



HospiceUK

# Hospice Financial Benchmarking Report

Quarter ended 30 June 2025

This report is sponsored by



Advice and support on this project provided by





**Crowe U.K. LLP is delighted to continue its support of the Financial Benchmarking Report produced by Hospice UK.**

2025 has been as challenging period for the Hospice sector. The increase in National Insurance contributions impacting the biggest cost in the sector at the same time as pressure on donor communities has meant Hospice leaders are needing to focus their efforts on getting more from less.

Our specialist team understand the pressures facing the sector as we work with a significant number of hospices, and value the insight that these reports bring for members. To face both the challenges and opportunities and plan for 2026, finance professionals will need to ensure that they are equipped with robust data on their organisations and the wider sector. Engaging with these reports will go some way in helping them on their journey, we encourage all Hospice UK members to make the most of these valuable resources.

At Crowe we are passionate about working with social purpose and non profit organisations, including hospices and the wider care sector. We already work with a number of Hospice UK members both in an audit and non-audit capacity. Our dedicated non-profit unit offers national support and deep industry knowledge and expertise across a wide range of services. While our core offering is external audit, we provide many related services such as internal audit, risk assurance, structure and governance reviews, tax, VAT, gift aid, and other advisory services. We also run a care sector conference which is free to attend and available [on-demand](#), bringing together experts from the sector sharing best practice.

**Guy Biggin**

**Partner**

**[guy.biggin@crowe.co.uk](mailto:guy.biggin@crowe.co.uk)**

**Direct Dial : [+44 \(0\) 1242 240324](tel:+44201242240324)**

# Index

03

Executive  
Summary

04

Overall  
results

07

Statutory  
Funding

10

Reserves

11

Breakdown of  
income and  
expenditure

15

Appendix 1 :  
Performance  
against budget

20

Appendix 2:  
Performance  
against prior  
year

25

Appendix 3:  
Fundraising  
performance

27

Appendix 4:  
Retail  
performance



# Executive Summary

This report has been prepared in September 2025 by Hospice UK in association with DB associates.

The purpose of the benchmarking project is twofold:

- The primary purpose is to provide information for hospices to enable them to compare their performance to others
- An additional benefit will be to provide Hospice UK with more real time information about financial trends in the sector

All information about individual hospice results is anonymous unless they choose to share it. The information collected has been set by hospice finance directors based on what is most useful and practical for them to provide and will evolve based on feedback from the group. The number of hospices participating in the benchmarking project this quarter was 105. The hospices participating in the survey collectively recorded a deficit of just over £30M in only the first three months of the year.

Over the same three month period last year, the same hospices recorded a collective deficit of £24M.

This indicates that the financial challenges facing charitable hospices continue to escalate. The group had budgeted for a deficit of £33M, so while the overall results were not good, they were slightly better than feared.

The key issue driving the continued financial challenges in the hospice sector continues to be rising costs – despite headline UK inflation being lower for over a year now, the rate of increase in hospice costs shows no sign of slowing down.

In addition to this summary report, all participating hospices will receive a confidential individual report showing where they rank in comparison to their peers on all metrics included in the report.



# Overall results

The table below shows the results for the quarter for participating hospices

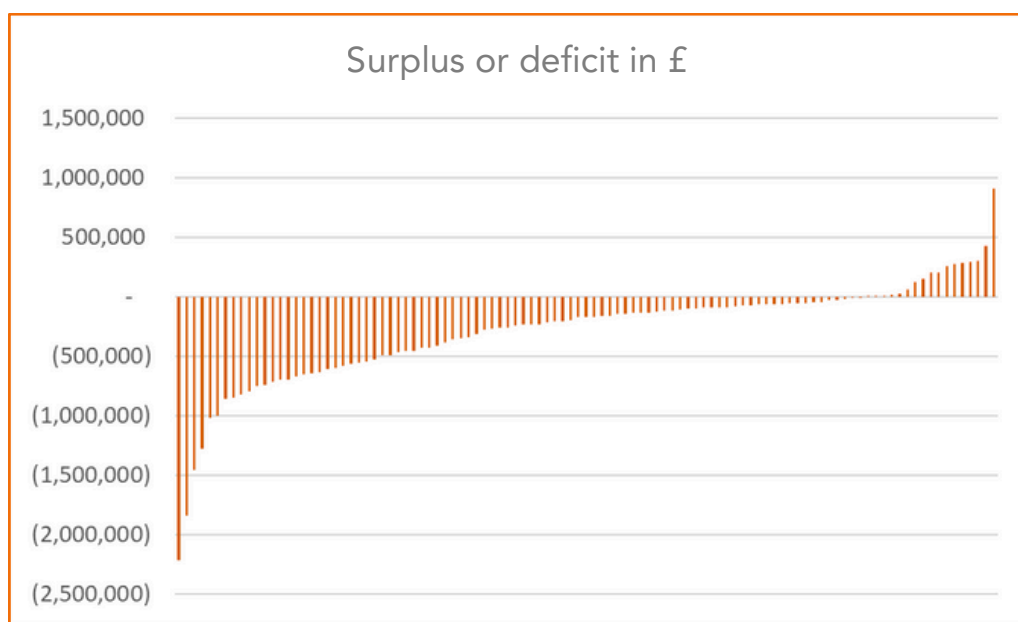
Results for participating hospices					
£M's	Actual		Budget		Last year
Statutory income		71		72	64
Legacies		26		30	27
Retail		71		74	67
Lottery		15		15	14
Other fundraising		61		59	57
Misc income		15		15	15
<b>Total income</b>		<b>258</b>		<b>265</b>	<b>245</b>
Payroll		210		214	193
Other costs		71		76	69
Depreciation		9		9	8
<b>Total expenditure</b>		<b>289</b>		<b>298</b>	<b>270</b>
<b>Surplus/(Deficit)</b>		<b>(30)</b>		<b>(33)</b>	<b>(24)</b>

The last two financial years have been by a distance the worst two the charitable hospice sector have ever experienced.

It is therefore very concerning that – despite several hospices already having made cuts to reduce costs, which have impacted on service delivery – it appears that 2025/26 is going to be even more financially challenging.

As the table shows, the financial problems continue to be driven by inflation, particularly wage inflation.

## Distribution of surplus/(deficit) by individual hospice



The average deficit of hospices participating in the survey was around £290k after the first quarter. At the same stage last year, we reported an average deficit of £213k, and the year before an average deficit of £237k. We don't have exactly the same cohort of hospices reporting each quarter, so these don't represent an entirely like for like comparison, but they do give a broad idea of the overall pattern.

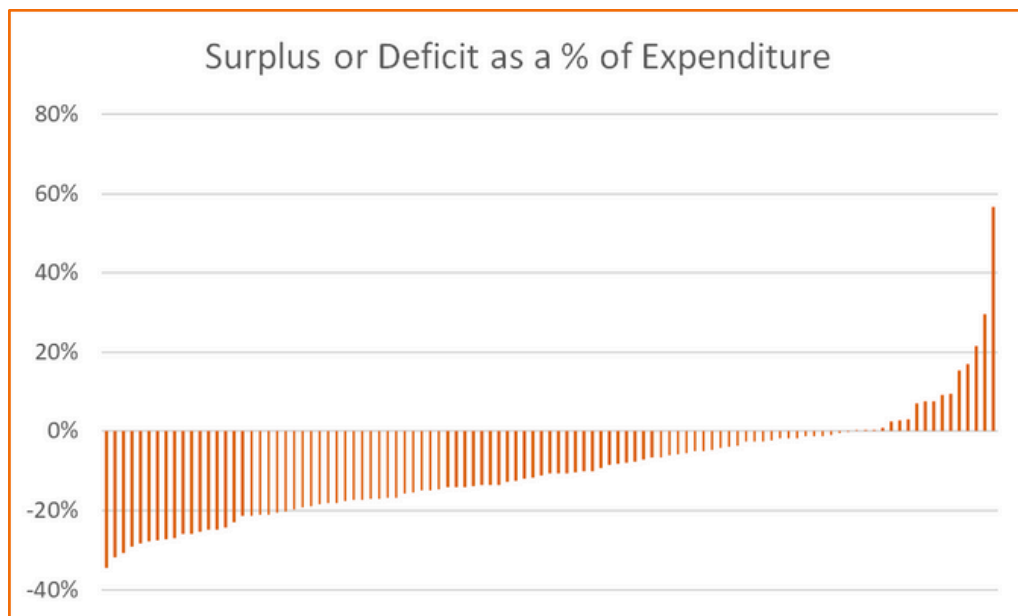
88 of the 105 participating hospices recorded a deficit. Of these, five recorded a deficit of over £1M in just the first quarter.

In contrast, only 17 hospices recorded a surplus, with the biggest surplus being just under £1M.

## Surplus/(Deficit) as a proportion of expenditure

Comparing actual surplus and deficit has some limitations, as larger hospices are always going to record bigger figures than smaller organisations (e.g. A £100k deficit may not be concerning for one of the largest hospices but could represent a major challenge for a small community-only service).

An alternative way of comparing results, to negate the impact of hospice size, is to look at overall surplus or deficit as a proportion of expenditure. So, in this example, a hospice which spend £1M and recorded a deficit of £100k would show a result of -10% on this measure.



The graph above shows the breakdown of all hospices result based on this measure.

The graphs shows that hospices overall performance range from a deficit representing just over 34% of their expenditure, to a surplus representing just over 57% of their expenditure.

58 hospices – more than half of our cohort - reported a deficit of more than 10% of their expenditure.



# Statutory Funding as a proportion of expenditure

Note that for the purpose of this benchmarking report, the method of calculating the government funding percentage is slightly different to that we use in our annual hospice accounts report, due to the level of information available to us.

