Hospice Financial Benchmarking Report

Year Ended 31 March 2026

HospiceUK

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Executive Summary

This report has been prepared in June 2026 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 87, though some hospices did not answer every question. The hospices participating in the survey collectively recorded a surplus of just £11M for the year.

However, this headline result is very misleading, since it includes £49M of income that could only be spent on capital funding that would not show up in the income and expenditure account. The underlying deficit of the hospices participating in the survey is therefore just £38M. If we extrapolate this up to the entire sector, it suggests UK hospices made a collective deficit in the region of £100M in the year ended 31 March 2026.

Looking at the £38M deficit for participating hospices, the same group had a deficit of £15M in the previous year. In other words, hospices deficits have more than doubled compared to last year.

The group had budgeted for a deficit of £98M, so while the overall results were not good, they were massively better than expected – likely due to a combination of over cautious budgeting and in year expenditure cuts (with corresponding cuts to patients cared for) to prevent unsustainable deficits.

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 six months for participating hospices

Results for participating hospices			
£M's	Actual	Budget	Last Year
DHSC Capital Income	49	21	11
Statutory Income	257	243	239
Legacies	152	118	148
Retail	238	251	222
Lottery	49	52	47
Other fundraising	208	198	196
Misc income	54	50	57
Total income	**1,006**	**932**	**921**
Payroll	714	728	657
Other costs	250	251	241
Depreciation	31	30	27
Total Expenditure	**995**	**1.009**	**925**
Surplus/(Deficit)	**11**	**(77)**	**(4)**

As noted above, it is potentially misleading to include the DHSC capital income, as the associated spend does not show up in the income and expenditure statement.

Therefore, for all other tables in this report, we have excluded the DHSC capital funding from the figures.

Without the capital funding, the surplus/deficit figures would look like this.

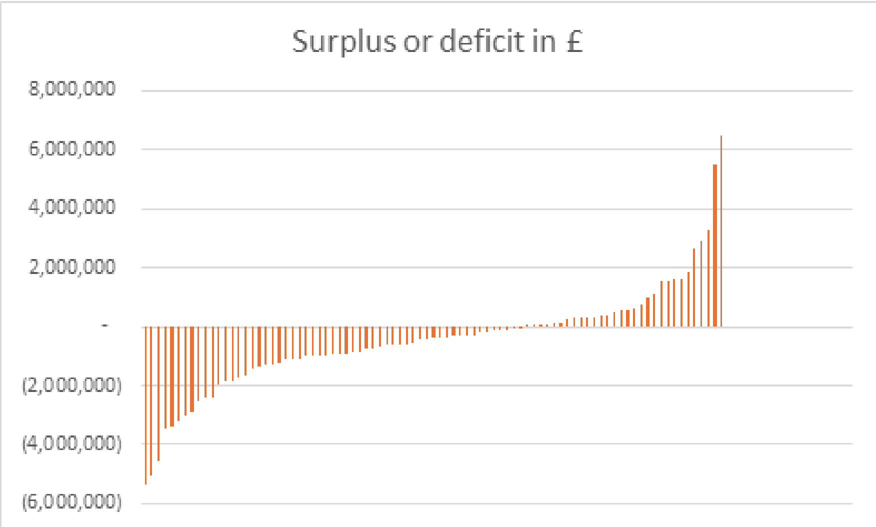
Results for participating hospices			
£M's	Actual	Budget	Last Year
Total income	957	912	910
Total Expenditure	995	1,009	924
Surplus/(Deficit)	**(38)**	**(98)**	**(15)**

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

2025/26 has been even worse.

2026/27 looks is almost certain to be worse again without significant additional government support – to date this has been agreed in Northern Ireland but not in any of the other three nations.

Distribution of surplus/(deficit) by individual hospice



The average deficit of hospices participating in the survey has a deficit of around £436k (after excluding any DHSC capital finding).

66% of the hospices participating in the survey reported a deficit if capital funding is excluded. Even if capital funding is included, 51% of hospices report a deficit.

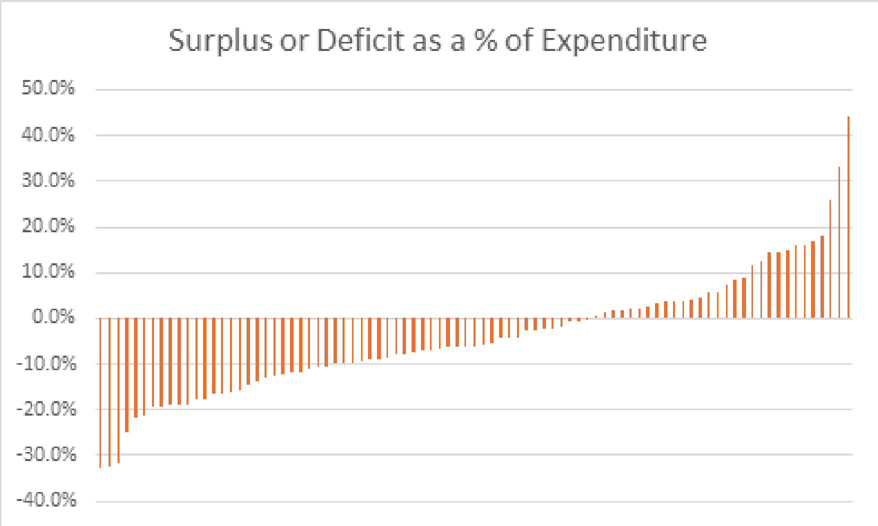
Of these, 28% hospices recorded a deficit of over £1M (excluding capital funding), with the highest deficit being over £5M.

In contrast, only 34% of hospices recorded a surplus. 13% have recorded a surplus of over £1M, with the biggest surplus being over £6M.

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 33% of their expenditure, to a surplus representing 44% of their expenditure.

Around a third of hospices (32%) reported a deficit of more than 10% of their expenditure.

Statutory Funding as a proportion of expenditure

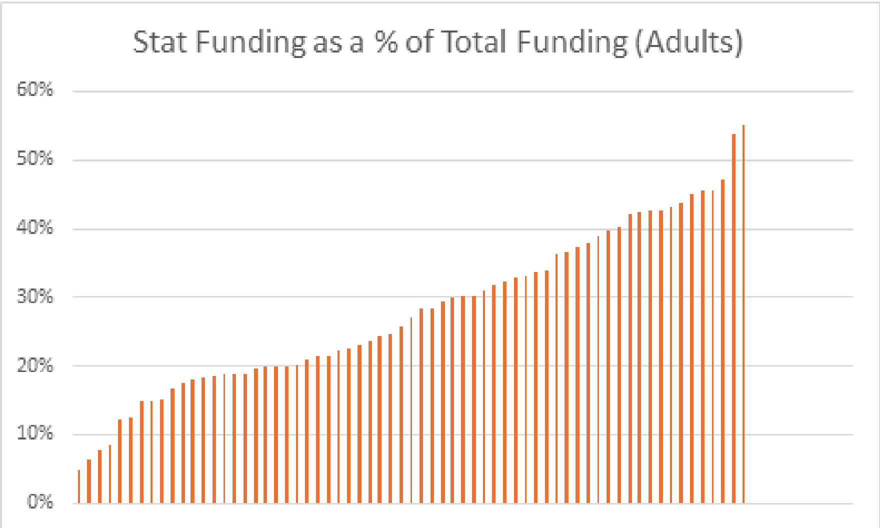
Note that for the purpose of this benchmarking report, the method of calculating the government funding percentage is slightly different to that we use in our annual hospice accounts report, due to the level of information available to us.

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 27% (excluding capital funding), which is broadly consistent with what this survey has found in previous years.

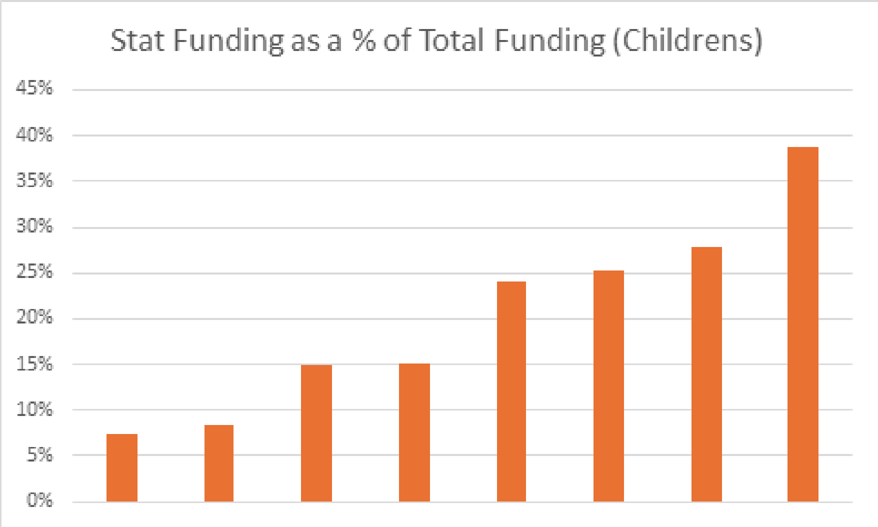
Alternatively, if we were to look at the statutory funding compared to direct charitable hospices only is 55% (note that this is based on a comparison to direct care costs only and does not include any contribution to the overheads of the organisation, so it would not be accurate to say the NHS is funding more than half of care costs).

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 27% of total expenditure, or 57% of direct care costs.
Stat funding as a proportion of total expenditure for adult hospices ranged from just 5% to up to 55%.

