

Hospice Accounts

Analysis of the statutory accounts of UK charitable hospices
for the year ended 31 March 2024



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Introduction

Sayer Vincent are pleased to partner with Hospice UK in their production of this Hospice Accounts Report. This year's report brings together information from the statutory accounts of 186 independent charitable hospices in the UK. It shows a sector with total annual expenditure of just under £2 billion per year (including fundraising costs).

Of the sector's total income of £1.9 billion only £520 million is funded by the government.

This report combines information from the published statutory accounts for the year ended March 2024.

The pressure on hospice funding and the challenges faced by the sector are a constant and increasing. At a time where the population is rapidly ageing, with individuals of all ages facing life-limiting conditions news of closed beds, greater fundraising challenges, mergers and closures present a sad and painful for a service so vital.

As auditors and advisors within the charity and social purpose sector, we see many of our clients examining their operating model to drive more profitable income generation, ensuring impactful application of resources across services and investment of reserves to support a sustainable future. We hope that you find this report helpful, both to inform debate and to help local hospice staff and Trustee Boards to benchmark their own figures against similar organisations.

Please get in touch with Hospice UK if you have any questions about the report, or both Hospice UK and Sayer Vincent if you have any suggestions for further analysis to include in future publications or for requests for new guides. At Sayer Vincent we work exclusively with charities and social purpose organisations, with many hospices within our client base. Our goal is to support a strong and resilient charity and social purpose sector. In doing so, we are committed to sharing our knowledge and resources so you will find references to some of our freely available guidance through this report. You can find more about us, the made simple guides referenced in this report and more resources at www.sayervincent.co.uk. This includes our programme of events and access to recorded webinars which you can request. These cover a wide range of financial matters, including tax issues, plus risk, assurance and governance matters.



Fleur Holden is an audit partner working with hospices and other clients in the wider health and social care sector. She provides strategic, financial and governance advice and brings her experience as a trustee to the “day job”.

t: 0207 841 6360

e: fleur.holden@sayervincent.co.uk



Judith Miller has an audit portfolio of social purpose organisations and over 20 years’ experience as a charity trustee. As a partner, she specialises in governance support and working with charities facing financial uncertainties.

t: 0207 841 6360

e: judith.miller@sayervincent.co.uk



Ross Palmer is a tax director and regular trainer on tax related issues. He specialises in helping clients with a range of VAT, Gift Aid and direct tax issues.

t: 0207 841 6360

e: ross.palmer@sayervincent.co.uk



Jon Williamson is a tax manager with a particular focus on a direct tax as well as working alongside Ross on Gift Aid and VAT.

t: 0207 841 6360

e: jon.williamson@sayervincent.co.uk

Definitions and scope of report

This report brings together the accounts of charitable hospices in the UK. These hospices are primarily local charities that are governed by voluntary trustees.

The purpose of the report is to:

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

Scope

This report is based upon the audited accounts of **186 independent charitable hospices** for the financial year ending any time between **1 April 2023 and 31 March 2024**. For the majority of hospices, this means the accounts for the year ended 31 March 2024.

Figures 1 – 4 also include the income and expenditure of two large national hospice charities: Marie Curie and Sue Ryder.

Because these two charities are very different in scale to the others, their results have been excluded from all the other tables. When a chart in the report refers to independent hospices, this means that the results of Marie Curie and Sue Ryder are excluded from those figures.

Preparation

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

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

Children's and joint services

In some analysis, we have split the figures for children's and adults' hospices. This has been done where there are significantly different results in the accounts of children's hospices. In total, there are **24 standalone children's hospices** included in this report. There are also **15 joint hospices**, serving both adults and children. It has not been possible to split the accounts of the joint hospices into their two components, so they have been included as adults' hospices, as this part of their services accounts for a majority of their income and expenditure. Such hospices are treated as a single entity for the purpose of this report, as are hospices that are run by one charity but based in more than one location.

Definitions used in this report

- ▶ In the published accounts of a hospice, trading income and expenditure are respectively included in gross income and gross expenditure. In some figures in this report, we have excluded trading income and expenditure from both these figures and included trading profit within gross income. Whether trading income and expenditure has been included in the analysis is stated above each relevant figure. This makes no difference to the surplus or deficit but serves to make for better comparisons. Income includes money raised for capital projects, but expenditure excludes capital payments such as building costs.
- ▶ Fundraised income includes donations and legacies, grants from charitable trusts and other fundraising activities.
- ▶ Income generation includes income arising from shops and lotteries as well as fundraised income.
- ▶ Unrestricted reserves include designated funds.
- ▶ Available reserves are taken to mean unrestricted reserves less unrestricted tangible fixed assets.
- ▶ Tangible assets are made up of the cost price of the building (or valuation if the hospice has revalued the building in their statutory accounts) and equipment less depreciation.
- ▶ Investment gains/losses include both realised and unrealised changes in the value of investments.
- ▶ Other gains/losses represent gains and losses on defined benefit pensions schemes and the revaluation of properties.
- ▶ Inflation refers to the Consumer Price Index (CPI).

Real time financial benchmarking

One of the main strengths of this report is that it is based upon independently audited financial information. But consequently, it means the information is a little historic.

We have launched a real time quarterly financial benchmarking network for hospices.

Find information at www.hospiceuk.org/financial-benchmarking-network

Overall Summary

Figure 1 shows the total size of the charitable hospice movement in the UK, including the amounts relating to hospice care from two national charities, Marie Curie and Sue Ryder. The figures would be even greater if the value of the substantial role of unpaid volunteers were included.

Overall in 2024, the hospice sector recorded a deficit on their core activities of £74 million, which reduced to a £6 million loss after accounting for investment gains. This makes it the worst collective result the sector has experienced in the twenty years in which we have been producing this report.

Figure 1

Key figures (including activities of two national charities involved in hospice care)	2024 – £M
Charitable income	1,266
Government income	520
Investment income.....	43
Other income.....	57
Total income	1,886
Charitable expenditure.....	1,332
Fundraising expenditure, including cost of shops, lottery and trading	628
Total expenditure	1,960
Deficit	(74)
Total investment and other unrealised gains.....	68
Total movement in funds.....	(6)

Total income growth over time

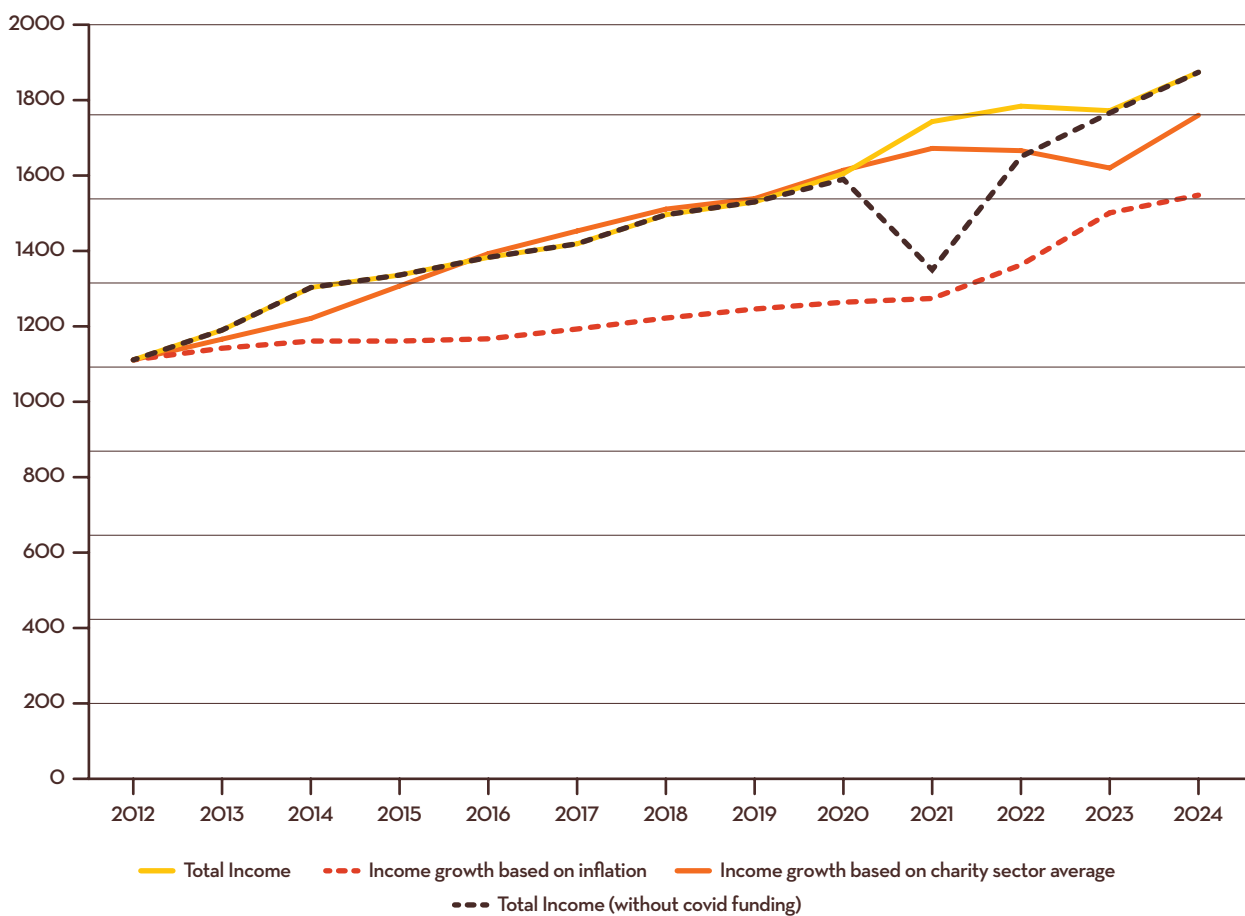
Total income for charitable hospices increased by 6% compared to the previous year. Most of that income came from various forms of charitable donations, with fundraised income for UK hospices exceeding £1.3 billion per year.

Government funding for hospices now stands at just over £520 million per year, but this still only represents a small proportion of the funds needed to provide hospice care to those with end of life care needs.

While hospice income has grown at a faster rate than inflation, it has not kept pace with the increase in patients supported and therefore costs (see below).

Figure 2

Total income growth over time (£M)



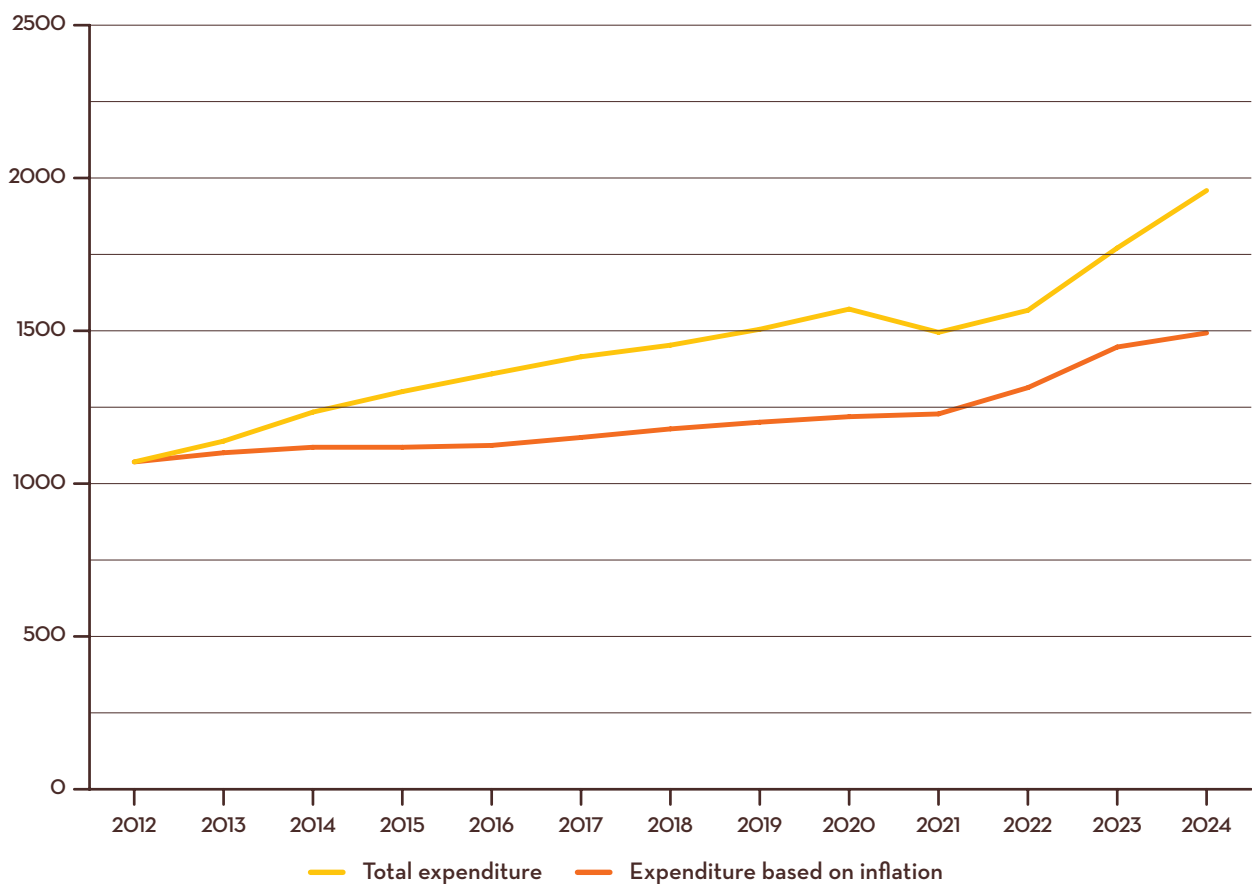
Total expenditure growth over time

Expenditure increased by over 10% compared to the previous year – this is the second year in a row that costs have increased by 10% or more. In recent years, expenditure for the hospice sector has tended to increase at a higher rate than inflation. This reflects the fact that hospices have been expanding their activities to care for more people, but is also a result of higher wage pressures in the healthcare sector.

This increase in expenditure has largely been funded by charitable donations and has allowed hospices to care for more people. Expenditure now stands at just under £2billion, of which £1.3billion is spent on charitable activities (i.e. care).

Figure 3

Total expenditure growth over time (£M)



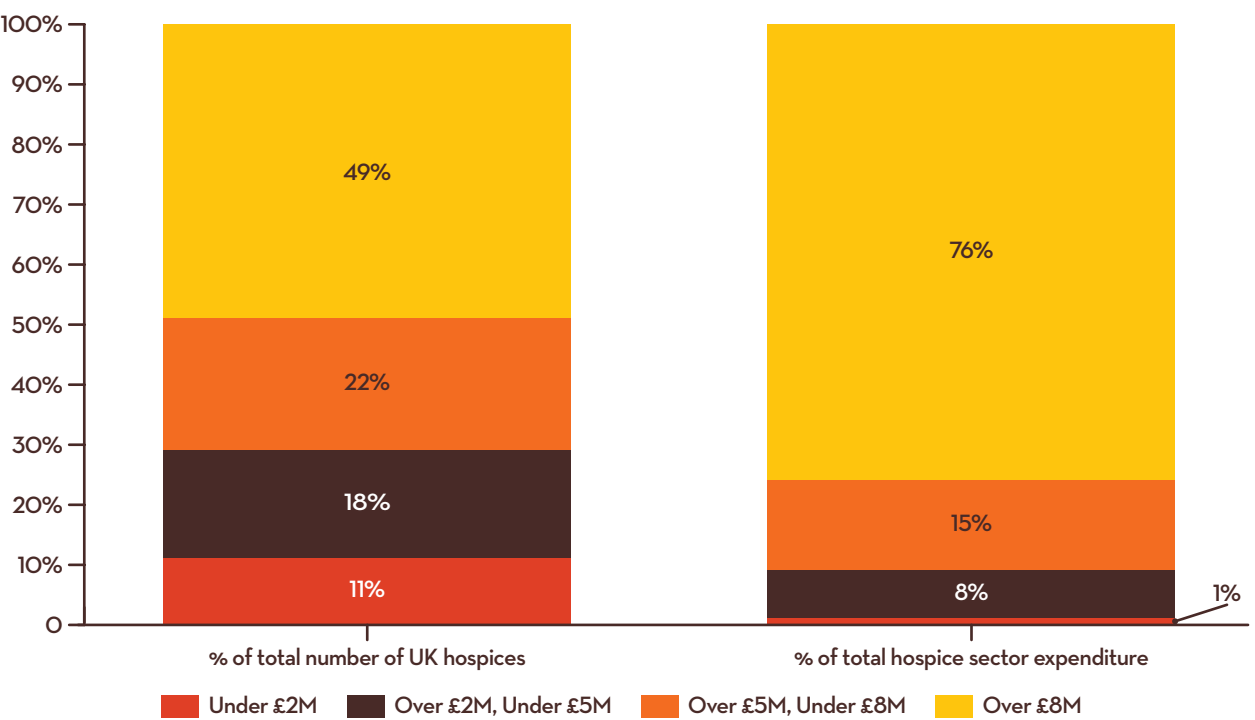
Hospice sizes 2024

Throughout this report, hospices are grouped by size of expenditure. Different sized hospices have different trends, so it often proves more useful to compare hospices of the same size, rather than those in the same region or similar locations.