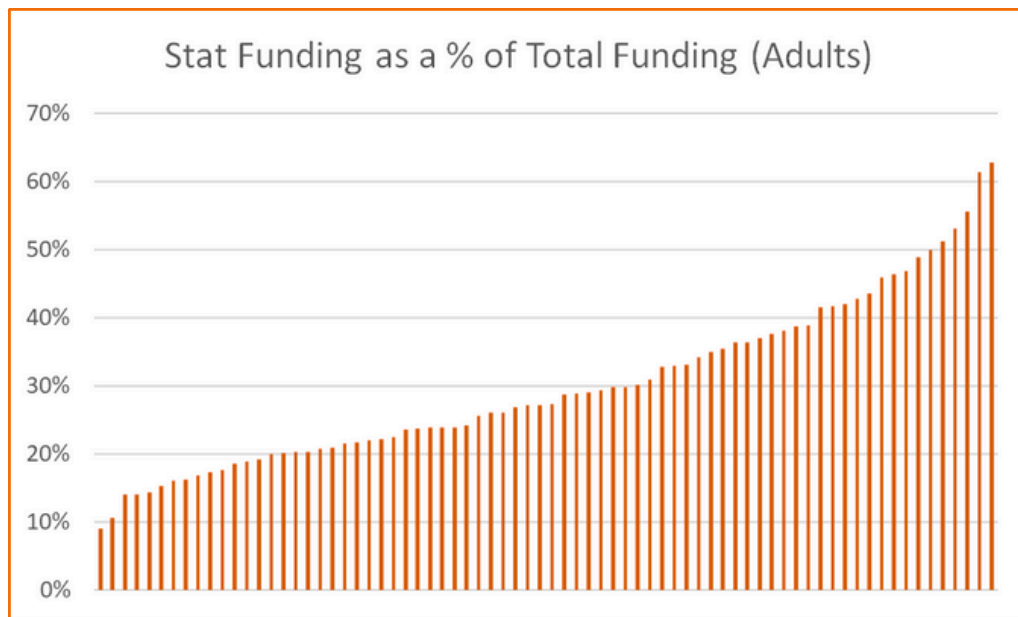
In the hospice accounts report, we divide statutory funding by all expenditure excluding retail and lottery expenditure.

In this benchmarking report, we have divided statutory funding by all expenditure including retail and lottery expenditure. We would therefore expect the reported government funding percentage to be a little lower than the one third that we have historically reported in the hospice accounts report.

The overall average level of statutory funding for all hospices is 25%, which is consistent with what this survey has found in previous years.

Alternatively, if we were to look at the statutory funding compared to direct charitable hospices only is 53% (note that this is based on a comparison to direct care costs only and does not include any contribution to the essential overheads of the organisation).

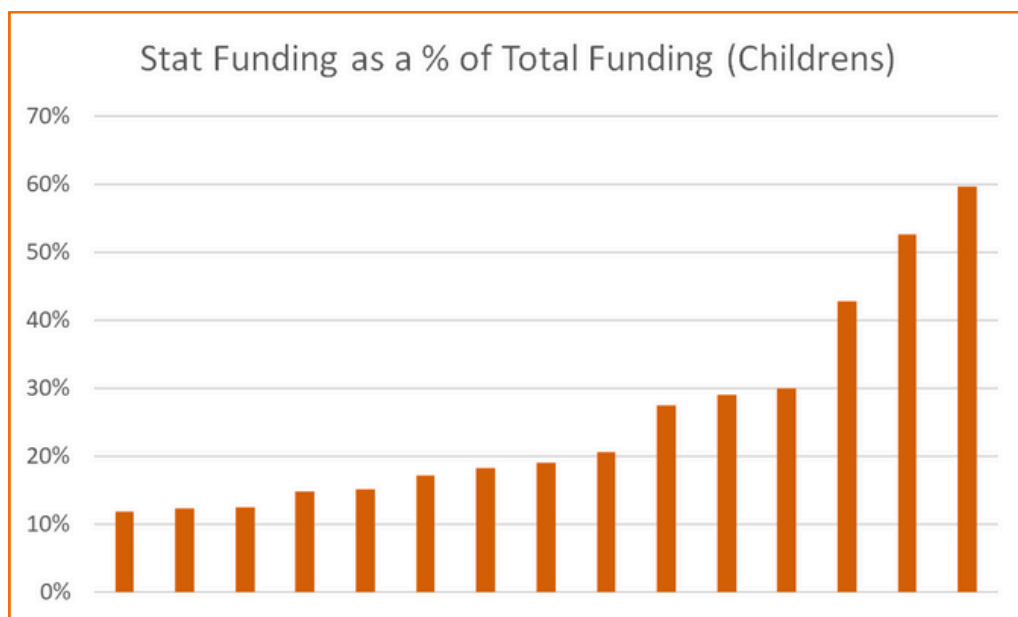
It is probably more useful to consider statutory funding levels by different categories of hospices as it tends to vary based on the type of service provision.



The first graph shows government funding as a proportion of all expenditure for adult hospices.

The average (mean) statutory funding for adult hospices reported is 25% of total expenditure, or 54% of direct care costs.

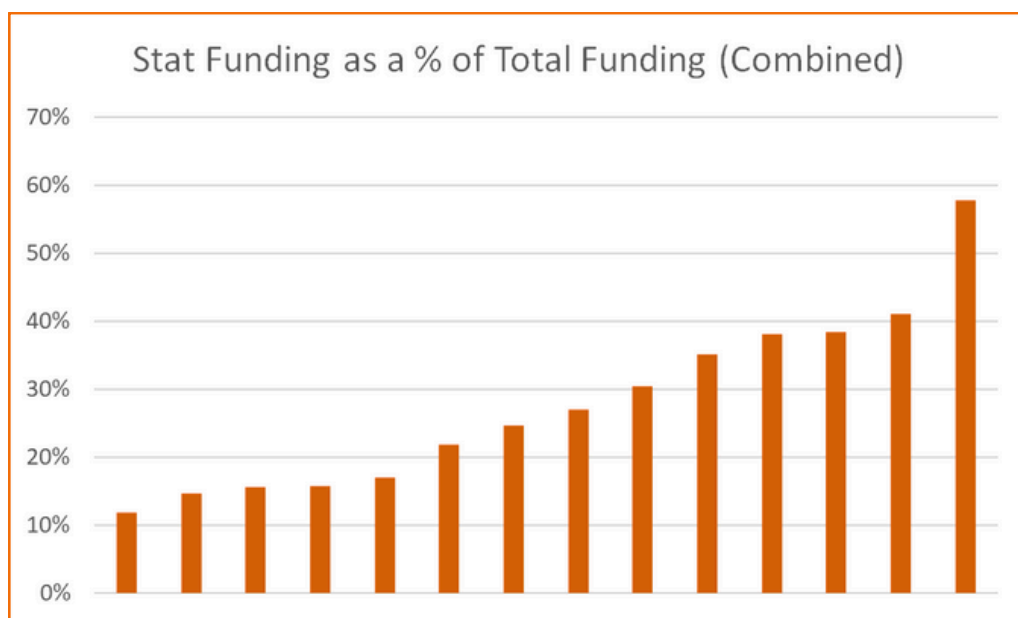
Stat funding as a proportion of total expenditure for adult hospices ranged from just 9% to up to 63%.



The above graph shows government funding as a proportion of all expenditure for children's hospices. Fifteen children's hospices have been included in this calculation. The average statutory funding for children's hospices is 20% of total expenditure ( or 45% of direct charitable expenditure).

Statutory funding as a proportion of total expenditure ranged from 12% to 60%.

The final graph (below) shows government funding as a proportion of all expenditure for joint hospices. Fourteen hospices have been included in this calculation.

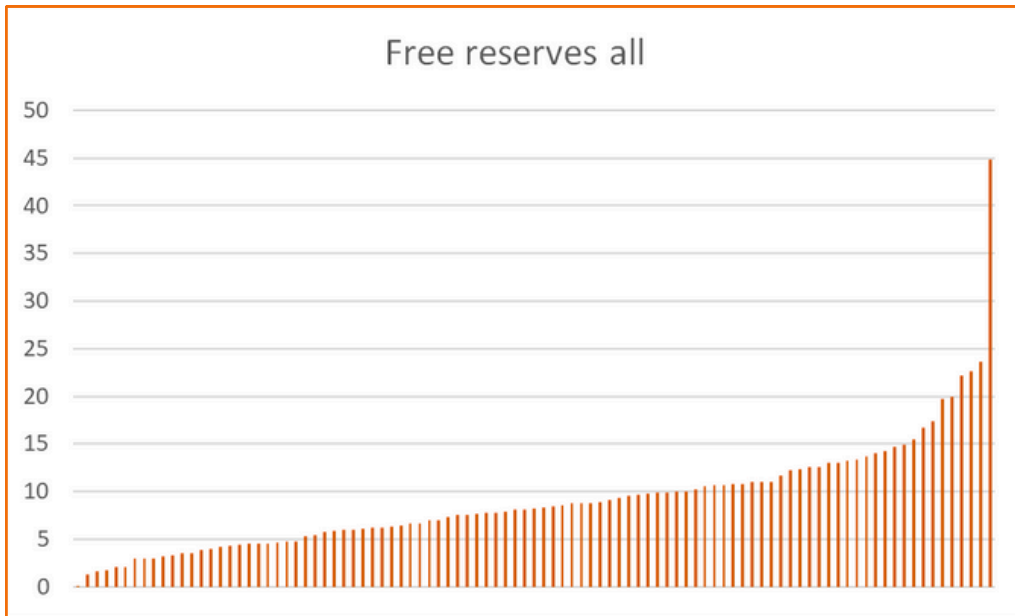


The average statutory funding for joint hospices is 26% of total expenditure (or 55% of direct charitable expenditure).