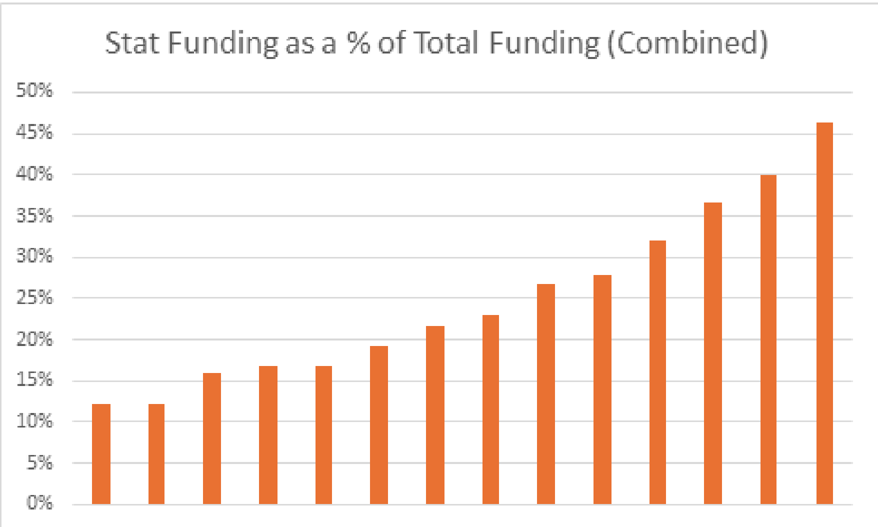


The above graph shows government funding as a proportion of all expenditure for children's hospices. Thirteen children's hospices have been included in this calculation.

The average statutory funding for children's hospices is 20% of total expenditure (or 48% of direct charitable expenditure)

Statutory funding as a proportion of total expenditure ranged from 12% to 46%.

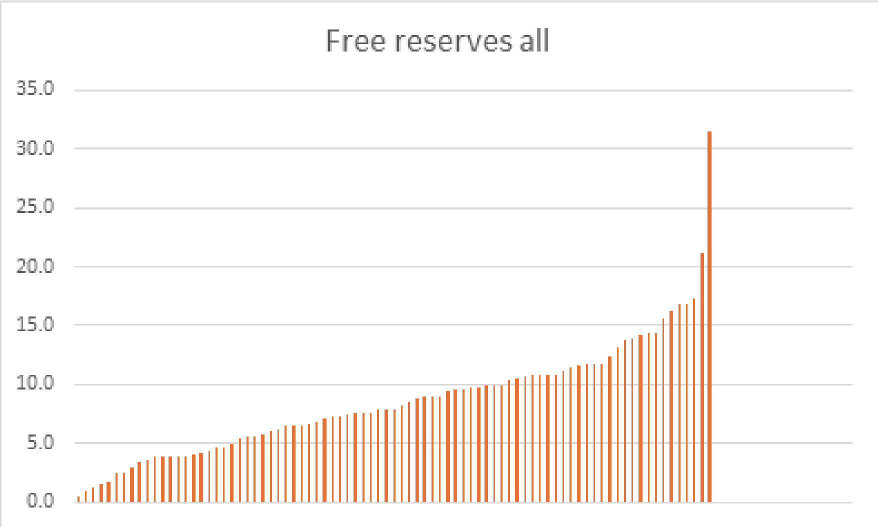
The final graph (below) shows government funding as a proportion of all expenditure for joint hospices. Seventeen hospices have been included in this calculation.



The average statutory funding for joint hospices is 25% of total expenditure (or 52% of direct charitable expenditure).

Statutory funding as a proportion of total expenditure ranged from 12% to 46%.

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 8.5 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 one month.

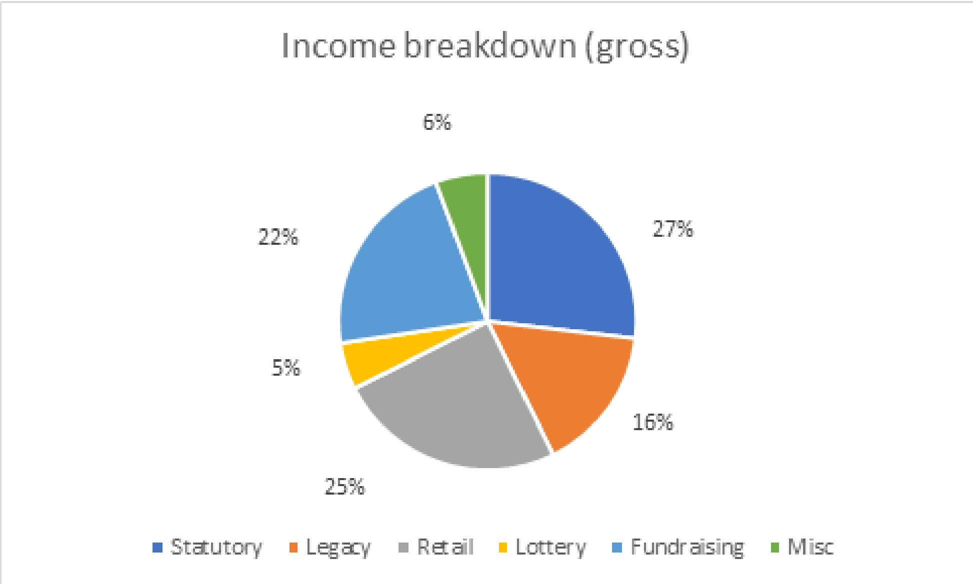
30% of hospices who provided data on reserves holding less than six months free reserves.

Breakdown of Income and Expenditure

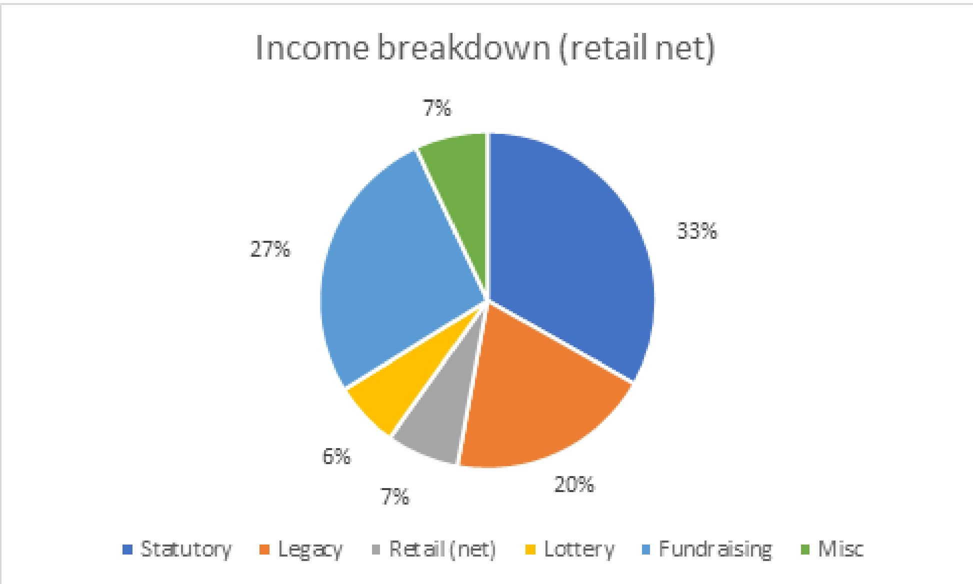
Income

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 statutory income (27%), retail income (25%) and fundraising income (22%) are the most important income sources for hospices.

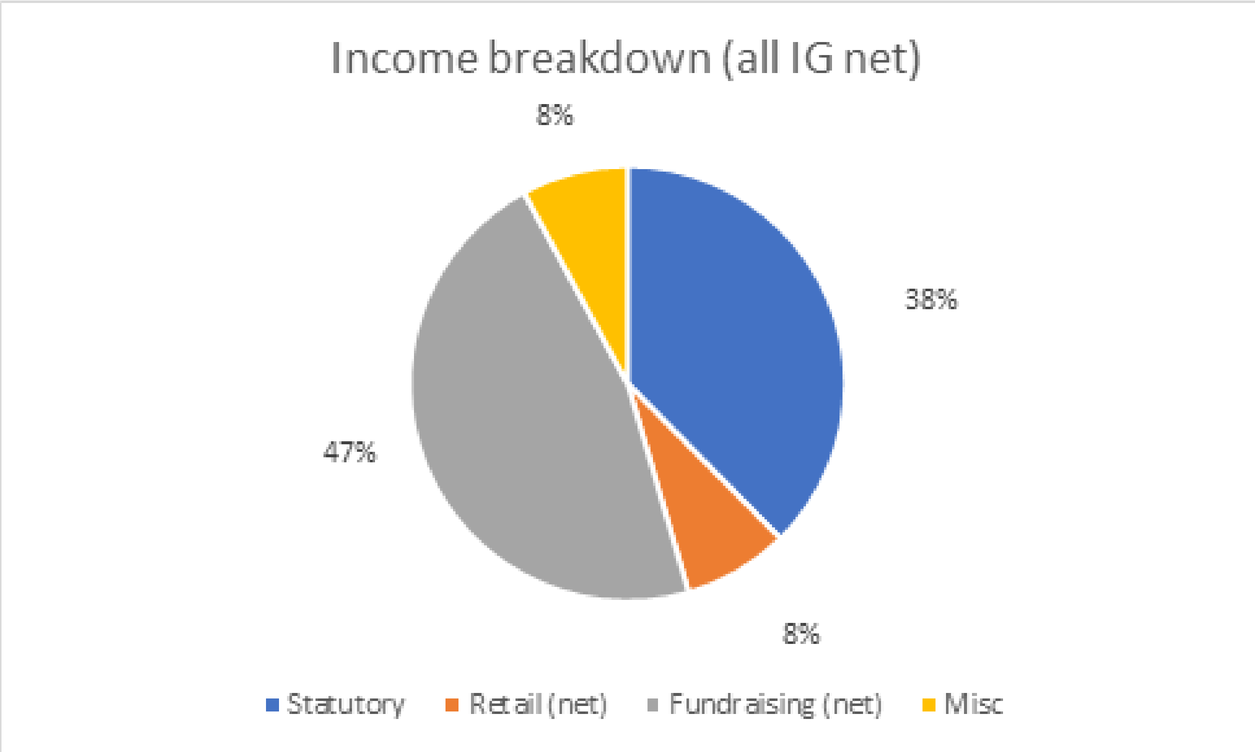


An alternative way of showing the same data would be to look at net retail income rather than gross, in which case the average income breakdown looks like this:



