Responding to patients and their families

Improving the quality of our services

Developing our leadership role in end of life care

Working with our local community

Controlling our finances

Governance and management

Company information

**REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2013**

CHAIRMAN'S STATEMENT

While this has been a year of very considerable achievement in many areas, it is nonetheless disappointing to have to report a financial deficit of £153,000. The main driver of this result is the level of legacy receipts which, at £533,783, is some 48% below the average for the past 12 years. This has been exacerbated by a review of anticipated legacy receipts and an amendment to our accounting policy, without which we would have ended the year with a small surplus. While this is a one-off, largely technical, accounting matter, it does remind us once again how dependent we are on this source of income and how important it is never to relax in our drive to increase our income from all sources and to maintain our rigorous control on costs.

As reported elsewhere, our Silver Jubilee was celebrated in considerable style and we were able to acknowledge the extraordinary efforts of our predecessors who had the original vision to open a Hospice for Hastings and Rother and who had the energy and drive to see it move from planning to implementation so successfully. We also owe much to the Nuns from St Augustine who facilitated the transfer of our wonderful buildings and to all those who over the past quarter of a century contributed so much to make St Michael's what it is today. That we were honoured by a visit from HRH the Duke of Gloucester at the end of the year really was the icing on the cake.

We also used the Jubilee to increase awareness of the services we offer throughout our catchment area as well as to boost, where possible, our fundraising efforts. There has been a quite bewildering variety of events organised over the last year and I must acknowledge the efforts of Perdita Chamberlain and her indefatigable team who, notwithstanding some truly awful weather, somehow seem to have excelled themselves and raised even more money than ever. None of this of course would have been possible without the enormous contribution from our hundreds of volunteers and the local community who support us in so many ways. Our lottery team, under Pat Hawkins, continue to produce a wonderful result and it is a source of great pride that our figures, in terms of numbers of players, continue to run at roughly twice the national average. Trading activities, so enthusiastically led by Chris Jones, also continue to make a significant contribution to our income and, following some new initiatives and investment, we are confident that this income stream will grow over the coming year and beyond.

One major new initiative launched last summer was our Patrons Circle through which supporters can commit to making an annual donation of a minimum amount in return for which we organise some exclusive events bringing access to locations which would not otherwise be available. In the first year we welcomed over 70 Patrons who in the aggregate have contributed more than £60,000 – a really encouraging result which we hope to develop further in the coming years. The launch of the Patrons Circle coincided with the decision of the Trustees of the Development Trust to bring the separate existence of the Trust to an end and we were pleased that a number of Patrons of that Trust have transferred to the Patrons Circle. Since the Development Trust was formed in the early days of the Hospice, they have contributed, even over just the past ten years, a staggering £688,000 to Hospice funds, for which we are extremely grateful.

Another exciting initiative is the Hospice Neighbours project – a further example of how St Michael's, with Elaine McDonough in the forefront as Head of Clinical Services, leads the way in providing the highest standards of palliative care for those in our community who are in need. The report which follows gives a vivid picture not only of the range of services which are now available to our patients and their families, but also the love and care with which they are delivered. I never cease to be amazed by the commitment of all those involved with the Hospice, starting with Celia Pyke-Lees, our superb Chief Executive, her senior management team, and all the medical, nursing and support teams without whom St Michael's would not be the place that it is – greatly admired by all.

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

**REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2013**

We said a fond farewell to two particularly special people who have made an indelible mark. Dick Board, our former Medical Director, and Andy Knight, our Head of Finance, have retired after many years of hugely dedicated service. We miss them greatly, but fortunately we continue to see them and we are happy to know that they continue to support us and to be involved in the life of the Hospice in different ways. I, too, will be coming to the end of my tenure after nearly nine years as a Trustee and your Chairman. This will be an enormous wrench for me personally, but I am absolutely delighted that Irene Dibben has accepted to take over from me when I step down at the end of March next year. Irene has been on the Board of Trustees since January 2012 having previously been Chair of the East Sussex Healthcare Trust and, before that, an HR Director at Reuters. She will bring a wealth of experience which I know will be of great value to Celia and the Board as they face the challenging and changing world of health care provision.

I hope you enjoy reading the report which follows and feel, like me, that St Michael's continues to go from strength to strength and justifies the love and support which it receives from so many in our community.


Julian Avery
Chairman

CHIEF EXECUTIVE'S INTRODUCTION

It is a time of change. As people are increasingly questioning the health care they receive and wanting more transparency and openness about the services that are offered, we felt it was important not just to report on how we have performed, but also on how we can improve and develop our services. We believe that compassion, skilled care and accessibility are vital components of Hospice care and we seek to monitor the extent to which we live up to the standards we set ourselves. This report outlines the progress we have made in these key areas.

Last year we celebrated our 25th Anniversary and it is clear that, while over the years our staff and volunteers may have changed, our clinical expertise developed and our services grown, we still have a relentless passion and drive to enable people to be and feel themselves for as long as humanly possible. We know that it is the small, personal and individual things that matter most to each of us, that define our character and make us who we are. Although we cannot offer a cure, we are committed to treating each and every person as an individual, making them feel more like the person they have always been and helping their families and friends along the way.

The essence of St Michael's is that we are an organisation that is prepared to go to extraordinary lengths to ensure that the people we help will always experience a sense of their normal lives and, in so doing, give them their dignity, sense-of-self and sense-of-belief to be best prepared for what lies ahead.

I hope this annual report will make clearer our plans to continue to reach out to individuals and their families in need of support at a critical time in their lives.

Celia Pyke-Lees
Chief Executive

**REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2013**

SUMMARY OF THE YEAR 2012-13

Our services

- 407 people admitted to our in-patient services (compared to 405 in 2011-12), receiving 535 episodes of care (542)
- In-patient occupancy ran at 81% (82%)
- 2,201 attendances at our day therapy centre (2,386 in 2011-12)
- 3,709 (compared to 2,332 in 2011-12) Hospice at Home visits made, with over 100 night sitting services provided (same as previous year)
- Over 7,800 (5,000) Hospice at Home telephone calls with patients/relatives
- 1,166 (1,084) hours of bereavement counselling.

Developments in the year

- Positive results from an inspection by the Care Quality Commission
- A deficit of £153,000 at the end of the financial year, both because of reduced values received from legacies notified in previous years and also because of a more prudent approach to assessing the value of all outstanding legacies
- Significant growth in demand for Hospice at Home services
- Launch of new Hospice Neighbours scheme
- A series of events run to celebrate our Silver Jubilee
- Our project supporting end of life care in local nursing homes achieved funding for a second year from the Primary Care Trust
- A successful joint project supporting end of life care for patients with dementia
- New breathlessness clinics piloted
- New specialist out-patient clinic, run by ESHT, opened on site
- Our gardens further improved, enhanced by a beautiful, donated sculpture
- The launch of Patrons Circle scheme resulted in 70 people signing up, generating over £60k
- New website launched, enabled by a generous grant from St Michael's Hospice Development Trust
- Increased presence on social media, with 791 people 'liking' our Facebook page and 228 followers on Twitter
- E-newsletter launched, reaching over 1,000 people bi-monthly
- New e-bay site flourished and we started selling on Amazon
- Our new solar panels saved us an estimated £1,175
- Our float won the overall top prize in the Hastings Carnival

Our year in numbers

- 133,659 hours of work provided by volunteers, equivalent to over £1m
- Around 11,500 people played our lottery every week
- 2,080 miles run by our supporters in various marathon races
- 34,544 miles travelled in the year by our Trading vans
- 97,620kg of rags recycled by Trading, raising £60k
- Over 1,600 people placed stars on our Lights of Love trees
- 24,182 miles driven by Hospice at Home in the year
- 12,412 miles driven by day therapy volunteer drivers
- 5,241 packs of Christmas cards sold
- 67 student placements

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

**REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2013**

FINANCIAL SUMMARY

How the money was spent

	£
Patient Care	3,737,774
Retail	436,306
Lottery	264,746
Fundraising Events	357,403
Administration	335,491
Governance	39,248
	<hr/>
	5,170,968

How the money was raised

	£
Donations	720,245
Legacies	533,783
PCT Grants	1,232,419
Fee Income	524,252
Retail	682,583
Lottery	631,560
Fundraising Events	632,686
Other	60,782
	<hr/>
	5,018,310

OUR STRATEGIC AIMS AND PRIORITIES

Our vision

We aim to ensure that the highest standard of palliative care and support is available across Hastings and Rother

Our strategic aims

- To treat every individual as unique, a person we value, whose contribution we respect, through an open and honest environment
- To ensure that access to our services is available fairly and without discrimination
- To provide and develop responsive services that support choice and independence
- To work as a team, recognising the value of diverse perspectives
- To challenge ourselves always to do better
- To encourage and support the continuing professional development of our staff
- To recognise, encourage and develop the essential contribution that volunteers make to St Michael's
- To promote the highest standards of palliative care by training fellow healthcare professionals
- To maintain and develop continuity of care through collaborative working with other healthcare professionals
- To develop successful partnerships with our local communities
- To be transparent and accountable, as an independent charity, to our communities on whose generosity we depend
- To work with financial integrity, using resources wisely and securing our long-term future
- To maintain and enhance our reputation as a charity respected and valued by local people and the business community

Our priorities

To achieve our strategic aims, six priorities were identified for the period 2011-14

- Increasing the accessibility of our services
- Responding to patients and their families
- Improving the quality of our services
- Developing our leadership role in end of life care
- Working with our local community
- Controlling our finances

This report looks in turn at our progress in taking forward these priorities

INCREASING THE ACCESSIBILITY OF OUR SERVICES

Strategic aim To ensure that access to our services is available fairly and without discrimination

St Michael's Hospice is most commonly known for the in-patient care provided in our building in St Leonards on Sea. It is less widely recognised that we offer a range of other services across the whole of Hastings and Rother, including

- In-patient palliative care (acute and longer-term)
- Skilled palliative nursing support for those living at home, with visiting nurses available 24 hours a day, seven days a week
- Night sitting for people at home
- Day therapy for up to 18 patients per day four days a week
- Bereavement support for anyone in need
- Training in palliative care
- Clinical advice for primary care staff in the community

It is important to us both to increase local knowledge about what we offer and to review our success in responding to demand. Both of these have been areas of active improvement during the year.

Informing and communicating

To assess the reach of our services, we regularly review the geographical location of our patients and of the GPs who refer to us. It is clear that the northern half of our catchment area, North Rother and Battle, continued to have a low referral rate, although this has very slightly improved. To address this, we began circulating a Clinical Bulletin, a twice-yearly publication for all Primary Care Teams, and took an active role in the annual GP training day on palliative care. Attendance by the Hospice at Home team at GP surgery based meetings increased, helping ensure that priority patients were swiftly identified.