The bandings are based on 2024 total expenditure, which means that some hospices will have moved between bands since the last report.

Figure 4

Proportion of hospices in each expenditure band and the proportion of expenditure attributable to hospices in each expenditure band (including shops, lotteries and other trading expenditure).



Key findings

➤ Average total expenditure (including trading expenditure) per hospice in each size band is shown below.

	Under £2M	Over £2M, Under £5M	Over £5M, Under £8M	Over £8M
	£'000	£'000	£'000	£'000
Average total expenditure	1,127	3,649	6,183	13,582

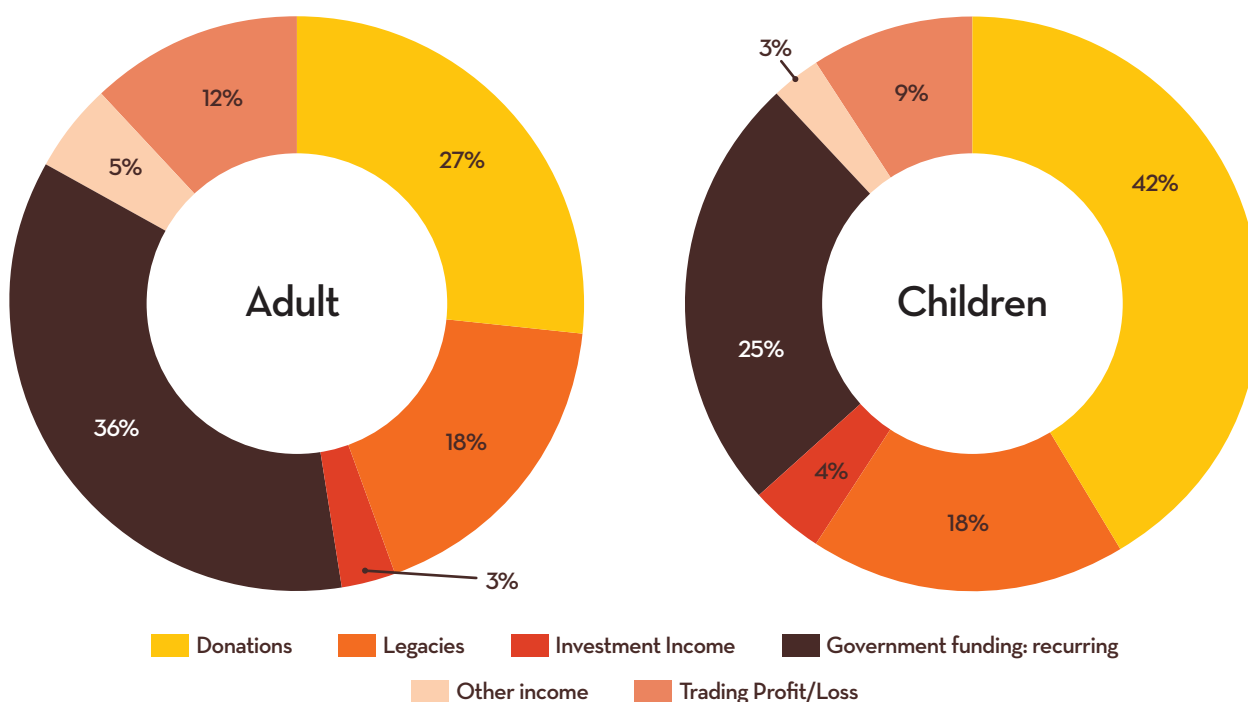
➤ The size of hospices varies throughout the UK, from St Christopher’s Hospice with £28.5 million expenditure to those hospices with an annual expenditure under £1 million. Our smallest hospice has an annual expenditure of just over £300,000.

Income

Total income in 2024, including profits from trading activities for independent hospices, was over £1.3 billion.

Figure 5

Income type as a percentage of total income (shown separately for adults' and children's hospices)



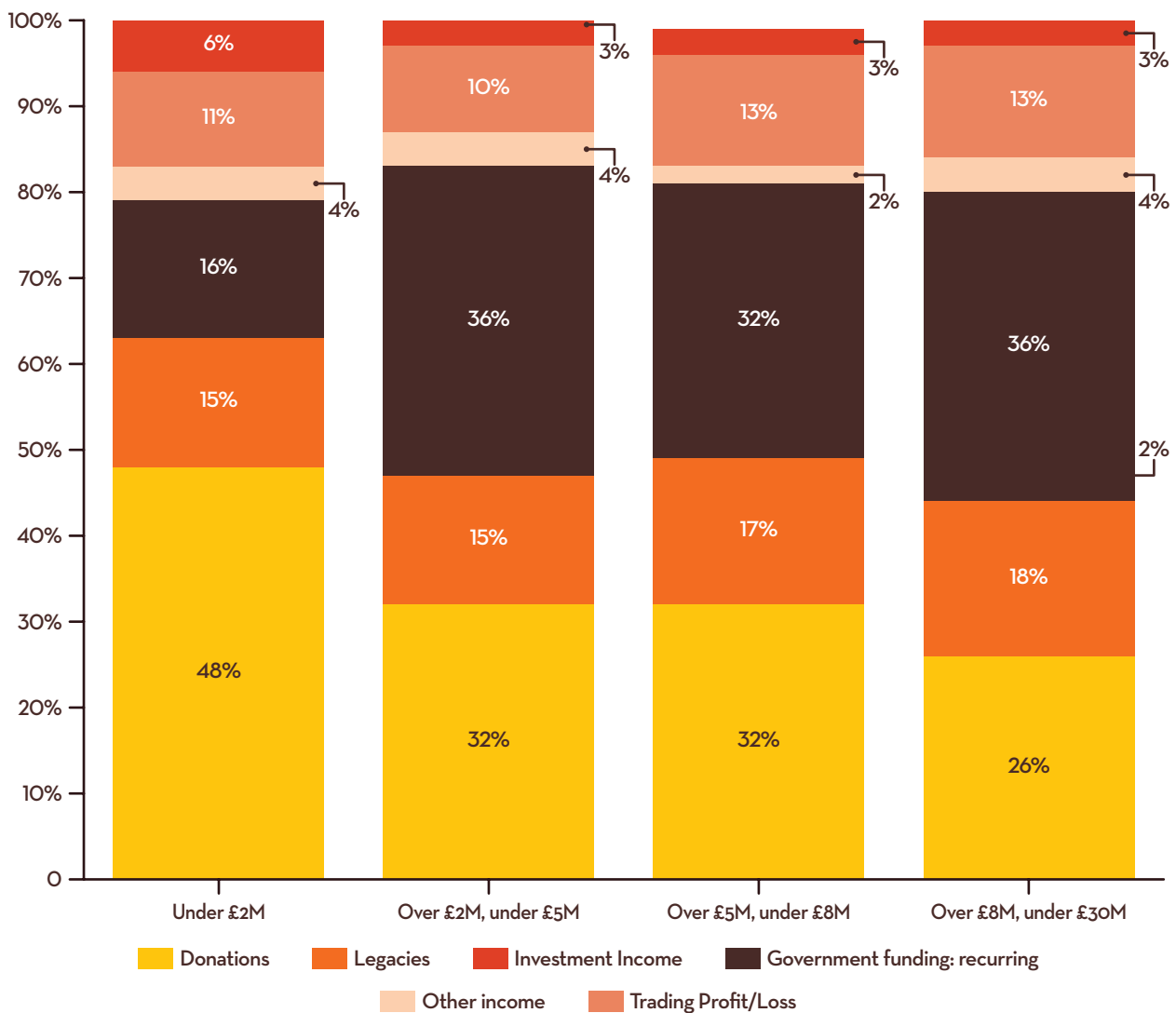
Key findings

- ▶ Children's hospices are funded very differently from adults' hospices, with far greater reliance on donations and fundraising and less government funding.
- ▶ Government funding as a percentage of total income for children's hospices is much lower than for adults' hospices, at 25% on average compared to 36% for adults.
- ▶ Historically, children's hospices received much less funding than adults' hospices from legacies, but this now accounts for the same proportion - 18% - of both adults' and children's hospice funding. While the overall number of legacies pledged to charities is increasing, the proportion of that which is being received by hospices has been declining in recent years.'
- ▶ Adults' hospices appear to have more developed and profitable trading operations than children's hospices, while children's hospices receive proportionally more donations from the general public.

The graph below shows the difference in types of funding for adults' hospices of different sizes, including profits from trading activities.

Figure 6

Income type as a percentage of total income (comparison by size of adults' hospices)



Key findings

- ▷ Government funding comprises a much smaller proportion of total income for the smallest hospices than it does for other hospices.
- ▷ In contrast, donations from the public are a far more significant source of income for the smallest hospices. These comprise 48% of all income for the smallest hospices this year, compared to 26% for the largest hospices. This suggests that smaller hospices are most vulnerable to any changes in charitable giving by the public.

Income generation

The graph below shows the trend in gross and net income generation activities over time. Income generation activities include trading activities (shops and lotteries) as well as other areas of fundraising such as donations, legacies, grants and sponsorship.

Figure 7

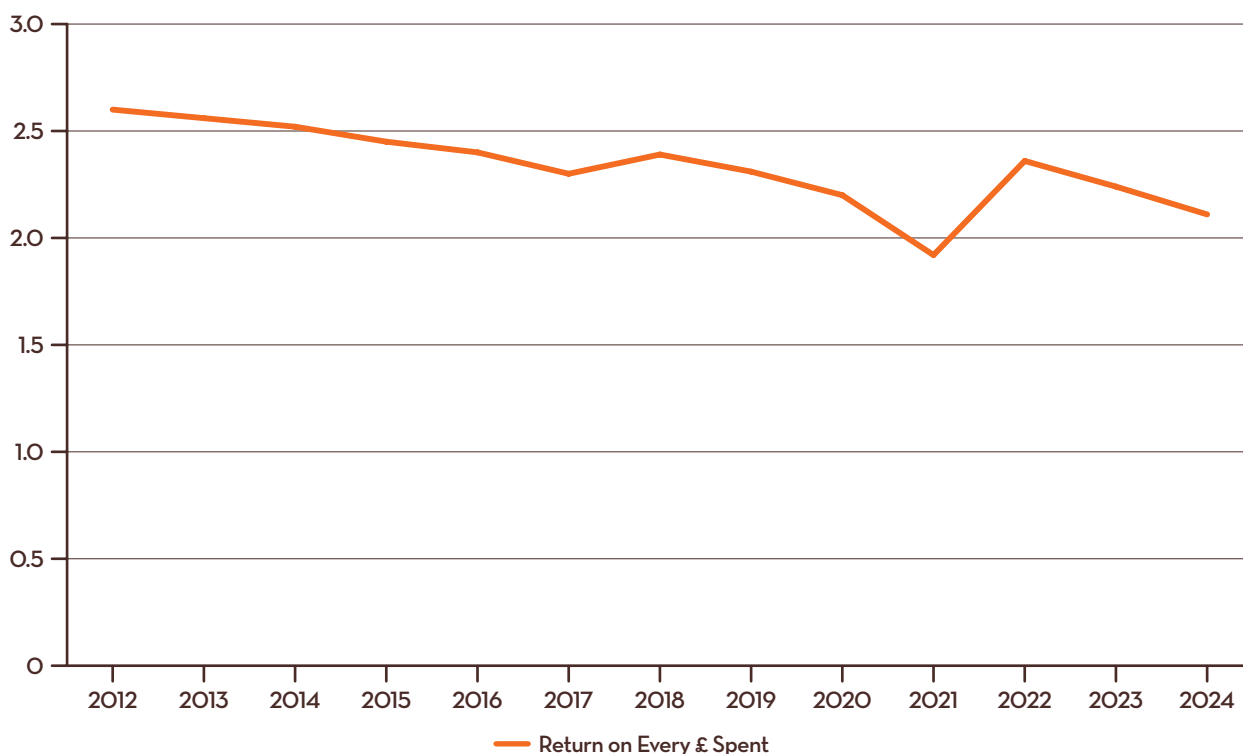
Income generation (£M) over time (including trading activities)



- ▶ Up until 2020, income generated from voluntary sources had been growing steadily, though costs had also been increasing.
- ▶ The impact of the pandemic on fundraising activities is clearly shown by the sharp downturn in both gross and net income generation in 2021, before bouncing back in 2022.
- ▶ But since then growth has been plateauing, particularly if one focusses on profit rather than income. This is demonstrated further by the next graph.

Figure 8

Income generation return on investment (including trading activities) on every £ spent



The graph above shows that the return on investment for hospice income generation activities has been falling for a number of years.

This overall trend suggests it is becoming more challenging for hospices to generate the income they need from voluntary sources, and that the main reason for the declining long-term trend is a reduction in the profitability of hospice shops.

For every £1 spent on generating income, hospices on average generated £2.60 in 2012. By 2024 this had fallen to £2.11.

Innovation in income generation

The majority of hospices' income comes from fundraising, retail and other income generation activities. Figures 7 and 8 above show the challenges hospices face in growing this income.

Examples of new fundraising ideas being developed by hospices can be found on the Hospice UK Innovation Hub at www.hospiceuk.org/commercial-income-generation-tips

Colleagues working in income generation at hospices can also join the Hospice UK Fundraising Leaders Network at www.hospiceuk.org/fundraising-leaders-network and subscribe to our fundraising leaders briefing at www.hospiceuk.org/fundraising-leaders-briefing

➔ *It is important to ensure your Hospice is addressing any VAT and trading implications of existing and new income generation activities. More information on the VAT categories for income can be found in this 'made simple' guide along with information on the main VAT reliefs for hospices, as well as the VAT consequences to fund raising activities.*

VAT for hospices made simple – Sayer Vincent

➔ *If you are looking for more information on what activities can be permitted within the charity and what you might need to put through a trading subsidiary, Sayer Vincent's guidance on trading can help you.*

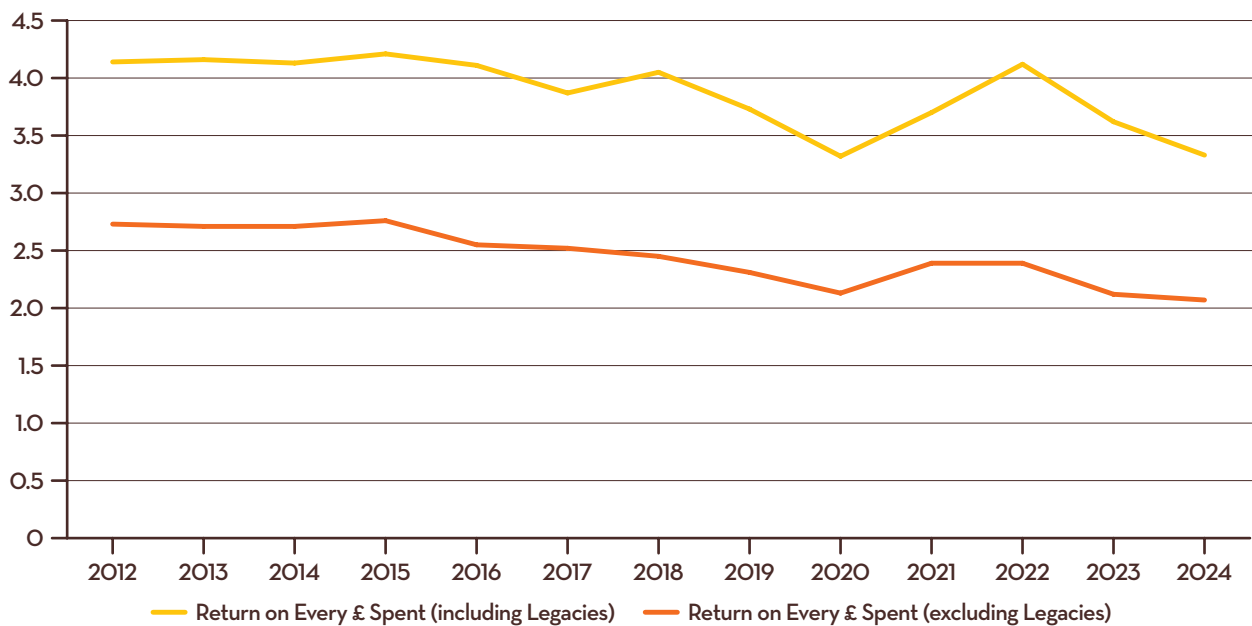
Trading issues made simple - Sayer Vincent

Cost of raising funds (excluding trading activities)

The graph below shows the fundraising ratio of hospices. This is calculated by dividing expenditure on fundraising (excluding shop and lottery costs) by fundraised income raised (comprising donations, legacies grants and income from fundraising activities). Note that, unlike the graph above, income and costs relating to shops and lotteries are excluded from the calculation.