Statutory funding as a proportion of total expenditure ranged from 12% to 58%.



# Reserves



The above graph shows the average level of free reserves (as measured by months expenditure) of the hospices participating in the survey.

The average level of free reserves is nine months.

A small number of hospices did not report their reserve levels; the lowest level of reserves amongst those who did report a figure is just over one month.

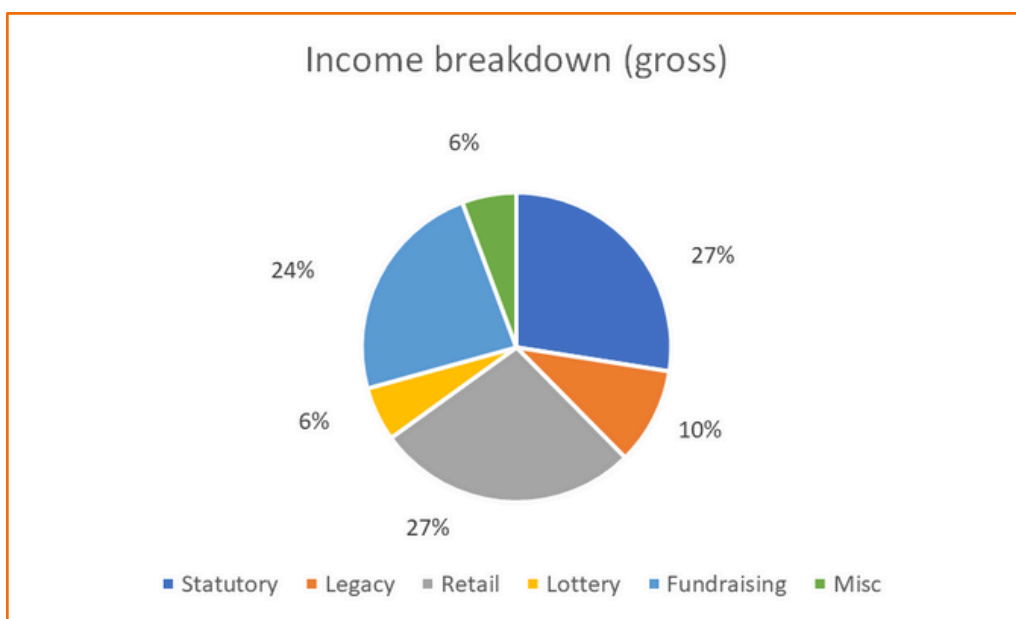
30% (29 of the 96) hospices who gave data on reserves levels reported holding less than six months free reserves.

# Breakdown of Income and Expenditure

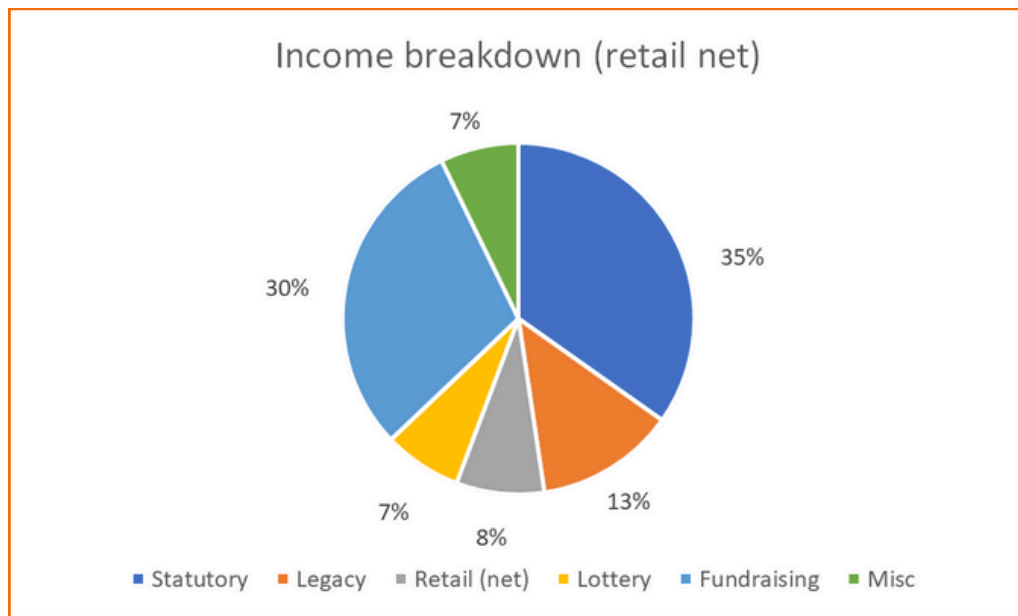
## Income

This section shows the breakdown of income and expenditure for different hospices participating in the survey. The individual reports sent to each hospice will enable them to compare their mix of income & expenditure with the average hospice.

The first graph below shows the breakdown of income. On average retail income (27%), statutory income (27%) and fundraising income (24%) are the most important income sources for hospices.

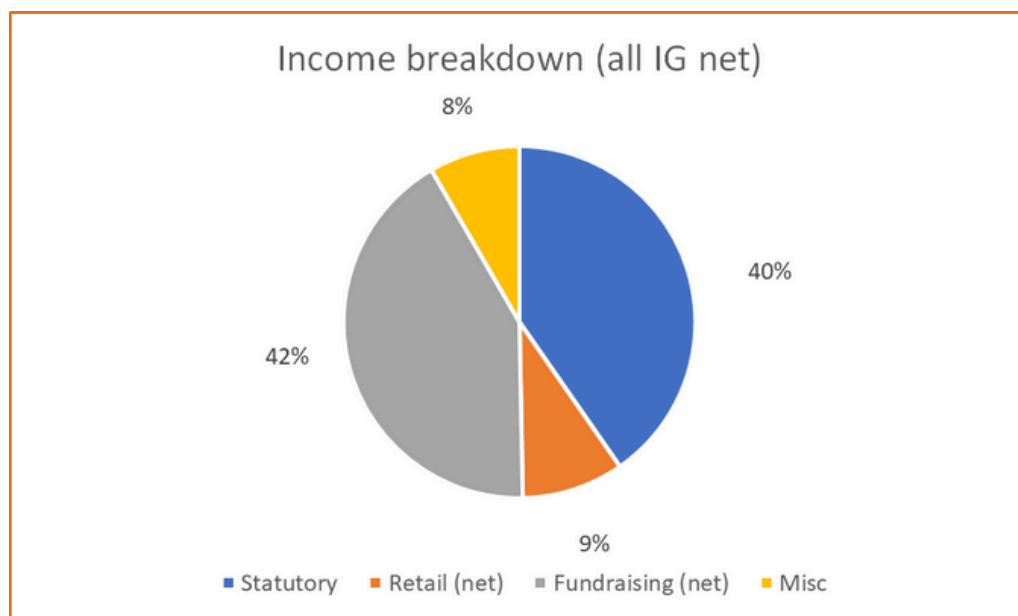


An alternative way of showing the same data would be to look at net retail income rather than gross, in which case the average income breakdown looks like this:



Using this method, statutory income at 35% is the largest income source followed by general fundraising at 30%.

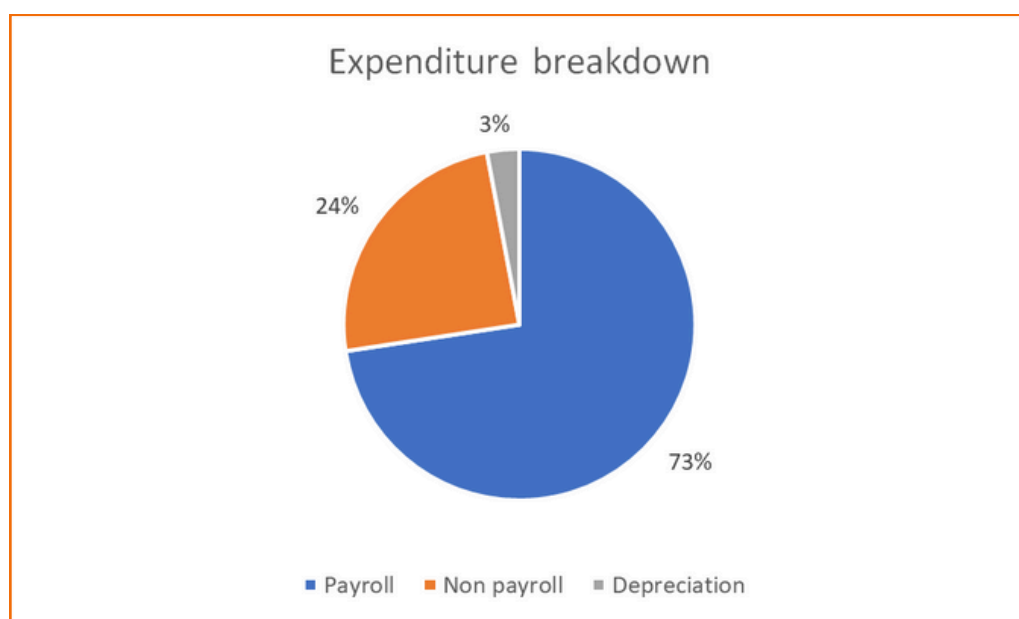
Finally, we could also present all income generation as net rather than gross, which gives the following breakdown:



It is sobering to note that even if we only consider the net profit generated from fundraising and lottery income, that still contributes more towards and average hospices costs than statutory funding.

