



HospiceUK

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# Financial turnaround toolkit

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**Hospice**UK

## About Hospice UK

Hospice care eases the physical and emotional pain of death and dying. Letting people focus on living, right until the end. But too many people miss out on this essential care. Hospice UK fights for hospice care for all who need it, for now and forever.

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## About Brooks Macdonald

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## Part 1

# Introduction and context

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**For the last few years, the hospice sector has been facing a period of sustained and unprecedented financial pressure. This shows no sign of abating. Indeed, the 2025/26 financial year will be the worst on record. We expect around 75% of hospices to record a deficit and nearly six in ten hospices have, or are considering, cuts to services.**

We are working urgently at a national level to secure the systemic, long-term statutory funding reform the sector needs. That work continues. But hospices are having to cope with these pressures today and every day. And for many that means having to make difficult and painful decisions.

This toolkit has been designed for hospice leaders and boards who are having to navigate an **organisational turnaround**: the deliberate, timebound process of stabilising a charity whose income can no longer sustain its expenditure, while protecting—as much as possible—the continuity of end-of-life care for local people.

A turnaround is not the same as a restructure or a strategy review. It is a specific kind of intervention; one that requires honesty, openness, discipline, and a willingness to take decisive action to create a sustainable platform from which future strategic choices can be made.

Where turnarounds are approached with clarity, pace but not haste, and strong governance, there is evidence that hospices can stabilise and continue to deliver high-quality care, even in constrained circumstances.

This toolkit sets out the key phases of a turnaround, from recognising the need for action, undertaking the process, to concluding the programme. We have aimed to provide practical guidance on financial control, people and culture, and stakeholder engagement. These are drawn from reflections from experience, and we have also included examples of learnings and best practice from hospices who have been through the journey. Not all elements will be applicable to everyone. But we hope that it will be of benefit to all who need to use it.

We recognise that entering a turnaround is one of the most difficult periods any hospice will face. It involves complex judgements, difficult trade-offs, and a sustained focus on both financial discipline and compassionate care.

As a national organisation, Hospice UK is committed to standing alongside hospices –providing data, insight, and practical tools to support leaders in making the best possible decisions for their communities.

This toolkit is offered in that spirit: as clear, pragmatic support to help you navigate the immediate challenge, protect what matters most, and move forward with purpose.

Paul Jennings

Chair, Hospice UK

## Part 2

# How the toolkit works

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Every instance of turnaround will be unique, even within a sector that has so much in common. There will be differences between one hospice and another: the size of the deficit; the experience at leadership level; the timescales needed; and much more. As a result, the toolkit doesn't attempt to reduce the subject to a task-level checklist or detailed set of technical instructions. Not every point will be relevant in every situation. Rather it works instead by identifying common themes from first-hand experience, and providing questions and prompts within a broad structure, in order to help you plan and execute effectively.

The toolkit is written primarily from the perspective of financial distress. However, we hope that much of the content as it evolves will also be useful in other forms of turnaround.

The toolkit is designed to evolve dynamically, rather than being a static resource. This Version 1 is being produced and launched quickly given the growing level of financial pressure on the hospice sector, with further iterations at regular intervals as members and allies add improvements, new ideas and techniques.



## Part 3

# The core toolkit

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**This part covers the core toolkit and is divided for convenience into thematic sections, each focusing on a specific aspect of turnaround. In reality, many of the suggestions and prompts below will have wider application than simply to the section in which we have placed it. Similarly, in practice, the various stages merge into each other. Therefore, we have identified these connections in the column marked 'See Also'. The general consideration is, of course, that a turnaround situation needs to be approached holistically.**

We have also included mini case studies relating to various themes covered in the text. These are based on feedback from hospices we have spoken to that have been through a turnaround journey. In many cases, these are anonymised because of the sensitivities involved.

Readers will note that a large amount of the material herein deliberately reflects on people, communications and culture (primarily section 3.5). Getting these right will be the glue that holds the turnaround programme together and the main enabler of lasting success. All the other sections of the core toolkit should always be read with these aspects in mind.

Cultural considerations during turnaround can be difficult, and stakeholders may look for people to blame, or struggle to accept that change is needed – especially if the change comes as an unexpected shock. We have therefore deliberately included a number of prompts and questions that may feel challenging. We have chosen to keep these in the toolkit, in the spirit of not leaving anything out on the grounds of delicacy.

## 3.1 Preventing the need for turnaround

It goes without saying that, where possible, building a level of financial resilience that materially reduces the possibility of needing turnaround, or minimising the impact if it becomes unavoidable, is desirable. Much of this will stem from the maturity of any financial strategy, as well as the underlying levels of financial literacy specific to the hospice sector. Note: much of the material included in section 3.6 ([Financial Considerations](#) – below) is also relevant to preventative action.

### 3.1.1 Maturity of financial strategy

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Do you have an underlying financial strategy that is regularly updated? Does it include as a minimum, the following:

- ▶ Consideration of various financial scenarios – good, bad and indifferent.
- ▶ Sufficient explanation of how your numbers behave (as well as numerical projections) that ensure all decision makers understand the business model? (e.g. the unpredictability of legacy income; lead times needed for income streams to mature; underlying flexibility in your cost base).
- ▶ Options for changing the way you work if one or more of your income streams becomes weakened or less predictable?
- ▶ Does financial literacy of the hospice business model permeate your organisation?
- ▶ Do you take active steps to mitigate against optimism bias in your forecasts, especially where income generation or diversification are concerned?