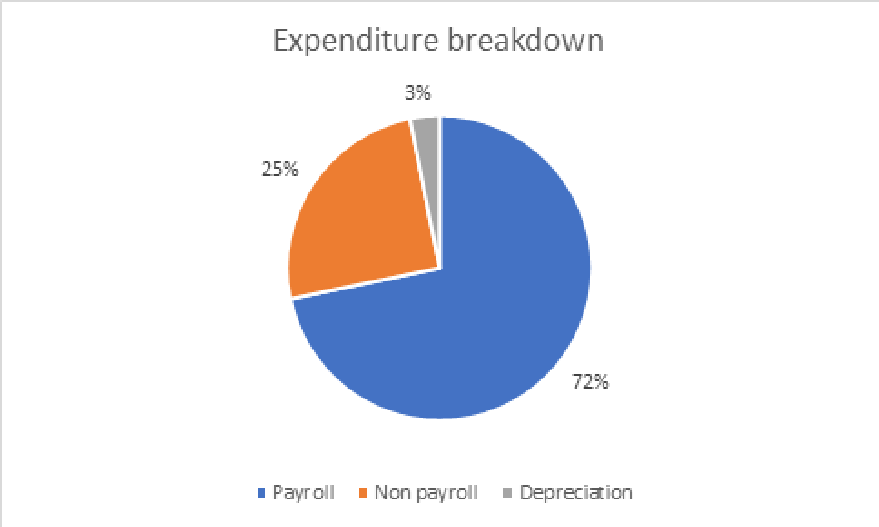
Using this method, statutory income at 33% is the largest income source followed by general fundraising at 27%.

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.

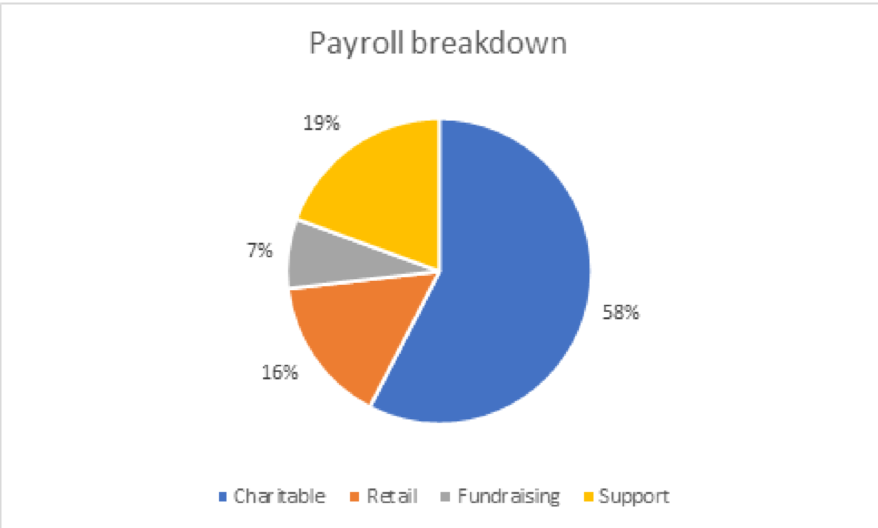
Expenditure



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 72% of total costs.

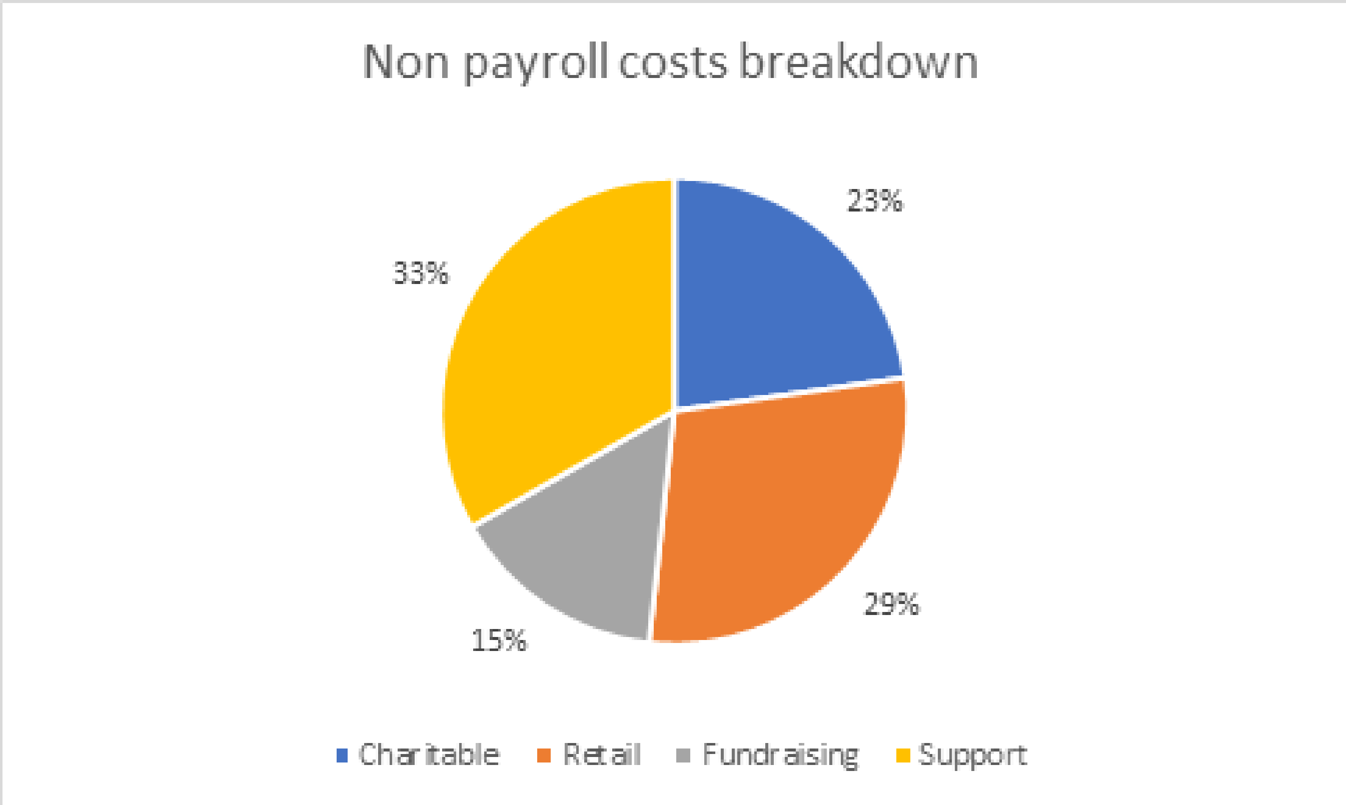
Payroll



The graphs above show the breakdown of payroll costs.

On average, 58% of payroll costs were spent on charitable, with support costs at 19% 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 (33%) and retail (29%).

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.

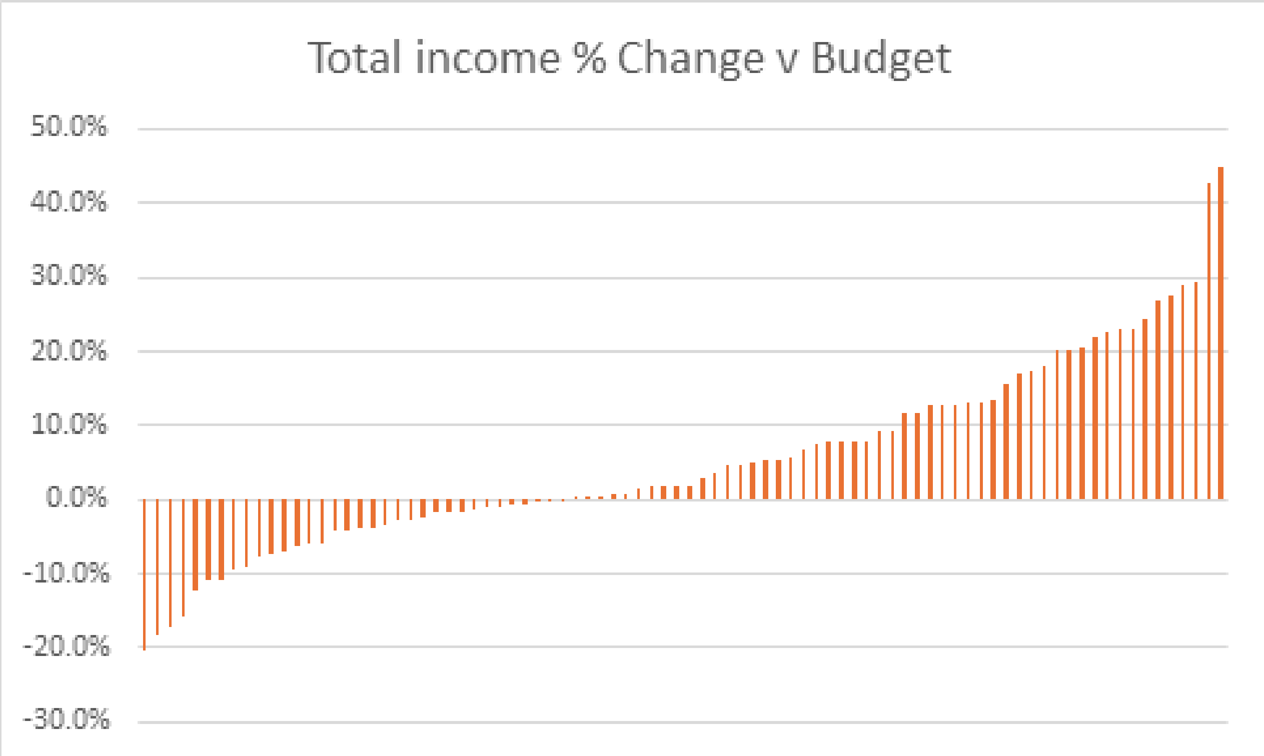
5) A detailed breakdown of retail performance compared to the average hospice

6) An analysis of income generation based on your population size. Please note we have done some work over the past quarter to obtain updated population data from all hospices; this may result in some changes to calculations compared to prior periods. Hospices who support both adults and children usually cover different geographical areas for each service – in such cases we have used the population levels for their adult services.