Monitoring our accessibility

We continued to offer care and support for people affected by a range of illnesses. 20% of our in-patients had non-malignant diseases, while in day therapy the proportion was 27%, and 33% with Hospice at Home.

The majority of our patients tended to be in the 65-84 year age group, with around 20% being below 65 and a roughly similar proportion being 85 years or older. The exception to this was in our Hospice at Home services, where 32% of the patients were over 84 years. The proportion of men and women was similar, except in day therapy which, as in previous years, attracted more women.

We reviewed our data relating to patients' ethnicity and this showed that, while across Hastings and Rother about 7% of people classified themselves as "Other than White British", only around 1%-2% of our patients put themselves in this category. To try to reach minority groups across Hastings and Rother, we have been seeking to increase our communication with local community organisations and we regularly joined meetings of the Hastings Black and Minority Practitioners Group. However, we clearly still have more work to do in this area.

Providing skilled nursing support at home

Our Hospice at Home service had an exceptionally busy year. In 2011-12, we reported a more difficult year for the team which resulted in a review and re-launch in March 2012. This was most successful. Over the twelve months of 2012-13, referrals grew by 30% (from 620 in 2011-12 to 804) and total home visits by 59% (from 2,332 to 3,709). Night visits showed the greatest increase, rising sevenfold from 132 to 927, while day visits rose by 26%, from 2,200 to 2,782.

Telephone calls with patients and their families also grew by 55%, averaging 651 a month and, therefore, running at over 7,800 per annum. Calls with professional colleagues also rose to over 7,300, with the result that the total of patient related telephone calls was over 15,000 (a 19% increase over the previous year).

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

REPORT OF THE TRUSTEES YEAR ENDED 31 MARCH 2013

Providing support at night

The new night sitting service, which had started the previous year, operated above target, by around 5%, in relation to the number of booked night sits, but below target in relation to the actual number delivered. We continued to receive significant numbers of cancellations very shortly before the appointments. We are seeking to improve the situation through further discussions with community nursing teams.

Providing day therapy/respite

Our day therapy service saw an increase in the level of disability of those attending and, partly because of this and the need for greater one-to-one support, day therapy attendances were reduced in number. The cold winter also played its part, with 5 days having to be cancelled because of the icy conditions. As a result, total booked attendances declined by 9% and actual attendances were approximately 8% lower than the previous year. 70% of people booked to attend were able to come, broadly the same as last year (68%). Planning is underway to improve the day therapy environment in 2013-14 and to review the strategic direction of the service.

During the year, we reviewed our transport arrangements in relation to the transportation of oxygen cylinders in cars driven by volunteer drivers. We managed to agree an appropriate procedure and insurance arrangements which has been beneficial in increasing the number of patients we can bring to the centre.

Providing bereavement support

Bereavement services continued to be well used. Referrals increased to 257 (from 212 the previous year) and 93 new clients were supported in the year. The total support hours increased by nearly 8%, rising from 1,084 the previous year to 1,166 in 2012-13, despite two periods when there were several cancellations due to snow.

Providing in-patient care

Referrals

In-patient referrals totalled 509 (approximately the same as the 505 in the previous year), of which 40% were from local hospitals, 38% from Hospice community services and the remainder (22%) from NHS community services, which showed a continued growth in direct referrals from GPs and district nurses, up from 65 in 2010-11 to 99 in 2011-12, increasing to 109 in 2012-13.

Occupancy

535 episodes of care were supported (compared to 542 the previous year). Overall, we had 8,836 (8,956) occupied bed days and total admissions of 407 (405), leading to an occupancy rate of 80.5% (compared to 81.6% the previous year), which was within our target level. Given the nature of our patients' illnesses, this is in line with the national position for Hospices. A new daily admissions meeting was established which improved co-ordination.

Deaths and discharges

Of the 407 people using the service, 54% died (62% the previous year) and 46% (38%) were discharged back to the community.

Looking forward

In 2013-14, our main aims are to

- Improve communication with GPs and District Nurses
- Produce information about our services for distribution to GP surgeries
- Increase the number of night sitting services provided

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

REPORT OF THE TRUSTEES YEAR ENDED 31 MARCH 2013

RESPONDING TO PATIENTS AND THEIR FAMILIES

Strategic aim: To provide and develop responsive services that support choice and independence

Each patient and his or her family is different in their own way and we feel strongly at the Hospice that it is our role to try to recognise and support what feels important to them. For some it is the small and deeply personal issues that matter most.

"You gave him quality of time and dignity which allowed him to spend precious hours with his daughter "

For others, there is a larger family viewpoint.

"His last week was spent in beautiful surroundings cared for by the most amazing staff – and nothing was too much trouble. Even on Friday when nearly twenty of his close family packed his room to say our final good-byes, the staff still ran round getting us endless pots of tea, cakes and biscuits "

Whether within the Hospice or in a person's home, we aim to work in the way that best supports the individuality and uniqueness of patients and their families.

Offering holistic care

Skilled medical and nursing care, provided by our team of doctors, nurse practitioners, registered nurses and healthcare assistants is, of course, vital. We are also grateful for the local GPs who support our work at weekends. However, multi-disciplinary teamwork is also an essential part of our care and this, too, draws positive comments from patients and their relatives. Our Chaplain, for example, is clearly greatly appreciated.

"I just wanted to say a big, huge, gigantic thank you for everything you did for my Dad and for me and my family at what was an incredibly difficult time. You helped us through the pain, upset and confusion, calmed us and guided us, and even made trays of tea! Most importantly, though, you helped my Dad have a very peaceful and tranquil passing and I am so grateful you were there, as I know it helped my Dad relax and not be scared "

Our Social Workers, too, provided important practical and emotional support. They maintained a 100% success rate in achieving a care package from Adult Social Care for every patient referred and continued to seek grants and ensure welfare benefits advice was available as required.

The services of the Sara Lee Trust (SLT), an independent charity based at St Michael's offering our patients complementary therapies and counselling, also improved patients' well-being. As one patient reported: *"It makes me feel totally relaxed. It is a quite restful time for me away from all the hospital appointments"*. We are most grateful to SLT for their invaluable support.

Offering good quality meals

Food and nutrition are key components of an individual's well-being and no less important when we are unwell. The Hospice has a fresh food policy with clear traceability of meat products, offering good quality, home cooked meals. We were pleased that our kitchens, following an inspection by Hastings Borough Council, were awarded the highest rating with no follow-up action required. The MacMillan Dietician is now a member of our Food Group and supports our catering department with any advice required to meet our patients' nutritional needs.

Patient feedback was also very positive.

- *"Food is excellent "*
- *"Dad really appreciated the food when he could eat and it looked lovely – I particularly liked the little flowers on the tray. Staff were also very flexible, helping him to eat when he was able to, not just at prescribed times "*

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

REPORT OF THE TRUSTEES YEAR ENDED 31 MARCH 2013

Making a difference

We valued the many cards, letters and comments we received indicating that we had made a difference to people's lives

- *"The difference between my husband on arrival at the Hospice and his leaving to go to a Nursing Home is very marked; he is so much stronger and more positive now " (In-patient services)*
- *"We will not forget your kindness and strength that steeled us when we needed it most " (Hospice at Home)*
- *"I was very shaken by events in my life and the serious condition I was in due to cancer of both breast and lymph glands. However, gradually body and mind became better and this altered my whole outlook on life. 'Were the Hospice not there. I would not be here' Thank you " (Day therapy)*
- *"I have become a better Dad to my son " (Bereavement support)*

Encouraging patient/family assessments of our services

Only one complaint relating to our clinical services was received during the year (concern was expressed at the noise from a function being held in our grounds), but we continued to encourage individuals' views on how we could improve services. Surveys were undertaken in each of our service areas and all of these showed high levels of satisfaction. Of those who responded to the question asking them to rate their overall opinion of the Hospice, 45 out of 46 gave the highest possible scores for the overall support, care and attention provided. In day therapy, 100% of respondents had trust and confidence in staff and considered they were treated with respect, privacy and dignity, while 27 out of 29 respondents reported that the service had alleviated their symptoms.

Our bereavement support services also sought detailed feedback, using a scoring system of 0-8. Of the 44 surveys returned, 95% gave a score of between 6-8 for their initial contact with the service, while 100% gave a similar score when rating the usefulness of the support given. Positive comments about the value of the service were given, for example one respondent commenting *"I think the counselling sessions were the most useful, helpful hours I've ever spent in my whole life"*

Additionally, all of these surveys elicited useful comments that helped us enhance our services, for example planning a change to the menus, so that they run on a six week, rather than a four week, cycle. In day therapy, we continued to hold discussions with patients about service issues, particularly in relation to a proposed bid to the Department of Health for capital funds to improve the environment. The results informed the bid that was subsequently put forward, seeking to increase space for hobbies and extra activities.

Our Trustees increased their own visits from quarterly to every two months, meeting patients, families, staff and volunteers. Their reviews, considered at Board meetings, continued to be positive, reporting, for example *"We are really fortunate in the commitment and care our staff give to patients and the Hospice as a whole"*. They also gave useful feedback that prompted further action.

Improving our environment

The Hospice gardens continued to offer comfort and relaxation, as our gardener and his team of committed volunteers worked hard to keep them to a high standard. Many patients commented on the lovely views from the windows and are frequently seen out in the grounds with their families.

"My husband was very impressed by St Michael's Hospice not just with the nursing care but also the grounds outside - the beautiful way they are kept. He spent as much time as he could in the garden having many a chat with the gardener."

As part of our Silver Jubilee celebrations, we were delighted that the Duke of Gloucester unveiled a plaque on the new sculpture entitled *Vol au Vent*. Sculpted by Ev Meynell and crafted in stainless steel and marble resin, it is an abstract representation of a bird flying in the wind. It is a beautiful enhancement to the top lawn of our gardens. We are grateful to James and Angela Sellick, the owners of Pashley Manor Gardens, who generously donated it.

We were pleased to hear, in March 2013, that we were successful in obtaining a capital grant from the Department of Health for use in 2013-14 to help improve day therapy and in-patient facilities.

**REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2013**

Reaching out to families

Supporting families

Hospice at Home services increased significantly the number of telephone calls they had with families at home, averaging over 650 per month, 22% of which took place out of hours. As one carer wrote *"Emotional support for me as a carer is 100%"*. Our night sitting service is available three nights a week, aiming to help carers have a good night's sleep and, because of the positive feedback we have received (*"I think this is a very valued service as it gives respite and support to all the family"*), we are also looking to increase the number of nights we can offer support from three to four. We are able to do this through the generosity of SAFE, a local charity which supports the provision of respite care. Our day therapy centre is also valued for the respite it provides for carers *"to re-charge batteries; able to catch up with time for themselves"*.