- ▶ Do you actively take risk mitigation steps e.g. by piloting, testing and 'failing fast' rather than expanding via big bang methods?
- ▶ Do you have a contingent list of actions in case your trajectory is worse than your base case?
- ▶ Are these accompanied by clear lines of accountability, lead times and expected financial impact?
- ▶ Are they kept under regular review?
- ▶ Do your main KPIs link to the major drivers or levers that underpin your financial strategy?

**See also**

- ▶ [3.1.2 Horizon scanning](#)
- ▶ [3.1.3 Strategic risk modelling](#)

## HOSPICE INSIGHT

One CEO we spoke to outlined factors to explain why some hospices had not focussed on growing financial problems quickly enough. These included:

- ▶ The failure to recognise the plateauing of income growth in the years before the pandemic.
- ▶ A focus on restricted funded service expansion which created long-term cost liabilities once such funding ran out.
- ▶ Over optimistic income generation forecasts.
- ▶ An in-built optimism based on years of actual figures turning out much better than budgeted ones.
- ▶ An assumption that clinical staff would remain willing to work at below market rates out of loyalty or because of the perceived benefits that hospices offer compared to the NHS.

### 3.1.2 Horizon scanning

Do you have 'lead' Key Performance Indicators (KPIs) and qualitative measures that give you early warning of a likely change in financial trajectory and thus a need to potentially course correct ahead of any major problems?

**See also**

- ▶ [3.1.1 Maturity of financial strategy](#)

### 3.1.3 Strategic risk modelling

Does your attention to financial strategy consider pessimistic scenarios, with a clearly defined plan to reinvent the organisation suitably early if forecasts indicate it is necessary?

**See also**

- ▶ [3.1.1 Maturity of financial strategy](#)

### 3.1.4 Benchmarking

Do you take advantage of benchmarking information to identify different ways of working, even if you do not have a deficit?

Does this include, for instance, efficiency and productivity gains in your cost base, and income maximisation or diversification?

**See also**

- ▶ [Hospice UK's ongoing financial benchmarking programme will be a relevant resource here: Financial benchmarking - Hospice UK](#)

### 3.1.5 Expenditure mitigation

What measures have you taken to review expenditure across all areas of your operations? Have you undertaken a zero-budgeting exercise? Have you reviewed your contracts and competitively tendered for the services and products you purchase? Have you looked at opportunities for joint procurement with neighbouring hospices or via third parties?

#### See also

▷ [3.2.5 Retrenchment](#)

#### HOSPICE INSIGHT

Rennie Grove Peace Hospice Care collaborated with the Hospice of St Francis and Isabel Hospice to undertake a joint IT Service Management tender exercise. The project was initiated by the Rennie Grove Peace Hospice Care Transformation Director but collectively the three hospices engaged a consultant to manage the end-to-end process, allowing them to share costs and learn from each other's requirements during the implementation.

There was some commonality in their requirements, but each also had its own distinct needs, so it was possible they might have selected different suppliers. However, in the end, they all chose the same company. The three-year deal resulted in securing a multi-hospice discount of approximately 15% savings across all three organisations, with the added benefit of building stronger relationships between the hospices.

There are now plans to collaborate with hospices across the new ICB East geography to leverage collective efforts to trial and test clinical AI systems with an aim to share learning, reduce costs and save time in implementation.

#### HOSPICE INSIGHT

Like many hospices we find ourselves in a position where costs are rising faster than income, and balancing the books is getting harder and harder. St Peter's is operating a planned deficit, utilising our financial reserves to fund, but we know that this is not sustainable and that action is required to bring the hospice back into balance.

In managing our finances, we have focused our efforts on three 'levers':

**Lever 1: Maximising income** - this is the most positive approach to the challenge, if we can increase our income we can sustain our services for longer. We are doing this through growing our existing income streams, engaging with our local NHS, and also purposefully seeking out new sources through a new business development initiative.

**Lever 2: Productivity and Efficiency** - Ensure we are as productive and efficient as possible. We are looking at how we operate and seeking improvements in processes, systems and organisational design that either reduce cost or increase our productivity (more for less). A key initiative for this lever is a focus on procurement (see below).

**Lever 3: Service Reduction** - the lever no one wants to pull but we must be prepared to do so if lever's 1 and 2 can't achieve the financial balance required.

#### A focus on Procurement

In engaging with our Senior Leadership Team on Lever 2 we asked them to consider opportunities to improve productivity and efficiency. There were lots of great ideas, but procurement stood out as a 'quick win'.

Procurement is a professional discipline in its own right and whilst our team work hard to ensure value for money, we sensed there were opportunities for improvements. To achieve this we engaged a local procurement specialist who worked with us for a number of months. Their approach was to understand where we spend our money and who we spend it with. From this they triaged the opportunities to focus on those where procurement gains were likely. For us that included merchant card services, IT licences, waste management, print and postage and retail consumables.

We saw successes in all these areas and created savings of circa £150k pa. We also developed new procurement processes and provided training to our key purchasers.

Procurement continues to be a focus for us and we are now looking at the potential of working with other local hospices to bring more scale to negotiations with suppliers.