Appendix 1

Performance against budget

Overall, the sector is performing a lot better than budgeted.

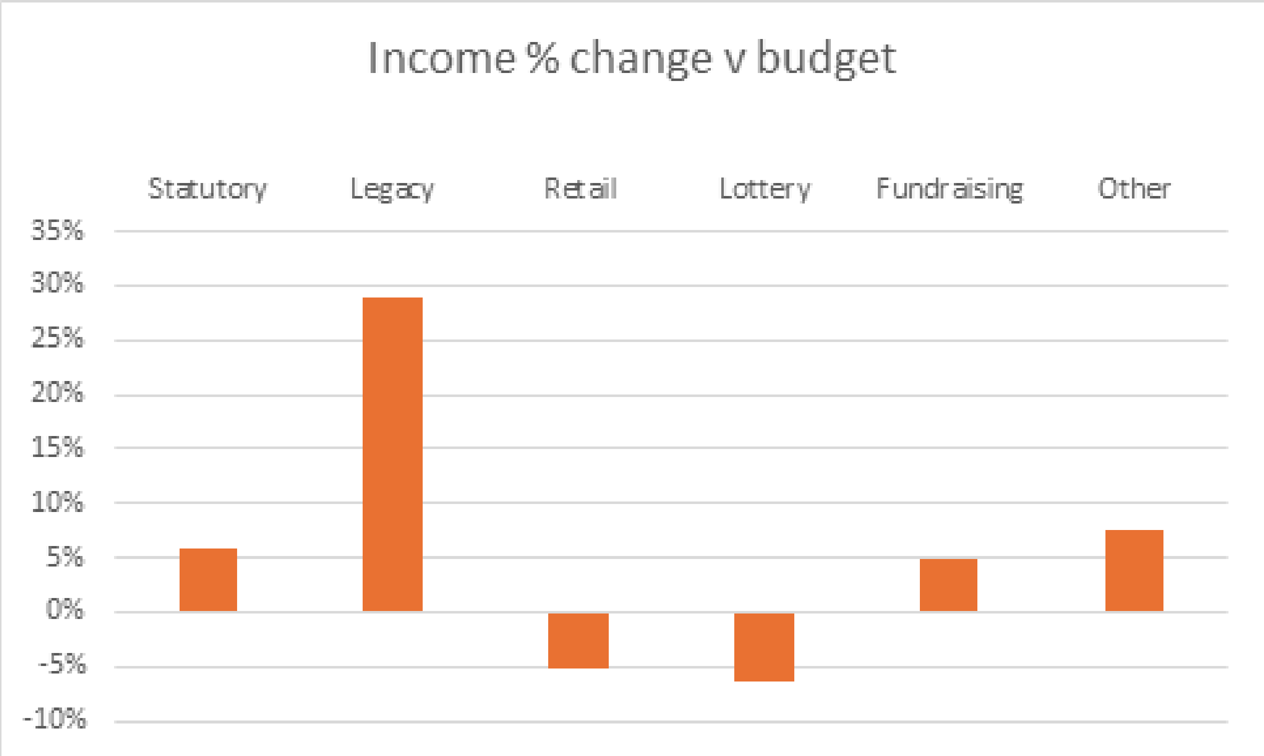


The graph above shows whether individual hospice income is higher or lower than budget over the year.

There is a mixed picture - but most hospices (59%) generated more income than they had budgeted.

Looking at biggest variances, 8% of hospices reported shortfalls of more than 10% of their income budget, while 30% of hospices reported out performing budget by more than 10%.

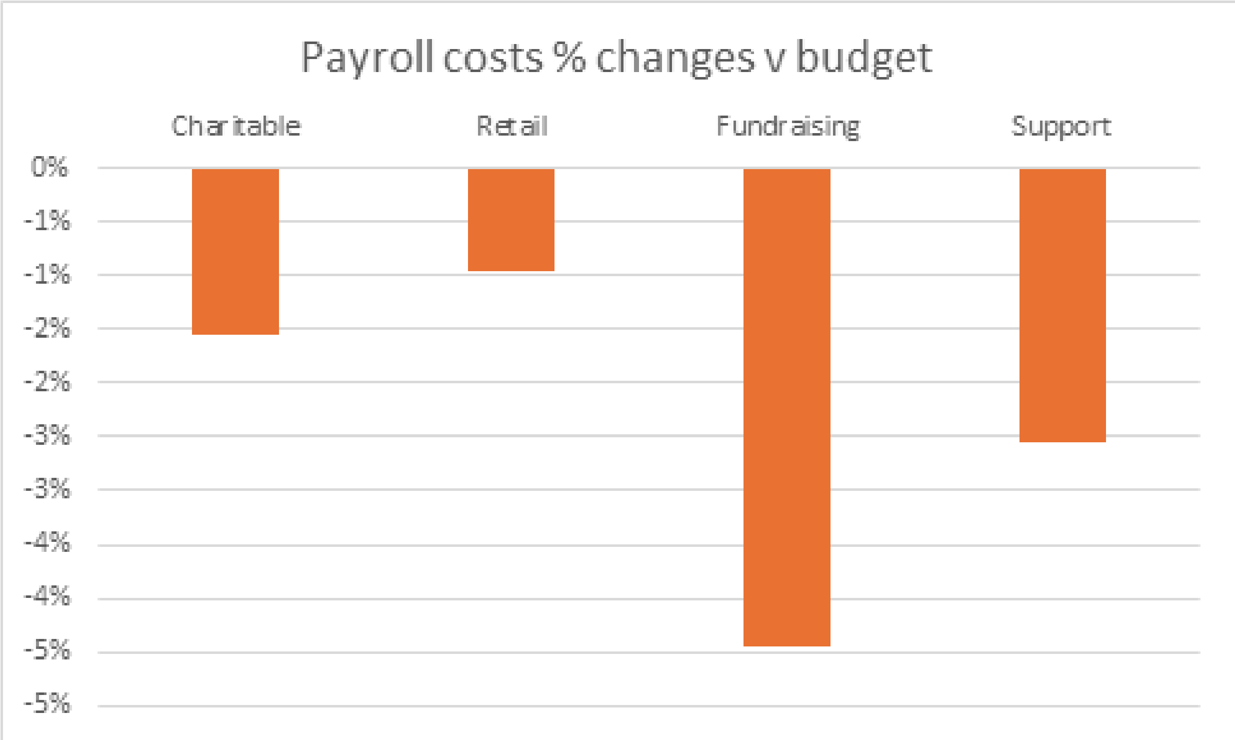
Income detail versus budget



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

- Legacy income is up a massive 29% - we have seen this pattern in previous years, particularly at the end of the year when accruals are made. Legacy income is very difficult to budget for and hospices understandably tend to err on the side of caution which means full year legacy income is typically much higher than budgeted on aggregate, though there will be significant variances either way at an individual hospice level.
- Statutory, fundraising and other income are all up between 5% to 7% on budget
- Retail income is down 5% on budget
- Lottery income is down 6% on budget
- So as a whole trading activities have underperformed against expectations.

Payroll costs against budget

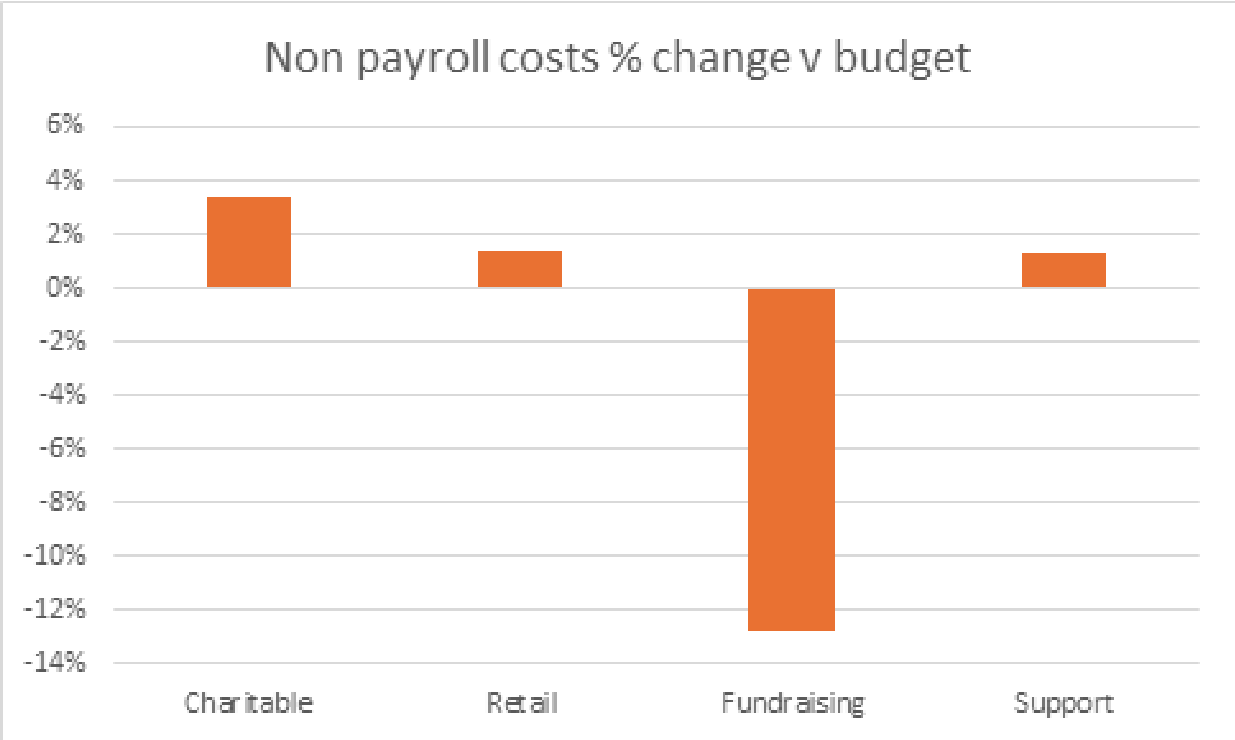


The graph above shows the overall results against budget for payroll costs (broken down by function).