Developing services

In 2012, our Board of Trustees took the decision to pilot a completely new service, Hospice Neighbours, which offers volunteer support to individuals coming towards the end of their lives. The aim is to co-ordinate volunteers on a local basis, providing help in their own communities with such tasks as shopping, conversation and light housework/gardening. Contact was made with local community groups, as well as with local healthcare professionals, to discuss the project. The Board supported the recruitment and training of volunteers, initially from Rye, Ore and Northiam, with a view to launching the scheme in these areas in April 2013.

Another new venture was the two pilot clinics run for patients (and their carers) affected by breathlessness. Overall, although the numbers were small, there was evidence that the clinic helped prevent attendance at hospital. Feedback from participants also indicated that the sessions had alleviated a number of their symptoms, enabling them to enjoy life and carry out normal activities more than before. As one person commented, the course *"made my husband more relaxed, it has really helped him so much"*. We also learnt the value of including carers in sessions as the joint learning proved even more beneficial. We are considering if grant funding is available to continue these sessions.

Maintaining contact

Families remain important to us even after the death of their loved one. We invite them to a Time to Remember Service, send an anniversary card, offer them the opportunity to place a copper leaf on our Tree of Remembrance, while many also come to our annual Lights of Love services. As one relative stated *"My husband and I found the service very moving and of great comfort. It was just beautiful"*. Bereavement support offered not only one-to-one support but also an informal monthly social evening and provided some written support to help bereaved people get through Christmas.

Looking forward

In 2013-14, our main aims are to

- Roll-out our new Hospice Neighbour project across Hastings and Rother
- Improve our day therapy centre and our in-patient facilities through the implementation of a capital build project aimed at enhancing patient care and support
- Develop Walk and Talk days out to offer companionship and support to those who have been bereaved
- Implement a six week rolling menu to increase the variety of meals on offer
- Continue our surveys, eliciting patients' views of our services

**REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2013**

IMPROVING THE QUALITY OF OUR SERVICES

Strategic aim To challenge ourselves always to do better

Always seeking to improve our care is an important part of the Hospice ethos and it is important, therefore, to review regularly the effectiveness of our services and to keep our staff skills updated

Obtaining feedback from referrers to our services

Hospice at Home, day therapy and in-patient services asked local healthcare colleagues for their comments on the value of our services and the improvements that they would wish to see

In relation to in-patient services, although the great majority of responses were positive, there were also some useful comments in relation to improving communication about individual patients. As a result, Hospice at Home staff now liaise with the ward areas before attending GP practice meetings so that they can update the GP. Follow-up surveys in the coming year will check whether this new approach has improved matters.

Referrers to Hospice at Home reported their belief that the service prevented hospital admissions and reduced pressure on district nurses. One respondent argued that, without Hospice at Home, there would be "*chaos, hospitalisation and awful end of life care*". However it was clear, again, that communication between our service and GPs could be improved. This is being addressed by Hospice at Home attending as many locality team meetings as possible.

Concerning day therapy, there was agreement that the service helped both patients and their carers.

"Excellent service. Has reduced symptoms, provided social and carer support. I would even suggest it reduces hospital admissions." Transport for individuals in rural areas is, however, an area that we shall be reviewing.

Achieving positive inspection results

Our care services are inspected on an annual basis by the Care Quality Commission (CQC). We were pleased at the recognition by the CQC of the quality of our care.

"We observed that staff were empathetic and respectful to patients, visitors and each other. We saw that patients who were nearing the end of their life were treated with the utmost respect and dignity. The families were kept fully informed and were treated with empathy and discreet support. People spoken with felt safe and one said that 'I feel I can raise any concerns and I have utmost confidence that they would be addressed'. The environment was serene and comfortable and the care delivered with sensitivity and knowledge."

However, the Inspector commented that our written care plans should be more personalised, better reflecting the care given to meet patients' individual needs. Taking this as a starting point, we conducted a thorough review of our clinical records, looked at best practice elsewhere and implemented a new system.

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

REPORT OF THE TRUSTEES YEAR ENDED 31 MARCH 2013

Ensuring patient safety

Monitoring of patient infections continued, looking at whether they were present on admission or acquired in the Hospice. There were no Hospice acquired cases of MRSA or C Difficile. We have also been fortunate not to have experienced any cases of Noro Virus despite it being prevalent in local healthcare establishments. Infection control practice was regularly audited and the Care Quality Commission reported favourably.

"The hospice was clean, hygienic and comfortable. We saw that staff used gloves and aprons appropriately to promote infection control practices."

We are grateful to our maintenance and housekeeping teams for their hard work in keeping the building well maintained and clean. 92% of respondents to the in-patient satisfaction survey regarded the housekeeping service as very good (with the remaining 8% marking them as 'good'). Comments included *"It is the highest standard I have ever known, spotless"*.

Health and safety continued to be a high priority, as we employed an external provider who, along with managers, carried out very detailed risk assessments which helped us make necessary improvements. We also held regular fire evacuation practices (planned and unplanned) and improved our business continuity planning.

Our Information Governance group continued to develop our awareness in relation to confidentiality and security of patient information. Relevant staff and volunteers undertook e-learning in this area to improve understanding. We were pleased to achieve a pass at Level 2 in NHS Information Governance compliance.

Ensuring clinical effectiveness

We are part of a Sussex-wide Hospices' benchmarking group which shares best practice. During the year, the group focused on patients' falls, monitoring the returns from each Hospice. The analysis showed that, at times, we had a higher rate of falls than other Hospices. As a result, we provided, with the support of East Sussex Healthcare Trust (ESHT), falls awareness training to all in-patient services staff. We also introduced, as a pilot, a new falls risk assessment tool and management procedure for patients assessed on admission as being at medium or high risk of falls. If successful, this will be rolled out across the Hospice.

During 2012-13, staff were proactive in their approach to managing patients identified as at risk of developing a pressure ulcer whilst in our care. A bespoke training programme was delivered by a Specialist Tissue Viability Nurse to all of our nurses to improve their knowledge and skills in the management of these patients.

Obtaining the right equipment

As Hospice funds are always limited, we value the contribution of individuals and organisations who help us ensure that patients benefit from the most appropriate equipment. For example, we were delighted to receive grants from the Ted Baker Trust and the Rotary Club of St Leonards for Softform Premier Mattresses. In addition, we were able to purchase a Bladder Scanner through generous In Memoriam donations coupled with a gift specified in a Will. We also invested in a bariatric bed, which has helped us improve the responsiveness of our services.

**REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2013**

Managing and developing our staff

The total number of staff we employed was 163. Staff turnover remained relatively healthy at 14% which we believe demonstrates that the Hospice is considered a good place to work.

Following consultation, we introduced a new Staff Support Policy which ensures group supervision with an external facilitator is available for all staff. Other options include confidential one to one support/counselling or support from our Chaplain if they prefer.

We are committed to investing in staff professional development, believing that this is of fundamental importance to the delivery of good quality care. We both supported staff in achieving accredited qualifications and ran in-house training (both mandatory and optional). In total, over 5,700 hours of training were provided for staff and volunteers. This included 94 hours of IT training and 655 hours of e-learning. Clinical staff received an average of 5 days training per year whilst non-clinical had around 2.5 days.

Our new accredited course with Bexhill College, which trained our volunteer bereavement supporters, continued. They completed the course and are carrying out counselling hours to enable them to graduate in July 2013.

We also supported the need for medical revalidation. A Service Level Agreement was signed with ESHT to ensure we were able to meet the complex new assessment arrangements.

Looking forward

In 2013-14, our main aims are to

- Provide safe management of drugs training to our healthcare assistants
- Pilot a new falls assessment and management tool with a view to wider implementation during 2013-14 should the pilot prove successful
- Continue to improve our compliance with NHS Information Governance systems
- Monitor patients' falls and pressure ulcer care

DEVELOPING OUR LEADERSHIP ROLE IN END OF LIFE CARE

Strategic aim: To promote the highest standards of palliative care

As specialists in palliative care, we believe it is important to extend out and use our knowledge to help other local providers give the best possible care and we seek to do this through project based support and training

Project work

Proactive Elderly Persons Advisory Care (PEACE)

PEACE is an advisory care tool used for elderly patients with dementia following discharge from the complex care ward at the Conquest Hospital. It seeks to prevent repeated or extended stays in hospital when treatment and care could be given in a care home. Set up as a project between the elderly care and specialist palliative care teams at the Conquest Hospital and supported by the Hospice (both Hospice at Home and Education teams), 23 local care homes (17 nursing homes and 6 residential homes) were involved. The outcomes of the project showed how beneficial such support could be, as 100% of patients supported through the PEACE project avoided inappropriate hospital admission.

Care homes

As part of a two year NHS funded project, three workshops were delivered to ten care homes each year, giving their staff basic palliative care knowledge. Data was also collected on deaths that occurred during the project years to track improved use of end of life care (EOLC) tools, avoidance of hospital admissions and the quality of death. The Hospice at Home team continued to deliver Introduction to EOLC workshops to care homes on a monthly basis. These two hour informal sessions were well received.

Co-ordination in the community

We welcomed the agreement of ESHT to a joint project to co-ordinate all referrals relating to patients in the community needing palliative care support. We hope this will result in a more effective service to patients and also give more information about unmet needs. The plans will be implemented in the coming year.

EOLC/Dementia

A Regional Innovation Fund project has been running since November 2011 looking at how best to improve the quality of end of life care for those with dementia, with NHS Sussex focusing on achieving this through education. The Hospice was involved in stakeholder meetings and workshops looking at how best to provide training for staff caring for dementia patients at the end of their lives.

Training and placements

Over the year we had over 67 student placements from 20 different establishments, and provided over 5,600 hours of training. We embarked on some new placements, including a home-schooled year 10 student who worked one day per week with a different administrative/fundraising department per term. We also worked closely with the Darvell community in Robertsbridge, being happy to support a member of their community develop her knowledge and skills as a trainee Health Care Assistant. The student joined us full-time and worked with us for nine months.

Looking forward

In 2013-14, our main aims are to

- Establish a system for the co-ordination of all referrals for palliative care community services
- Extend the Care Home Project, working with homes that wish to have palliative care training
- Continue our support for student training

WORKING WITH OUR LOCAL COMMUNITY

Strategic aim To develop successful partnerships with our local communities

The Hospice came into existence only because of the support and dedication of local people – and it continues for the same reason. 2012-13 marked our Silver Jubilee, which gave us an excellent opportunity both to recognise the achievements of many local people and also to extend our links with local communities.