### 3.1.6 Income maximisation

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Are you really maximising all opportunities to raise money across all your income streams? How understanding and supportive is your culture towards income generation? Should you invest further in existing or new income generation activities e.g. commercial activities?

#### See also

▷ [3.2.4 Emergency fundraising](#)

#### HOSPICE INSIGHT

Faced by a worsening financial situation, Prospect Hospice in Swindon overhauled its approach to income generation. This centred around three principles. 1. Moving from passive to urgent messaging. 2. From siloed to integrated campaigns 3. From cautious to bold asks.

After this approach generated significantly increased income, including a cash appeal that raised more than four times the target, Prospect developed a new 5-year income generation strategy. They now focus on three principles. 1. Fewer, but higher impacting campaigns. 2. Operating with the focus of a national charity, but the agility of a local one. 3. Investing in specialist skills where needed, both through internal restructuring and using external expertise.

Although the hospice still faces challenges, this approach has helped stabilise Prospect's financial position. For more details, please use the following link to hear CEO Jeremy Lune's presentation to Hospice UK's Trustee Forum. [Here](#) and [Here](#).

## 3.2 Preparing for turnaround

This stage of any turnaround inevitably dovetails closely with how a turnaround programme commences (see section 3.3 below). However, trustees and leadership teams should engage in certain targeted activities before substantively kicking off a turnaround programme. By preparing thoroughly, you will reduce the potential for the process to go off course, though there will always be events you cannot predict or prepare for.

### 3.2.1 'Golden rules'

What are the 'golden rules' set into your existing financial strategy or reserves policy? For example, level of either accounting reserves, or liquid reserves? On your most realistic trajectory, can you assess the timescale for breaching any of these? Have you assessed the potential cost of closure? This can give you an idea of the minimum level reserves you need to protect, and the potential time span you have until you reach that point. What does the most credible financial modelling scenario indicate? How will this affect your decision making as you go into turnaround?

#### See also

- ▶ [3.1.1 Maturity of financial strategy](#)
- ▶ [3.6.2 Financial model and strategy](#)

#### HOSPICE INSIGHT

Kirkwood use a risk-based approach to calculating reserves and managing financial forecasts over a five-year horizon. This included a RAG banding of reserve levels which determined actions if various pre-set levels were hit.

Worsening future projections led to them implementing a three-pronged strategy for two years involving expenditure reduction, seeking to increase their own income generation and securing increased statutory funding.

Despite some successes, notably nearly doubling NHS funding, an escalating deficit due to factors such as minimum wage and NI increases, meant they hit the pre-determined financial thresholds at which expenditure cuts were required. Without this, they believed the hospice could have become a going concern risk within three years.

There was still some reluctance to make reductions to service expenditure. But the presence of the pre-agreed policy meant it was agreed that such action must be taken forward to ensure the long term sustainability of the charity.

### 3.2.2 Starting to plan

What can you do now to prepare for entering a turnaround situation? Is it worth holding an away day for the Leadership Team to start the planning process and brainstorm key issues that will need to be considered? Once you are in a turnaround situation, one resource you never have enough of is time. Therefore, good preparation is key.

- ▶ Agree immediately the extent of early course correction in order to contextualise the quantum of early actions and tactical actions
- ▶ Instigation of immediate financial scenario modelling is going to be key. ([3.6.1](#) and [3.6.2](#)). This will be highly iterative, especially in the initial stages of turnaround.
- ▶ Your financial modelling may take many forms. As a minimum, we'd expect that you would need:
  - ▶ A long-term, multi-year model which will articulate your emerging change plans, and which will show the financial trajectory to your 'new norm'.
  - ▶ A short-term, rolling model, covering immediate cash needs and balances, and probably built to a greater level of detail than the long-term model. It may be necessary to keep this updated in real time as daily or weekly cash transactions are scheduled. This model will be of critical importance if you have negligible wriggle room in terms of cash or near-cash assets.

#### See also

- ▶ [3.4.1 Implementation of turnaround programme](#)

### 3.2.3 Engaging commissioners and other key stakeholders on a confidential basis

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Do you need to engage early with commissioners, health and social care partners, key supporters or ambassadors, (or anyone else), ahead of entering turnaround status?

Who is aware of the likelihood that turnaround will be required? Do you have a designated 'insider list' and do those named on it understand the need for confidentiality until you have a clear comms plan? What is the process for adding people to that list and who will advise any such people of the protocols around it?

#### See also

- ▷ [3.5.6 Governance](#)
- ▷ [3.5.5 Communications](#)
- ▷ [3.5.7 External communications](#)

#### HOSPICE INSIGHT

All the hospices we spoke to stressed the importance of communication with key health and social care system stakeholders. In some cases, this was done before the decision to go into a turnaround situation was made, but when it became increasingly apparent this was going to be necessary.

In others, it was after a formal decision was made but before the hospice informed their own staff. In such situations, there is always the risk that such communication will leak into the public domain which can have serious repercussions. Against this, if the first key partners hear about your plans is via the local media, this can have major implications on relationships with such parties.

The same issues applied to other key stakeholders, such as major funders, local MPs, high profile supporters, etc.

Local circumstances will probably determine the most appropriate timing in each case.

### 3.2.4 Emergency fundraising?

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Is there value in considering a very early appeal or campaign (recognising that at this stage you haven't explicitly gone into turnaround)? To whom and how will you communicate this? To commissioners? To high value supporters? To the public?