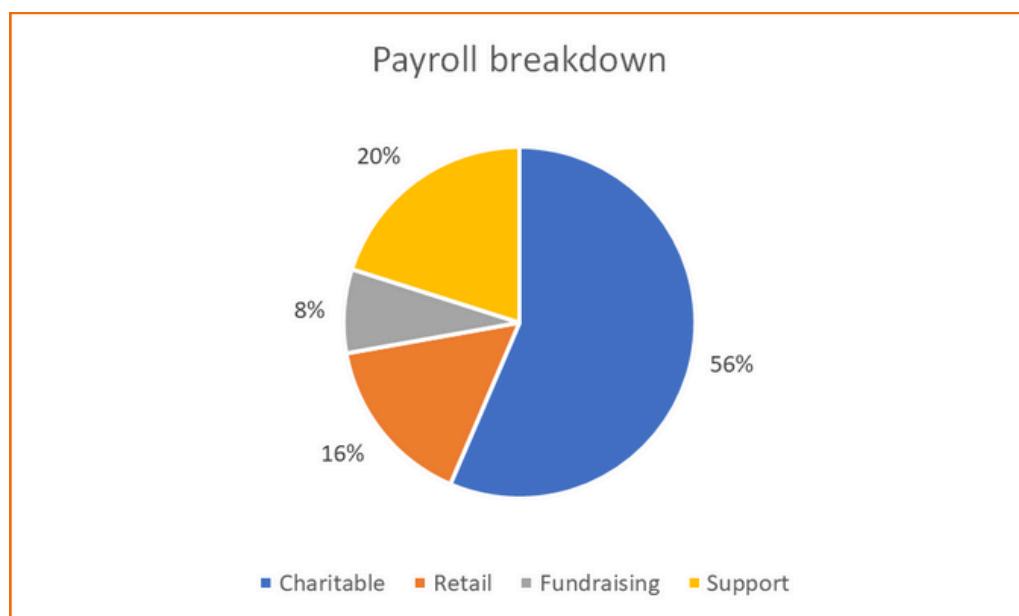


# Expenditure



The graph above splits total costs between payroll, non-payroll and depreciation. Staff costs are by far the most significant cost for hospices (as with most charities), representing 73% of total costs.

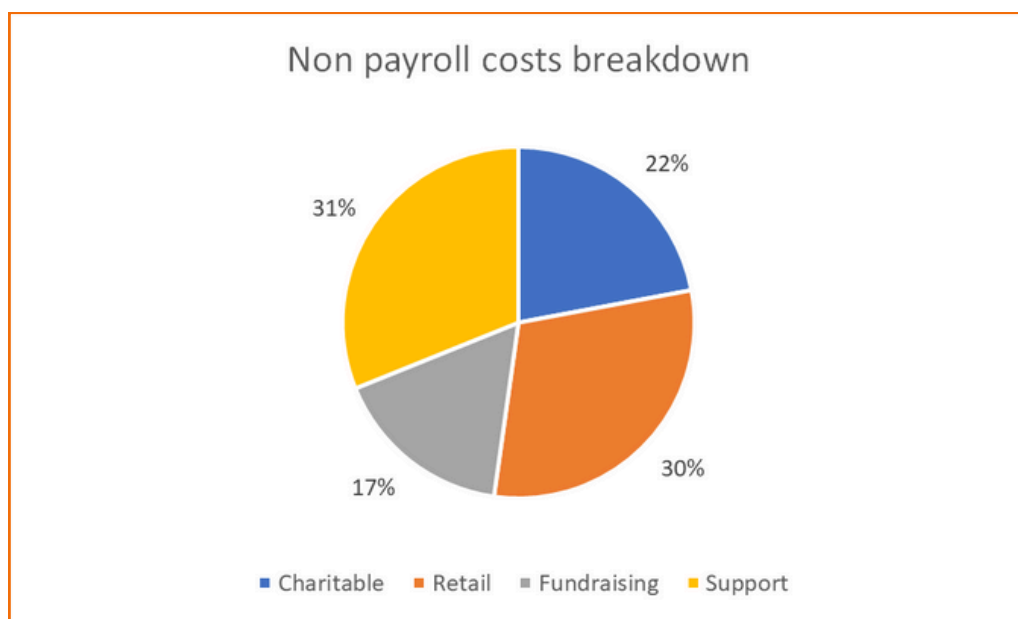
## Payroll



The graphs above show the breakdown of payroll costs.

On average, 56% of payroll costs were spent on charitable, with support costs at 20% being the next biggest area.

## Other Costs



Finally, the graph above shows the breakdown of non-payroll costs for all hospices. In contrast with payroll cost, charitable costs are a less significant proportion on non-pay costs.

Most non-payroll costs are spent on support (31%) and retail (30%).

## Individual reports

Each participating hospice will receive a separate confidential report showing how they rank based on different measures included in this report.

This report will contain six sections:

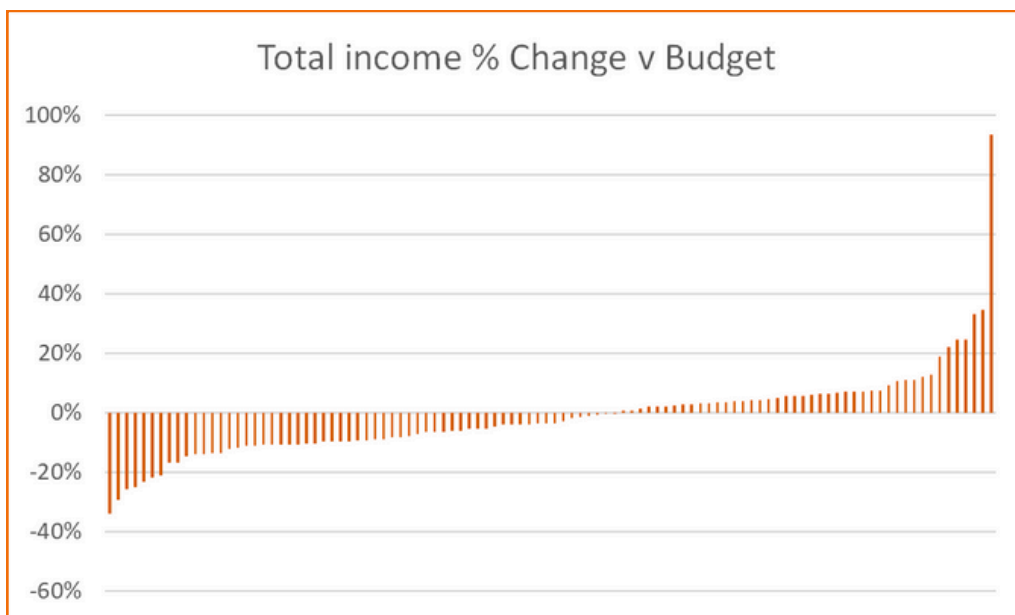
- 1) Some key figures so you can compare your performance to the averages included in this report (e.g. statutory funding %, retail income and reserves levels).
- 2) Your performance versus budget compared to the sector average for different type of income and expenditure.
- 3) Your performance against last year compared to the sector average for various types of income and expenditure.
- 4) A comparison of your breakdown of income and expenditure with the average hospice.
- 5) A detailed breakdown of retail performance compared to the average hospice
- 6) An analysis of income generation based on your population size

# Appendix 1:

## Performance against budget

Overall, the sector is performing much better than it expected.

This trend is not universal, but of the 99 hospices in the survey, 83 hospices performed better than budgeted while only 16 performed worse than they expected.



The graph above shows whether individual hospice income is higher or lower than budget over the year.

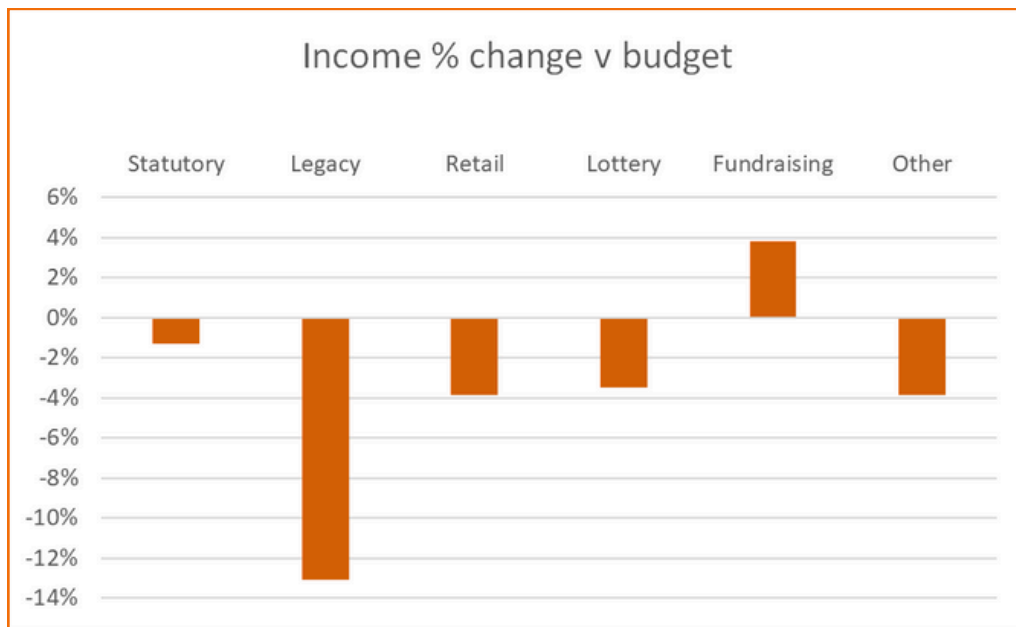
This trend is not universal, with 57% of hospices performing better than budgeted, and the remainder performing worse than budgeted.

However, there is significant variation in hospice performance. More hospices (59) reported that income was lower than budget than those that reported it was higher (44).