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 13% 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.

For the first time, we are seeing that charitable non payroll and retail non payroll costs are marginally ahead of budget overall – it is not clear what the reason for this is, but looking at the data, it appears most hospices are actually slightly under budget, but a small number are significantly over, which is affecting the total figures.

Note that there is a double effect on retail profitability, in that income is less than expected but other costs are higher than budgeted.

Overall performance against budget

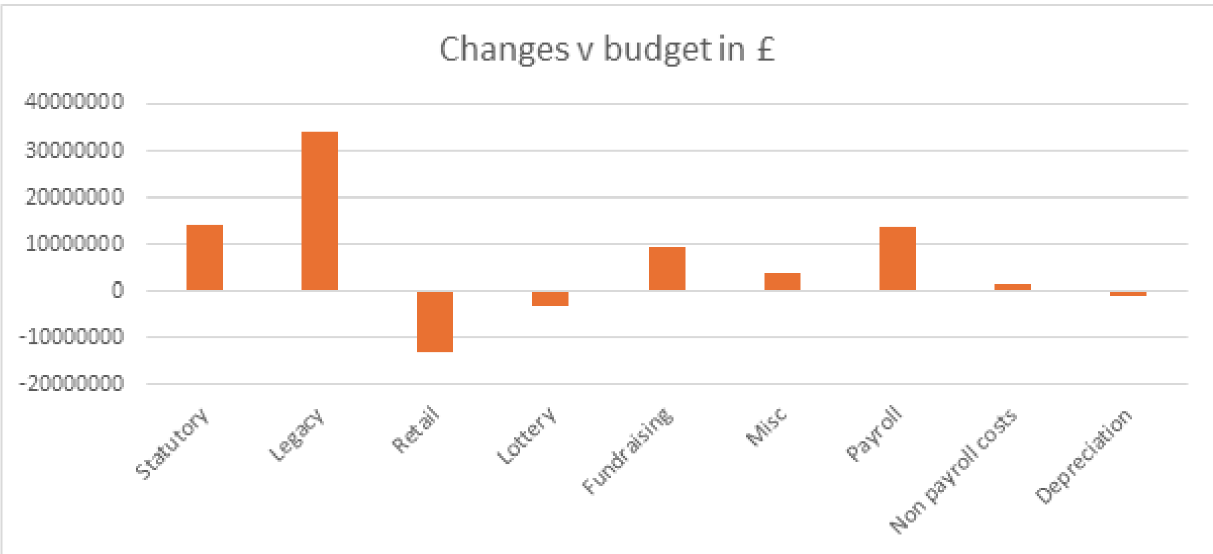
Overall, hospices performed much better than they had feared when setting their budget.

Hospices budgeted for a deficit of £77M including capital income but have actually recorded a surplus of £11M.

Or, excluding the capital funding, we are still looking at a collective deficit of £38M against a budgeted deficit of £98M.

Due to the high levels of year end legacy accruals, this is now the biggest contributor to the better than expected performance. Higher than expected statutory income is also just as important than payroll savings for the first time – this indicates that at least some local health systems are finding additional money for the sector.

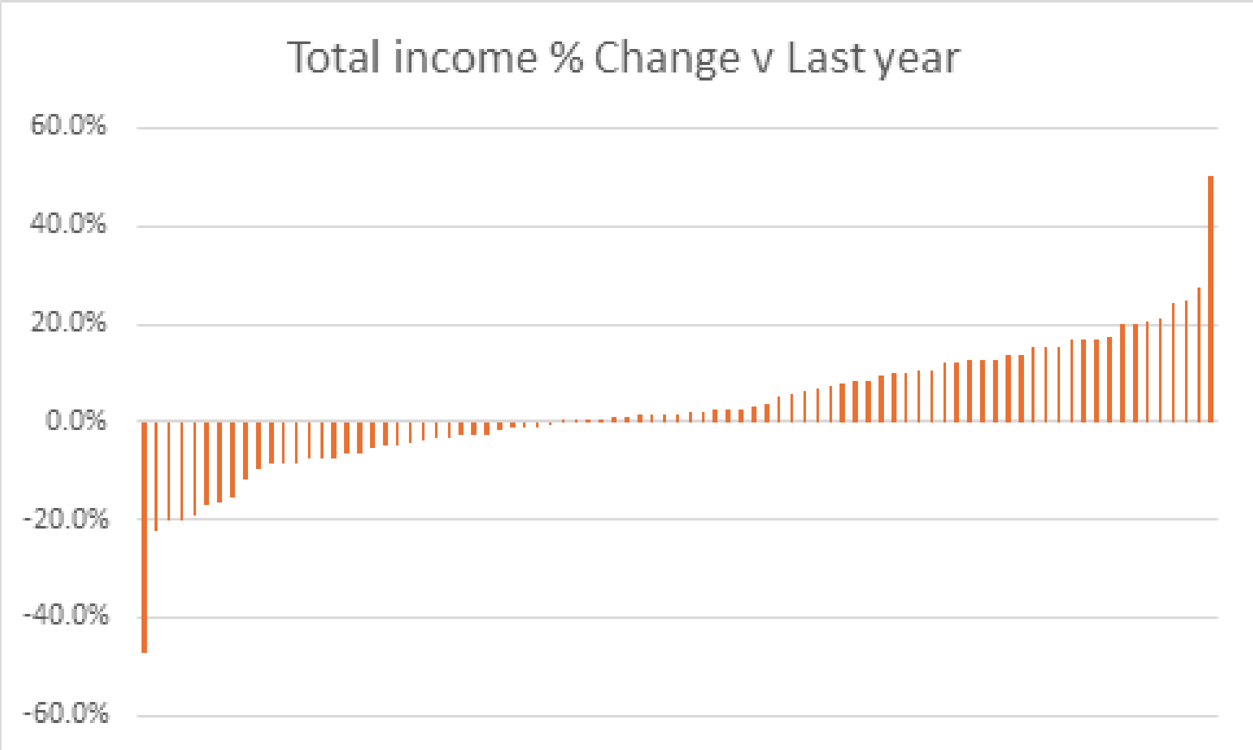
Retail is the only area showing significant negative variances to budget in terms of £ (lottery is also down in percentage terms but is a less significant source of income for most hospices).



Appendix 2

Performance against prior year

Overall, hospices are performing quite at lost worse than last year in aggregate (collective deficit in participating hospices of £50M this year compared to £37M last year, once capital funding is excluded).



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

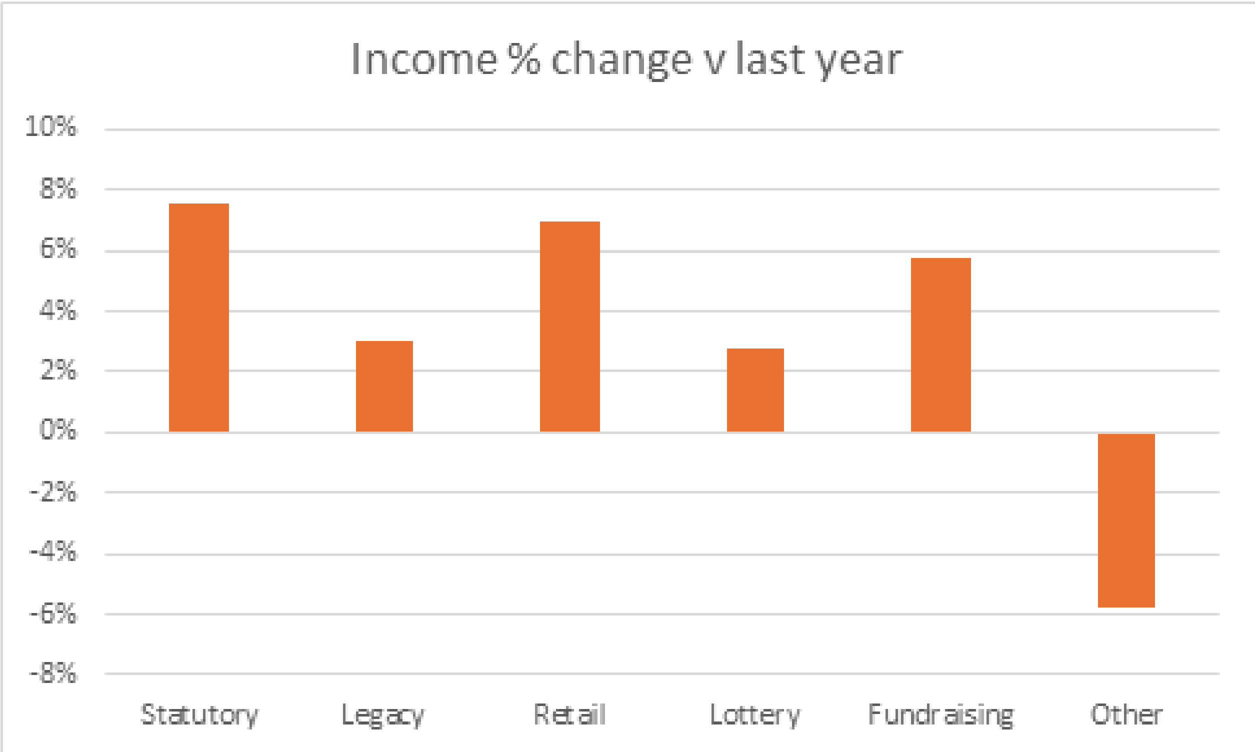
Collectively, total income was up an around 5% compared to last year (excluding capital income) – so slightly exceeding the growth in inflation.