Exactly what message do you want to convey? How do you balance the level of urgency and threat without causing undue alarm and fear that the very future of the hospice may be in doubt?

#### See also

- ▷ [3.1.6 Income maximisation](#)
- ▷ [3.3.4 Formalise turnaround status](#)
- ▷ [3.5.5 Communications](#)

## HOSPICE INSIGHT

The benefits, but also potential drawbacks, of an emergency one-off fundraising campaign came up in many of our conversations.

A successful campaign can materially reduce the depth of expenditure cuts required, protecting vital services. For staff and volunteers, the visible act of the organisation fighting for its future can help sustain morale. For major donors and system partners, a well-framed emergency appeal might maintain confidence in your viability – but only if accompanied by a credible long-term financial recovery plan.

But there are risks too. An unsuccessful appeal may amplify concerns about organisational viability among the very parties you most need to reassure. And staff who expected it to save their jobs may feel let down. There is also the danger that whatever your messaging is, it may be misconstrued into headlines saying the hospice faces closure, not cut-backs. This could create a whole new raft of problems that need managing.

Moreover, even if you are successful, if you face a structural deficit, you are probably only postponing having to make reductions, not avoiding them completely. Also, if you go out with a second emergency fundraising message at a later date, you are likely to be met with much greater scepticism and be much less successful.

An emergency campaign may be an option. But if you do go ahead with one, be aware of the possible risks, not just the benefits.

### 3.2.5 Retrenchment and early course correction

Are there things that it makes sense to pause or end, even at a pre-turnaround stage?

Consider asking key leaders to table early options for tactical course correction and rank them in order.

#### See also

- ▶ [3.1.5 Expenditure mitigation](#)
- ▶ [3.3.5 Limiting the impact tactically](#)

### 3.2.6 Internal messaging

How open are you in communicating with your staff and volunteers about your financial situation? How are you doing this? By written comms only or also by having frank conversations in team meetings or other face-to-face forums. Given the degree of publicity about the challenges facing many hospices, they are probably already wondering what the situation is at your hospice.

#### See also

- ▶ [3.5.4 Hearts & Minds](#)
- ▶ [3.5.6 Internal communications](#)

## HOSPICE INSIGHT

One hospice CEO we spoke to said that he wished they had been more open much earlier about the financial situation they faced. By not being so, when they announced their plans for retrenchment, this came as a major shock to staff and in his view made the task harder.

Having said this, others told us that they believed they had tried to communicate the situation clearly in advance. However, judging by the reaction when they started the consultation process, the message had not got across. This was particularly the case for some of those hospices that were the first to go into a turnaround situation. A lesson here may be that whilst it is important to be as open and transparent as possible, people may not fully understand the messages – or perhaps not want to.

## 3.3 Starting turnaround

Starting turnaround well, not least by recognising that there is a problem, is a big part of tackling it. This area will require careful reflection from senior management and trustees. This phase of the work is where you start to define your change plans and to implement substantive changes. As stated below it is best practice to formally agree that you are entering a turnaround situation. This ensures that there is no ambiguity about the decision, and the scale of the challenge is recognised.

### 3.3.1 Situational understanding

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Does the problem statement (i.e. the issue you are trying to resolve) make sense, and is it holistic? For example, is the issue presented as an income generation problem, or are you thinking more widely about the entire business model?

What KPIs are you looking at, and what are they telling you? Are they 'lead' or 'lag' measures?

How has the issue come to the fore? What does that tell you about culture?

#### See also

- ▷ [3.3.2 Root cause analysis](#)
- ▷ [3.3.3 Holding up the mirror](#)
- ▷ [3.4.5 Data](#)

### 3.3.2 Root cause analysis

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Do you have a reliable, objective, and shared understanding of why you are where you are? Is the need for turnaround driven by external or internal factors, or a combination of both?

#### Trustees:

Does the dynamic at leadership and trustee level facilitate an honest, albeit uncomfortable, discussion about root causes? Are you able to reliably undertake root cause analysis in-house, or do you need independent help?

Are the root causes of your situation a product of an unexpected change in localised or organisational key factors, or are there macro-systemic issues behind it? How far does your situation mirror that of other hospices you know of that have had to undertake an organisational turnaround?

Once completed, does the root cause analysis identify any issues in terms of culture or capability that you may need to address quickly?

#### See also

- ▷ [3.3.1 Situational understanding](#)
- ▷ [3.3.3 Holding up the mirror](#)
- ▷ [3.4.5 Data](#)

### 3.3.3 Holding up the mirror

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#### Trustees/CEO:

Does everyone in a leadership or key decision-making role understand that turnaround is needed?

Is there a consensus about the scale of change needed, or are there material differences of opinion that need to be resolved quickly?

#### See also

- ▷ [3.3.1 Situational understanding](#)
- ▷ [3.3.2 Root cause analysis](#)
- ▷ [3.5.5 Communications](#)

### 3.3.4 Formalise turnaround status

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#### Trustees:

It is useful to consider making a formal decision at board level that the organisation is now in turnaround mode. It is worth remembering:

- ▶ Some key people may be more reflective than others and may need time to process what is happening or to seek more analysis from management.
- ▶ Some people may be absent from the discussion, and it is essential from a governance point of view that they are clear about the proposed change in status and endorse it.
- ▶ The composition of your trustee board morphs over time – any new trustees or sub-committee members need to understand unambiguously that the organisation is in turnaround mode.
- ▶ You will need considerable leadership bandwidth just to tackle turnaround. This may need to involve ‘turning off the tap’ for new ideas on development and growth for a while, and formally entering turnaround will help to address this at source.