Celebrating our Silver Jubilee

We set ourselves three aims for our 25th Anniversary year: to acknowledge and thank all those who contributed to the development of St Michael's, to raise awareness of our range of services and to increase income. All of these were achieved through an ambitious plan of activities, events and promotions undertaken through the year, bringing together supporters, volunteers, patients and staff. Some highlights included:

- *Acknowledging and thanking*: There were numerous events held over the course of the year with the aim of thanking current and former supporters, volunteers and staff. Our reception area also had photographic displays, changing on a monthly basis, to remind us of former colleagues, the changing face of the Hospice environment (whether services, fundraising or trading) and aspects of our history.
- *Silver Ball*: A glorious Silver Anniversary Ball, organised by Jane Tritton, was hugely successful with over 200 people attending, bringing in over £23k.
- *Patrons Circle*: Following a launch event at our Chairman's house in Ticehurst, over 70 people signed up to be the first of our Silver, Gold or Platinum Patrons, generating over £60k in annual pledges for 2012-13. This scheme will be promoted as part of our integrated fundraising strategy in future years.
- *Anthology of East Sussex Gardens*: After twelve months dedicated writing and photography from volunteer Beth Lynch, we published the *Anthology of East Sussex Gardens*, which presents many of the gardens that have opened for the Hospice. These books are continuing to sell well.
- *Raising awareness*: The Hospice re-developed and launched its website as part of the anniversary year. We also promoted our presence on Facebook and on Twitter. The redeveloped website received significant attention, with 42,000 (30,000 unique) hits since launch and 154,000 page views.
- *Other causes for celebration*: For the first time, we entered a float in the Hastings Carnival and were delighted to gain the first prize in our class as well as overall Best Float in the show. We were also pleased to be nominated for the Charity of the Year Award, in the scheme run by the Observer Newspaper, and to receive the Highly Commended Award.

Volunteering – an invaluable resource

Without volunteers, the Hospice could not function effectively. Their role in supporting patients is an important one, offering not only a welcome and practical support but also adding an indefinable sense of friendship and warmth.

As lottery collectors, shop volunteers, organisers and supporters of fundraising events (not to mention cake bakers, clothes sorters and raffle ticket sellers), volunteers are also crucial in helping us raise the resources that are vital to our patient care. In addition, volunteers help us with administration and finance, with advice, with their wisdom and ideas and by providing strong links with our communities. As ambassadors, volunteers are invaluable and we appreciated the support of those who gave a number of talks about the work of the Hospice in order to increase awareness and promote community activities.

A snapshot shows that, between July 2012 and April 2013, 284 application forms were sent out (151 relating to the shops and 133 for all other 'in-house' areas), of which 75% were returned (100% 'in-house' and 51% of the shops). Of these returned applications, the age range went from six people under 25 years to 11 who were over 75 years, with an overall average of 58 years. The majority were women (78%), while 21% of volunteers declared a disability.

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

REPORT OF THE TRUSTEES YEAR ENDED 31 MARCH 2013

It is difficult to analyse the value of the support we are given by our volunteers who number approximately 800. The number of regular hours they give during the year has been calculated as 133,659. If we had had to pay an average wage for the range of work undertaken, the total cost to the Hospice would have been in excess of £1m.

Gaining community support

Support from the local community remained high, with schools, local organisations and individuals involved in a range of Hospice fundraising events. We are grateful for all the many contributions, from groups as varied as Sussex Masonic Charities (who donated over £7k), the Rye Lions, with their regular Easter activities, and the Craft Group at King's Church who make seasonal items for sale at our Coffee Mornings, including a locally sourced recipe book. The St Michael's Hospice Riding Club, a support group formed to generate funds for the Hospice, had a busy year holding a variety of Horse and Dog themed events raising £7k. Staying on an equine theme, a Lecture Demonstration by Penny Sangster and Francis Whittington raised £6k on a snowy February evening. Particular thanks are also due to the Hastings and St Leonards Support Group whose hard work, organising a series of events throughout the year, raised £53k.

A range of energetic activities continued to attract large numbers, whether running, walking, cycling, horse riding, dancing, golfing or abseiling off buildings. The results were very positive, including a Moonlight Walk (£11k), a range of golfing activities (£28k), the abseil (£8k) and a Zumbathon (£7k). The annual Hastings Half-Marathon was again a great success with 140 people running the challenging route, raising £44k, compared to £36k the previous year.

A range of 'quieter' fundraising events, including a Teddy Bears Picnic and Santa and Easter Fun Runs, brought in different audiences. Over £7k was raised, an increase of £2k from the previous year. Also particularly of note was the Tom Baker 'Evening of Mystery and Terror', held in conjunction with the Stables Theatre, which raised £14k. As Tom Baker said:

"Everyone was happy. And then appeared an angel, as we say at charity events. This angel generously offered to double the amounts taken at the box office. Fabulous generosity and a fabulous end to a jolly evening."

The weather was firmly against us during our Open Gardens season in 2012. Nevertheless the generosity of the 47 owners across Hastings and Rother who kindly invited us to visit their gardens enabled us to raise over £57k, a valuable contribution to our funds. Our thanks also go to the team of volunteers who made sure that the visitors enjoyed the experience. The introduction of additional seasonal and themed markets has proved a great success and, whilst not generating large sums of money, works well to introduce the Hospice to new audiences.

We are committed to having high standards in our fundraising practice and joined the Fundraising Standards Board several years ago to demonstrate this assurance. During the year, we had six complaints relating to trading and fundraising. Most of these involved customer care and/or reflected some of the changes being made in the shops. All were investigated and responses sent. Action was taken to make improvements where appropriate. None of these were around our methods of raising funds, they were more concerned about an individual issue that occurred. Positive feedback was also welcomed, for example, thanking the fundraising team *"for the support and back-up provided by you and your colleague, it does make a difference to know that the efforts are appreciated - and that hot cup of tea was a life-saver"*.

Developing our external relationships

As a local Hospice, we have always had a strong commitment to working with local businesses, whether through co-operation on the high street, purchasing locally or engagement with their staff as volunteers. We have also valued greatly the very practical support that many local organisations have given us, for example the house clearance support, storage facilities and equipment from M W Caves, the waste disposal by French and Sons, the help with signage, publicity support and posters by Links Screen and the recycled equipment from Globechain. Similarly, useful improvements were made to the Hospice's buildings and gardens by hard working staff from NatWest, HSBC, AmicusHorizon and Telereal Trillium.

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

REPORT OF THE TRUSTEES YEAR ENDED 31 MARCH 2013

Increasing our presence on the local high street

Given the difficult conditions on local high streets, it is not surprising that our shops and warehouse had to work even harder to raise funds. However, they succeeded in generating £683k in gross sales (£19k less than the previous year). A temporary Christmas 'pop-up' shop traded for fifteen weeks in Little Common, with total sales of nearly £13k. Volunteers who had helped last year kindly came forward again in 2012 and we were also pleased to welcome some new ones.

The introduction of a paid shop manager's role was discussed with the Directors of the Trading Company, resulting in an agreement to recruit, for the first time, three managers for the Rye, Bexhill and Queens Road shops. It was becoming increasingly evident that the continued development of our larger turnover shops needed a dedicated manager present throughout the week to drive forward current initiatives and manage the volunteer team. Volunteers are vital to the business of welcoming customers and selling donated goods, but they can be more reluctant to manage the overall running of the store and the introduction of schemes such as Gift Aid.

Receiving donations, large and small

Throughout the year, the volume and quality of donated goods remained very high whether direct to our shops and donation centre or through the 1,100 calls we made, across Hastings and Rother, to people's homes to collect donated items. The growth in our house collections and house clearances (24 were undertaken compared to 6 the previous year) provided us with valuable goods for the shops and our e-bay site. However, it was clear that it was also a valued service. *"your representative was courteous and polite, and took much more of the 'mountain of boxes' than I had imagined would be the case, and wouldn't let me help with the lifting, so thank you!"*

The amount of 'general' financial donations (those welcome gifts which arrive unsolicited) was higher than the previous year, reversing a two year trend. However, this was largely because of a valued donation of £22k from the Keane performance at the Hastings Beer and Music Festival and a very generous donation from the Friends of East Sussex Hospices, whose tireless work fundraising across the County during the year resulted in a cheque to the Hospice of £35k. We were also pleased to receive over £210k of donations in memory of loved ones.

We acknowledge all donations, whether large or small, recognising the value of each gift in helping us continue our services for local people. Where appropriate, we encourage all donors to complete Gift Aid forms, resulting in a total additional income for the year of £49k. Due to the nature of Gift Aid collection, it is hard to compare income year on year, but over the past five years, we have seen an average annual receipt of a similar figure, although it is worth noting that, during that period, the amount we received back from HMRC dropped from 28p to 25p in the £.

Additionally, £10k was raised from the introduction of Gift Aid into the shops. In relation to our lottery, we included a Gift Aid prompt in our publicity which resulted in a significant increase in sign-ups from those who were generously donating some/all of their winnings back to the Hospice.

Looking forward

In 2013-14, our main aims are to

- Continue a full calendar of fundraising events across Hastings and Rother
- Move to a new Donation Centre, when the lease on the current one ends in the last quarter of 2013

CONTROLLING OUR FINANCES

Strategic aim To work with financial integrity, using resources wisely and securing our long-term future

Overview

Given the Hospice's dependence on a wide range of sources of voluntary income, we focus significant time and attention on our fundraising, trading and lottery activities. However, it is equally important to us to maintain a constant scrutiny of our expenditure to ensure it is kept under control and that we offer good value for money.

At the beginning of 2012-13, we budgeted for a surplus of £102k. The outcome at year end was a deficit of £153k, primarily because of reduced values received from legacies notified in previous years exacerbated by a further reduction resulting from a thorough review and more prudent approach to all outstanding legacies at the year end. This reduced legacy income was partially offset by upward trends in donations and successful fundraising efforts in all areas, and our expenditure coming in 5% below budget.

Expenditure and increasing efficiency

Key issues relating to expenditure and efficiency were

- The salary budget was underspent by 1.6%
- Solar panels were installed, saving us more than £1k in addition to the continued annual savings of £2k from the 8% reduction in electricity usage accruing from our voltage regulator
- Further savings were achieved by modernising all ground floor lighting, and installing sensors, thus reducing both electricity and maintenance costs
- On average, 55% of lottery proceeds over the past seven years have been donated to the Hospice – this compares very favourably to the National Lottery (which gives 28%) and the Gambling Commission's national figures that, overall, 42% of proceeds from charity lotteries go to good causes
- Our lottery team both moved to the SAGE accounting system and upgraded its software programme to enable us to change all new lottery payments from standing orders to direct debit, resulting in increased accuracy and efficiency
- Significant growth in electronic payments reduced costs
- Overall, our return on investment in fundraising was 1.7, a very positive outcome

Income

In relation to income

- Although legacies failed to meet their budget target of £900k by £364k, this was due to adjustments for previous years' underperformance. Actual notifications for 2012-13 were on target at £904k
- The fundraising team worked extremely hard, raising £160k over budget
- Lottery also did well, exceeding expected ticket sales, despite noticeable membership cancellations caused primarily by the economic difficulties locally. The Special Draw, which celebrated our lottery's 15th Birthday, made a profit of £24k generated by the sale of 31,516 tickets. The net contribution (covenant) from our Lottery was, therefore, £362k, a slight reduction from the previous year but a very positive outcome in the current financial climate
- Our Silver Jubilee celebrations generated £58k in income
- The Trading Company made a surplus of £228k, including Gift Aid. The shops struggled to increase their income in the difficult economic climate on the high street, and emphasis was therefore also placed on other income streams such as e-bay, auctions, pop-up shops and recycling

We are grateful to the Hastings and Rother Primary Care Trust (PCT) which maintained our grant at just over £1.2m (the same as in 2011-12). We also received £50k in grants for two projects, aimed at offering stronger support to nursing homes to help prevent inappropriate hospital admissions. In addition, our continuing palliative care beds were supported by the PCT, bringing a contributory income of in excess of £500k.