Figure 9

Return on investment of every £1 spent on fundraising (excluding retail and lottery)



Key findings

- ▶ On average in 2024 hospices generated £3.33 in income for every £1 spent (including legacy income).
- ▶ Over the last decade there has been a gradual but clear trend towards smaller returns on investment in fundraising as shown in the graph above.
- ▶ This reflects the more challenging fundraising environment hospices are operating in.
- ▶ Due to an ageing population, patient numbers and complexity are rising. Unless hospices can find a way to reverse this trend, they will not be able to expand capacity to meet this increased need.

Legacy income

Legacy income is a critical, but often unpredictable, source of income for hospices.

The graph below shows the unpredictable nature of legacy income at an overall level. Fluctuations are likely to be even more pronounced at an individual hospice level.

Overall legacy income has tended to grow at a faster rate than inflation over the last decade, although separate data shows that the hospice share of the overall legacy market has been declining in recent years. In 2024, hospice legacy income actually fell – although it is too early to say if this is the start of a trend or a short term fluctuation, given the volatile nature of legacy income.

Legacy income for hospices is significantly affected by the performance of the housing and stock markets, as well as by the number of gifts in wills left by members of the public.

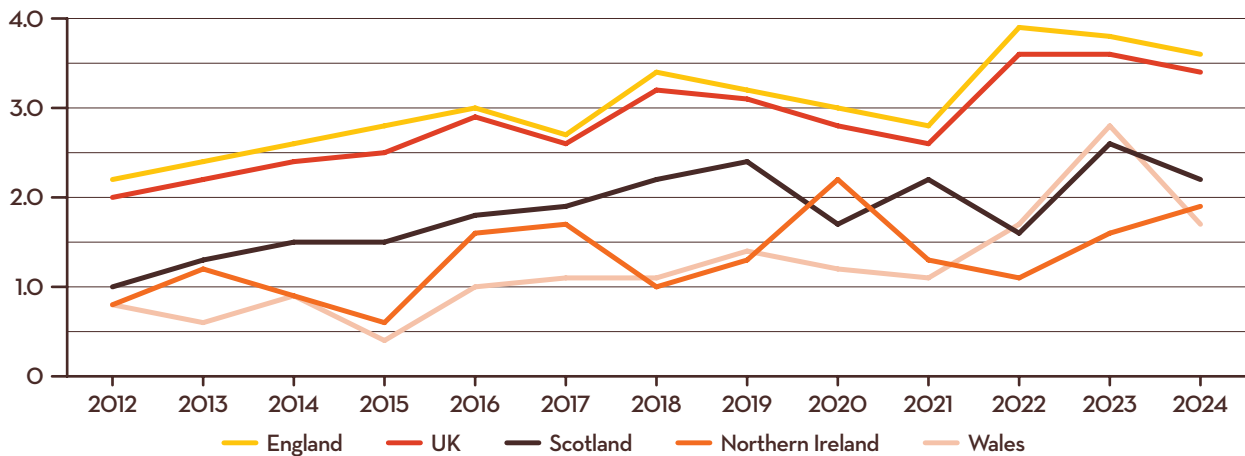
Figure 10

Legacy Income (£M)



Figure 11

Income from Legacies per Capita (£) – per Nation (Census 2021)



The generally higher cost of housing in England may be one reason why hospices in England receive significantly more legacy income per head of population than hospices in the other nations.

It is not clear why hospices in Northern Ireland have seen such a noticeable decline in the level of legacy giving they have been receiving in recent years. Hospices in Scotland and Wales have seen faster growth in recent years, although overall they do still lag behind England.

Legacy income

We are about to experience the biggest intergenerational wealth transfer in history as £5.5 trillion worth of assets are passed down from the 14 million baby boomers to the next generation. This represents an enormous opportunity for hospice legacy income over the next few decades and hospices should consider investing in legacy marketing.

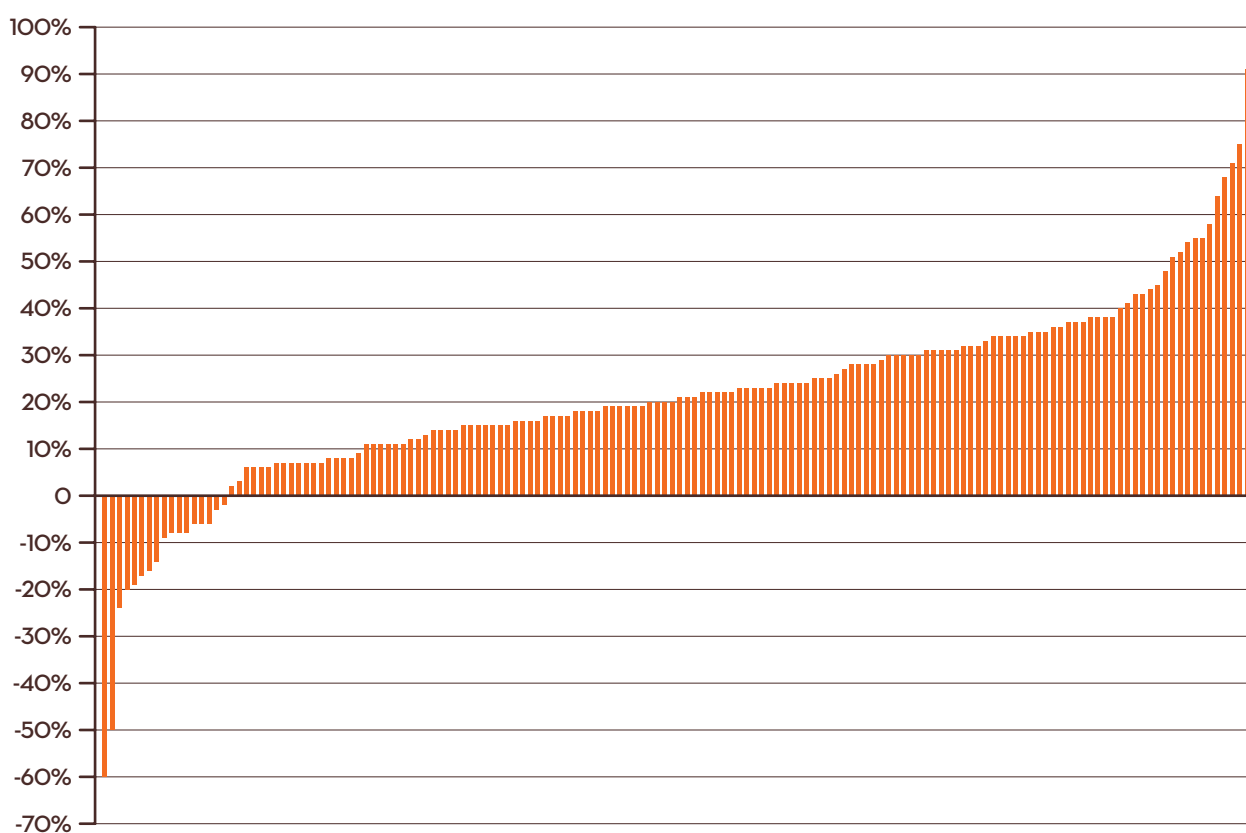
Hospice UK has launched an award winning programme to support hospices to grow their legacy income. Hospices can join the group by emailing Catherine Bosworth Director of Income Generation and Grants Hospice UK c.bosworth@hospiceuk.org

Shops

We have used information available in the hospices' published, consolidated accounts to analyse the profitability of shop activities. In some cases, hospices have not separately disclosed their expenditure on shops in their accounts – in such cases their results have been excluded from the table below.

Figure 12

Shop profits as a percentage of shop income (profit divided by shop income)



Key findings

- ▷ We have calculated profitability as profit divided by income.
- ▷ Of the 154 hospices who have shops, 137 were able to generate a profit from those activities this year.
- ▷ It is surprising that seventeen hospices reported an overall loss on their retail activities, as charities should not be investing in retail activities if they are not generating a positive return. However, this may be an accounting issue. It is possible that in some cases, these apparently loss-making shops helped generate donations (shown under fundraising income) which meant that overall, the shops made a positive contribution to the charity.
- ▷ The average profitability in 2024 was 24%.

On average, hospices derive 7% of their income from shop profits. Total profits reported by hospice shops was £90 million.

Gross income reported by independent hospice shops is £385 million, and income has risen by 10% since the previous year.

If income from the large national chains of Marie Curie and Sue Ryder is also included, then hospice shops generate gross income of £466 million per year.

The graph below shows that total shop income growth is consistently well above the rate of inflation, although the increase in profitability is less noticeable.

Figure 13

Trend in shop income and profits (£M)

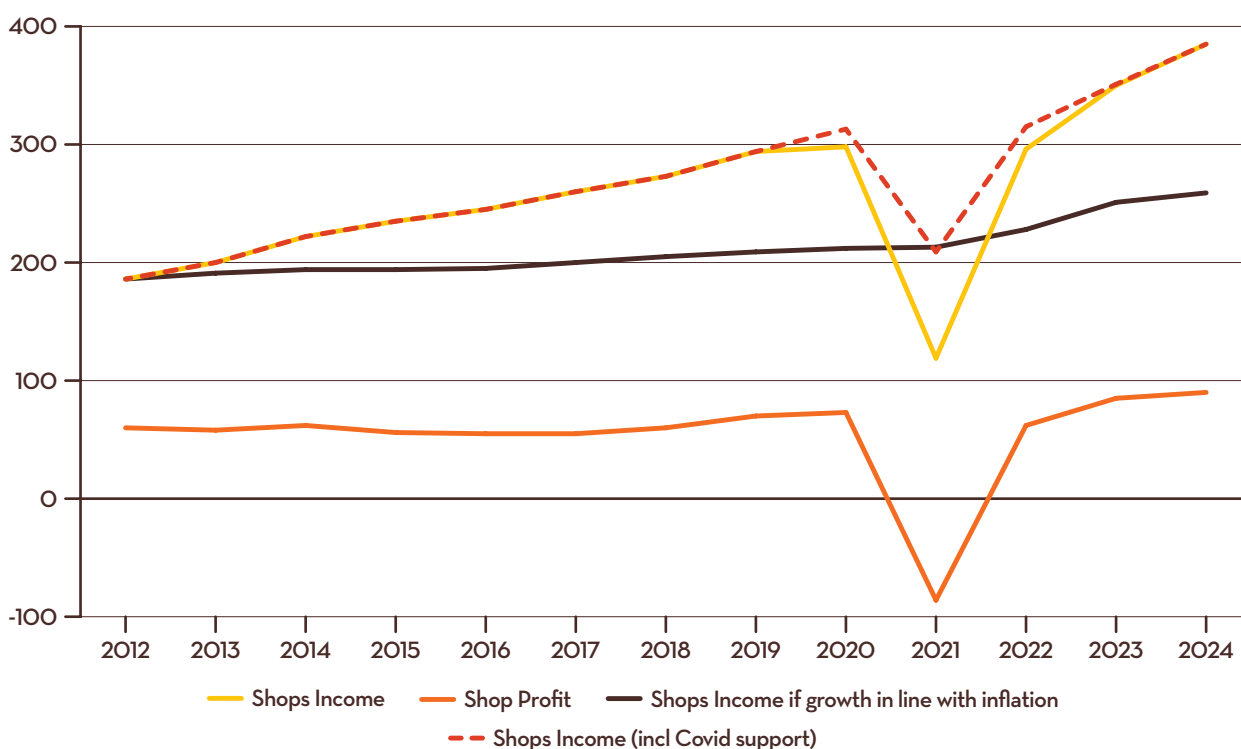
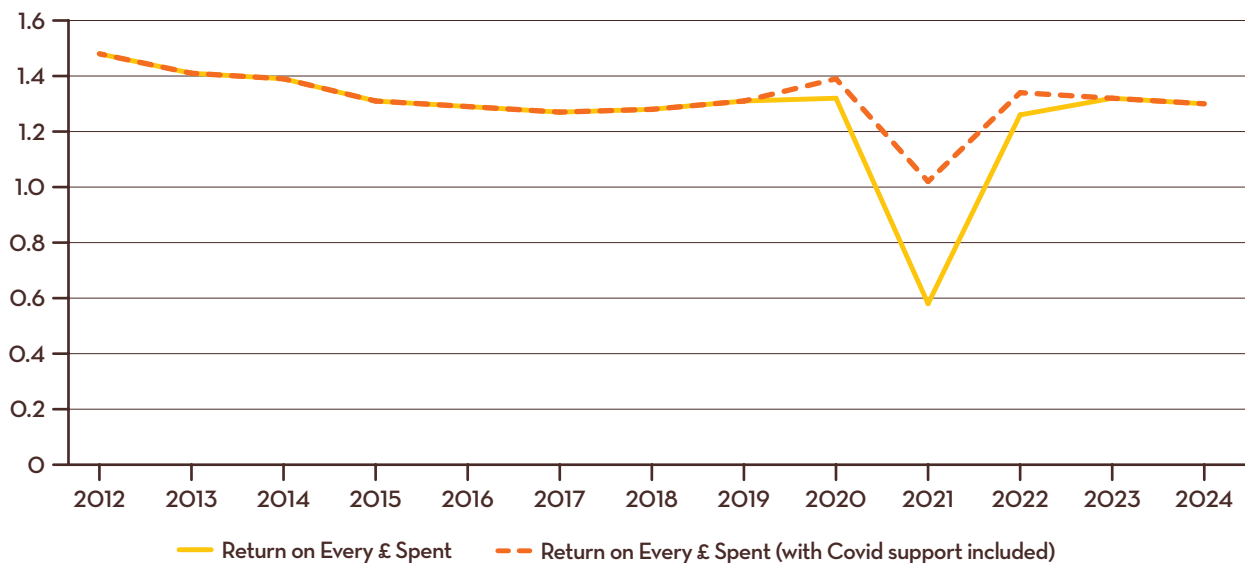


Figure 14

Trend in shop return on investment (on every £ spent)



The amount of income generated for every £1 a hospice spends on its charity shops decreased from an average of £1.48 in 2012 to £1.30 in 2024.

➔ *When running shops, it is important to ensure that you can run your retail Gift Aid scheme with confidence; ensuring you are compliant, and this support your income generation. Find out more in Sayer Vincent's guide which covers the direct tax and VAT implications of shops, as well as the use of a trading subsidiary.*

Charity shops made simple - Sayer Vincent

Lotteries

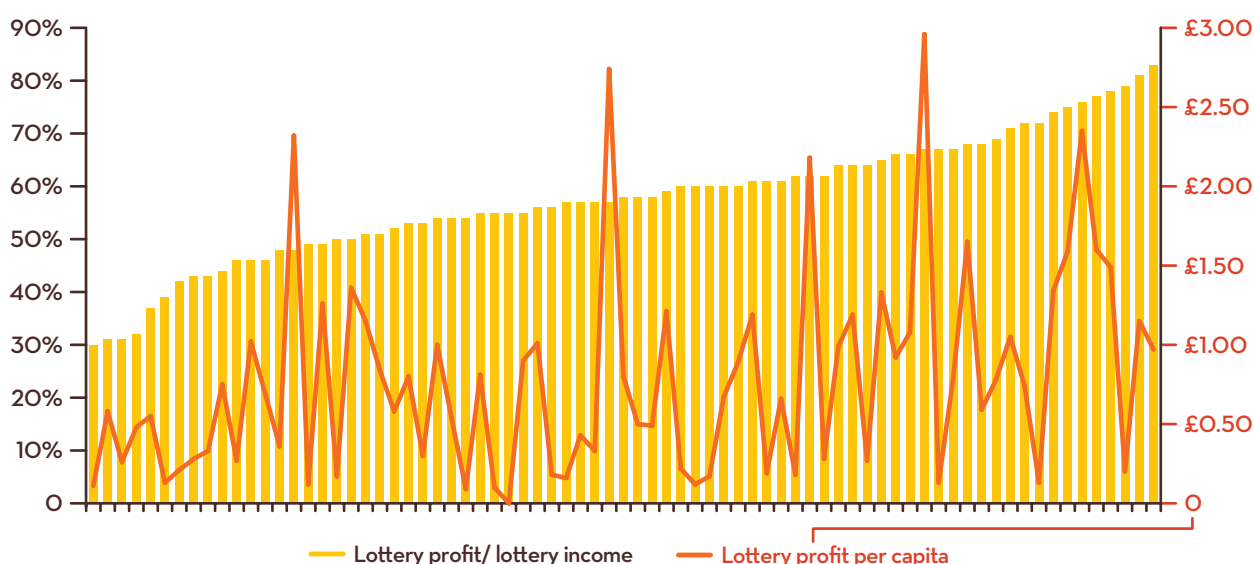
A review of lottery data has been undertaken with the support of Local Hospice Lottery.

Information available in the hospices' published, consolidated accounts has been used to analyse the profitability of lottery activities of UK hospices. In some cases, hospices have not separately disclosed their expenditure on lotteries in their accounts or have included donated lottery income accounted for in a partnership lottery's profits. In both such cases their results have been excluded from the table below.

Profitability has been calculated as profit divided by income and included contributions to partner hospice's good causes as profit. For the second time population data on hospice catchments has been incorporated and a lottery profit per capita calculation is included as part of the analysis.