#### See also

- ▶ [3.4.6 Governance](#)
- ▶ [3.5.5 Communications](#)

#### HOSPICE INSIGHT

CEOs stressed the importance of forewarning trustees of the potential need for expenditure cuts as early as possible. The extensive publicity around hospice funding in recent times has made this easier for some.

In many cases, hospices set up a specific board away day to consider their position, view options and make a formal decision about the need to enter a turnaround position and agree the fundamental principles that this would involve and key messaging to stakeholders. Sometimes this involved some parties expressing their doubts or concerns about the plans proposed, but it was better to get these out in the open rather than hidden from sight.

The importance of agreeing collective ownership and responsibility from all trustees and executive directors for the agreed outcomes from such discussions is absolutely key.

### 3.3.5 Limiting the impact tactically

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Do you need to take some immediate, tactical measures to give you some immediate mitigation, buy you time to plan properly or to emphasise the criticality of the problem? For example, decide against a cost-of-living salary increase.

You may have already undertaken such action(s) in the avoidance and preparation stages, but it can send an important if not welcome message.

What is your potential list of spend you can defer? How are you prioritising these – risk, ability to save money quickly, or other factors?

Are there areas of liquid assets set aside that you can reallocate pro tem, or illiquid assets that you can turn into cash?

#### See also

- ▶ [3.1.5 Expenditure mitigation](#)
- ▶ [3.2.5 Retrenchment and early course correction](#)
- ▶ [3.4.4 Speed](#)
- ▶ [3.5.5 Communications](#)
- ▶ [3.6.2 Financial model and strategy](#)
- ▶ [3.6.4 Tactical vs. sustainable](#)

## 3.4 During the period of change - proper planning and good governance

Putting the right structures and processes in place to ensure that the change progresses is key. Your initial plan will almost certainly flex as the work evolves. Having good governance – at both trustee and programme level – will help you maintain focus and consistency. It will also help you ensure that none of your workstreams go rogue.

### 3.4.1 implementation of turnaround programme

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Do you have a clear plan which links everything together?

What methodologies are you using to maintain strong programme management?

Are you clear about what your critical success factors are?

#### Leadership team:

Are you clear about any red lines that you wish to put in place e.g. points in the calendar where you don't want to land a major change, elements of service delivery that will remain untouched if possible?

#### See also

- ▷ [3.4.2 Programme plan structure](#)
- ▷ [3.4.3 Sequencing and critical path](#)
- ▷ [3.4.4 Speed](#)

### 3.4.2 Programme plan structure

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How does your turnaround programme hang together? Are you managing it as a single project, or are you breaking it up into workstreams with a degree of delegated authority for each? Who 'holds the ring' on the holistic picture?

How are inter-dependencies being managed? What cross-programme working arrangements are you putting in place to ensure that individual projects and their lead staff work in a cohesive fashion?

#### See also

- ▷ [3.4.1 Implementation of turnaround programme](#)
- ▷ [3.4.3 Sequencing and critical path](#)
- ▷ [3.5.2 Leadership decisions](#)
- ▷ [3.5.3 Getting the right people](#)

### 3.4.3 Sequencing and critical path

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#### Leadership team:

It is useful to undertake a critical path analysis as a matter of urgency. This might include:

- ▶ The need to improve data insights and measures rapidly before any substantive restructuring.
- ▶ Whether you want to change management structures before driving other changes (so that people are incentivised to design what they will then manage) or whether to do this later.
- ▶ Any formal consultation or co-design that you either have to undertake or wish to do.
- ▶ Capability and the potential need to introduce additional expertise for the turnaround period.
- ▶ Any external commitments or constraints e.g. public contract terms.
- ▶ Any other enablers that will act as precursors to substantive change e.g. upgrading systems.

#### See also

- ▷ [3.4.1 Implementation of turnaround plan](#)

- ▷ [3.4.4 Speed](#)
- ▷ [3.4.5 Data](#)
- ▷ [3.4.6 Governance](#)
- ▷ [3.5.3 Getting the right people](#)
- ▷ [3.5.5 Communications](#)

## 3.4.4 Speed

How fast do you want to get your change done? This will depend on a number of factors, including:

- ▶ Critical path (above).
- ▶ The need for 'soft landing' of changes to service delivery i.e. not making huge changes immediately or in one go, but rather phasing things over time, and with plenty of notice. Against this, a second or even third round of significant reductions will invoke much stronger negative reactions and impact on morale.
- ▶ Reputational impact.
- ▶ Capability within the existing team.
- ▶ The level of liquid reserves – if this is relatively low you may not have any choice other than to move quickly.
- ▶ The trade-off between implementing an elegant organisational design that has had heavy consultation or getting people through difficult change quickly. Which one works best for you?