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

REPORT OF THE TRUSTEES YEAR ENDED 31 MARCH 2013

Finally, we are immensely grateful to a range of local organisations which supported our work. Of particular mention are the St Michael's Hospice Development Trust, which generously donated £26k for our new website, SAFE, which provided £1 8k of financial assistance to people in need of respite care, and the Hastings and St Leonards Support Group, whose tireless work raised over £53k

Reserves

The Trustees have agreed on a level of Contingency Funds equivalent to a minimum of 12 months expenditure after allowing for an amount of 'reliable income'. The Contingency Fund, calculated as £2m, will only be used in times of need when income is depleted and expenditure has to be maintained to provide services. It is important in giving us time, in the event of a significant drop in income (particularly legacies and donations which are outside our control), to continue to provide care of the expected quality in a safe environment, while planning measures for increasing income and reducing expenditure. It is not expected to be used for one-off development, for example capital projects which should be funded through capital appeals or funds in excess of the designated reserve level.

As at 31 March 2013, our unrestricted General Fund, after allowing for contingencies of £2m, remained at £4 5m, the same figure as at the previous year end. Throughout the year, therefore, we exceeded our minimum contingency level.

Investment policy

During the year we reviewed our investment policy and confirmed that the Charity considered itself a cautious investor, holding its cash in at least three major UK banks or financial institutions. We continued to invest on the money market through Lloyds TSB Bank, CCLA, NatWest and with a new deposit through Virgin Money. However, given the low level of interest rates, we could only make a relatively small return on our working capital and contingency funds.

In June 2012, the Board revised the Investment Policy to

- Increase the percentage (from 5% to 20%) of total cash assets to be invested in a mix of corporate bonds, fixed interest and equities
- Agree that this Investment Fund should be managed on a full discretionary basis (within agreed parameters) by a reputable fund manager
- Agree that, in addition to the comprehensive annual report on all investments, there would be quarterly valuations and performance reviews from the fund manager
- Agree that the policy would be reviewed annually, but that a review would also be triggered should the total cash reserves fall below £4m

A selection process was held, the outcome of which was the appointment of Rathbones as St Michael's investment adviser. £1m was invested. At that time, we disinvested from M and G Charifund and transferred the funds as part of the portfolio managed by Rathbones.

At 31 March 2013, the market value of this investment was £1,121,401 with an estimated yield of 2.6%.

Looking forward

In 2013-14, our main financial aims are to

- Achieve a balanced budget for 2013-14
- Increase lottery income through the introduction of scratch cards
- Increase our income from trading activities
- Increase our income from Charitable Trusts
- Achieve the best returns possible on cash reserves

**REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2013**

GOVERNANCE AND MANAGEMENT

Strategic aim We aim to maintain and enhance our reputation as a charity respected and valued by local people and the business community

Board of Trustees

During the year the Board met 11 times, focusing on the operation of the services and the quality of care provided as well as strategic and governance issues

Sub-committees

The Board's sub-committees were as follows

- The Audit Committee, chaired by Cliff Wallis, which met three times during the year, with the remit of reviewing the draft Annual Report and Accounts, and considering and revising the Corporate Risk Register
- The Corporate Governance and Nominations Committee, chaired by Derek Blackman, which met five times during the year, leading the recruitment and selection of new Trustees
- A small Steering Group, chaired by Julian Avery, set up in 2011-12 to consider the programme of events for the 25th Anniversary

Membership of the Board

The initial appointment of Trustees is for a period of 3 years, followed by a second term of 3 years. Thereafter, the position is reviewed annually, up to the maximum of 9 years. In line with our Articles, a General meeting was held on 14 December 2012, at which Julian Avery and Simon Corello were re-appointed as Trustees

The Corporate Governance and Nominations Committee focused on succession planning, undertaking an analysis of the mix of skills required on the Board. After a selection process, the appointment of four new Trustees was confirmed at a General Meeting, held on 22 February, 2013. Steve Barnes, Nigel Gaymer, Dr Rosie Guy and Bernard Hibbs each brought to the Board valuable knowledge and experience, as well as a strengthening of our links with some of our local communities.

Our long-standing Company Secretary, Bryan Sagar, retired in March 2013. His wise advice and support had been greatly valued for many years. We were pleased, however, following the General Meeting held on 22 February 2013, to welcome Richard Ostle, also a partner in Gaby Hardwicke, in his place.

Improvements to governance

The Board reviewed and approved the Conflicts of Interest Register and Policy, ensuring a clear process was in place for declarations of actual/potential interest in any item on the agenda. A new schedule clarifying the Board's delegation of powers was agreed, defining which matters were the Board's own responsibilities and where authority was delegated to the Chief Executive.

The Corporate Governance and Nominations Committee recommended a review of the Memorandum and Articles of the Lottery and Trading Companies, as both of these were very out of date. This process should be completed in 2013-14.

Review of Board effectiveness

The Board commissioned a review of its own effectiveness. The outcome was very positive, with the review concluding

"It came through clearly that all of the Directors have been impressed by the work of the Board and the sub-committees, particular satisfaction being expressed at the recent expansion of the Board and consequent improvement in the skills mix."

A number of minor suggestions for improving the way the Board worked were considered and adopted.

Strategic development

A number of strategic issues were discussed by the Board over the year, including

- The potential impact of changes in the NHS and how the Hospice should work with the new structures that were being put in place
- A new fundraising strategy
- A new marketing strategy
- The future development of our clinical services

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

REPORT OF THE TRUSTEES YEAR ENDED 31 MARCH 2013

In addition, a Trustee joined the Project Board responsible for establishing our new Hospice Neighbours scheme

The Board also agreed and monitored the business plan, the budget, the clinical governance plan and our IT action plan

Reviewing service performance

The Board carried out a rolling programme of reviews, looking in turn at each service area, both clinical and non-clinical. This was in addition to its quarterly reviews of accidents, incidents and clinical statistics and scrutiny of all complaints and commendations. In relation to clinical governance, as well as considering an annual review of progress in this area, two Trustees were members of the Clinical Governance Group. Visits by Trustees to Hospice services continued, but were increased to every two months instead of quarterly. These were found valuable both as a way of monitoring the quality of our care, but also to keep Trustees more closely in touch with the views of staff, volunteers, patients and their families.

The Board also reviewed progress against our IT strategy as well as considering our plans to improve information governance (IG), making sure we were safeguarding effectively the confidentiality of patient and other information. One Trustee also joined the IG Management Group to help give independent scrutiny of our progress.

Financial governance

In addition to regular financial monitoring, the reserves and investment policies and the performance of our fundraising, trading and lottery teams were also reviewed.

Training

Training of existing Trustees continued through regular presentations from each service area, clinical and non-clinical. Detailed discussions were also held on some of the potential strategic challenges facing the Hospice. The Board was regularly briefed on national strategies that could have an impact on the future running of the Hospice, including the re-organisation of the NHS. A discussion on some of the clinical issues managed by the medical team was also most informative. St Michael's continues to enjoy good relationships with neighbouring Hospices and meetings take place with other Chairs to ensure an exchange of information on good practice and new developments. The Hospice is a member of Help the Hospices which provides valuable networking opportunities and information on national issues. Members of the Senior Management Team also met with their counterparts in other Hospices.

A newly revised, comprehensive Handbook and induction programme were provided for new Trustees. All new Trustees are invited to the regular Induction Day, which is mandatory for new staff and volunteers.

Lottery and Trading Company Boards

The Boards of these wholly owned Companies met four times during the year. The Trading and Lottery Companies contributed valuable covenants, which were essential to the ongoing work of the Hospice. Performance was scrutinised and strategic consideration was given at these meetings to ways in which income could be increased. In relation to our lottery, the Gambling Commission undertook an audit of our policies and procedures, including our level of compliance with the licensing conditions and codes of practice. The result was a clear acknowledgement that we fully met the standards required by the Commission and we easily took on board the few suggestions for improvements that were made.

**REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2013**

Public benefit

The Board of Trustees regularly considers how our planned activities contribute to the aims and objectives we have set ourselves, assessing the public benefit that has been brought to local people in Hastings and Rother whom the Hospice was set up to help. The Trustees have considered carefully the Charity Commission's revised guidance on public benefit in relation to its general applicability to the Hospice Company's planning and delivery of services. It is hoped that this Annual Report shows the many ways in which we use the funds we receive to further our aims of offering palliative care and support to people in Hastings and Rother. We value the fact that our funding comes from local individuals and organisations and, for this reason, our beneficiaries tend to be predominantly, but not exclusively, drawn from Hastings and Rother. Our services are also available to those individuals who have not been resident locally but, for whatever reason (for example to be close to their family), are in need of our support. We continue both to work closely with the NHS locally to ensure there is awareness about the range of provision we offer and also to promote and develop our services so that local people better understand the nature of our work.

Managing risk

The Board of Trustees recognises that any major risk to which the Company is exposed needs to be reviewed and systems put in place to manage and mitigate this risk. We have, therefore, continued to carry out corporate risk management reviews on a six-monthly basis, developing and changing our risk register as appropriate. A number of overall potential major risks were identified, their likelihood and impact assessed and appropriate mitigating action considered. The main risks identified were:

- Fall in voluntary income – in the current economic climate the ability to raise funds is becoming increasingly challenging. As a result, we agreed a new fundraising strategy for 2013-16 and increased our investment in this area. We also expanded our lottery and trading activities. Close monitoring of our expenditure is also important. We have been successful in re-building our reserves over the past couple of years and this should allow the Hospice time to respond if there should be any temporary or long-term reduction in some of our current sources of income.
- Working with the NHS – with the many changes in NHS structure, policies and staffing, maintaining a close liaison has been testing. We have sought to mitigate this through tracking the changes, making contacts with new appointments, seeking the views of our referrers, and actively promoting the range of services we provide.
- Employees – recruitment to specialist posts can be difficult. We manage this through a varied selection of recruitment methods and by working closely with other providers. We continue to emphasise the benefits the Hospice can offer its staff, including a flexible and supportive environment, backed up by an emphasis on staff training and development.