Figure 15

Lottery profit as a percentage of lottery income and profit per capita
(each bar represents a different hospice)



Key findings:

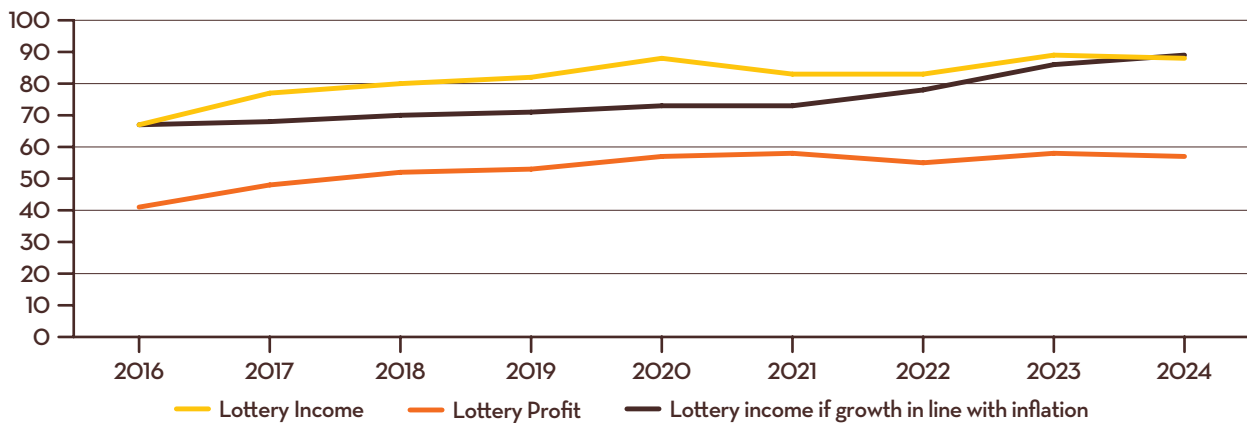
- ▷ The average profitability of a UK hospice lottery was 59%. The average profit per hospice is £529,000, although this reduces to £379,000 when partnership lotteries are excluded.
- ▷ Five hospices made a profit of over £1 million on their lottery activities, including the two largest partnership lotteries.
- ▷ Lottery profit per capita ranges from under 1p to £2.96. Excluding partnership lotteries, the average profit per capita for a UK hospice lottery is 72p.

Trend in lottery income and profits

The graph below shows that total lottery income & profits grew steadily between 2016 and the pandemic, with income peaking in 2020 and profits peaking in 2021. The higher inflation rates in recent years have impacted on lottery income, with lottery income for hospices now lower in real terms than in 2016.

Figure 16

Trend in lottery income and profits (£M)

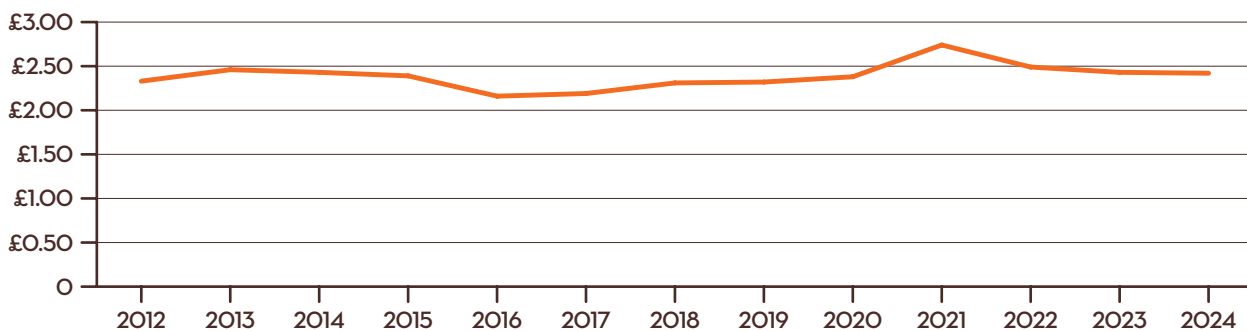


Trend in Return on investment

To aid comparison overtime, figures are based on total reported gross lottery income divided by total reported lottery costs for hospices that have disclosed costs and income consistently over the past 9 years.

Figure 17

Trend in lottery return on investment (on every £1 spent)



Key findings:

- ▷ The amount of income generated for every £1 a hospice spends on its lottery increased from an average of £2.16 in 2016 to £2.42 in 2024, with peaks experienced in the pandemic.
- ▷ The total reported gross lottery income for independent hospices was £878 million in 2024, a decrease of 1.2% from 2023.

A deeper dive into lotteries

A further review of lottery data has been undertaken to analyse the contribution from lotteries to hospices' overall income, to consider any differences by service type and region and the impact of partnership lotteries on hospices.

This review focuses on those hospices where data is available from consolidated accounts for each year in the five-year period from 2020 to 2024.

Figure 18

Lottery income as share of voluntary/total income (each line represents an individual hospice)

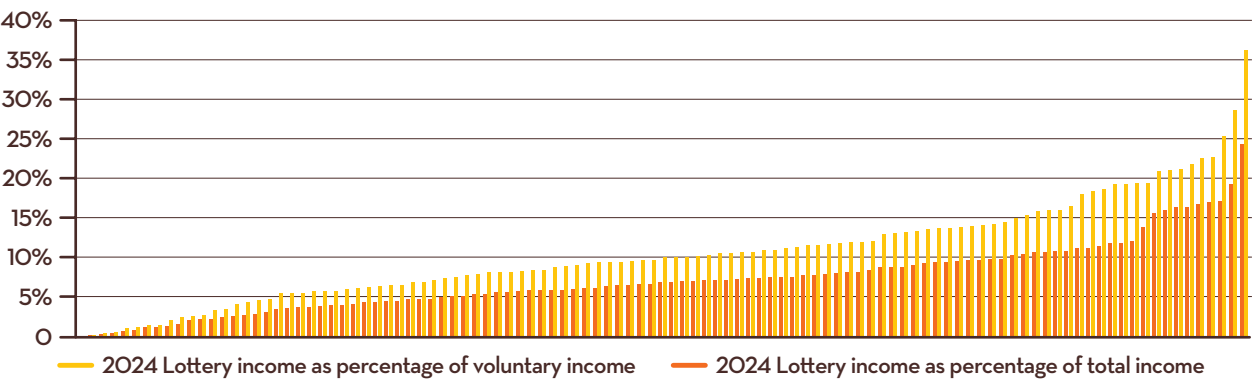
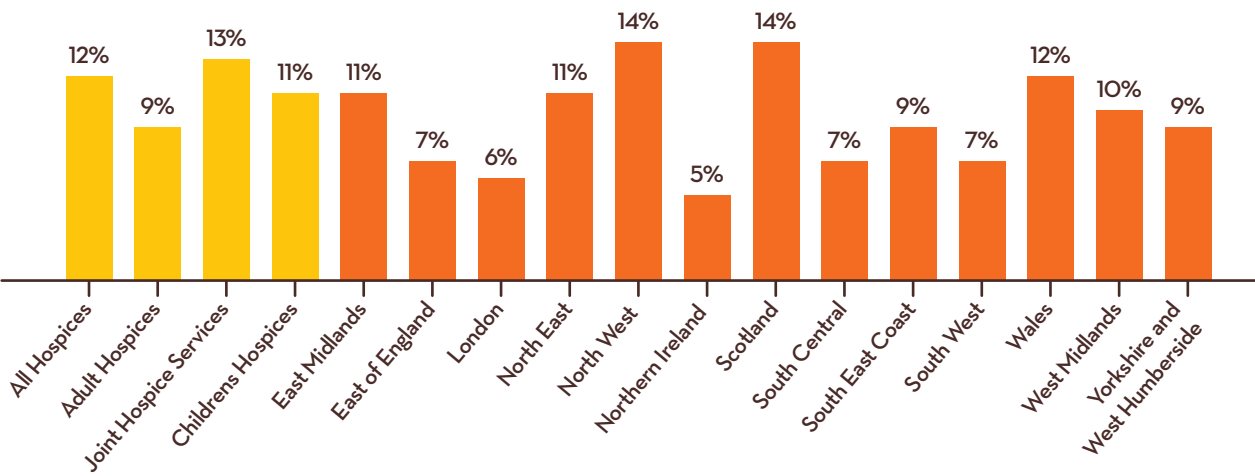


Figure 19

Lottery income as part of voluntary income: variance by region and service type



Key findings

- ▶ Excluding partnership lotteries, on average hospices received 10% of their voluntary income from lotteries, with adult hospices at 9% and children's and joint hospice services as 11% and 13% respectively. The pattern, in terms of share of total income, was similar with lottery income accounting for 7% overall, with 9% for children's and joint hospices.
- ▶ The regional contribution to voluntary income from lotteries across the UK varied from a low of 5% in Northern Ireland, to a high of 14% in Scotland and the North West. This excludes partnership lotteries where the lottery contribution to these two hospices averaged 60% of voluntary income.

Figure 20

Average Hospice Lottery Income by service type

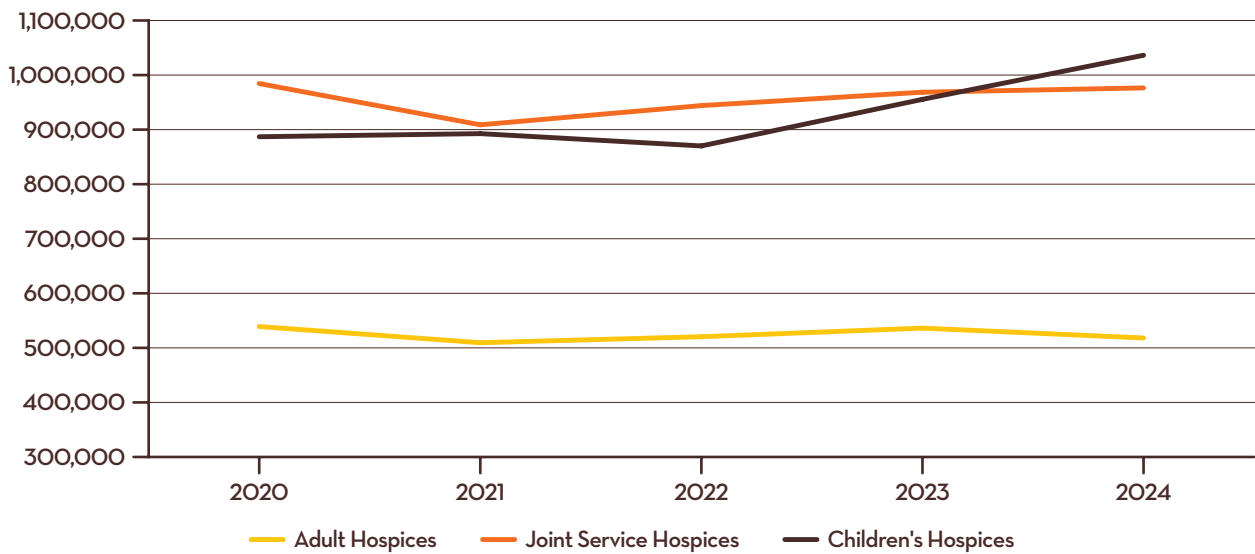
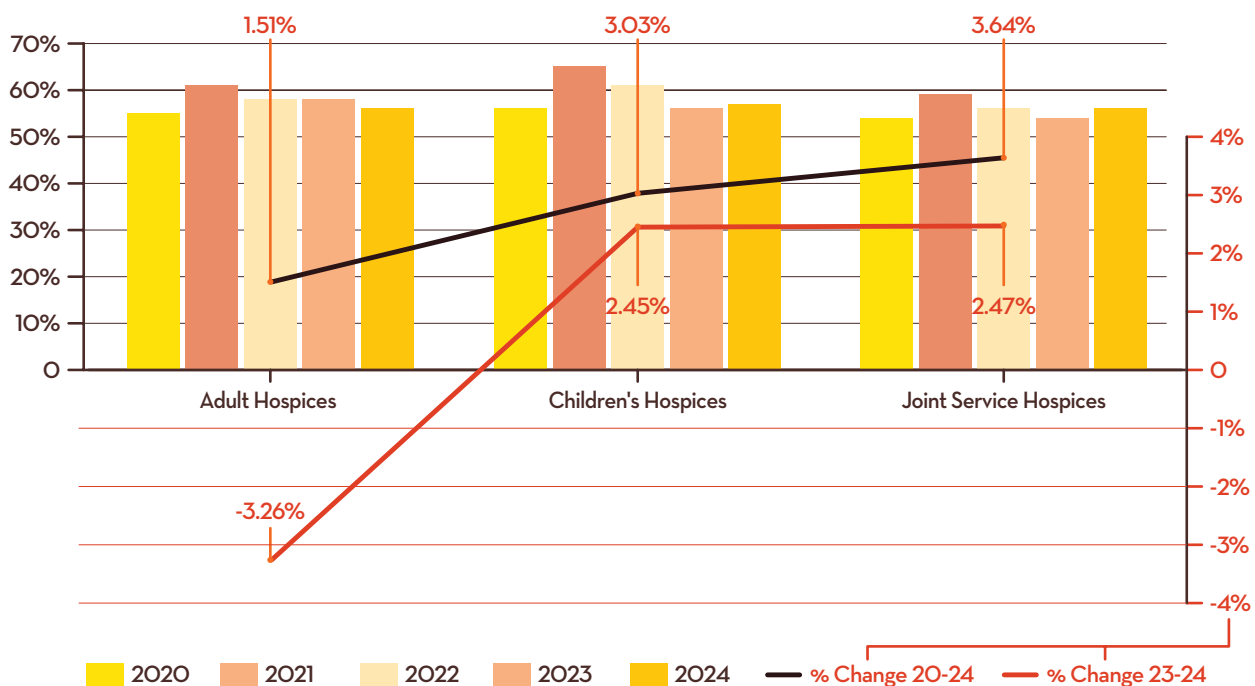


Figure 21

Hospice Lottery profitability by service



Key findings

- ▶ The average income of adult hospices decreased by 4% over the 5-year period 2020 to 2024 as compared to a decrease of 1% for joint services, but an increase of 17% for children's hospices
- ▶ The average profitability of adult hospice lotteries increased from 55% in 2020 to 56% in 2024, with joint services increasing from 54% to 56% and children's hospices increasing from 56% to 57%.

Figure 22

Regional analysis: lottery turnover per hospice and per capita

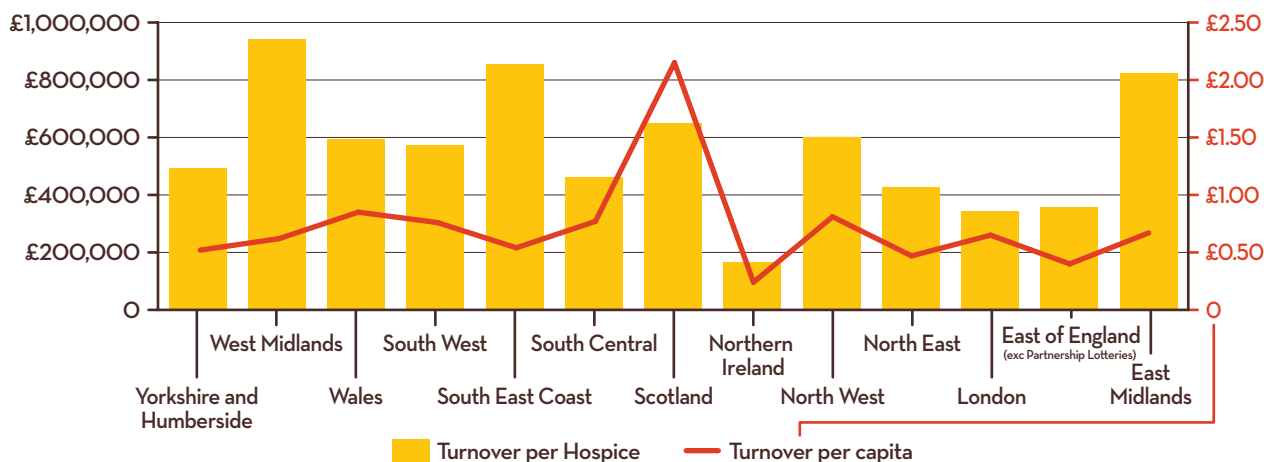
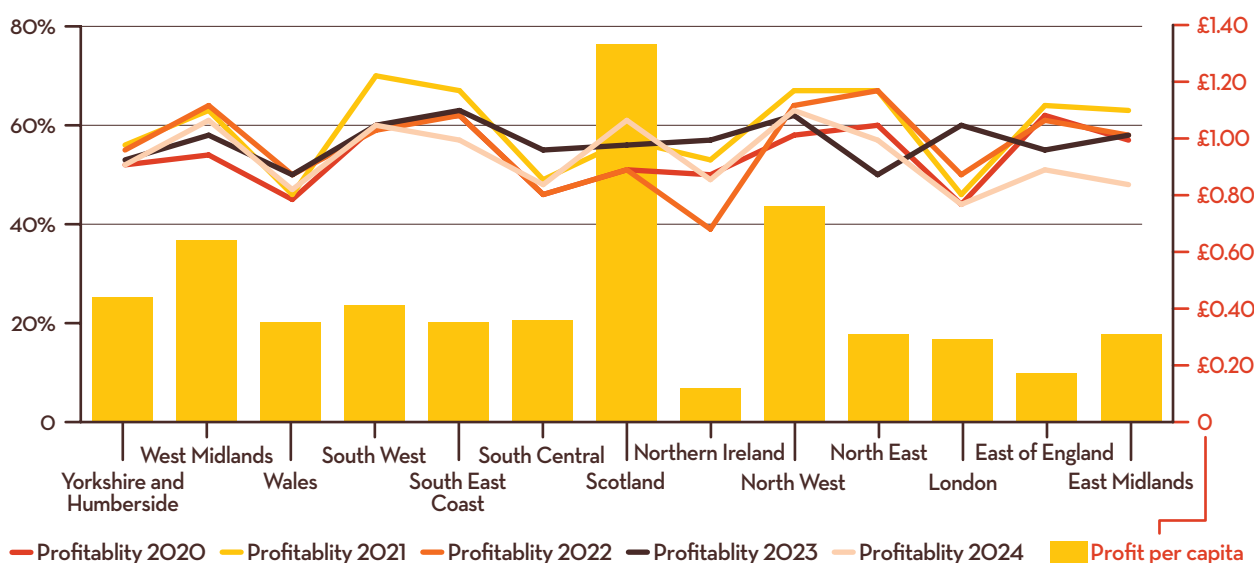


Figure 23

Regional Analysis - Lottery profitability and profit per capita



Key findings

- The West Midlands experienced the highest average turnover per hospice, followed by the South East Coast. Northern Ireland continued to experience the lowest regional lottery turnover.
- Regional lottery turnover per capita averaged 73p, compared to an average of 45p for per capita profit. Scotland saw the highest per capita lottery turnover at £2.15, and the highest profit per capita at £1.33.
- Regional profitability of hospice lotteries ranged between 37% and 63% in 2024, with similar ranges across the past five years.