And looking at biggest variances, twenty nine reported shortfalls of more than 10%, while only twelve reported out performing budget by more than 10%.



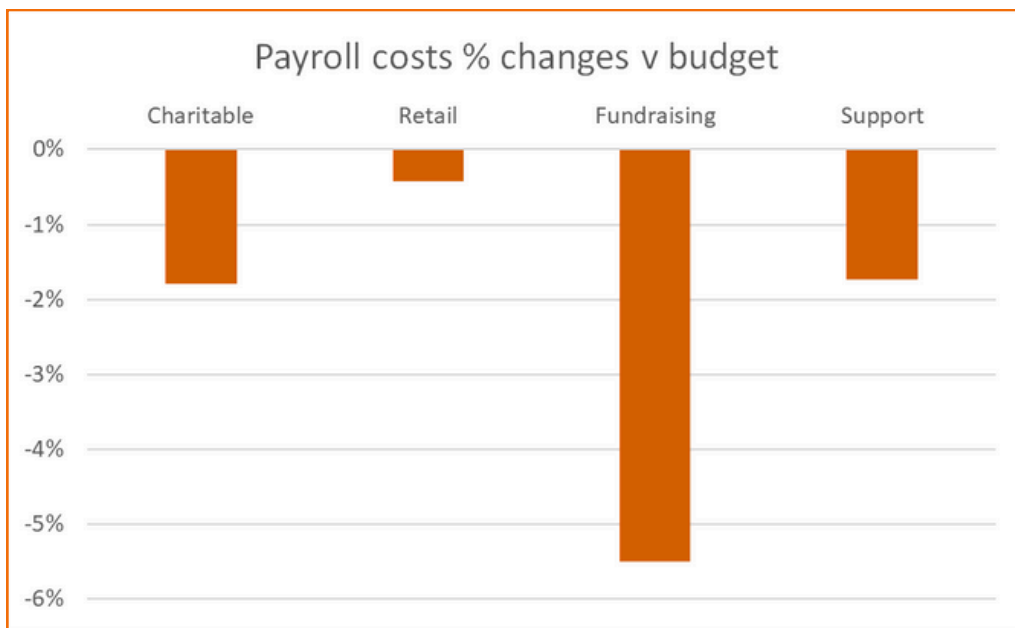
## Income detail versus budget



The graph above shows the overall results against budget for different income streams, expressed in % terms.

- Only one area of income – general fundraising – is up on budget, by almost 4%. It is worth noting that this means fundraising income growth is keeping pace with inflation, but not exceeding it.
- Statutory income is pretty much in line with budget (1% down).
- The most significant gap compared to budget is in legacy income, which is 13% down – but on the other hand we know legacy income is prone to significant fluctuations, and in particular tends to be lower in the first quarter. It is possible not all hospices fully take account of this in their budgeting.
- Therefore, perhaps more concerning is the fact that retail and lottery income are both down 4% on budget.

## Payroll costs against budget

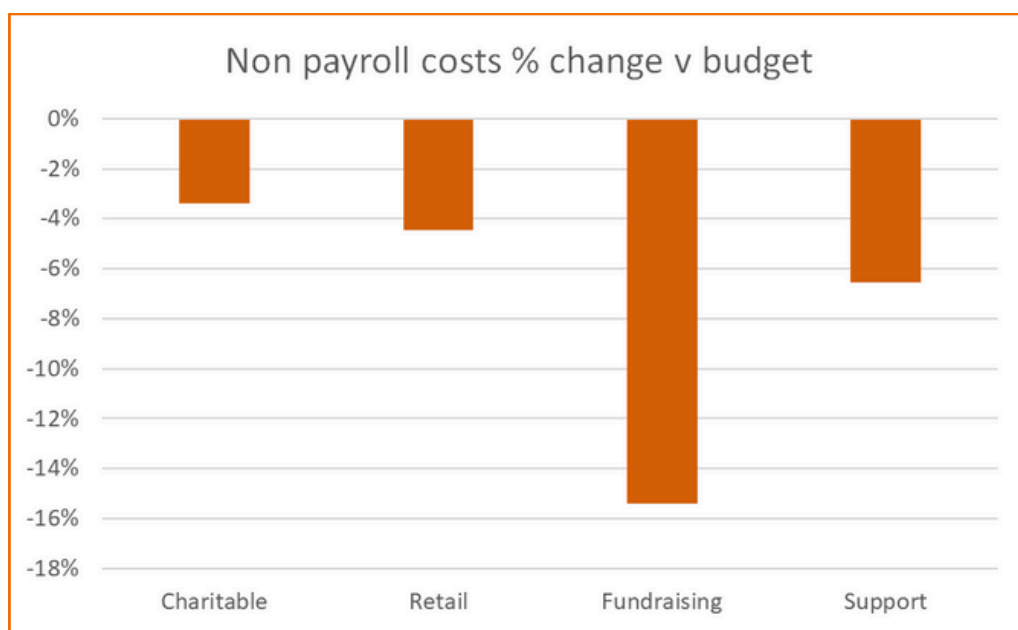


The graph above shows the overall results against budget for payroll costs (broken down by function).

We have seen over the past two years that payroll costs were consistently down against budget all year (most likely due to staff vacancies) and this continues to be the case in all areas in the new financial year, with the most significant saving (and therefore presumably the biggest recruitment challenge) in fundraising.

It is also likely some of these savings against budget are due to deliberate cost cutting measures by hospices given the deficits incurred by many.

## Non payroll costs versus budget



The graph above shows the overall results against budget for non-payroll costs (broken down by function).

As with last year, hospices are generally underspending against budget in terms of their non-pay costs as well.

This is mainly due to savings in fundraising costs, which are 15% under budget. The reason isn't clear, but one plausible explanation is that a shortage of fundraising staff mean that some fundraising activities have had to be curtailed, which of course will have a knock-on effect on income.

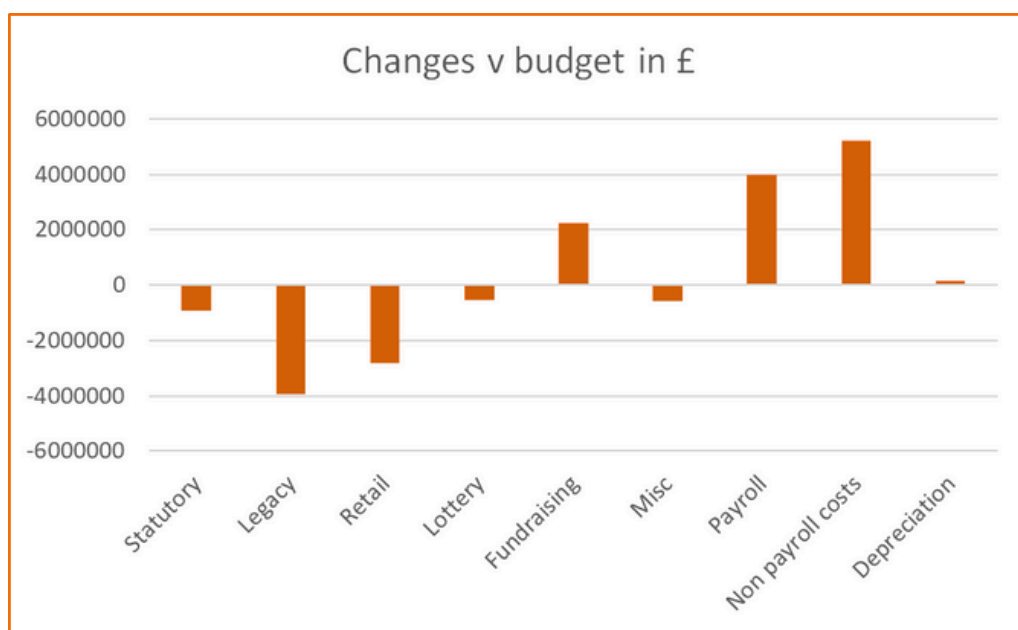
## Overall performance against budget

Overall, hospices are performing slightly better than they had feared when setting their budget.

This is the ninth quarterly benchmarking report we have produced and in the first seven the biggest positive change versus budget was always saving on payroll costs compared to budget.

This is still a significant reason for the positive variance on budget, but is not as important as savings on non payroll costs. And, as we saw from the above graphs, the biggest saving on non payroll costs relates to fundraising costs. Reassuringly, this does not seem to be impacting on fundraising performance, as fundraising income is the only other area to show a meaningful positive variance to budget.

Legacy and retail are the two areas that are showing significant negative variances to budget in terms of £ (lottery is also down in percentage terms, but is a less significant source of income for most hospices).

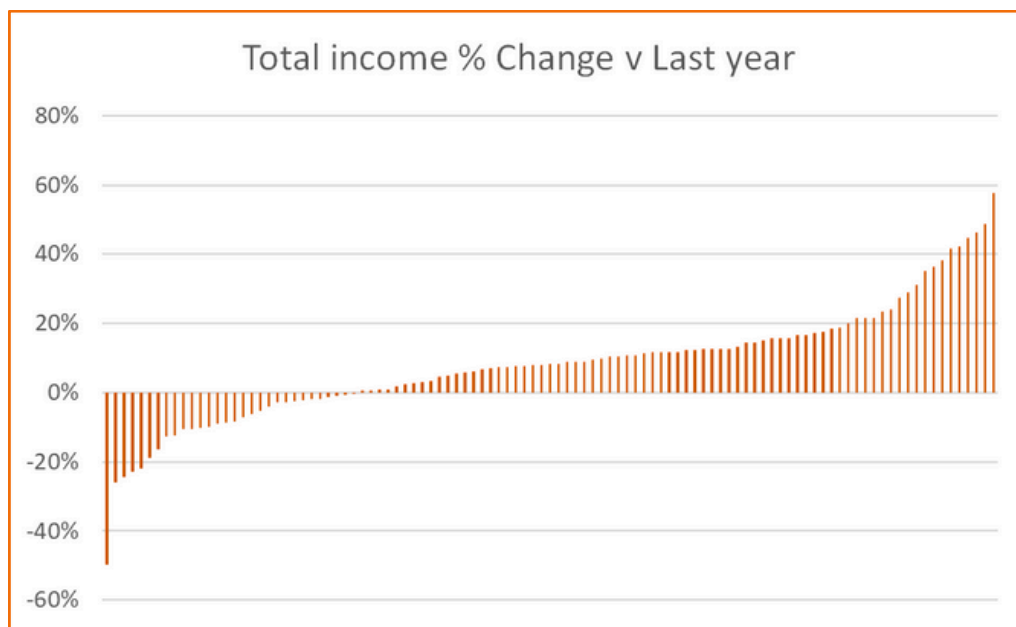


# Appendix 2:

## Performance against prior year

Overall, hospices are performing slightly worse than last year (and so may be heading for their worst year ever).