Further improvements were made to our emergency planning with additional precautions being put in place as required. This work also influenced the development of our corporate risk register and business continuity plan. The level and nature of our insurance cover is carefully considered every year.

Internally, risks were mitigated by ongoing reviews of policies and procedures, many of which were audited to ensure that they were being implemented appropriately. We regularly remind staff of the importance of understanding and adhering to professional and other codes of practice and to health and safety policies and procedures. Our clinical governance and audit work, together with our education and training programmes, are, therefore, very much part of our risk management system.

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

REPORT OF THE TRUSTEES YEAR ENDED 31 MARCH 2013

COMPANY INFORMATION

St Michael's Hospice Hastings and Rother, a registered charity and a company limited by guarantee, was established on 8 December 1983 and formally opened its services in April 1987. Our Articles of Association were last revised and agreed on 27 January 2012.

The Trustees of the Charity (who are also Directors of the Company) are drawn from the local community. The Chair is elected by the Trustees from amongst those on the Board.

Board of Trustees

Julian Avery (Chair)
Steve Barnes (from February 2013)
Dr Judy Beard (deceased July 2012)
Derek Blackman
Angela Chivers
Simon Corello
Irene Dibben
Charles Everett
Michael Foster
Nigel Gaymer (from February 2013)
Dr Rosie Guy (from February 2013)
Bernard Hibbs (from February 2013)
Frank Noah (until December 2012)
Julia Parsons
Christopher Rowe
Cliff Wallis

Senior Management Team (2012-2013)

Celia Pyke-Lees	Chief Executive
Dr Dick Board	Medical Director
Dr Debbie Benson	Consultant in Palliative Medicine
Perdita Chamberlain	Head of Fundraising
Andrea Garrick	Voluntary Services Manager
Mike Groves	Business Operations Manager (from September 2012 until February 2013)
Leanne Goodsell	Head of Human Resources and Education
Chris Jones	Head of Trading
Andy Knight	Head of Finance and Estates (until September 2012)
Elaine McDonough	Head of Clinical Services (from March 2012)
Laura Parker	Head of Marketing

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

REPORT OF THE TRUSTEES YEAR ENDED 31 MARCH 2013

Registered information

Registered Charity Name	St Michael's Hospice Hastings and Rother
Charity Number	288462
Company Registration Number	01776496
Registered Office	25 Upper Maze Hill St Leonards on Sea East Sussex TN38 0LB

Professional advisors

Company Secretary	Bryan Sagar (until February 2013) Richard Ostle (from February 2013)
-------------------	---

Auditors	Gibbons Mannington & Phipps Chartered Accountants and Statutory Auditors 82 High Street Tenterden Kent TN30 6JG
----------	---

Bankers	Lloyds TSB Plc 17 Wellington Place Hastings East Sussex TN34 1NX
---------	--

Solicitors	Gaby Hardwicke 34 Wellington Square Hastings East Sussex TN34 1PN
------------	---

Investment Advisors	Rathbone Brothers Plc 1 Curzon Street London W1J5FB
---------------------	--

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

REPORT OF THE TRUSTEES YEAR ENDED 31 MARCH 2013

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of St Michael's Hospice Hastings and Rother for the purpose of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

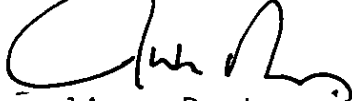
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charity SORP,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

In so far as the trustees are aware

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

ON BEHALF OF THE BOARD



J Avery - Director

3 October 2013

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ST MICHAEL'S HOSPICE HASTINGS AND ROTHER**

We have audited the financial statements of the charity and the group for the year ended 31 March 2013 on pages twenty nine to forty eight. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's and the group's affairs as at 31 March 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

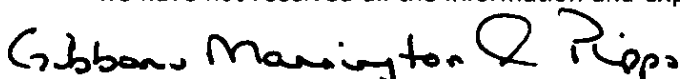
Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Neil Cunliffe BSc FCA (Senior Statutory Auditor)
For and on behalf of Gibbons Mannington & Phipps
Chartered Accountants
& Statutory Auditor
82 High Street
Tenterden
Kent, TN30 6JG

8 October 2013

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2013**

	Notes	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total Funds £
INCOMING RESOURCES					
Incoming resources from generated Funds					
Voluntary income	3	1,242,528	11,500	1,254,028	1,944,937
Activities for generating funds	4	1,946,829	-	1,946,829	1,915,134
Investment income	5	60,782	-	60,782	40,081
Incoming resources from charitable activities					
Hospice services	6	1,756,671	-	1,756,671	1,750,543
Other incoming resources	7	-	-	-	4,450
Total incoming resources		5,006,810	11,500	5,018,310	5,655,145
RESOURCES EXPENDED					
Costs of generating funds					
Costs of generating funds	8	1,058,455	-	1,058,455	1,012,368
Charitable activities					
Hospice services	9	4,066,765	6,500	4,073,265	3,716,849
Governance costs	12	39,248	-	39,248	41,230
Total resources expended		5,164,468	6,500	5,170,968	4,770,447
NET INCOMING/(OUTGOING) RESOURCES					
		(157,658)	5,000	(152,658)	884,698
Realised gains on investment assets		7,860	-	7,860	-
Net income/(expenditure)		(149,798)	5,000	(144,798)	884,698
Unrealised gains/(losses) on investment assets		121,721	-	121,721	(3,873)
Net movement in funds		(28,077)	5,000	(23,077)	880,825
RECONCILIATION OF FUNDS					
Total funds brought forward		8,287,155	-	8,287,155	7,406,330
TOTAL FUNDS CARRIED FORWARD	24	<u>8,259,078</u>	<u>5,000</u>	<u>8,264,078</u>	<u>8,287,155</u>

CONTINUING OPERATIONS

All incoming resources and resources expended arise from continuing activities

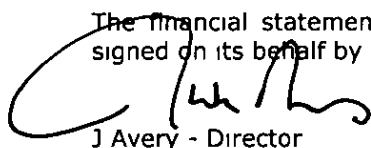
The notes form part of these financial statements

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

**CONSOLIDATED BALANCE SHEET
AT 31 MARCH 2013**

	Notes	Unrestricted Funds £	Restricted funds £	2013 Total funds £	2012 Total Funds £
FIXED ASSETS					
Tangible assets	16	1,755,659	-	1,755,659	1,804,594
Investments	17	<u>1,121,401</u>	-	<u>1,121,401</u>	<u>225,168</u>
		2,877,060	-	2,877,060	2,029,762
CURRENT ASSETS					
Stocks	18	33,014	-	33,014	39,821
Debtors amounts falling due within one year	19	554,811	-	554,811	1,779,475
Cash at bank and in hand		<u>4,978,993</u>	<u>5,000</u>	<u>4,983,993</u>	<u>4,680,983</u>
		5,566,818	5,000	5,571,818	6,500,279
CREDITORS					
Amounts falling due within one year	20	(184,800)	-	(184,800)	(242,886)
NET CURRENT ASSETS		<u>5,382,018</u>	<u>5,000</u>	<u>5,387,018</u>	<u>6,257,393</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,259,078</u>	<u>5,000</u>	<u>8,264,078</u>	<u>8,287,155</u>
NET ASSETS		<u>8,259,078</u>	<u>5,000</u>	<u>8,264,078</u>	<u>8,287,155</u>
FUNDS	24				
Unrestricted funds				8,259,078	8,287,155
Restricted funds				<u>5,000</u>	-
TOTAL FUNDS				<u>8,264,078</u>	<u>8,287,155</u>

The financial statements were approved by the Board of Directors on 27 September 2013 and were signed on its behalf by



J Avery - Director

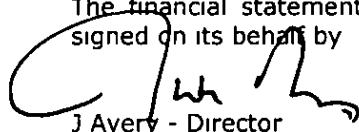
The notes form part of these financial statements

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

**COMPANY BALANCE SHEET
AT 31 MARCH 2013**

	Notes	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total Funds £
FIXED ASSETS					
Tangible assets	16	1,743,902	-	1,743,902	1,788,039
Investments	17	<u>1,121,502</u>	-	<u>1,121,502</u>	<u>225,269</u>
		2,865,404	-	2,865,404	2,013,308
CURRENT ASSETS					
Stocks	18	14,828	-	14,828	18,509
Debtors amounts falling due within one year	19	612,576	-	612,576	1,811,826
Cash at bank and in hand		<u>4,841,573</u>	<u>5,000</u>	<u>4,846,573</u>	<u>4,552,905</u>
		5,468,977	5,000	5,473,977	6,383,240
CREDITORS					
Amounts falling due within one year	20	(85,755)	-	(85,755)	(123,579)
NET CURRENT ASSETS		<u>5,383,222</u>	<u>5,000</u>	<u>5,388,222</u>	<u>6,259,661</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,248,626</u>	<u>5,000</u>	<u>8,253,626</u>	<u>8,272,969</u>
NET ASSETS		<u>8,248,626</u>	<u>5,000</u>	<u>8,253,626</u>	<u>8,272,969</u>
FUNDS					
Unrestricted funds				8,248,626	8,272,969
Restricted funds				<u>5,000</u>	-
TOTAL FUNDS				<u>8,253,626</u>	<u>8,272,969</u>

The financial statements were approved by the Board of Directors on 27 September 2013 and were signed on its behalf by


J Avery - Director

The notes form part of these financial statements

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

**CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2013**

		2013	2012
	Notes	£	£
Net cash inflow from operating activities	1	1,078,283	575,042
Returns on investments and servicing of finance	2	59,661	38,438
Capital expenditure and financial investment	2	(832,274)	257,437
		305,670	870,917
Financing	2	(2,660)	(3,192)
Increase in cash in the period		<u>303,010</u>	<u>867,725</u>
Reconciliation of net cash flow to movement in net funds	3		
Increase in cash in the period		303,010	867,725
Cash inflow from decrease / (increase) in debt		<u>2,660</u>	<u>3,192</u>
Change in net funds resulting from cash flows		305,670	870,917
Loan written off		<u>50,000</u>	<u>-</u>
Movement in net funds in the period		355,670	870,917
Net funds at 1 April 2012		<u>4,628,323</u>	<u>3,757,406</u>
Net funds at 31 March 2013		<u>4,983,993</u>	<u>4,628,323</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2013**1. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2013 £	2012 £
Net incoming resources	(152,658)	884,698
Depreciation charges	114,557	132,130
Profit on disposal of fixed assets	-	(1,083)
Interest receivable	(45,063)	(30,831)
Dividends receivable	(15,719)	(9,250)
Loan written off	(50,000)	-
Decrease / (increase) in stocks	6,807	571
(Increase) / decrease in debtors	1,225,785	(378,675)
(Decrease) / increase in creditors	(5,426)	(22,518)
Net cash inflow from operating activities	<u>1,078,283</u>	<u>575,042</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest received	43,942	29,188
Dividends received	<u>15,719</u>	<u>9,250</u>
Net cash inflow for returns on investments and servicing of finance	<u>59,661</u>	<u>38,438</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(65,622)	(70,062)
Purchase of fixed asset investments	(1,025,068)	(84,251)
Sale of tangible fixed assets	-	411,750
Sale of fixed asset investments	<u>258,416</u>	<u>-</u>
Net cash outflow for capital expenditure and financial investment	<u>(832,274)</u>	<u>257,437</u>
Financing		
Loan repayments in year	<u>(2,660)</u>	<u>(3,192)</u>
Net cash outflow from financing	<u>(2,660)</u>	<u>(3,192)</u>