Partnership lotteries

A small number of hospice-owned partnership lotteries, including Local Hospice Lottery, work collaboratively to gain economies of scale in order to contribute more to hospice care.

Figure 24

Partnership lotteries’ contribution to profit

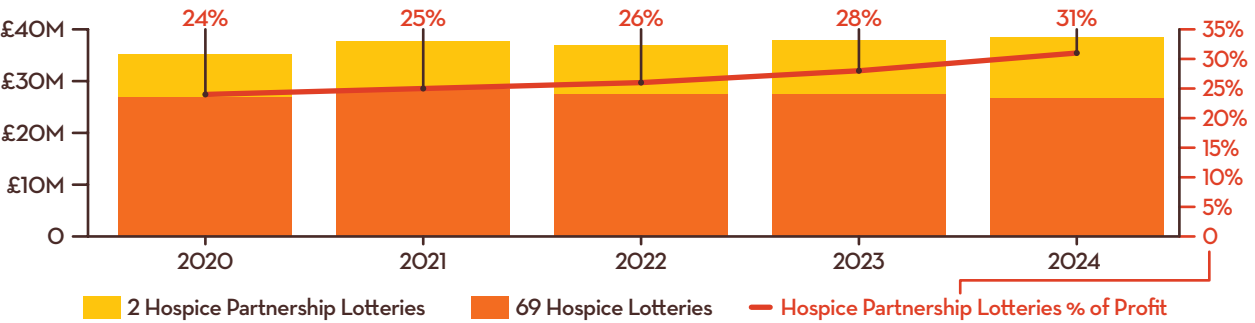
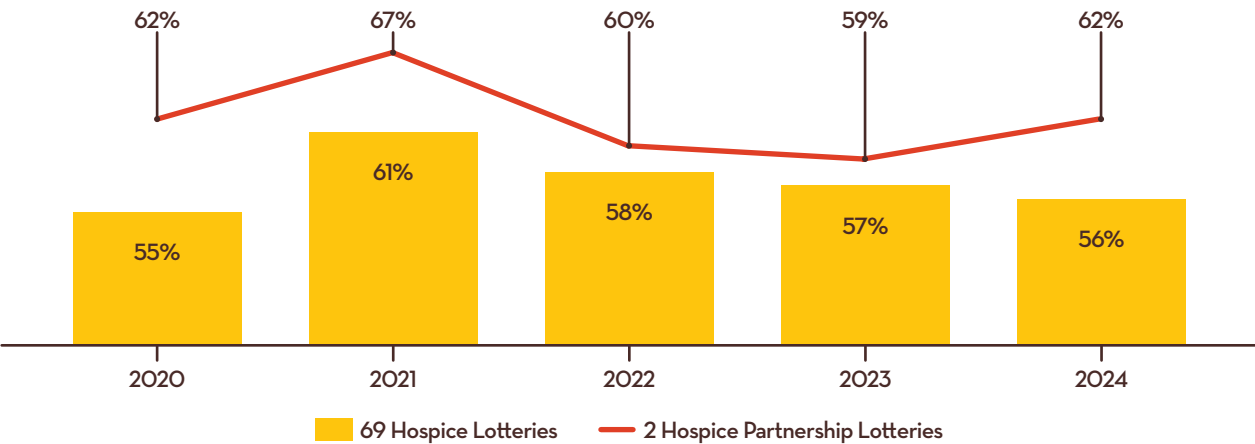


Figure 25

Relative profitability of partnership lotteries



Key findings

- The two largest partnership lotteries had a combined income of £19.4 million in 2024.
- Whilst the average hospice lottery experienced a 1% increase in profits between 2020 and 2024, partnership lotteries increased their profits by 44% over the same time period, contributing £11.9 million to charity in 2024.

Lottery section supported by:

Local Hospice Lottery exists to be the leading lottery for hospices, providing additional funding and opportunities for growth by inspiring people to support their local hospice in a fair, open and affordable way.

For further details visit www.localhospicelottery.org/become-a-partner-hospice/

Government funding

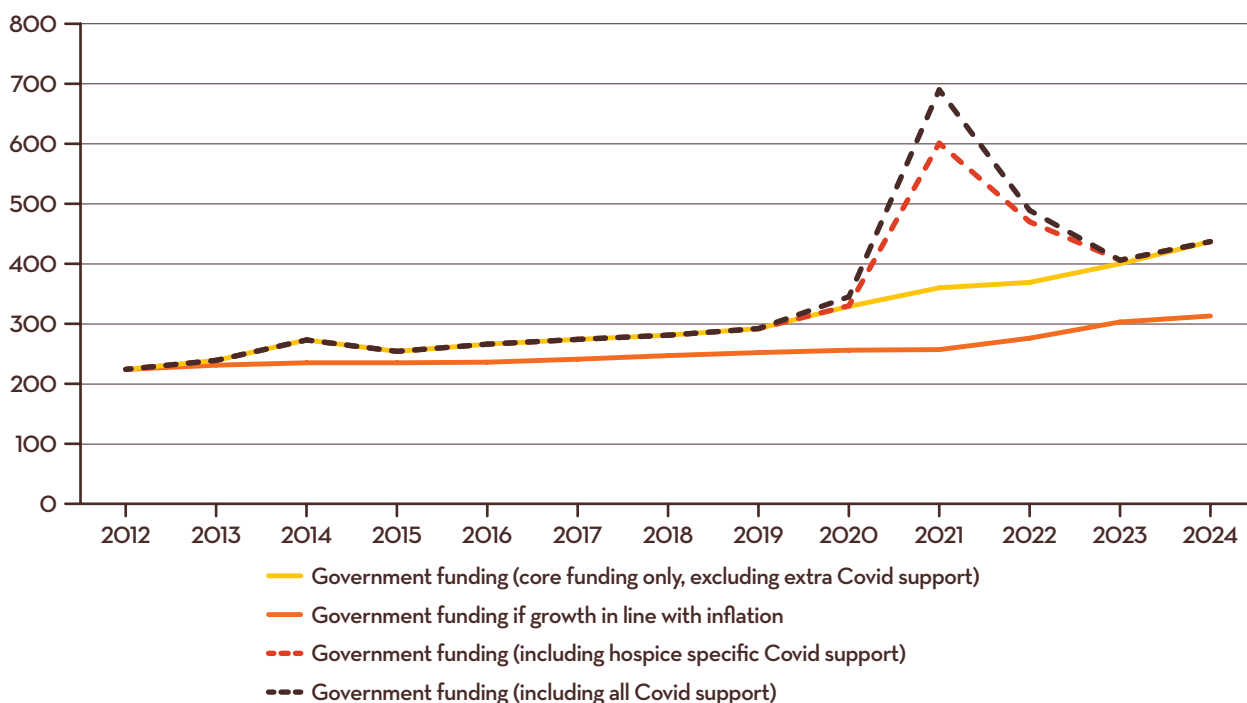
Hospices in different nations are funded differently, as are children's and adults' hospices.

In analysing government funding, we have split hospices by nation as well as into children's and adults' hospices. We have excluded the cost of trading activities (i.e. shops & lotteries) from expenditure.

We have also distinguished between recurring funding and exceptional one off support given during the Covid pandemic.

Figure 26

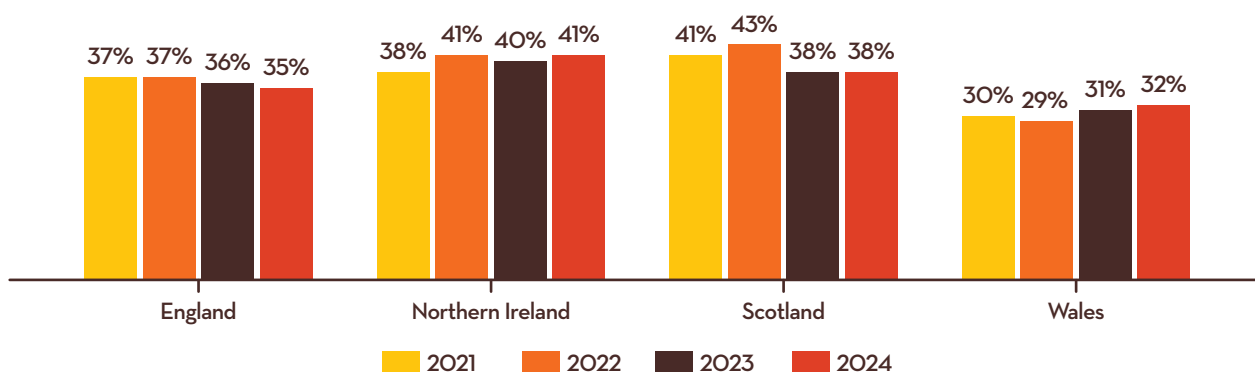
Government funding of independent hospices (comparison by year)(£M)



- ▶ The graph above shows the massive increase in government funding in 2021 in order to sustain the hospice sector during the pandemic and ensure that hospices could provide additional support to the NHS.
- ▶ The governments of each of the four nations continued to give exceptional central support to hospices in 2022, though at reduced levels. This support came to an end at the end of 2022.
- ▶ The yellow statutory income line shows statutory income for recurring activities; the red broken line also adds in emergency funding provided specifically to the hospice sector during the pandemic. The brown broken line also includes more general government support that all organisations were eligible for.

Figure 27

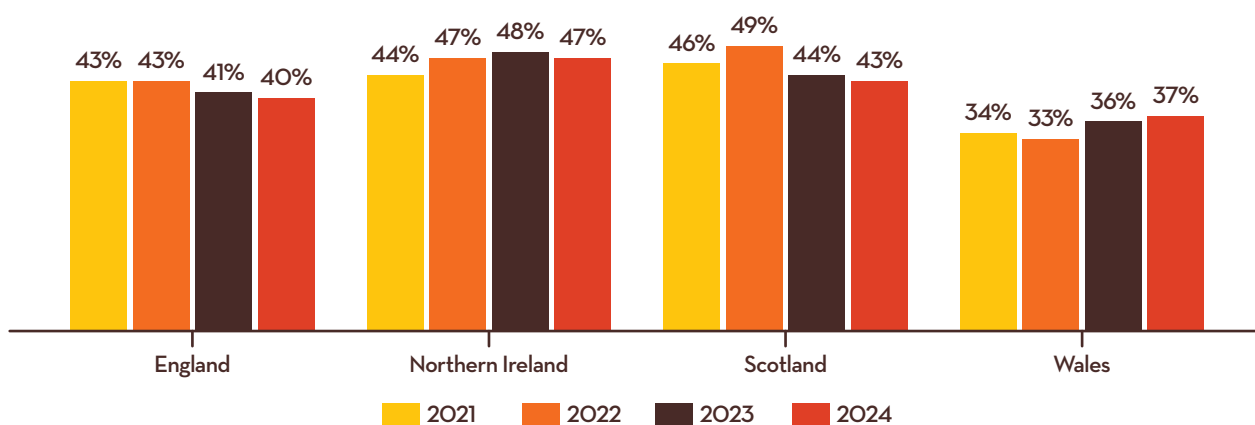
Government funding as a percentage of total expenditure by nation (adults' hospices comparison by year)
- core funding only



- ▶ The graph above measures recurring government funding only compared to the total expenditure of hospices (excluding retail and lottery costs).
- ▶ Most of this income relates to grant funding by local and national NHS bodies to contribute towards the work of hospices.
- ▶ 23 hospices receive less than 20% funding from government sources (this figure does not include five hospices who report receiving no government funding). At the other extreme, 16 received more than 50% funding.
- ▶ The amount received by each hospice varies significantly. There is no obvious cluster of results around the average, showing the inequitable funding for hospices throughout the country.

Figure 28

Government funding as a percentage of charitable expenditure by nation (adults' hospices comparison by year)
- core funding only



- ▶ In most of the graphs in this section, government funding is shown as a proportion of total expenditure (excluding trading costs)
- ▶ In this graph only, government funding is shown as a proportion of charitable expenditure only.
- ▶ It is striking that even when only comparing to charitable expenditure, government funding covers less than 50% of costs in all four nations

Statutory funding

Statutory funding levels vary greatly between hospices and there is normally no link between the level of funding that a hospice gets and the needs of the population it serves. There is no consistency as to how funding allocations are made.

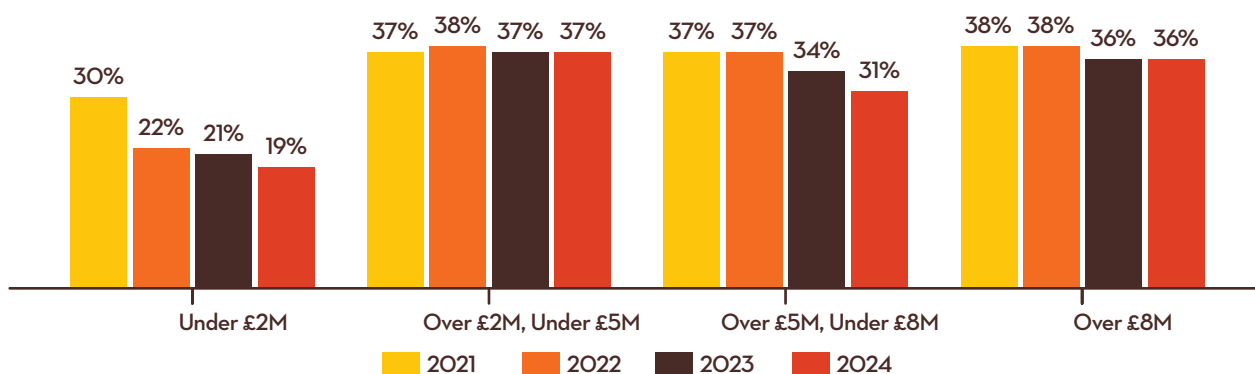
Healthcare in the UK is a devolved issue, and further information to help hospices understand the health and care system can be found at: www.hospiceuk.org/understanding-health-care-system

Guidance as to how hospices can influence local decision makers and ensure end of life care is prioritised at a local level can be found at: www.hospiceuk.org/influencing-decision-makers

Government funding: England

Figure 29

Government funding as a percentage of expenditure in England (comparison by size of adults' hospices)

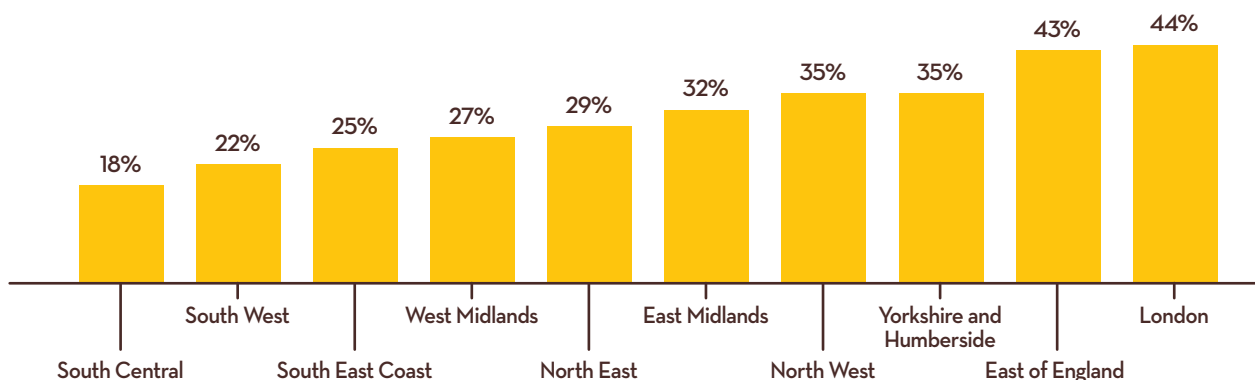


Key findings

- ▷ In total, the government funded 35% of the expenditure incurred by adults' hospices in England.
- ▷ However, there is great divergence in the proportion of funding received by different hospices. Smaller hospices tend to receive significantly lower government funding than medium sized or larger hospices.