At an individual level, around two thirds of hospices are doing worse than at the same stage of last year.



The graph on this page shows the overall income compared to prior year.

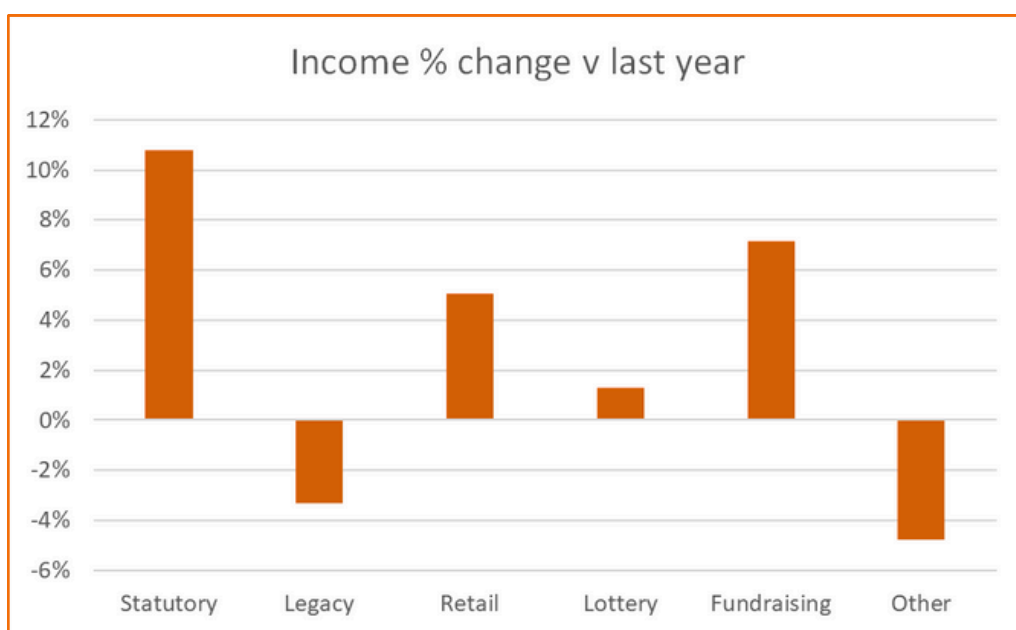
Collectively, total income was up an around 5% compared to last year – so slightly exceeding the growth in inflation.

30 hospices recorded a fall in income compared to the prior year, while 75 recorded an increase in income compared to last year.

Of those, twelve have seen income rise by more than 25% compared to the prior year.

## Income compared to prior year

The following graph below compares income for different sources compared to last year in % terms.



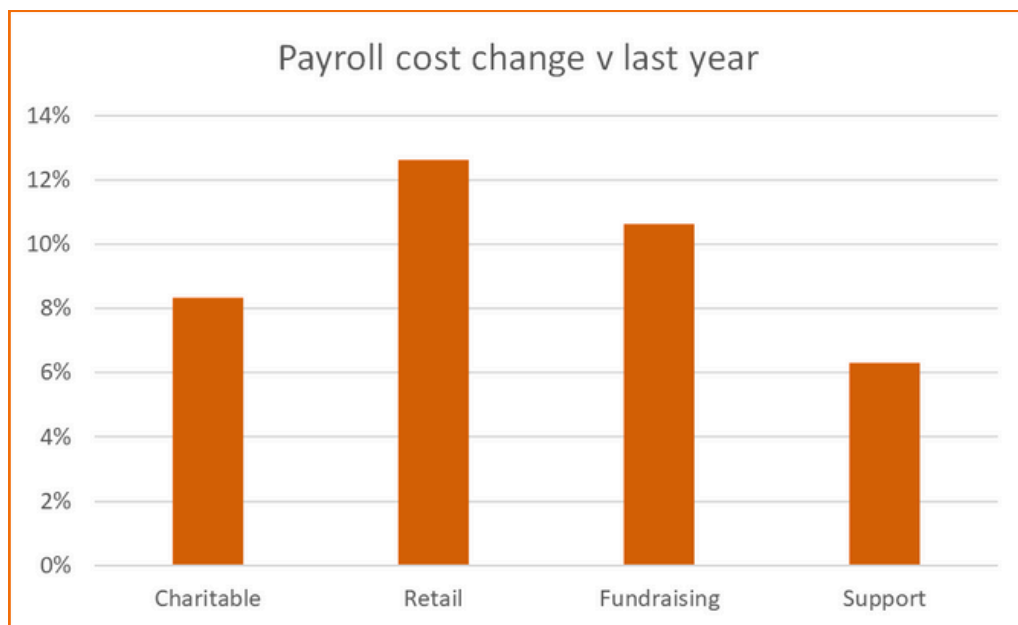
Every area is up compared to the prior year, which is a very positive performance.

It is interesting that statutory income is up 11% compared to the same period last year – and the budget data suggests that this was primarily an anticipated increase.

Fundraising income is growing at a faster rate than inflation, which is very positive news. Retail income is also up by around 5%, despite being down on budget, suggesting that budgeting in this area may again have been over-optimistic.

Legacy income is slightly down on last year (though it does tend to fluctuate) as is miscellaneous income (most likely due to falling bank interest rates).

## Payroll compared to prior year



The graph above shows the overall results against budget for payroll costs (broken down by function).

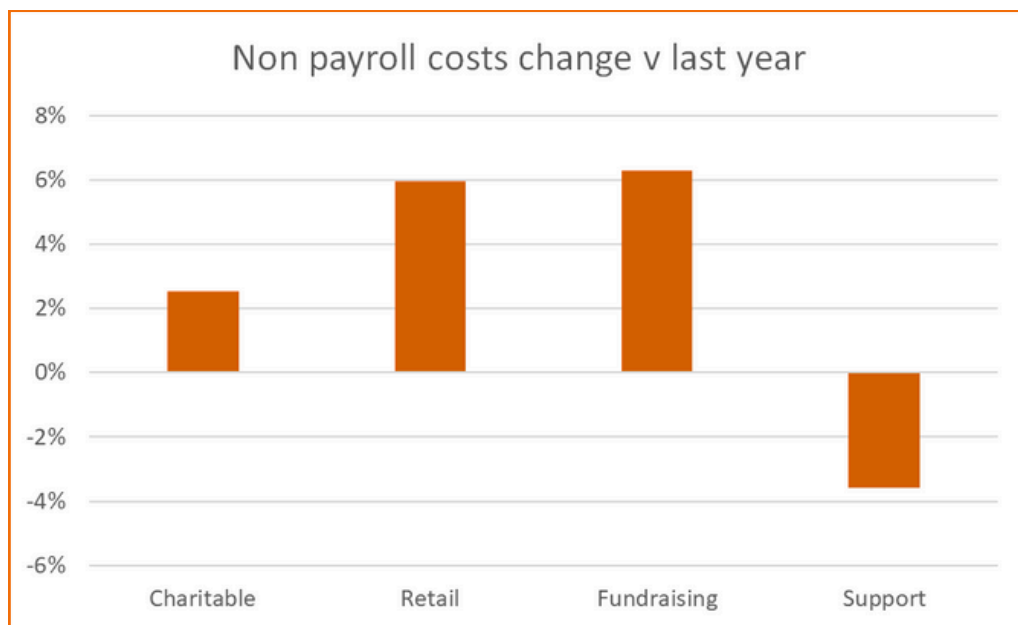
Overall, payroll costs were a massive 9% higher than the previous year.

This is now the third year in a row payroll costs have been rising by similar rates, and suggests payroll costs have gone up by around 30% in the three years.

This increase was seen across all areas of hospice activities, but the highest cost pressures have been in retail and fundraising.