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER**NOTES TO THE CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2013**

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/4/12	Cash flow	Other non-	At 31/3/13
	£	£	cash	£
			changes	
			£	
Net cash				
Cash at bank and in hand	4,680,983	303,010	-	4,983,993
Debt				
Debts falling due within one year	(52,660)	2,660	50,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>4,628,323</u>	<u>305,670</u>	<u>50,000</u>	<u>4,983,993</u>

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2013**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, as modified by the revaluation of certain assets and in accordance with the Companies Act 2006 and the requirements of the Statement of Recommended Practice (SORP), Accounting and Reporting by Charities

The Statement of Financial Activities and Balance Sheet consolidate the financial statements for the charity and its subsidiary undertakings. The results of the subsidiary undertakings are consolidated on a line by line basis. A separate Statement of Financial Activities is not presented for the charity itself following the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy

Gifts in kind

Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers

Fees, contributions and grants

These comprise amounts receivable during the year

Voluntary income

Voluntary income represents amounts received during the year

Legacies

Pecuniary and reversionary legacies are accounted for on receipt. Residuary legacies are accounted for at the earlier of receipt of the legacy or the point at which the final accounts of the estate are agreed by the charity. In the event that residuary legacies are settled after the accounting year end they are included in the accounts provided the charity was certain of the amounts to be distributed at the balance sheet date

The Hospice has received notification of a number of residuary legacies which have not been included in these accounts because they are not certain in value

Investment income

Investment income comprises amounts receivable during the year

Shop income

Shop income generated by one of the trading subsidiaries represents net invoiced sales of goods, excluding VAT

Lottery income

Lottery income generated by one of the trading subsidiaries represents ticket sales received in respect of lotteries held during the year

Income from tickets sold in advance of a draw being held is carried forward to the period in which the draw takes place

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category

1. ACCOUNTING POLICIES – continued

Allocation and apportionment of costs

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Freehold property	-2% and 10% on cost
Fixtures, fittings and equipment	-15% to 25% on cost
Motor vehicles	-25% on cost

Investments

Listed investments are included at market value at the year end. Gains and losses on disposal and revaluation of investments are charged or credited to the Statement of Financial Activities

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Leasing Commitments

Operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term

Taxation

As the majority of the parent company's activities are classified as exempt or non-business activities for the purpose of value added tax, the charity is unable to reclaim any of the value added tax it suffers on its purchases. Expenditure in these financial statements is therefore shown inclusive of value added tax

The charity is exempt from corporation tax on its charitable activities and therefore no provision has been made for either corporation tax or deferred tax

Where a trading subsidiary is registered for VAT the expenditure is shown exclusive of VAT

Both trading subsidiaries have entered an agreement to covenant their taxable profits to the parent undertaking and therefore no corporation tax provision is required

Fund accounting

In the trustees' opinion, with certain exceptions, the incoming resources and resources expended are all derived for the benefit of running the Hospice. Therefore the trustees choose to classify all income and expenditure as unrestricted. In certain instances, funds may be designated by the trustees for specific purposes

Where funds are received for a significant and specific project these are allocated to restricted funds. These funds are then used to meet the capital costs of that specific project by way of an annual depreciation charge set against the restricted fund. Any funds received in excess of the capital requirements of the project will be used to help with the associated future running costs of the project. The amount charged to restricted funds on a regular basis will be determined by calculating the total running costs of the associated project and by making a suitable deduction so as to use up the funds over a period of time.

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED 31 MARCH 2013****2. FINANCIAL ACTIVITIES OF THE CHARITY**

A summary of the financial activity undertaken by the charity is set out below

	2013	2012
	£	£
Total incoming resources	4,305,393	4,971,889
Total resources expended	(4,454,317)	(4,094,115)
Net incoming resources	(148,924)	877,774
Other (losses) / gains	129,581	(3,873)
Net movement in funds	(19,343)	873,901
Funds brought forward	8,272,969	7,399,068
Funds carried forward	8,253,626	8,272,969
Represented by:		
Unrestricted funds	8,248,626	8,272,969
Restricted funds	5,000	-
	8,253,626	8,272,969

3. VOLUNTARY INCOME

	2013	2012
	£	£
Donations and gifts	360,018	343,438
In memoriam	210,319	206,639
Regular giving and gift aid	110,051	102,647
Legacies	533,783	1,283,844
Gift Aided items sold in shops	39,857	8,369
	1,254,028	1,944,937

The charity has been notified of three legacies which are subject to life tenancies or other such conditions. The total amount of these legacies is estimated at £155,000, and they have not been included in the accounts.

The charity has in place a gift aid scheme for items donated by individuals to be sold in the shops operated by St Michael's Hospice (Trading) Limited, as an agent. The net amount sold is shown above, the gift aid element is included within gift aid.

4. ACTIVITIES FOR GENERATING FUNDS

	2013	2012
	£	£
Lottery income	631,560	642,797
Shop income	682,583	701,667
Fundraising events	582,756	528,237
Arthur Easton hall hire	10,409	10,948
Coffee shop and catering	23,983	23,423
Sundry income	15,538	8,062
	1,946,829	1,915,134

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED 31 MARCH 2013

5. INVESTMENT INCOME

	2013	2012
	£	£
Income from UK listed investments	15,719	9,250
Deposit account interest	<u>45,063</u>	<u>30,831</u>
	<u>60,782</u>	<u>40,081</u>

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2013	2012
	£	£
Grants	1,232,419	1,235,067
Palliative care fees	501,816	492,336
Patient income	17,183	17,733
Rents	5,100	5,254
Doctors fees received	<u>153</u>	<u>153</u>
	<u>1,756,671</u>	<u>1,750,543</u>

Grants received, included in the above, are as follows

	2013	2012
	£	£
Hastings and Rother PCT	<u>1,232,419</u>	<u>1,235,067</u>

7. OTHER INCOMING RESOURCES

	2013	2012
	£	£
Government grants	-	2,700
Gain on sale of equipment	<u>-</u>	<u>1,750</u>
	<u>-</u>	<u>4,450</u>

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED 31 MARCH 2013

8. COSTS OF GENERATING FUNDS

	2013 £	2012 £
Wages and salaries	488,298	425,707
Social security	14,624	14,648
Pensions	5,038	2,634
Cost of sales	226,594	230,218
Rent	88,577	85,605
Rates and water	8,712	8,015
Light and heat	15,997	14,853
Telephone	7,873	6,243
Advertising	151	178
Costs of fundraising activities	145,673	118,187
Repairs and maintenance	5,378	18,356
Insurance	7,178	6,982
Post, stationery and IT	38,133	44,435
Website costs	-	24,841
Depreciation	6,229	10,799
Loss on disposal of tangible fixed assets	-	667
	<u>1,058,455</u>	<u>1,012,368</u>

9. CHARITABLE ACTIVITIES COSTS

	Direct costs (note 10) £	Support costs (note 11) £	Totals £
Hospice services	<u>3,737,774</u>	<u>335,491</u>	<u>4,073,265</u>

10. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2013 £	2012 £
Wages and salaries	2,539,386	2,269,714
Social security	230,202	210,261
Pensions	131,363	120,327
Rates and water	10,081	9,703
Insurance	17,162	21,997
Light and heat	50,113	48,003
Telephone	11,937	11,977
Advertising	7,988	13,681
Housekeeping and laundry	239,888	228,770
Physio and OOH GP cover	85,260	55,984
Nursing supplies	37,847	33,189
Repairs and maintenance	148,350	129,656
Motor and travel	22,449	39,154
Registration fees	1,832	1,518
Training	42,477	1,987
Running costs	17,134	15,524
Postage, stationery and IT	37,093	32,344
Bad debts	256	-
Depreciation of tangible fixed assets	<u>106,956</u>	<u>119,172</u>
	<u>3,737,774</u>	<u>3,362,961</u>

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED 31 MARCH 2013**

11. SUPPORT COSTS

	Management £
Hospice services	<u>335,491</u>

Support costs, included in the above, are as follows

Management

	2013 Hospice services £	<i>2012 Hospice services £</i>
Wages and salaries	261,213	267,703
Social security	25,582	26,009
Pensions	18,824	19,964
Rates and water	487	949
Insurance	2,002	2,151
Light and heat	2,692	4,694
Telephone	690	1,171
Postage, stationery and IT	12,476	14,153
Sundries	9,275	12,218
Repairs and maintenance	878	2,717
Freehold property depreciation	<u>1,372</u>	<u>2,159</u>
	<u>335,491</u>	<u>353,888</u>

12. GOVERNANCE COSTS

	2013 £	<i>2012 £</i>
Bank charges	13,233	7,111
Legal and professional fees	4,832	13,127
Auditors' remuneration	5,510	5,418
Auditors' remuneration in respect of accountancy and other services	<u>15,673</u>	<u>15,574</u>
	<u>39,248</u>	<u>41,230</u>

13. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/ (crediting)

	2013 £	<i>2012 £</i>
Auditors' remuneration	3,152	3,060
Auditors' remuneration in respect of accountancy and other services, including the audit fees of subsidiaries	18,031	17,932
Depreciation - owned assets	114,557	132,130
Surplus on disposal of fixed assets	<u>-</u>	<u>(1,083)</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED 31 MARCH 2013**

14. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2013 nor for the year ended 31 March 2012

Trustees' Expenses

There were no trustees' expenses paid for the year ended 31 March 2013 or for the year ended 31 March 2012

15. STAFF COSTS

	2013	2012
	£	£
Wages and salaries	3,288,897	2,963,124
Social security costs	270,408	250,918
Other pension costs	<u>155,225</u>	<u>142,925</u>
	<u>3,714,530</u>	<u>3,356,967</u>

The average monthly number of employees (full time equivalent) during the year was as follows.