Figure 30

Government funding as a percentage of expenditure in England adults' hospices (comparison by region)



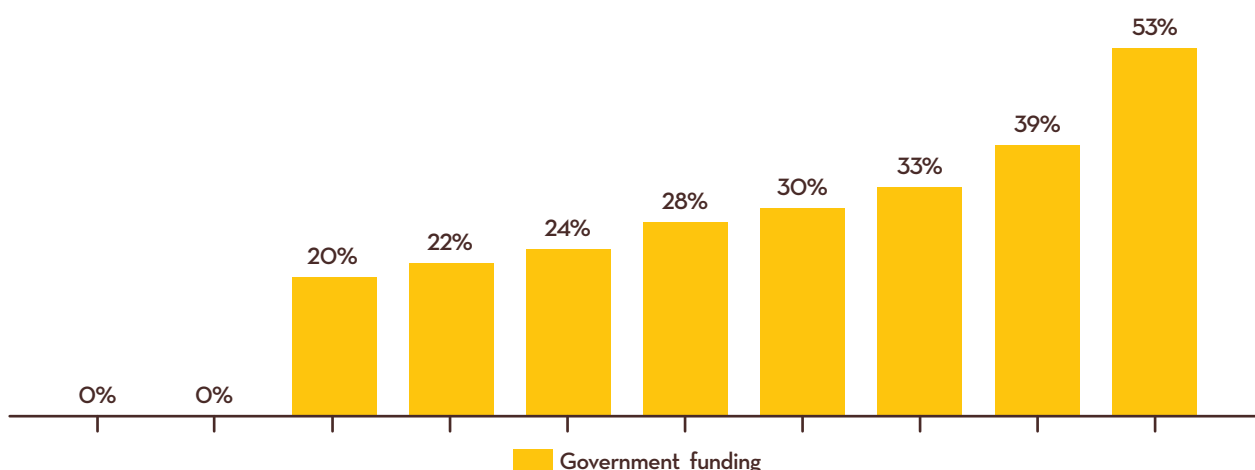
- ▶ Average levels of government funding vary significantly between regions in England.
- ▶ On average, levels of funding are lowest in the South of England.
- ▶ On average, hospices in London and the East of England receive twice as much statutory funding as those in the South Central and South West regions.
- ▶ Levels of government funding are typically based on historic arrangements rather than by a specific tariff or assessment of need.
- ▶ As a consequence of this, there will also be substantial differences in funding levels within regions.

Government funding: Wales

The graph below shows government funding as a percentage of expenditure (excluding trading activities) for Welsh adults' hospices, with each line representing a different hospice.

Figure 31

Government funding as a percentage of expenditure in Wales adults' hospices
(each bar represents a different hospice)



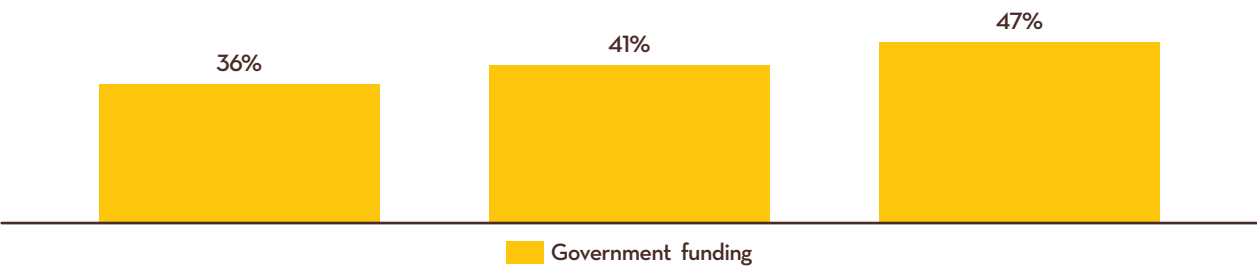
Key findings

- ▶ In total, the government funded 32% of the expenditure incurred by adults' hospices in Wales.
- ▶ There is significant variation between the funding levels of different hospices, from no funding at all up to 53%.
- ▶ Overall, hospices in Wales receive less government funding as a proportion of expenditure than those in England and Scotland. However this is partly as a result of a different funding system, with more costs being borne directly by the NHS, so it is not possible to make direct comparisons.
- ▶ Funding levels in Wales have also been on an upward trend in recent years. Whilst still not sufficient to meet the need, there has been more positive signs of investment by the NHS in Wales than in the other four nations.

Government funding: Northern Ireland

Figure 32

Government funding as a percentage of expenditure in Northern Ireland adults' hospices (each bar represents a different hospice)



Key findings

▶

In total, the government funded 41% of expenditure incurred by adults' hospices in Northern Ireland.

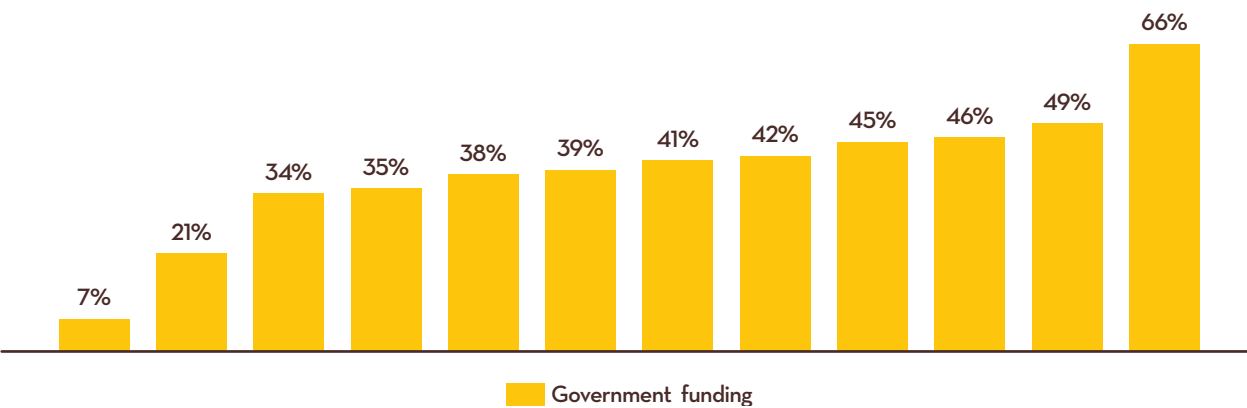
▶

There are only three independent, charitable adults' hospices in Northern Ireland, and funding levels are reasonably consistent.

Government funding: Scotland

Figure 33

Government funding as a percentage of expenditure in Scotland adults' hospices (each bar represents a different hospice)



Key findings

▶

In total, the government funded 38% of the expenditure incurred by adults' hospices in Scotland.

▶

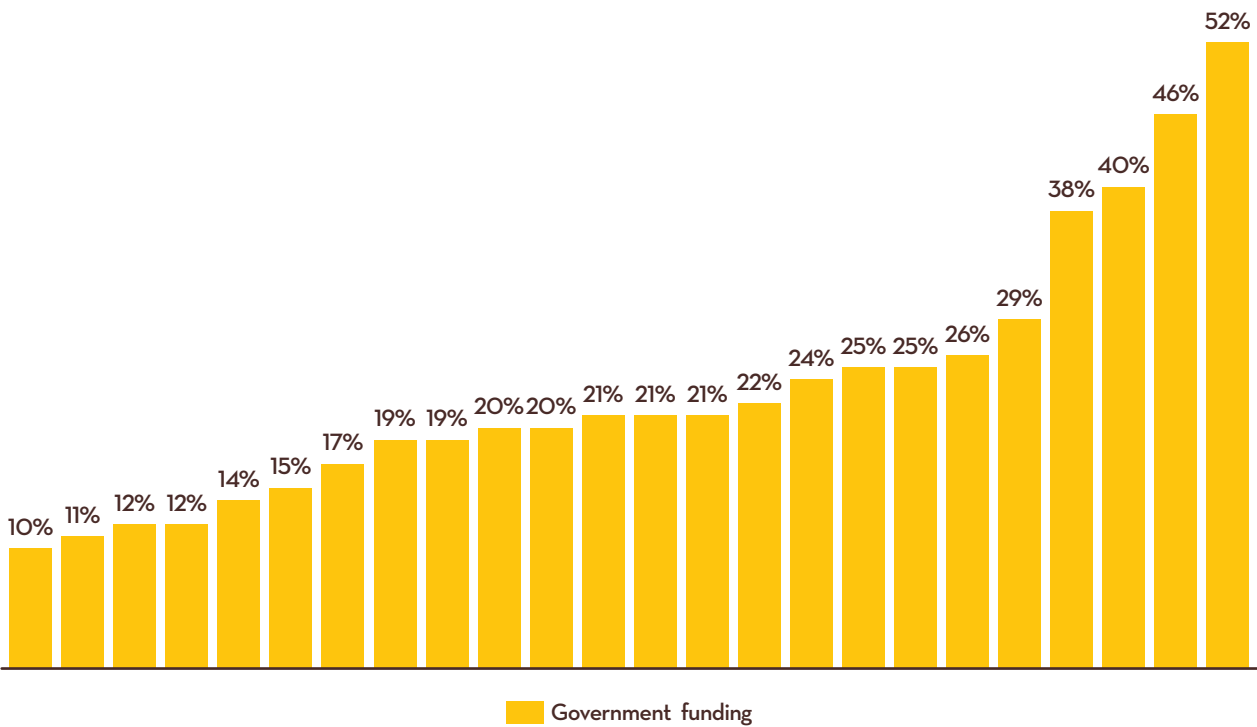
Government funding for hospices in Scotland is typically higher than in other parts of the UK, although there remains significant variation between individual hospices.

Government funding: children's hospices (all nations)

The graph below shows government funding as a percentage of expenditure (excluding trading activities) for UK children's hospices, with each line representing a different hospice.

Figure 34

Government funding as a percentage of expenditure across children's hospices (each bar represents a different hospice)



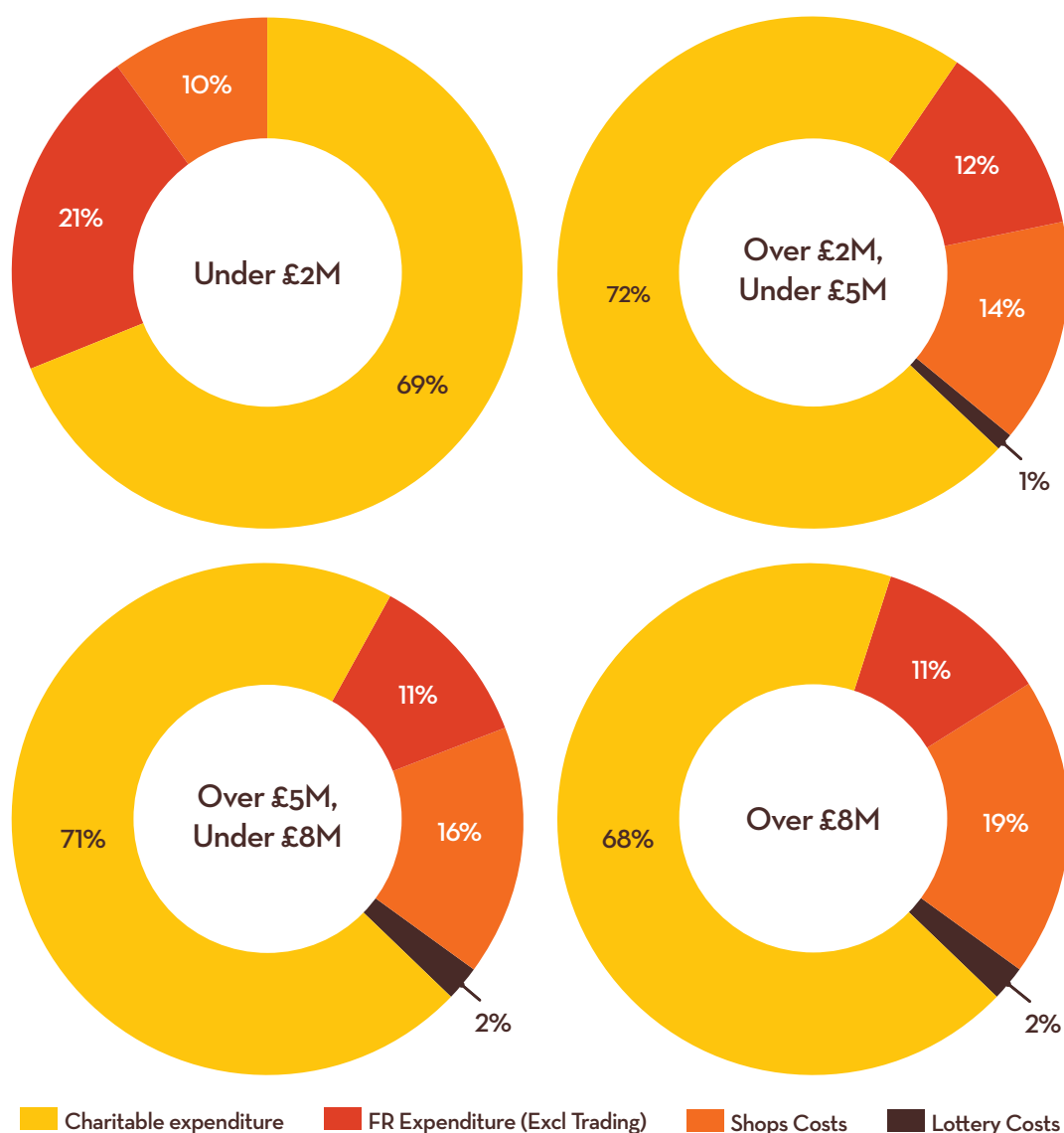
Key findings

- ▶ Most children's hospices are located in England, and on average, government funding in 2024 amounted to 25% based on recurring grants.
- ▶ These figures are for hospices which only care for children and exclude those who care for both children and adults.
- ▶ Children's hospices receive significantly less funding as a proportion of their total expenditure than adults' hospices.
- ▶ As with adults' hospices, there is a wide variation in how children's hospices are funded.

Expenditure

Figure 35

Breakdown of total expenditure (including Trading) for all independent hospices



Key findings

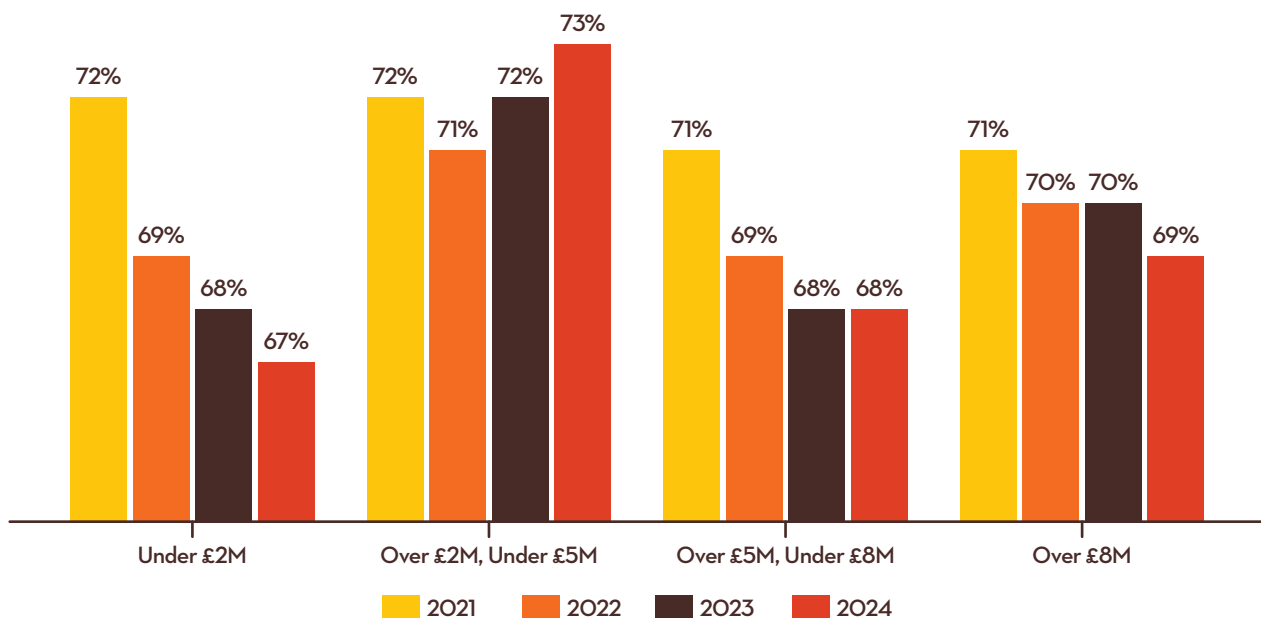
- ▶ On average, hospices spend more than two-thirds of their total expenditure on charitable activities.
- ▶ 18% of total hospice spend is on retail activities, 11% on fundraising activities and 2% on lotteries.
- ▶ Smaller hospices tend to spend less on trading activities and more on general fundraising activities.