### See also

- ▷ [3.4.3 Sequencing and critical path](#)
- ▷ [3.4.5 Data](#)
- ▷ [3.5.3 Getting the right people](#)
- ▷ [3.5.5 Communications](#)

## HOSPICE INSIGHT

Two hospices stressed the challenge and stress of trying to balance (i) planning for possible major cuts (ii) communicating the financial situation to staff, whilst not wanting to cause undue alarm, and (iii) ongoing negotiations as to a possible increase in NHS funding that, if secured, could avoid the need for cuts to the workforce (temporarily or for the medium term). Sadly, in both cases, the funding was not received so the cuts had to be implemented.

It is also important to remember that there will be external forces that you cannot necessarily control which impact how quickly you can move.

## 3.4.5 Data

### Leadership team:

How mature and complete is your data, especially in terms of outcomes and impact? If you have relatively low data maturity, you might want a rapid initial phase to get some better data before you make any front-line changes.

To what extent will your data help you in prioritisation and/or design?

What KPIs are you putting in place for (a) tracking turnaround progress and (b) the ongoing health of the organisation post-change?

### See also

- ▷ [3.3.1 Situational understanding](#)
- ▷ [3.4.3 Sequencing and critical path](#)
- ▷ [3.4.4 Speed](#)
- ▷ [3.7.1 How to prevent recurrence](#)

## 3.4.6 Governance

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### Trustees:

To what extent do you want stakeholders other than trustees to play a part in decision making? You'll need to check your governing documents as some charities have provisions requiring them to consult with service users, funders (especially for restricted funds) or others before making major changes to the charity.

Think about making an overt decision as to whether you want to engage in a level of co-production or co-design. There's no right or wrong answer, but it's important to be deliberate.

If you have sub-committees, which one is going to take the lead in scrutinising your turnaround plans? Is there a risk of a situation where you are getting conflicting direction from different committees?

Do you need to think about the composition of your trustee board and/or sub-committees, at least during the period of change? Do existing board and sub-committee members have the right frame of reference and skills to oversee turnaround?

How will oversight and change control work as the programme progresses? What are the triggers that necessitate a material change to the existing plan, and how will any subsequent replan be approved? What is delegated to the senior management team in this regard, how will that be measured and complied with, and what must be escalated to either a supervisory sub-committee or the full board? Is there an appetite for governance meetings outside of the normal calendar, and can these be virtual or by correspondence where a change of plan needs rapid resolution?

### See also

- ▷ [3.4.8 Risk](#)
- ▷ [3.5.2 Leadership decisions](#)
- ▷ [3.5.3 Getting the right people](#)
- ▷ [3.5.5 Communications](#)
- ▷ [3.5.9 Regime change](#)

### HOSPICE INSIGHT

One hospice we spoke to drew parallels with the kind of governance that had to be adopted during the pandemic. They set up a joint Exec-Board sub-group that could make decisions on a quicker basis than was the norm because of fast moving, unpredictable situations. These were then reported back to the full Board and leadership teams.

Other hospices spoke of the benefit of having supportive trustees who were willing to act as spokespeople with key stakeholders, including the media, senior NHS staff, MPs, etc. This was appreciated by hard-pressed executive team members and reflected the importance of collective ownership of the process.

## 3.4.7 Maintaining service delivery

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How are you going to organise yourselves so that service delivery is not impaired in quality terms in the short term?

What options are available to you in terms of the deployment of key people in this regard?

How are the objectives and supervision of service delivery staff being adapted so that transition to any new service models is properly planned and coordinated?

How are service delivery staff and key external providers being kept up to speed with transition plans?

What approach are you going to take to your existing portfolio of services in planning for the future?

Will you focus on a core range of services and close some altogether? Will you maintain at least a basic level of all so you can more easily re-build going forward if possible?

### See also

- ▷ [3.5.2 Leadership decisions](#)
- ▷ [3.5.3 Getting the right people](#)
- ▷ [3.5.5 Communications](#)

## HOSPICE INSIGHT

Kirkwood's approach involved redesigning clinical services rather than making across-the-board 'salami slice' cuts, or to stop distinct services. They decided to protect their specialist palliative care role, whilst focusing on an interdisciplinary team model, developing a virtual hospice service and reducing beds from 16 to 12. Birmingham Hospice decided to maintain all services even if some were much reduced as this would better enable expansion of them at some stage in the future, if possible.

### 3.4.8 Risk

Is your risk framework (a) right at the centre of things and (b) couched in strategic rather than just operational terms?

It will likely help you a lot in keeping everyone focused and keeping all your key decision makers in a turnaround mindset if your risk register and action plan are highly prominent during this period.

If your risk approach is quite static, or focuses mainly on low level operational risks, you may need to change that quickly, and to get the big existential risks to the fore.

#### See also

▷ [3.4.6 Governance](#)

### 3.4.9 Self-care and grounding

#### Leadership team:

As a turnaround leader, you are likely to be a magnet for everyone else's concerns, vulnerabilities and more. That goes with the territory. But how are you looking after yourself?

Who is your support network? Who props you up on your bad days?

Who are your trusted allies or mentors who help you stay grounded? Who is helping you maintain perspective and remember that turnaround is a means to an end, not an end in itself?

Who is helping you to maintain a sense of perspective and keep the transformational impact of what we do as a sector close to front of mind?

Who is supporting you from within your own organisation (trustees?), and who can help you more objectively from outside the organisation?

#### See also

▷ [3.5.2 Leadership decisions](#)

## HOSPICE INSIGHT

One hospice said that having a united and supportive executive team, which collectively owned the process but in which members could still voice concerns, sustained them during the hardest times. At times, this involved a daily check in to maximise peer support and keep updated on progress. We know of other cases where divisions and siloed perspectives amongst leadership teams caused significant added difficulties.