	2013	2012
	No	No
Nursing and medical staff	71	64
Catering and housekeeping staff	12	12
Maintenance staff	5	5
Training staff	2	2
Fundraising staff	9	8
Administration staff	12	16
Holistic and FSS staff	2	3
Lottery staff	2	2
Trading staff	<u>11</u>	<u>9</u>
	<u>126</u>	<u>121</u>

The numbers of employees, whose emoluments for the year fell within the following bands, were

	2013	2012
	No	No
£60,000 to £69,999	-	-
£70,000 to £79,999	1	1
£80,000 to £89,999	<u>-</u>	<u>1</u>
	<u>1</u>	<u>2</u>

The pension contributions for high paid staff amounted to £10,640 (2012 £16,087) All high paid staff are members of defined contribution schemes

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED 31 MARCH 2013**

16. TANGIBLE FIXED ASSETS

<i>Group</i>	Freehold and leasehold property £	Fixtures, fittings and equipment £	Motor vehicles £	Totals £
COST				
At 1 April 2012	2,300,885	867,405	110,659	3,278,949
Additions	-	65,622	-	65,622
Disposals	-	(39,023)	-	(39,023)
At 31 March 2013	<u>2,300,885</u>	<u>894,004</u>	<u>110,659</u>	<u>3,305,548</u>
DEPRECIATION				
At 1 April 2012	604,372	800,217	69,766	1,474,355
Charge for year	54,475	42,880	17,202	114,557
Eliminated on disposal	-	(39,023)	-	(39,023)
At 31 March 2013	<u>658,847</u>	<u>804,074</u>	<u>86,968</u>	<u>1,549,889</u>
NET BOOK VALUE				
At 31 March 2013	<u>1,642,038</u>	<u>89,930</u>	<u>23,691</u>	<u>1,755,659</u>
At 31 March 2012	<u>1,696,513</u>	<u>67,188</u>	<u>40,893</u>	<u>1,804,594</u>

<i>Company</i>	Freehold property £	Fixtures, fittings and equipment £	Motor vehicles £	Totals £
COST				
At 1 April 2012	2,258,550	826,366	70,147	3,155,063
Additions	-	65,383	-	65,383
Disposals	-	(39,023)	-	(39,023)
At 31 March 2013	<u>2,258,550</u>	<u>852,726</u>	<u>70,147</u>	<u>3,181,423</u>
DEPRECIATION				
At 1 April 2012	562,037	768,271	36,716	1,367,024
Charge for year	54,475	40,331	14,714	109,520
Eliminated on disposal	-	(39,023)	-	(39,023)
At 31 March 2013	<u>616,512</u>	<u>769,579</u>	<u>51,430</u>	<u>1,437,521</u>
NET BOOK VALUE				
At 31 March 2013	<u>1,642,038</u>	<u>83,147</u>	<u>18,717</u>	<u>1,743,902</u>
At 31 March 2012	<u>1,696,513</u>	<u>58,095</u>	<u>33,431</u>	<u>1,788,039</u>

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED 31 MARCH 2013

16. TANGIBLE FIXED ASSETS – continued

Freehold land and buildings were previously carried in the balance sheet at an open market value. The properties were revalued in March 1997 by Messrs Pinkerton, Specialist Agents and Valuers to the nursing and residential care industry, and Messrs Dyer Commercial, Chartered Surveyors. The valuations were calculated on an open market, existing use basis in accordance with the guidelines issued by the Royal Institute of Chartered Surveyors. This valuation of £1,596,005 (2012: £1,596,005) has been determined as the historical cost, as permitted under Financial Reporting Standard 15.

In the trustees' opinion, which is supported by professional valuations obtained on 13 October 2005 and 9 November 2006, the land and buildings owned by the company have an open market value in the region of £4,430,000 (2012: £4,430,000).

17. FIXED ASSET INVESTMENTS

<i>Group</i>		Listed investments £	Totals £
MARKET VALUE			
At 1 April 2012		225,168	225,168
Additions		1,025,068	1,025,068
Disposals		(250,556)	(250,556)
Revaluations		121,721	121,721
At 31 March 2013		<u>1,121,401</u>	<u>1,121,401</u>
 NET BOOK VALUE			
At 31 March 2013		<u>1,121,401</u>	<u>1,121,401</u>
At 31 March 2012		<u>225,168</u>	<u>225,168</u>
 <i>Company</i>	Shares in group undertakings £	Listed investments £	Totals £
MARKET VALUE			
At 1 April 2012	101	225,168	225,269
Additions	-	1,025,068	1,025,068
Disposals	-	(250,556)	(250,556)
Revaluations	-	121,721	121,721
At 31 March 2013	<u>101</u>	<u>1,121,401</u>	<u>1,121,502</u>
 NET BOOK VALUE			
At 31 March 2013	<u>101</u>	<u>1,121,401</u>	<u>1,121,502</u>
At 31 March 2012	<u>101</u>	<u>225,168</u>	<u>225,269</u>

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED YEAR ENDED 31 MARCH 2013

17. FIXED ASSET INVESTMENTS – continued

There were no investment assets outside the UK

The charity holds 20% or more of the share capital of the following companies

Company	Country of incorporation	Shares	
		Class	%
St Michael's Hospice (Trading) Limited	England & Wales	Ordinary	100%
St Michael's Hospice Lottery Limited	England & Wales	Ordinary	100%

St Michael's Hospice (Trading) Limited operates a number of charity shops. St Michael's Hospice Lottery Limited supports the Hospice through fundraising largely from the operation of a lottery. Both companies covenant their taxable profits to the parent company.

A summary of the results of these undertakings is set out below

	St Michael's Hospice (Trading) Limited		St Michael's Hospice Lottery Limited	
	31/03/13	31/03/12	31/03/13	31/03/12
	£	£	£	£
Turnover	682,583	701,667	631,560	648,901
Cost of sales	(19,290)	(17,720)	(207,304)	(212,498)
Gross profit	663,293	683,947	424,256	436,403
Administrative expenses	(475,366)	(432,485)	(61,788)	(58,681)
Deed of covenant	(191,552)	(243,899)	(362,577)	(378,361)
Net profit / (loss)	(3,625)	7,563	(109)	(639)
Assets – fixed and current	94,181	81,702	95,440	106,311
Liabilities	(83,696)	(67,592)	(95,372)	(106,134)
	10,485	14,110	68	177
Share capital	100	100	1	1
Retained reserves	10,385	14,010	67	176
	10,485	14,110	68	177

18. STOCKS

Group	2013	2012
	£	£
Stocks	<u>33,014</u>	<u>39,821</u>
Company	2013	2012
	£	£
Stocks	<u>14,828</u>	<u>18,509</u>

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED 31 MARCH 2013

19. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Group	2013	2012
	£	£
Trade debtors	28,756	24,427
Legacies due	446,567	1,684,985
Gift Aid tax recoverable	16,207	12,991
Other debtors and prepayments	55,549	50,461
Accrued interest receivable	7,732	6,611
	<u>554,811</u>	<u>1,779,475</u>
 Company	 2013	 2012
	£	£
Trade debtors	27,741	24,327
Amounts owed by group undertakings	80,023	54,419
Legacies due	446,567	1,684,985
Gift Aid tax recoverable	16,207	12,991
Other debtors	785	4,125
Prepayments	34,826	25,676
Accrued interest receivable	6,427	5,303
	<u>612,576</u>	<u>1,811,826</u>

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Group	2013	2012
	£	£
Other loans (see note 21)	-	52,660
Trade creditors	79,318	78,659
Lottery ticket sales paid in advance	87,048	95,019
Accruals and deferred income	18,434	16,548
	<u>184,800</u>	<u>242,886</u>
 Company	 2013	 2012
	£	£
Other loans (see note 21)	-	52,660
Trade creditors	71,751	57,335
Accruals and deferred income	14,004	13,584
	<u>85,755</u>	<u>123,579</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED 31 MARCH 2013**21. LOANS**

An analysis of the maturity of loans is given below

Group and company	2013	2012
	£	£
Amounts falling due within one year on demand		
Secured interest free loan	-	50,000
Carbon Trust loan	-	2,660
	<u>-</u>	<u>52,660</u>

RUKBA have confirmed the £50,000 advanced to St Michael's Hospice Hastings and Rother is no longer repayable and it has therefore been treated as a donation in this year

22. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

	2013	2012
	£	£
Expiring		
Within one year	27,716	18,900
Between one and five years	32,692	61,672
In more than five years	14,000	14,000
	<u>74,408</u>	<u>94,572</u>

23. PENSION COMMITMENTS

The charity operates a defined contribution pension. Contributions are charged to the Statement of Financial Activities in the period to which they relate.

The total contributions paid in the year are shown in the staff costs note to the accounts. The amount outstanding at the balance sheet date is £22,013 (2012 £19,910).

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED 31 MARCH 2013

24. MOVEMENT IN FUNDS

	At 1/4/12 £	Net movement in funds £	Transfers between funds £	At 31/3/13 £
Unrestricted funds				
General fund	4,482,561	86,480	(65,622)	4,503,419
Fixed assets	1,804,594	(114,557)	65,622	1,755,659
Contingency fund	2,000,000	-	-	2,000,000
	8,287,155	(28,077)	-	8,259,078
Restricted funds				
Rolling Equipment Replacement	-	5,000	-	5,000
TOTAL FUNDS	8,287,155	(23,077)	-	8,264,078

Net movement in funds, included in the above are as follows

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	5,006,810	(5,049,911)	129,581	86,480
Fixed assets	-	(114,557)	-	(114,557)
	5,006,810	(5,164,468)	129,581	(28,077)
Restricted funds				
Rolling Equipment Replacement	11,500	(6,500)	-	5,000
TOTAL FUNDS	5,018,310	(5,170,968)	129,581	(23,077)

Unrestricted funds

The trustees have applied the funds as shown above. Of the available funds held at the year end £1,755,659 (2012 £1,804,594) is held in the form of land and buildings and other tangible fixed assets.

Contingency funds are calculated each year according to the reserves policy set out in the Report of the Trustees. This policy identifies the cash resources needed to sustain twelve months of net running costs in the event of a severe downturn in voluntary income.

The general funds at the year end of £4,503,419 (2012 £4,482,561) represents funds available to the trustees to pursue and further the activities of the Hospice.

Restricted funds

Rolling Equipment Replacement - These funds were donated to replace mattresses and chairs. The balance of the monies donated not used to date is being carried forward to the coming year.

ST MICHAEL'S HOSPICE HASTINGS AND ROTHER

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED 31 MARCH 2013

25. RELATED PARTY DISCLOSURES

The company has a connection with St Michael's Hospice (Hastings) Development Trust (registered charity 293316) which acts as a fund raising vehicle for the company. During the year donations of £26,055 (2012: nil) were made to St Michael's Hospice Hastings and Rother.

26. ULTIMATE CONTROLLING PARTY

The company is controlled by the Board of Directors.