Staff costs

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

Figure 36

Staff costs as a proportion of total expenditure

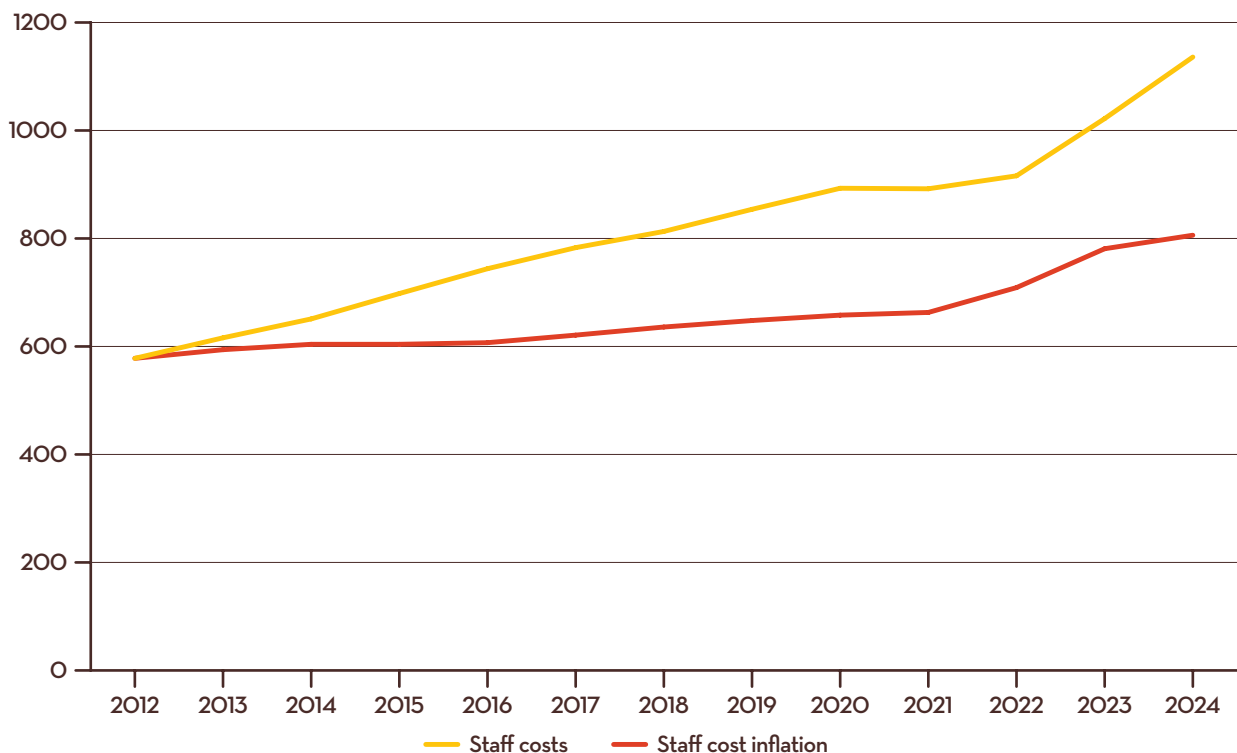


Key findings

- On average, staff costs represent 69% of a hospice's total expenditure. This is broadly consistent across hospices of all sizes.
- Total staff costs for independent hospices are now over £1.1 billion, which was 10% higher than in the previous year – the second year in a row that staff costs have risen much faster than inflation.
- Post 2023, salary costs are expected to continue to grow rapidly due to the need to keep up with NHS pay increases. This will put a major strain on hospice finances unless the NHS provides additional funding for hospices to match the increased wage bill.
- The value of volunteer time is not shown in the financial statements and therefore is also excluded from these figures. Volunteer time is a major contribution to the activities of hospices.

Figure 37

Staff costs over time (£M)



Staff costs have increased by significantly more than the rate of inflation since 2012.

Given that this is the largest cost, it highlights the budgetary pressures facing hospices.

Our historic data is incomplete with regards to staff numbers, but from the information we do have, it appears this growth up to 2020 was driven by an increase in the number of staff employed to meet rising demand, while since the pandemic pay inflation has been an increasing factor.

Staff numbers

The independent hospice sector employs 36,250 staff or 27,200 full time equivalent staff. These numbers include staff working in hospice shops and other fundraising activities as well as those directly involved in care. They do not include the thousands of volunteers who are critically important for the delivery of hospice care in the UK.

If staff employed by the two large national charities, Marie Curie and Sue Ryder are included, then these figures rise to 42,600 staff or 31,800 full time equivalent staff.

Available reserves

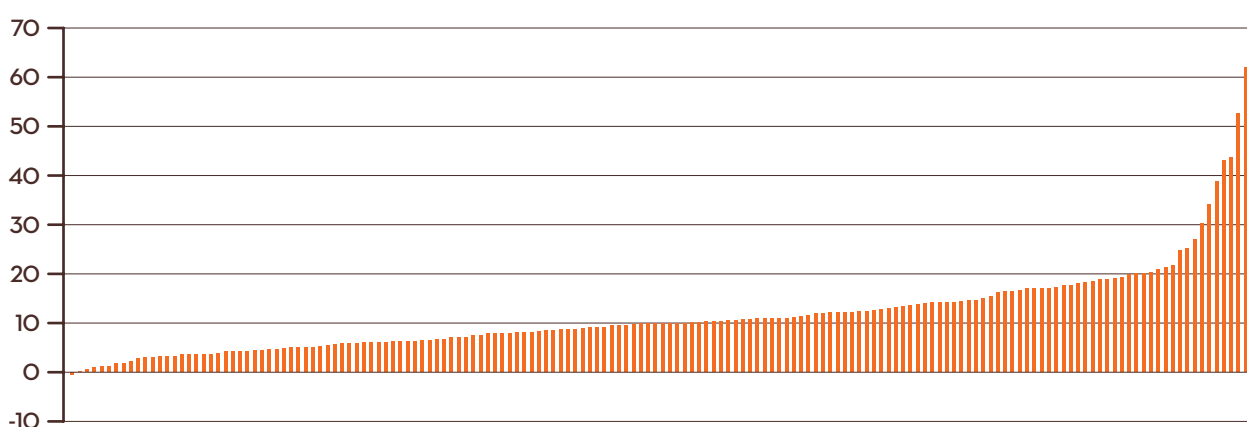
Available reserves are defined in this report as unrestricted reserves, including designated funds, less unrestricted tangible fixed assets. Available reserves are held by hospices for a number of reasons:

- ▶ Hospices rely on voluntary donations and fundraising for on average two-thirds of their income, and most must renegotiate their NHS funding every year. Hospices must hold sufficient free reserves to enable the hospice to continue to provide its essential services if income levels were to fall.
- ▶ To fund future capital projects, such as building or refurbishment work.
- ▶ To contribute to general expenditure in times of growth or change, to respond quickly to new demands and take on innovative projects.
- ▶ With the UK expected to be in a challenging economic climate for a number of years, which is likely to impact all areas of income generation, most hospices are planning deficit budgets for the foreseeable future.
- ▶ The detailed analysis of hospices financial reserves in this section gives an indication of how long they will be able to maintain that strategy before they must make cuts to patient services.

It is the responsibility of the trustees to balance the above considerations and determine how much a charity should hold in reserves. In the graphs below, the value of available reserves is compared to each hospice's annual total expenditure (including trading activities).

Figure 38

Available reserves as months of expenditure – adults' hospices (each bar represents a different hospice)



Adults' hospices generally hold their reserves in a mixture of cash and listed investments. On 31 March 2024 hospices were holding £527 million in cash and had investments valued at £721 million.

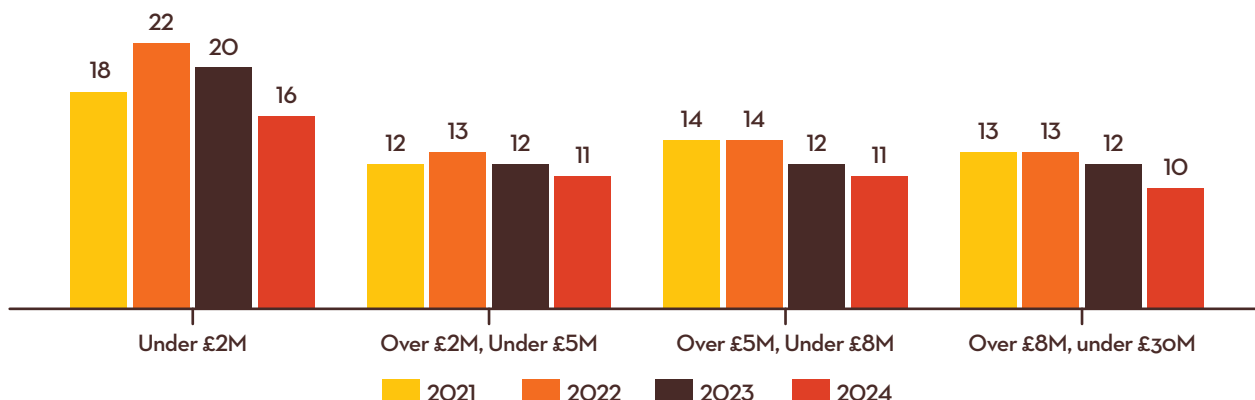
Investments

Hospices hold a substantial proportion of their free reserves in the form of investments. The Charity Commission has provided guidance on how trustees responsibilities with regard to investments, which can be found at www.gov.uk/government/publications/charities-and-investment-matters-a-guide-for-trustees-cc14/charities-and-investment-matters-a-guide-for-trustees

Hospice UK have worked with ABRDN to develop a guide to how to develop investment policies for a hospice which can be found at hukstage-new-bucket.s3.eu-west-2.amazonaws.com/s3fs-public/2022-11/Guide%20to%20Investment%20Policy%20Statements.pdf.

Figure 39

Average available reserves as months of expenditure-by-expenditure banding (adults' hospices)



Key findings

- ▶ The graphs above clearly show that reserves levels are falling for hospices of all sizes.
- ▶ On average, adults' hospices hold the equivalent of 11 months of expenditure in available reserves.
- ▶ 19% of adult hospices hold less than six months of expenditure in available reserves.
- ▶ There is one adults' hospice with negative available reserves, which means that it is using the value of their fixed assets to enable them to remain solvent.
- ▶ At the other end of the scale ten hospices have available reserves of more than two years expenditure. It may be that these hospices are saving funds for a new building or other major capital project.

(There was one hospice, included in Figure 39, which has reserves of 62 months following an exceptional windfall in the previous year. That hospice has been excluded from Figure 39 to avoid distorting the results).

Reserves

➔ *Analysing your financial position and developing a robust reserves policy is critical to addressing your hospice's financial sustainability. This 'made simple' guide from Sayer Vincent provides you with a step-by-step process to formulate your approach.*

Reserves policies made simple – Sayer Vincent

Right now, the average hospice has healthy reserves levels, but almost all are facing large structural deficits which look set to erode these reserves in the coming years. For more thoughts on how to manage this challenge, please refer to www.hospiceuk.org/financial-sustainability

We have provided additional analysis of reserves by region. In all cases, reserves are measured by excluding the value of any freehold property or restricted funds and taking the remaining free reserves in comparison to the annual running costs of the hospice.

Figure 40

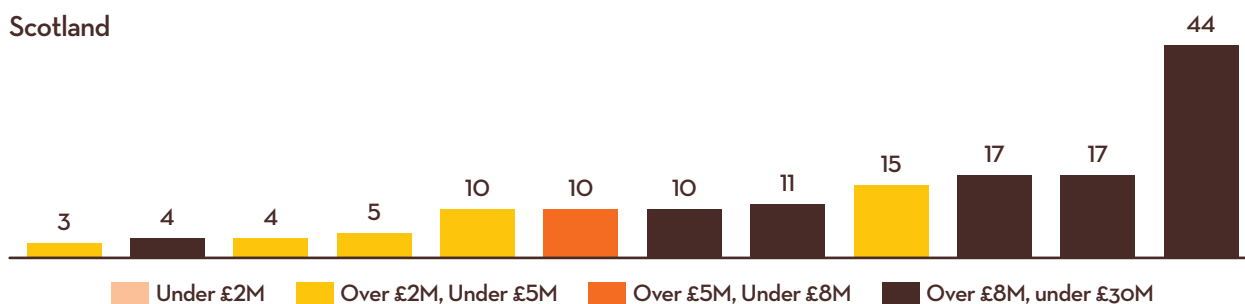
Available reserves as months of expenditure (adults' hospices)

Each bar represents a different hospice and the colour represents size of the hospice based on expenditure band:



There is a significant variance in the level of reserves held by the three Northern Irish hospices, with two holding significant reserves but one at the lower end of the spectrum, when compared to all hospices across the UK.

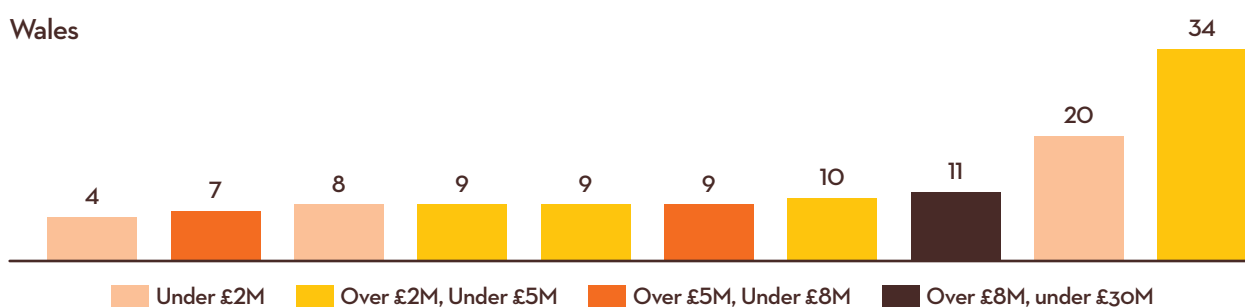
Scotland



Four of the twelve Scottish hospices included in our survey are holding relatively low levels of reserves, which may leave them vulnerable to any fall in income.

In contrast, there is one hospice which is holding more than three years of reserves.

Wales



As in other nations, there is a wide variation in the level of free reserves held by Welsh hospices, ranging from four months of available reserves to nearly three years' worth of running costs – but most Welsh hospices have lower reserves than the UK average.

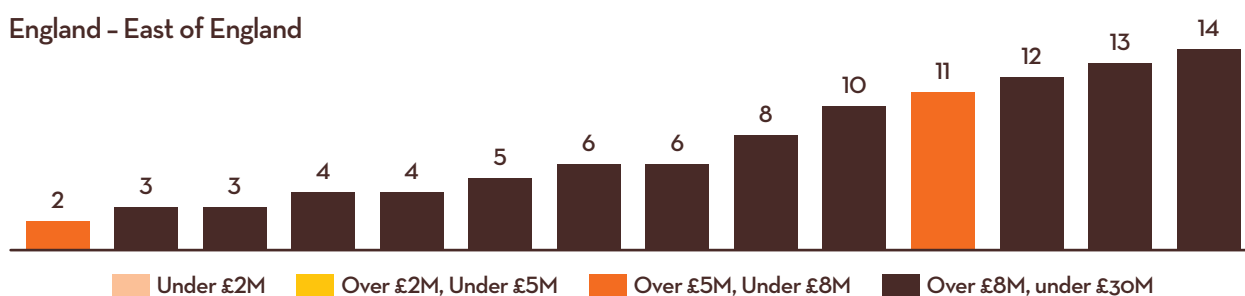
England – East Midlands



In general, reserves levels amongst the East Midlands hospices tend to be lower than in other parts of England, with three hospices having only 2-3 months reserves.

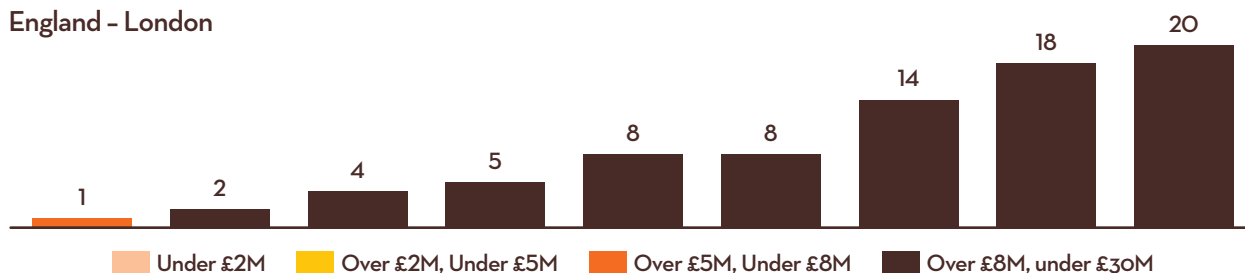
In contrast, one hospice in the region is holding over a year's worth of funds in reserve.