40% hospices recorded a fall in income compared to the prior year, while 60% recorded an increase in income compared to last year.

Of those, one saw income rise by more than 50% compared to the prior year, while three saw an increase of around 25%.

Income compared to prior year

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



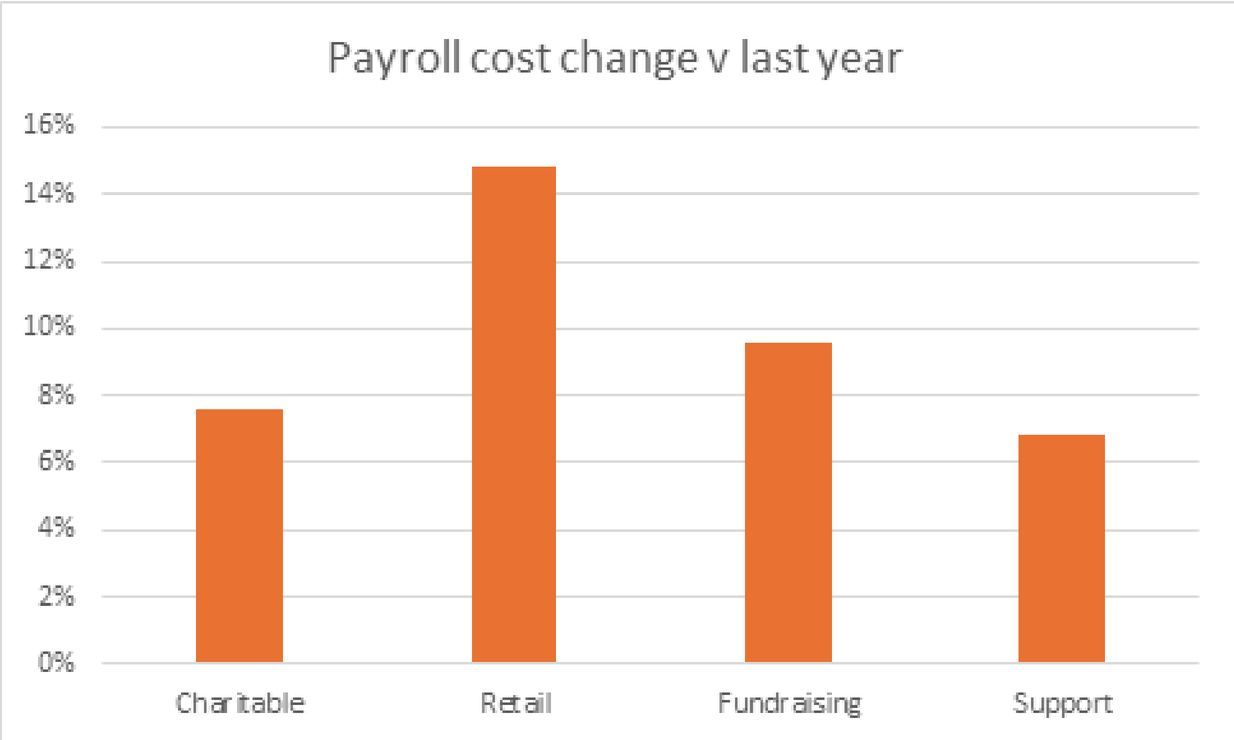
Every area is up compared to the prior year, except for other income which is down (most likely due to slightly lower interest rates).

It is interesting that statutory income is up 8% compared to the same period last year.

Retail income is also up by around 7%, despite being down on budget, suggesting that budgeting in this area may again have been over-optimistic. Fundraising income is also up by more than inflation (6%).

Legacy income slightly up on last year (3%) despite being much higher than budget (see budget section for explanation of the reasons for this).

Payroll compared to prior year



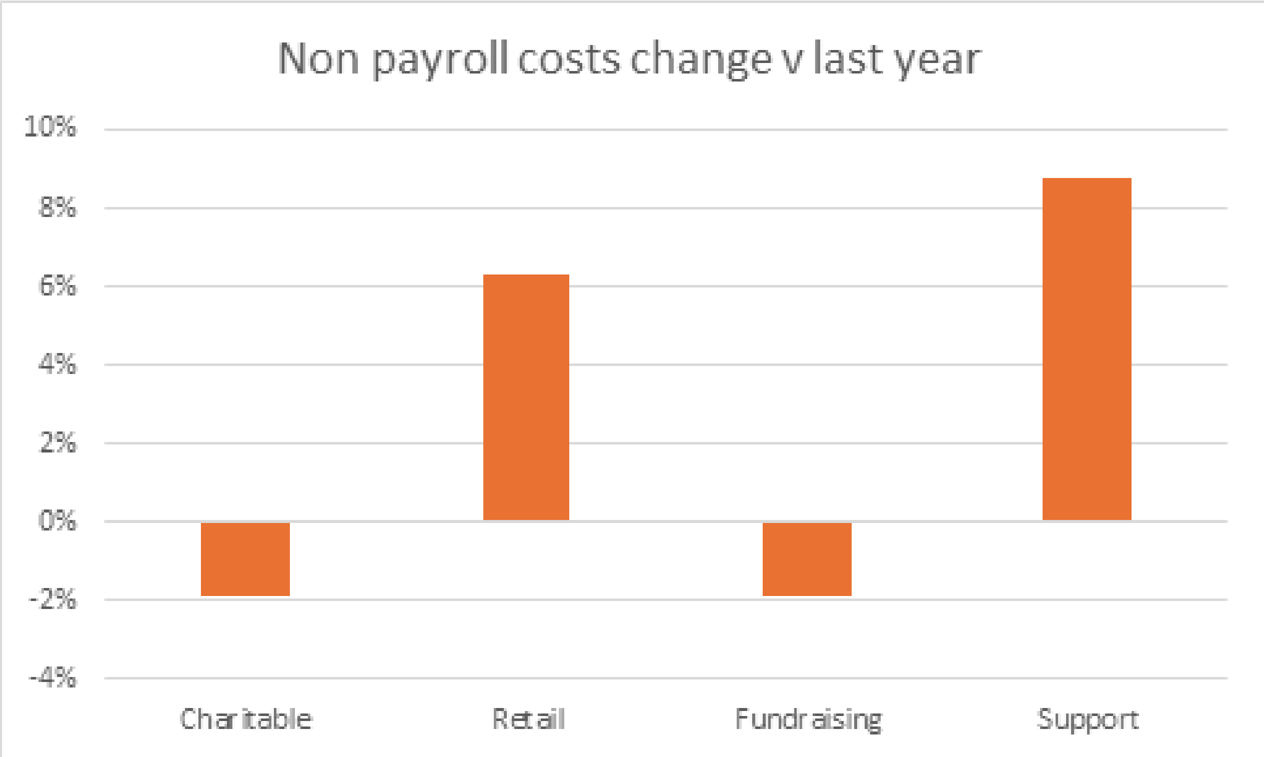
The graph above shows the overall results against budget for payroll costs (broken down by function).

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

This is now the third year in a row that 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 (likely impacted by rises in minimum and living wages).

Non payroll costs compared to prior year



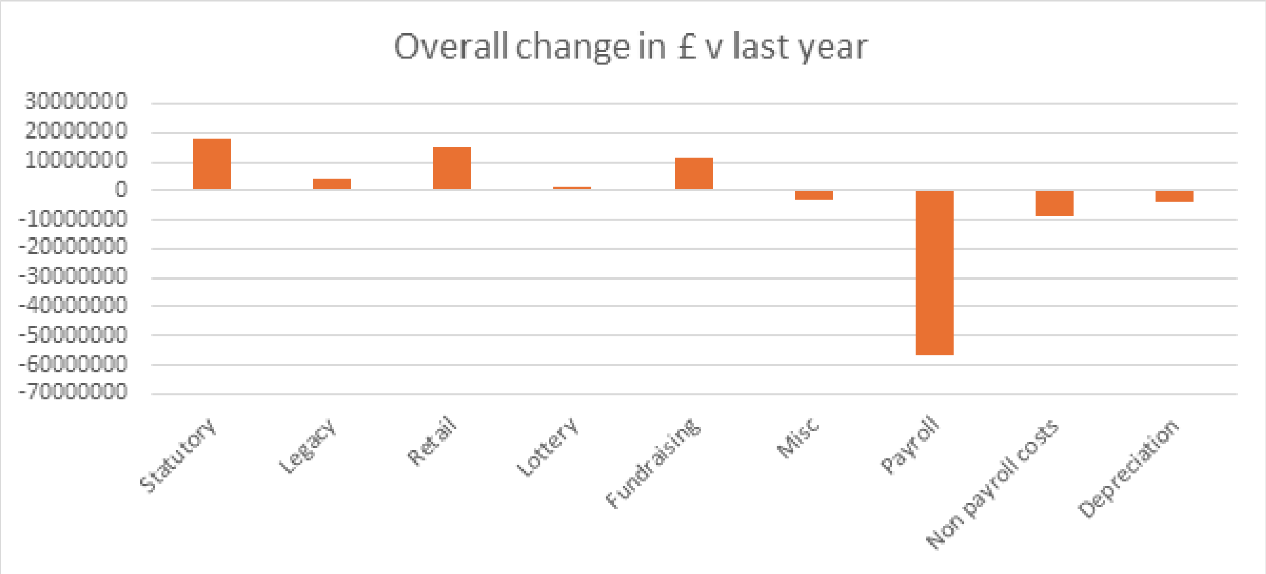
The graph above shows the overall results against last year for non-payroll costs (broken down by function).

Overall, non-payroll costs are up 4% compared to the prior year – so slightly above inflation.

Again, retail and support costs are up significantly – well above inflation.