## Non payroll costs compared to prior year



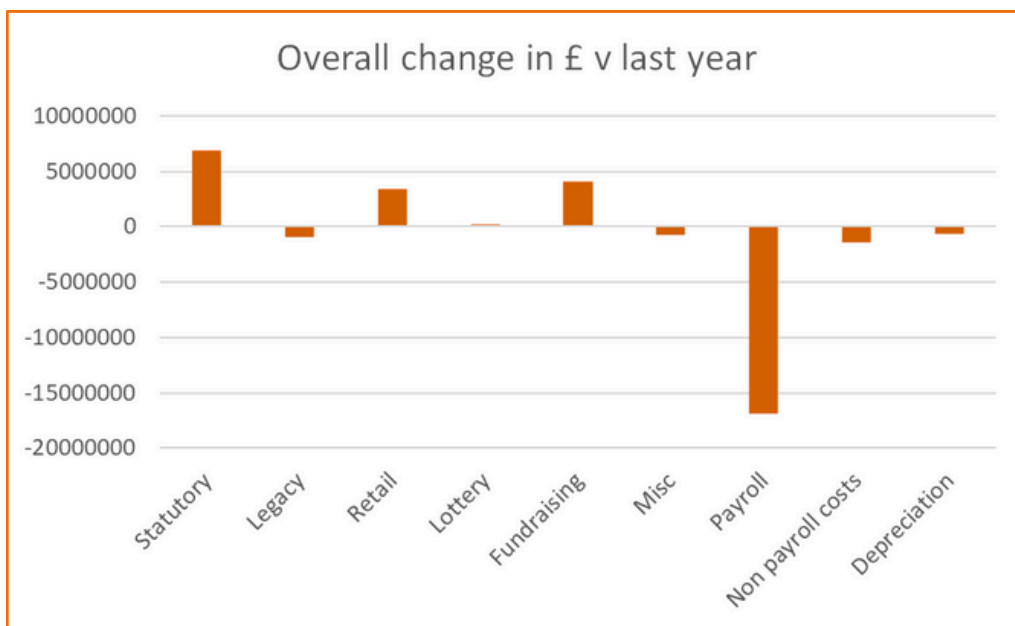
The graph above shows the overall results against last year for non-payroll costs (broken down by function).

Overall, non-payroll costs are up 2% compared to the prior year – so slightly below inflation.

Again retail and fundraising costs are up significantly – well above inflation – but the headline figure is effected by a fall in support costs. Anecdotal evidence suggests this is due to hospices cutting some support activities due to financial pressures.

## Overall change from prior year

Overall, the hospices participating in the survey are performing worse than in the same period last year, and increasing staff costs are now pretty much the sole reason for this. Increases in statutory and fundraising income are reducing the impact of this slightly, but are not fully mitigating it.

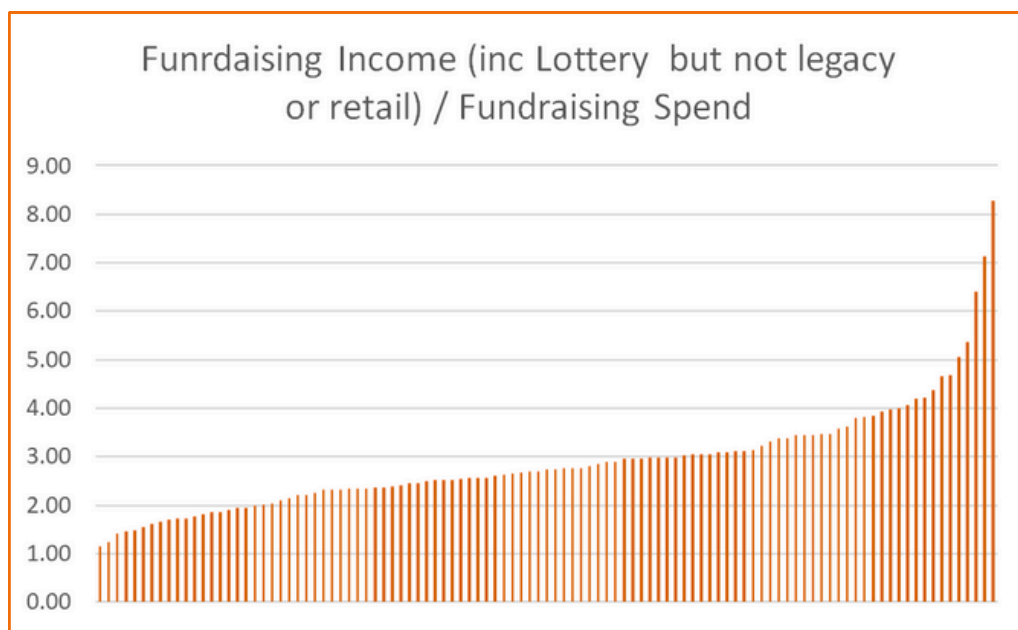


# Appendix 3:

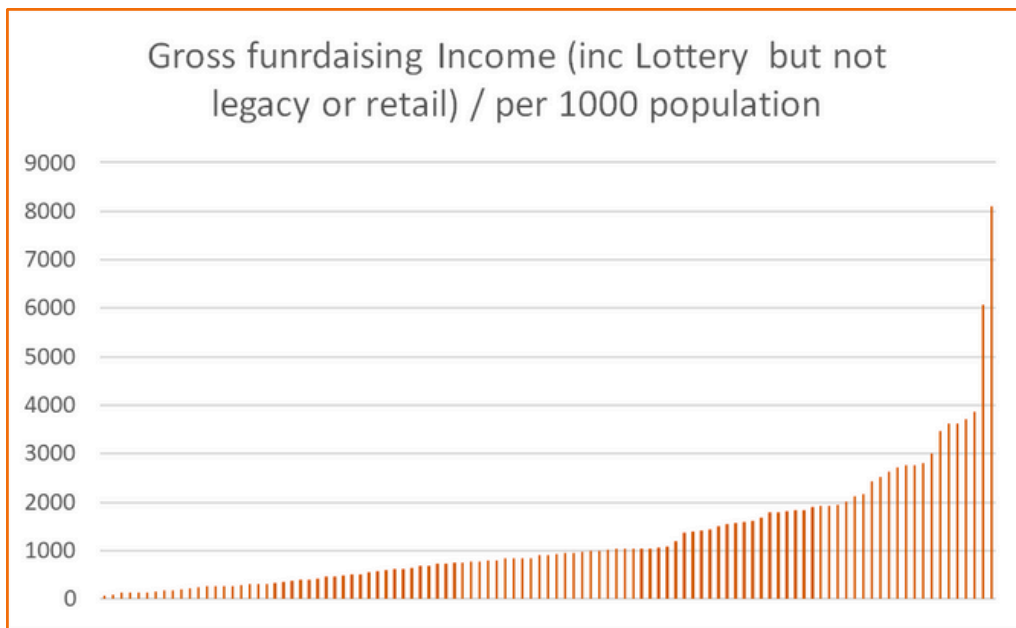
## Fundraising performance (including legacy income)

We can measure the income generation of hospices in a variety of ways.

This first graph looks at the return on investment for every £1 invested in fundraising (this includes lottery income, but not retail, which is analysed separately, or legacies, which are prone to fluctuations unrelated to activity in the year).



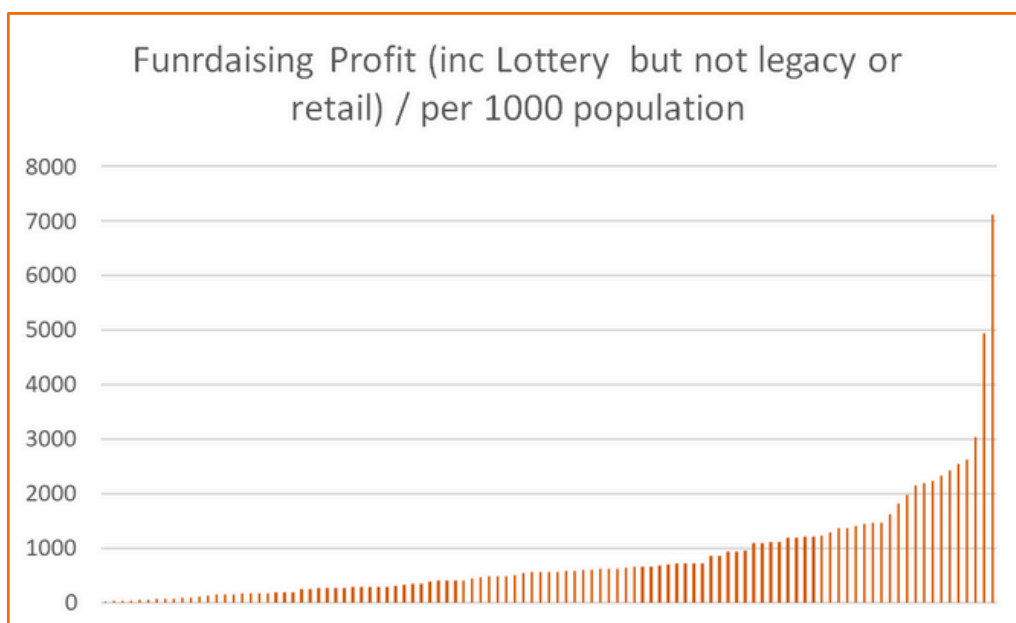
The graph above shows that hospices financial performance ranges from £1.14 to £8.27 for every £1 invested in these areas. The average return on fundraising investment was £2.71 per £1 invested.



The graph above shows the same income compared to catchment areas (per 1,000 population). There a vast difference in the amount hospices were able to raise from their catchment areas, ranging from under £100 to over £8,000 of fundraising income per 1,000 people.

Some of this wide variation is due to children's hospices having bigger catchment areas than adult hospices, and so in the individual hospice benchmarking reports, we have analysed children's and adult's services separately.

Some of the variation may also be due to inconsistent or inaccurate catchment areas – please contact us if you believe that the catchment area used for your hospice is incorrect.



The final graph shows net fundraising profit per 1,000 population served, with profit ranging from under £20 to £7,000 per 1,000 people in the catchment area. (Again, adult's hospices tend to perform better on this metric due to covering smaller areas, and so we have benchmarked adult's and children's hospices separately in the individual reports).