Several hospices we spoke to mentioned that nurturing personal and collective resilience is important, especially when as has happened, certain individuals are named and personally attacked verbally, by the local press and / or on social media.

One CEO talked of how he was held personally responsible for job losses and another of 'understandably unkind' comments he received. He said that such behaviours reflected people's passions and commitment, and he said it was important to see them directed more at the senior figure in the organisation, not him as a person. But he also said some staff showed empathy for the position the CEO, directors and trustees were in. He said the whole exercise might best be described as 'heart-breaking.'

To summarise, the emotional toll on both leadership and staff should not be underestimated and the need to provide them with the right support is vital.

## 3.5 People, capability and culture

Addressing cultural considerations well will often be the difference between a successful turnaround and a failed or impaired one. As a values-driven organisation, and one that exists to drive demonstrable social impact, getting this right will rightly be central to your approach. This area can be the most difficult element of turnaround, not least given the level of emotional investment on the part of all stakeholders. It will often require some difficult but necessary reflection – and action – on the part of those with leadership and governance responsibilities.

### 3.5.1 Culture and environment

How do you want to approach this:

- ▶ Top-down or bottom-up (i.e. change done in a relatively directive way, or do you want to invite participation at all points)? Obviously, you need to follow legal stipulations which may force a degree of consultation.
- ▶ Co-production and co-design – will your extended community be a part of your change i.e. volunteers, families, partner organisations?
- ▶ How are you going to deal with mistakes and stumbles, in terms of the working environment? It is highly unlikely you will get 100% of things 100% right 100% of the time! How open are you going to be about this fact? How redemptive an environment do you want to create?

#### See also

- ▶ [3.4.6 Governance](#)
- ▶ [3.5.5 Communications](#)
- ▶ [3.6.5 Blueprint](#)

#### HOSPICE INSIGHT

One CEO said that he had been involved in three different turnaround situations and that the lessons he learned from the first and second had meant he approached the third in a different way, especially around being more open and visible around the organisation. He stressed the importance of not expecting perfection from yourself or those around you.

### 3.5.2 Leadership decisions

Who is going to lead the redesign of the organisation, i.e. the ‘architect’?

Who is going to provide conventional programme leadership in terms of coordination, accountability, drive, risk, etc?

Who is going to provide the emotional intelligence and leadership for the organisation during this period?

Who’s in charge overall, and therefore the person to whom trustees will look to achieve success?

If the answer to all of the above questions is the same person, then ensure they have the time, capacity, resources and support to do so.

How will you structure your change programme, and what level of delegation is going to be involved?

What structures are you putting in place to ensure that the balance between maintaining service delivery and driving change is handled properly?

You may want to consider having a safe-space, honest conversation at a leadership level very early on to discuss whether as a team you genuinely have the skills and frame of reference to do this, or whether you need some external help.

#### See also

- ▶ [3.4.1 Implementation of turnaround programme](#)
- ▶ [3.4.2 Programme plan structure](#)
- ▶ [3.4.7 Maintaining service delivery](#)
- ▶ [3.5.3 Getting the right people](#)

### 3.5.3 Getting the right people

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Who is going to be part of your turnaround team?

What capability do you need/have? What capacity do you need/have?

What attributes are you looking for in that team? This may include the following considerations:

- ▶ Good in challenging circumstances.
- ▶ Emotionally intelligent and politically savvy.
- ▶ Great problem solving and critical thinking skills.
- ▶ Proactive and driven.
- ▶ Ability to think beyond incremental change.
- ▶ Ability to see the bigger picture and the interconnectedness of multiple workstreams.
- ▶ Very high change tolerance and appetite.

Will your turnaround team be dedicated (for at least part of the time) or do you expect them to absorb the task alongside their existing role?

Are you going to backfill key people in order to avoid burnout?

Do you need external help, e.g. interim resource? Considerations on this will include availability, cost and cultural fit.

Are there specialist skills you may need for a limited period, e.g. financial modelling, accredited programme management, property expertise, legal, HR/restructuring? How are you going to get these – external advisors or interim team members?

#### See also

- ▶ [3.4.7 Maintaining service delivery](#)
- ▶ [3.5.2 Leadership decisions](#)

#### HOSPICE INSIGHT

Although it may appear counter-intuitive and could well attract criticism, investing the right resources and support required during the turnaround period is vital.

One hospice appointed project management expertise to help co-ordinate and oversee all elements of the process. They also invested in crisis communications expertise to manage internal and external messaging and ensure its consistency. Trustees and executives also underwent media training to identify who should act as spokespeople for the hospice.

Including legal fees related to the redundancy process, they estimated the cost of additional expertise support was over £100,000, but believed that the process would have been much longer and ultimately much more difficult and possibly expensive without such expertise.

Another CEO highlighted the importance of having solicitors who took a supportive and practical approach. He noted that those supplied by insurers tend to be very conservative and inflexible, with their main priority being to avoid costs rather than carry out the process in a more supportive manner. He also stated that going through collective consultation rather than on a one by one can save considerable time and money, but appropriate legal advice is needed around this.

Ensuring you have the right level of HR expertise to manage the programme was another common recommendation. In several cases, this involved bringing in additional external resource.