It is interesting and, in some ways, concerning that charitable costs areas very slightly down on last year – it is very likely this is due to deliberate cuts rather than things getting cheaper. Fundraising costs are also slightly down on last year.

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.

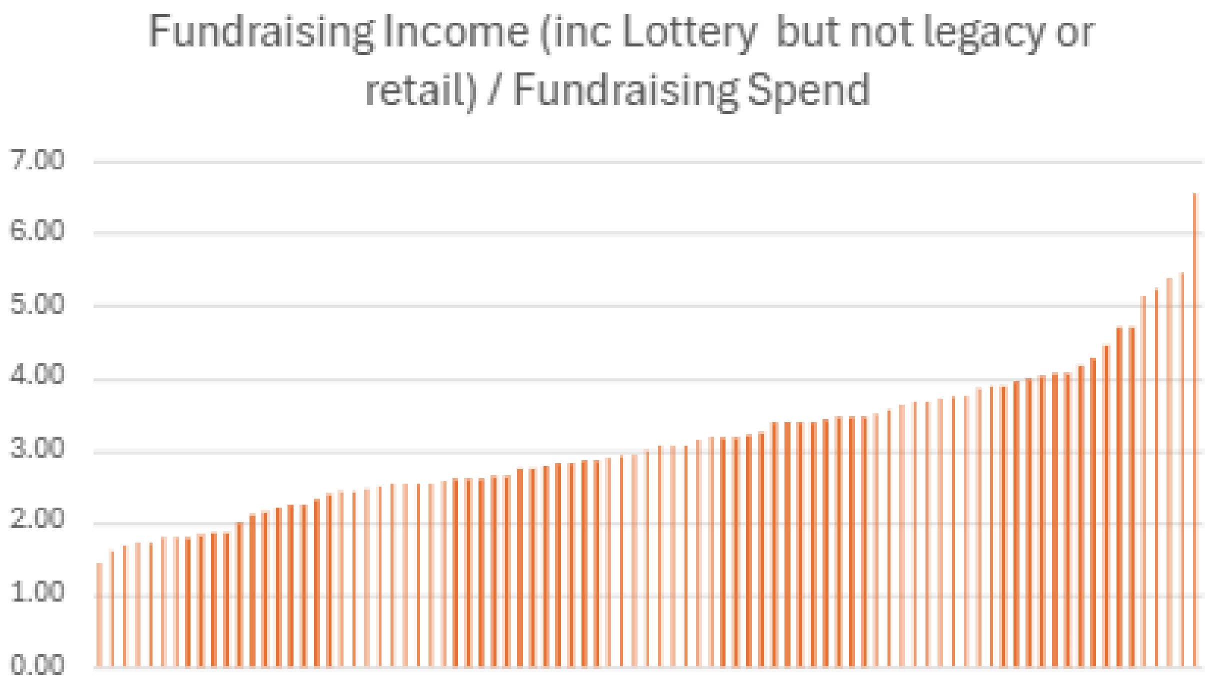
Increases in statutory, retail and fundraising income are reducing the impact of this slightly but are not fully mitigating it.

Appendix 3

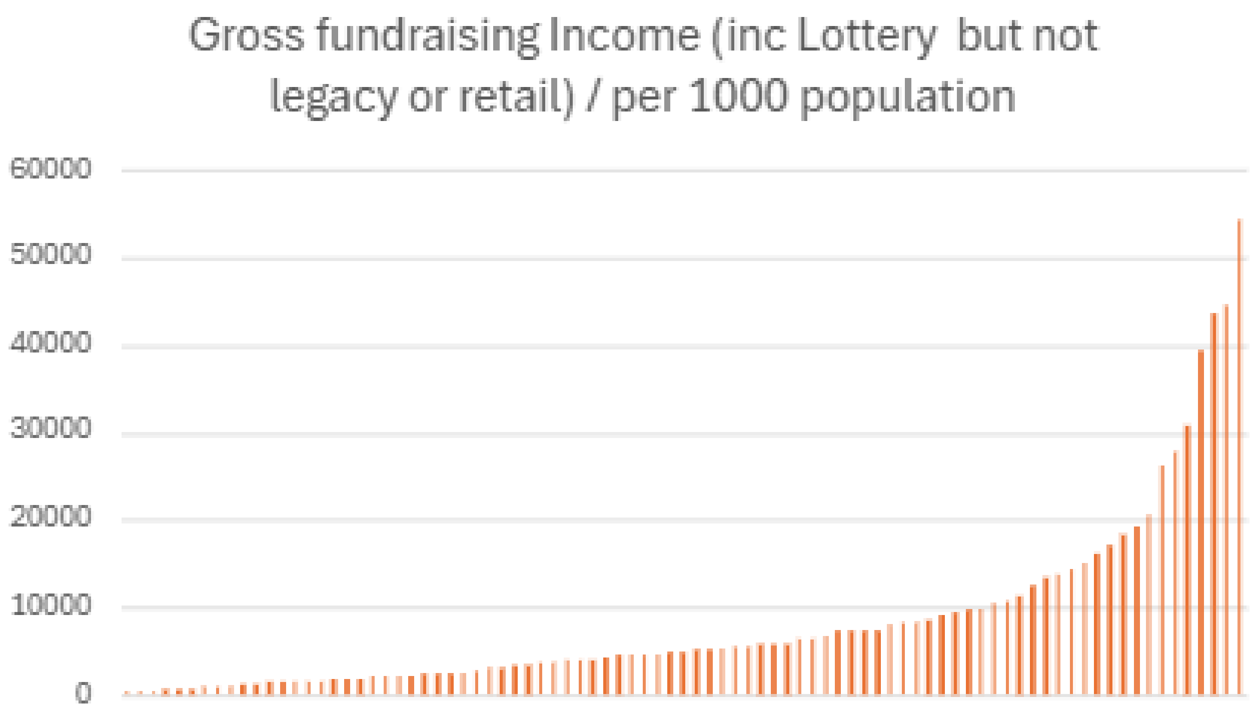
Fundraising performance (including legacy income)

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).



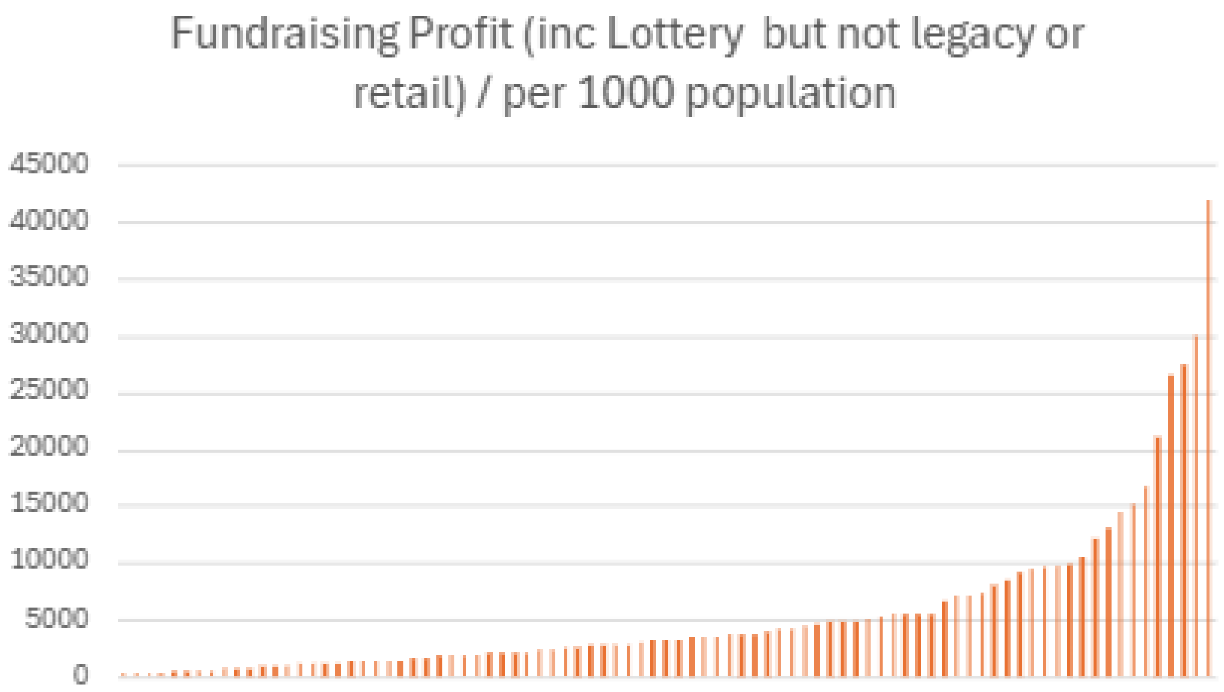
The graph above shows that hospices financial performance ranges from £1.43 to £6.55 for every £1 invested in these areas. The average return on fundraising investment was £2.84 per £1 invested.



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 £200 to almost £45,000 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 – although these have all been checked with hospices in 2026.



The final graph shows net fundraising profit per 1,000 population served, with profit ranging from under £100 to around £36,000 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.

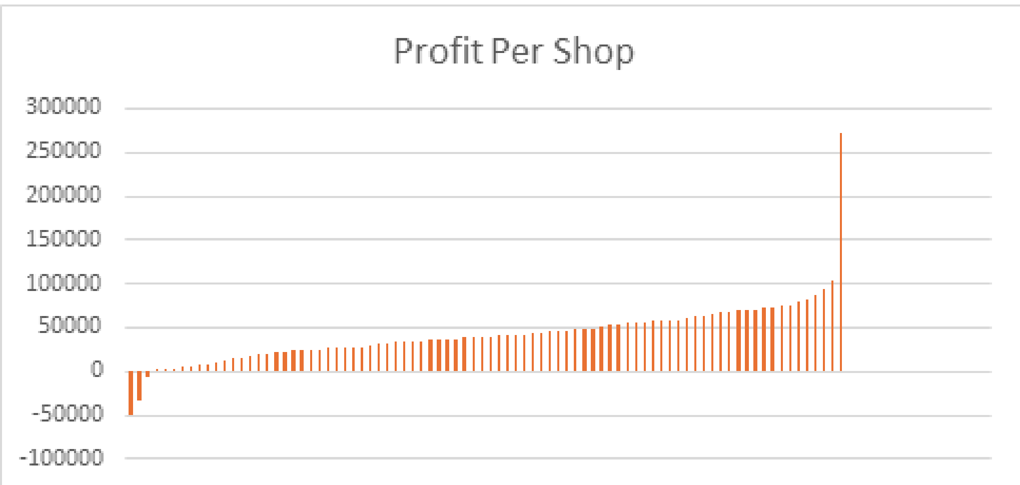
The first graph below shows the distribution of gross retail income per shop. Income per shop ranges from £53k to £654k.