## Appendix 4:

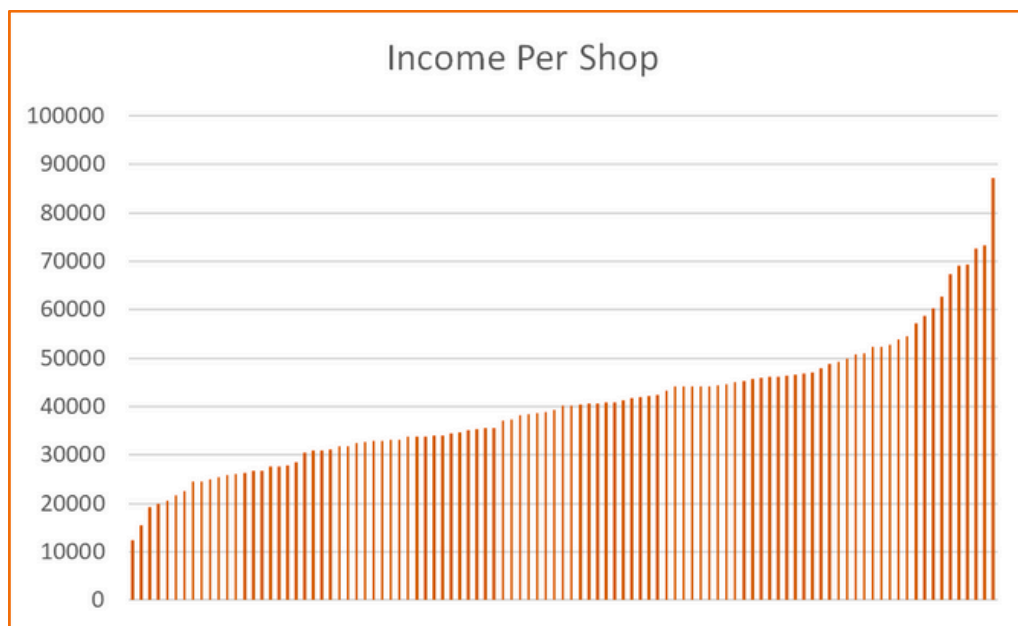
# Retail Performance

### Shop Income and Profits

Hospices have provided us with the number of shops they operate, full time equivalent staff numbers and space occupied. This enables us to provide a more detailed analysis of comparative retail performance.

The first graph below shows the distribution of gross retail income per shop. Income per shop ranges from £12k to £87k.

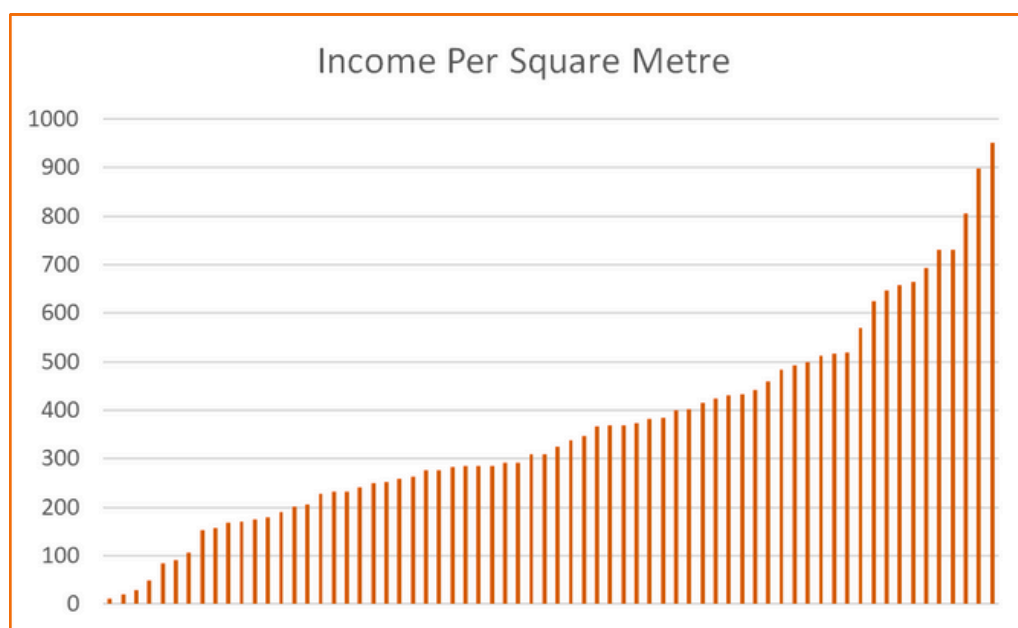
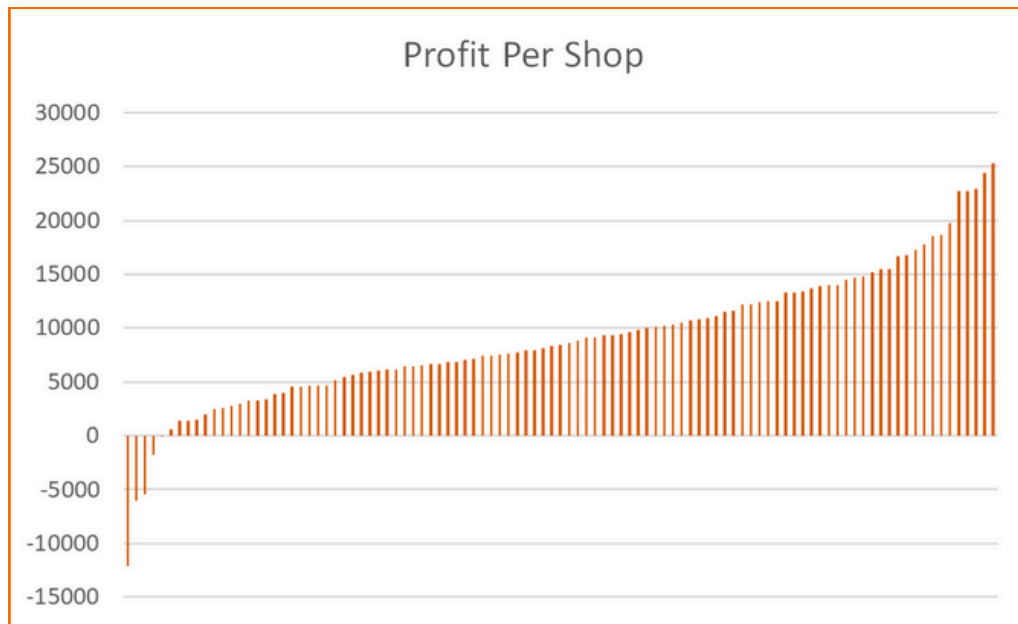
The average hospice shop has generated gross income of £42k in the first quarter.



The average profit per shop was just under £10k in the first quarter.

There is a wide variation in profit per shop for hospices, with the best performing hospice generating a profit of £25k per shop in the first quarter.

Five hospices reported they are making a loss on their retail operations.



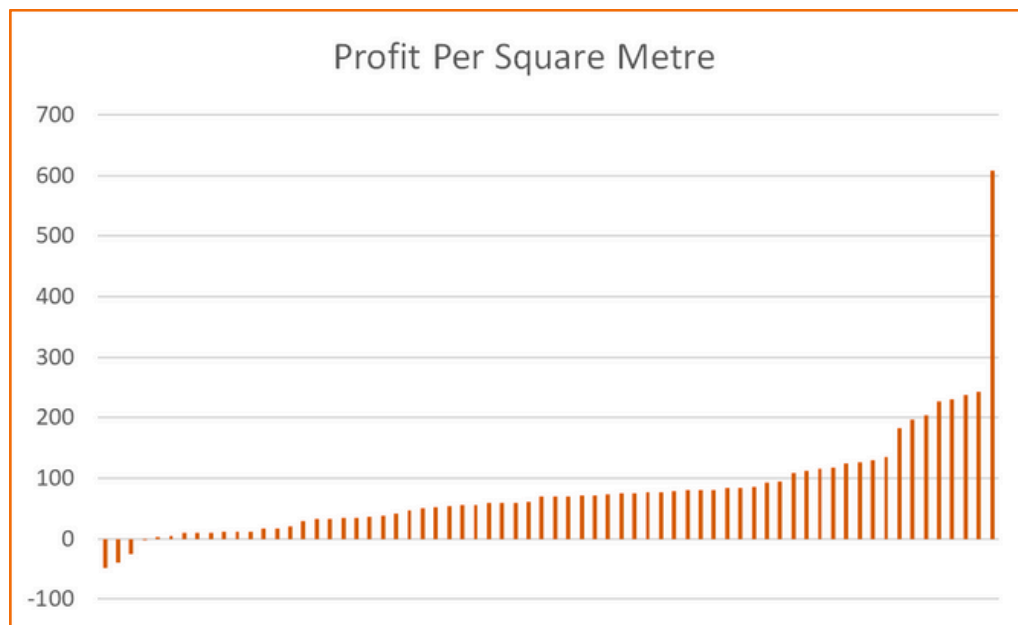
Around two thirds of participating hospices provided us with information about the square metres occupied by their retail operations. There were surprisingly wide variations in the gross income and net profit per square metre of different retail operations.

Gross income per square metre ranged from £11 to £851 for the quarter.

The average was just under £200 of gross income per square metre

Net profit per square metre ranged from a loss of £48 to a profit of £607.

The average profit was £44 per square metre.





Gross retail income per FTE employee for the year ranged from £11k to £65k, with an average of £19k.

Retail profit per FTE employee ranged from a loss of £10k to a profit of £45k per employee, with an average profit of £4k per retail employee.





# We thank you for participating in the Hospice Financial Benchmarking Report.

## Acknowledgements

Thank you to the 94 hospices who are participating in the benchmarking work.

Thank you to Crowe U.K LLP for their sponsorship of this report and db associates for their advice and support on this project.

Company Limited by Guarantee, Registered in England and Wales No. 2751519, Charity registered in England and Wales No. 1014851 and in Scotland No. SC041112. VAT No. 731 304476, registered office as above.

Hospice UK  
Hospice House  
34 - 44 Britannia Street  
London  
WC1X 9JG