England – East of England



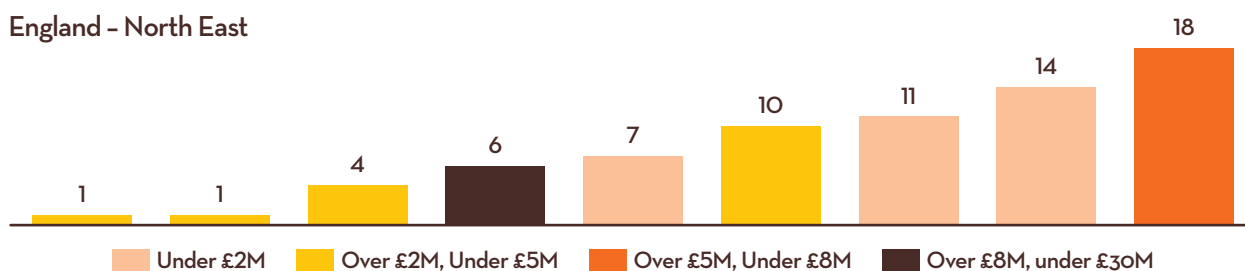
Reserves held by hospices in the East of England range from two months (once the value of the building and restricted funds is excluded) to fourteen months.

England - London



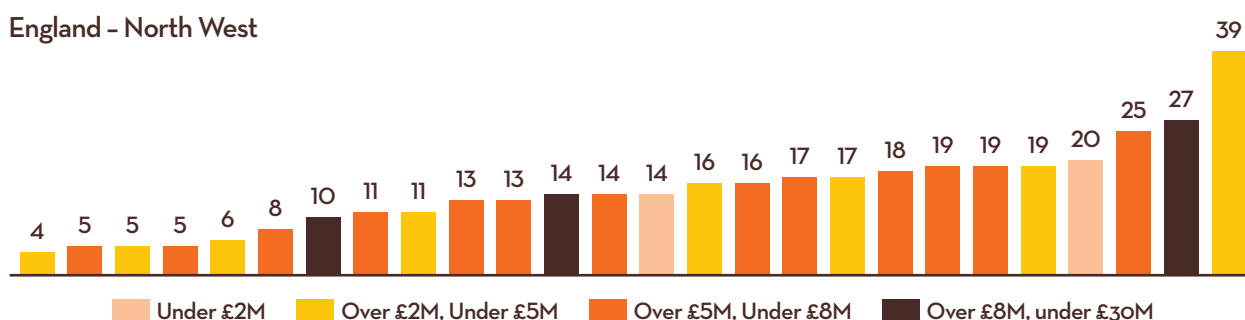
There is significant variation in reserve levels in London, with two hospices holding only weeks worth of reserves, while three hold more than a year of funds in reserve.

England - North East



Hospices in the North East are holding funds of between one and eighteen months.

England - North West

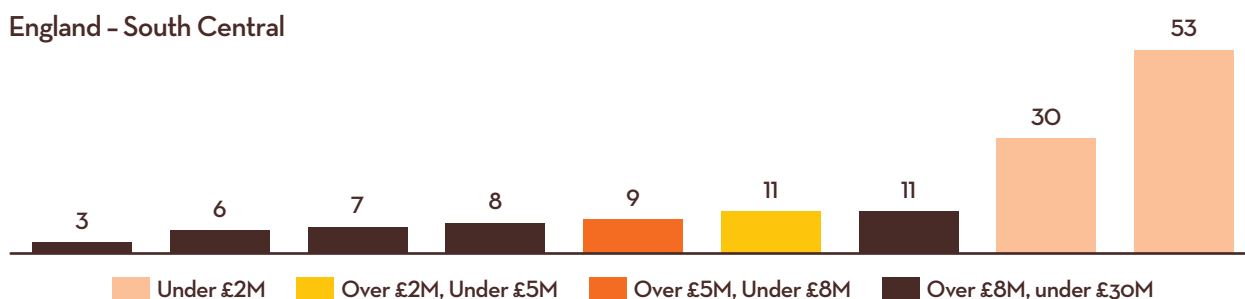


There are more hospices in the North West than any other region.

There are twelve hospices in the North West who can be said to be in a strong financial position, holding reserves of sixteen months or more.

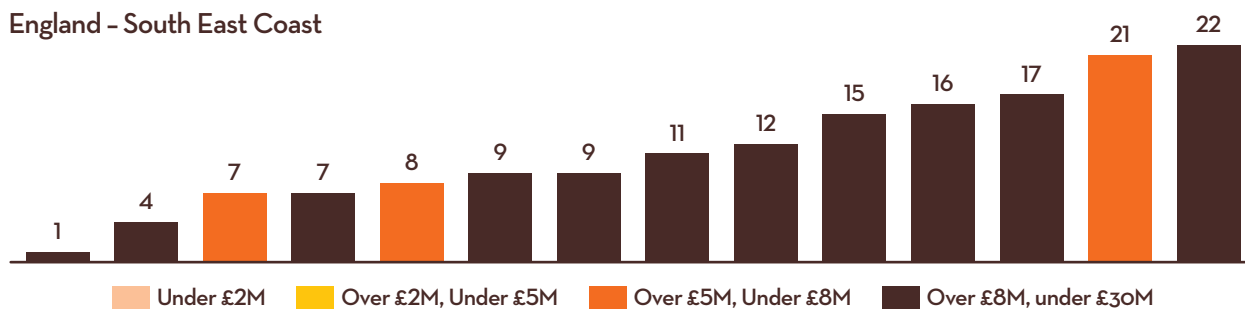
In contrast, four hospices in the region are holding reserves of less than six months.

England - South Central



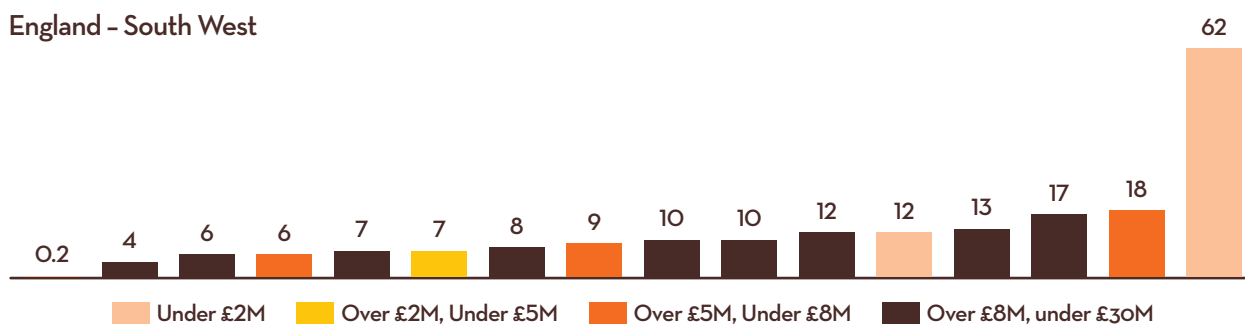
As in other regions, there is a significant variation in reserve levels held in the South Central region, ranging from three months to 53 months.

England – South East Coast



Most hospices in the South East have a healthy or reasonably healthy level of reserves, though there are a couple of exceptions.

England – South West

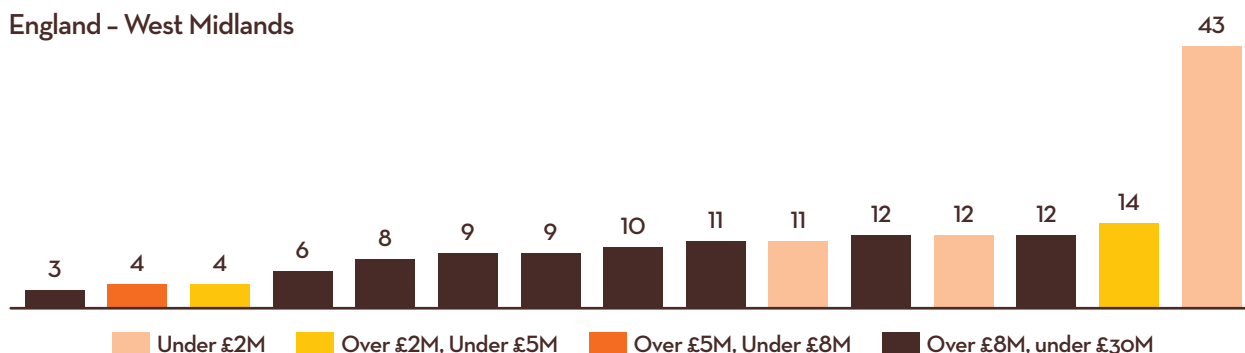


Hospices in the South West generally hold reserves of between six months and eighteen months.

There are two that are holding less than this, including one who held reserves of less than a week at 31 March 2024.

One organisation is showing an exceptional level of reserves following a significant unexpected legacy in the previous financial year.

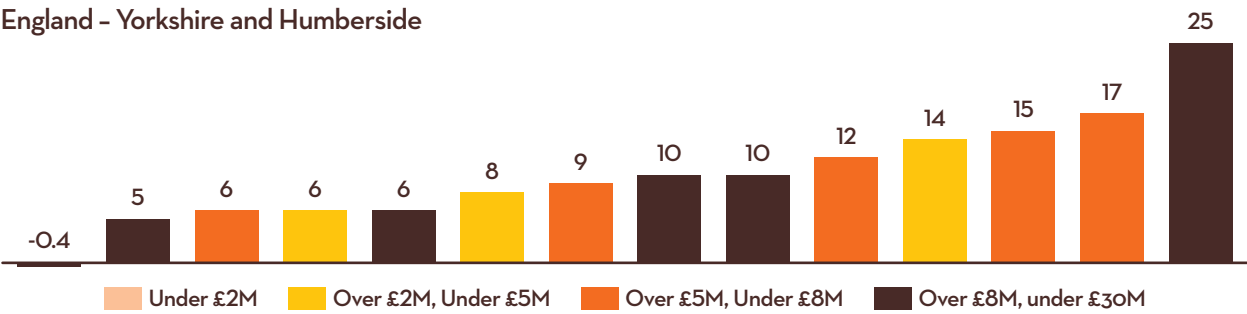
England – West Midlands



In the West Midlands, there is a cluster of hospices holding between six and fourteen months of reserves.

Three hospices in the region are holding less than six months' reserves which may leave them vulnerable to any downturn in income.

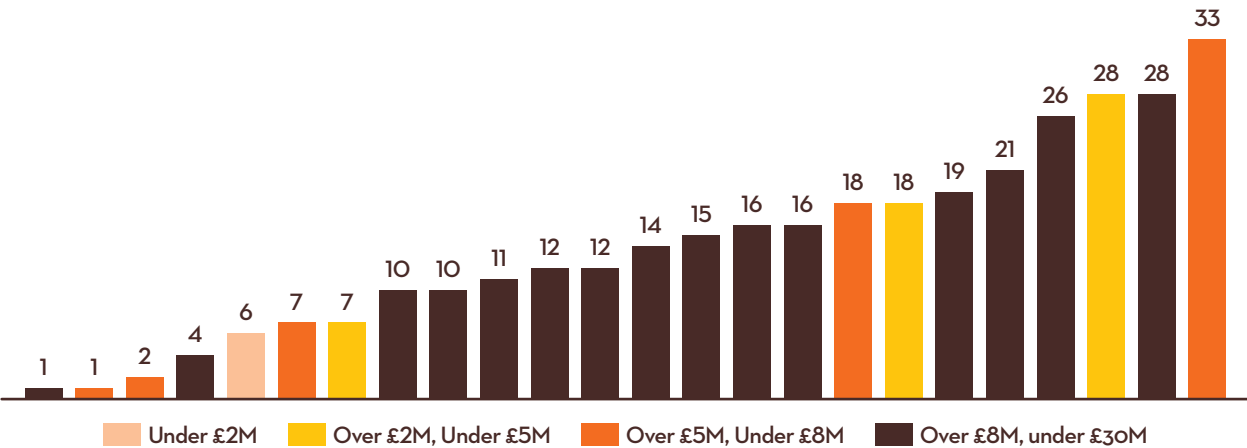
England – Yorkshire and Humberside



Hospices in the Yorkshire are holding funds of between five and twenty five months, but there is one that is holding negative available reserves.

Figure 41

Available reserves as months of expenditure (children's hospices)



Each bar represents a different hospice and the colour represents size of the hospice based on expenditure band.

Key findings

- ▶ On average, children's hospices hold available reserves representing 14 months' expenditure.
- ▶ This is higher than adults' hospices, which may reflect the differences in sources of funding noted in Figure 5 - Income type as a percentage of total income. (If income sources are believed to be less secure in the long term, then charities would be expected to hold higher levels of reserves so that their services are not affected by short term fluctuations in income).
- ▶ Once again, there is a significant variation in reserves, with four hospices holding less than six months' worth of reserves and one holding around three years' reserves.

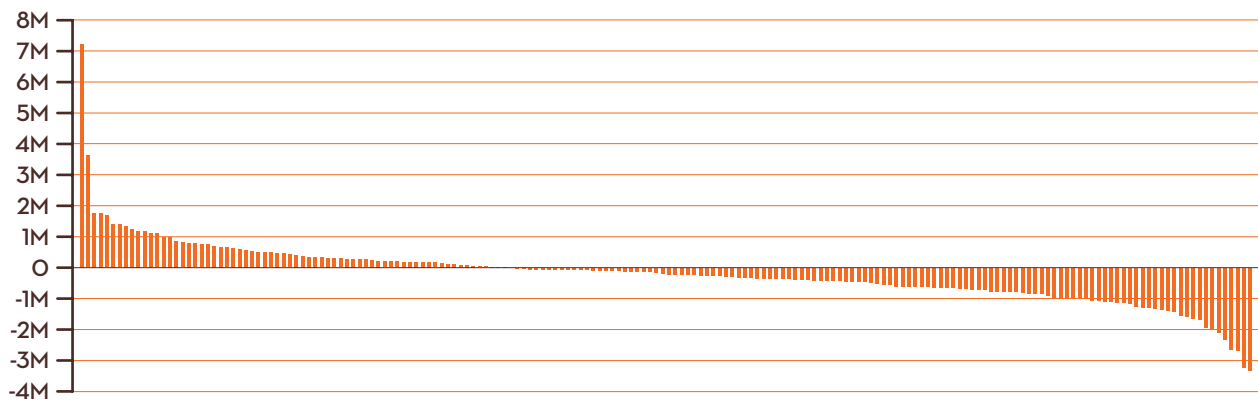
Deficits and negative fund movements

The graph below shows details of hospices that experienced losses during the year.

Losses can be defined either before or after considering changes in the value of investment. Losses may be budgeted or may be a result of falls in income, or unforeseen expenditure.

Figure 42

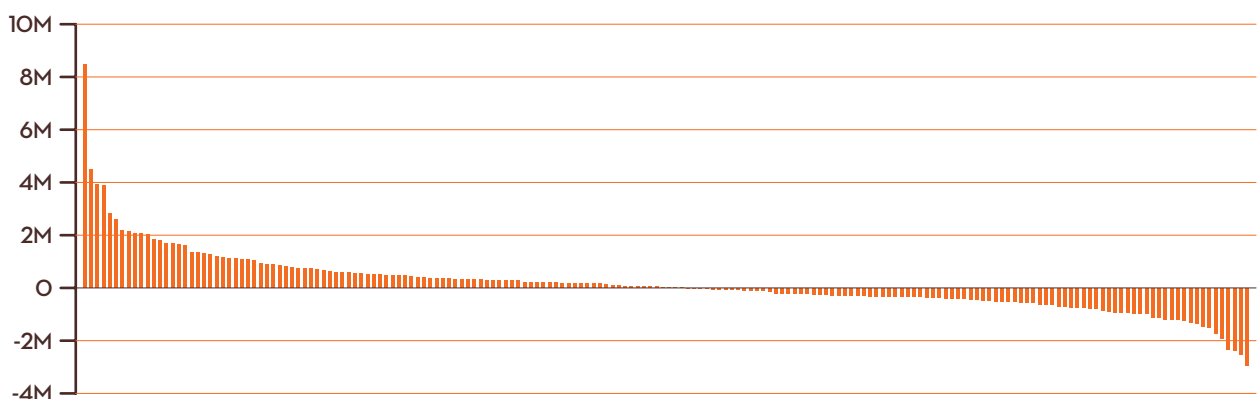
Surplus or Deficit in £M's



The first measure is of how many hospices spent more than they received. By this measure, 63% recorded deficits in 2024.

Figure 43

Net movement in funds



The second measure is movement in reserves held by hospices, which is affected by any changes to investment values or property revaluations as well as income and expenditure in the year.

By this measure, 48% of hospices suffered negative movements in reserves in 2024.



www.hospiceuk.org

t: 020 7520 8200  @hospiceuk  /hospiceuk

Hospice UK, Hospice House, 34 – 44 Britannia Street, London WC1X 9JG