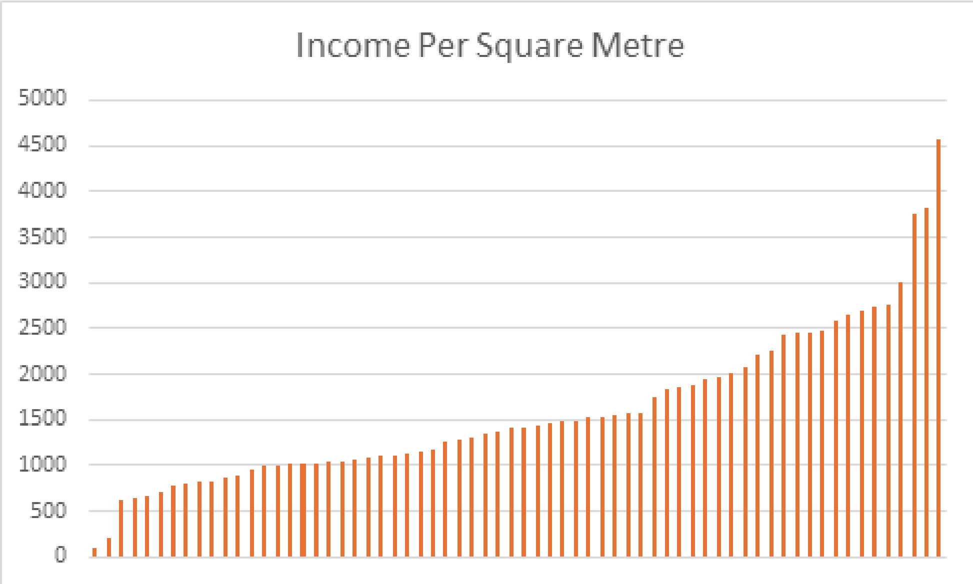
The average hospice shop has generated gross income of £179k in the past year.

The average profit per shop was £41k over the past year.

There is a wide variation in profit per shop for hospices, with the best performing hospice generating a profit of just over £270k per shop.

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





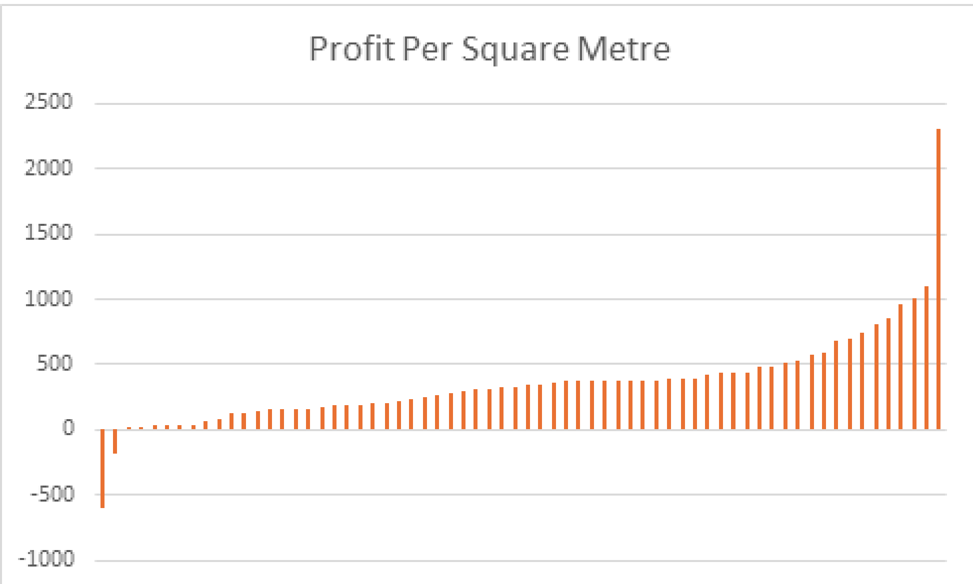
Around two thirds of participating hospices provided us with information about the square metres occupied by their retail operations. There were surprisingly wide variations in the gross income and net profit per square metre of different retail operations.

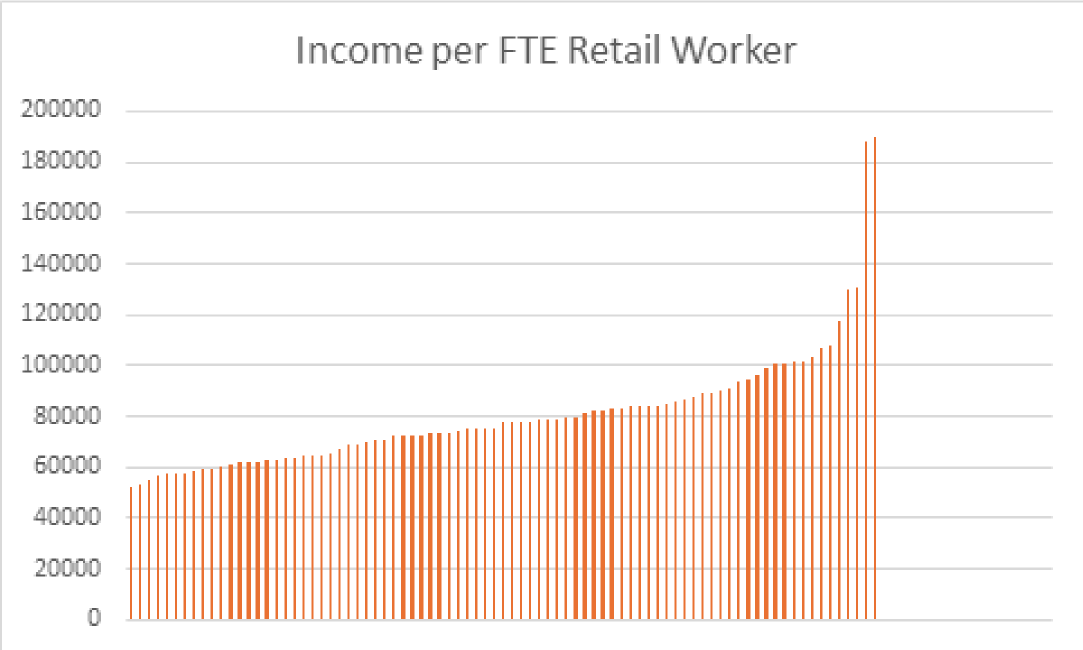
Gross income per square metre ranged from £85 to £4,579 for the year

The average was £1,167 of gross income per square metre

Net profit per square metre ranged from a loss of £592 to a profit of £2,310

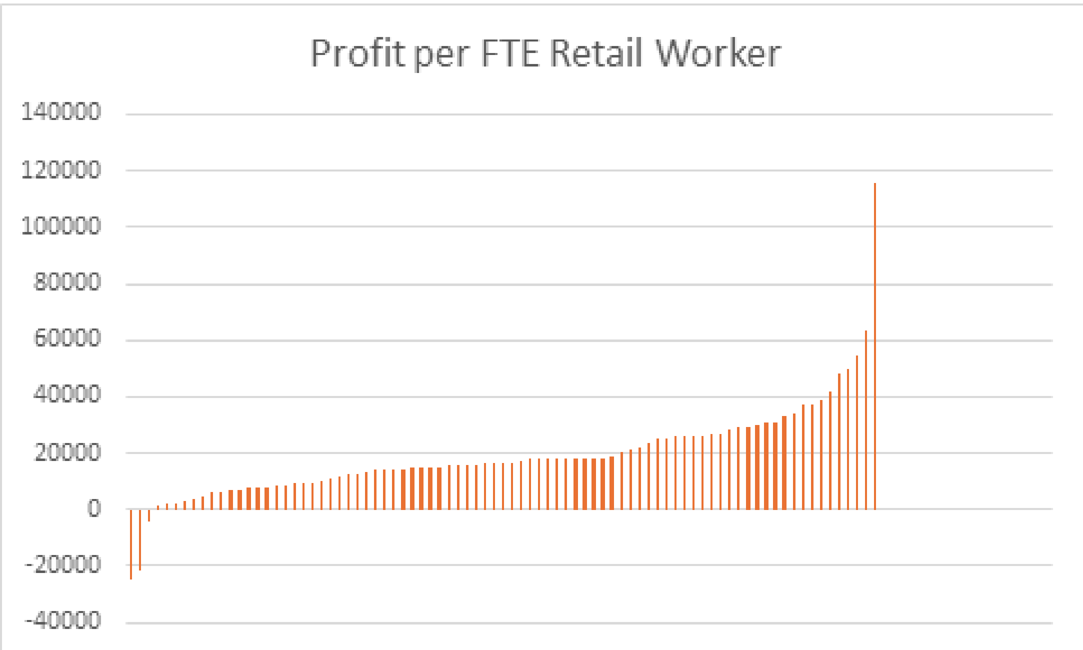
The average profit was £292 per square metre.





Gross retail income per FTE employee for the year ranged from £52k to £190k, with an average of £75k

Retail profit per FTE employee ranged from a loss of £25k to a profit of £125k per employee, with an average profit of £17k per retail employee.



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

Acknowledgements

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

Thank you to db associates for their advice and support on this project.

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