### 3.5.4 Hearts and minds (and feelings)

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Given that job losses and services cuts are highly likely, how do you want people to feel during the change, and what are you as leaders going to do about this?

How will you go beyond the internal communications plan in doing this?

What is your 'leadership shadow' – i.e. do you understand how you come across to others during this difficult period? How do you know? What deliberate choices are you making here? How visible are you?

What support structures are you putting in place for your service user community, staff and volunteers?

#### See also

- ▷ [3.4.9 Self-care and grounding](#)
- ▷ [3.5.5 Communications](#)
- ▷ [3.5.6 Internal communications](#)

### HOSPICE INSIGHT

Undergoing a turnaround is difficult in any organisation. Arguably, in hospices it is harder than most. In the words of one CEO, 'The values-driven culture that we have, which makes us so good at what we do, also makes us so resistant to change and transformation in a period of crisis.'

### 3.5.5 Communications

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#### General:

- ▶ Have you got a comprehensive comms plan, covering timing, content, key agreed messages, channels, spokespeople, FAQs, etc?
- ▶ How are you going to keep internal and external communications lined up? How will you avoid the perception of different narratives, which could be damaging reputationally and which may worsen morale further?
- ▶ What key plans or activities have you already communicated either externally or internally in the preparation and start stages? To what extent will you need to amend these, and how/when are you going to communicate that? How will you explain any significant change in direction?

#### See also

- ▷ [3.4.1 Implementation of turnaround programme](#)
- ▷ [3.4.6 Governance](#)
- ▷ [3.5.1 Culture and environment](#)
- ▷ [3.5.2 Leadership decisions](#)
- ▷ [3.5.4 Hearts and minds \(and feelings\)](#)
- ▷ [3.5.6 Internal communications](#)
- ▷ [3.5.7 External communications](#)
- ▷ [3.5.9 Regime change](#)

### 3.5.6 Internal communications

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- ▶ What is your existing approach to internal communications? Your approach to turnaround comms is already set to some degree by your existing style, content and frequency of internal comms.
- ▶ When and how are you going to share turnaround status with staff? What expectations will you set in terms of their participation?
- ▶ Will entering turnaround come as a shock to people, in which case how are you going to 'shift gear' in terms of comms style?
- ▶ What language and terminology are you going to use that will remain constructive, but at the same time give people proper transparency? Will you use the Turnaround word or is there something that is more appropriate to your team?

- ▶ What content will you use, both at the initiation stage and during the change programme? Different audiences may need different levels of detail or style of communication.
- ▶ What is your feedback mechanism? Will you provide anonymised channels?
- ▶ How will trustees participate in the internal comms activity?
- ▶ How will you balance candour and hope?
- ▶ To what extent are you going to use internal comms to invite participation and ideation amongst staff?
- ▶ How often are you going to provide updates?
- ▶ Which senior staff are going to be visible as spokespersons?

#### See also

- ▶ [3.5.5 Communications](#)
- ▶ [3.5.7 External communications](#)

### HOSPICE INSIGHT

All the hospices we spoke to stressed the importance of having open, honest communications but recognised this was not always possible for legal reasons or due to factors outside their control. For example, on-going negotiations for increased statutory funding. One CEO talked of the importance of ‘holding the responsibility but also the uncertainty.’

The importance of the CEO and exec team maintaining a high level of internal visibility and access was another theme. Regular town hall events and other face-to-face sessions were used, though it was important to ensure consistency of messaging in these.

The CEO at one of the hospices announcing cuts before many others (August 2024) produced a 10 page flipchart presentation designed to explain the financial history and prevailing challenges in a format clear without jargon and which was transparent to staff and volunteers. This enabled the presentation to be delivered at any time, day and night and in any hospice setting (shop, ward, kitchen, other sites etc). This was very well received with 98% attendance achieved.

Another repeated theme was the importance of being fully open to alternative ideas and suggestions, as long as these did not breach underlying principles. If this is sincerely undertaken, it can make a difference in terms of encouraging staff involvement and building trust. One hospice reported that a non-clinical team came up with a proposed move to a fee-based service which is now being trialled.

Several hospices stressed the need to abide by their organisational values throughout the process as a beacon to guide behaviours.

### 3.5.7 External communications:

- ▶ How will you tell the story of necessary change to your wider stakeholder group, especially the extended service user family?
- ▶ How will you check the extent to which external stakeholders have made decisions based on expectations which you can no longer deliver?
- ▶ Will you use external comms on turnaround to drive income generation – and if so, how? How will you balance the urgency of the case for support with the delicacy needed for many stakeholders?
- ▶ What detail will you share in terms of implementation plans, especially in so far as they impact service delivery?
- ▶ What does your stakeholder map look like, and how will comms be tailored for different audiences? What confidential, or embargoed comms are required?
- ▶ How are you going to deal with comms that may be part of a contractual or regulatory obligation, e.g. statutory commissioners, regulatory body such as CQC, annual report and other mandatory disclosures, other contractual obligations?
- ▶ How will you respond to negative coverage of your plans? What elements are most likely to cause upset or anger? How will you explain or defend these? Should you do this pro-actively or reactively?

#### See also

- ▶ [3.5.5 Communications](#)
- ▶ [3.5.6 Internal communications](#)

## HOSPICE INSIGHT

The hospices we spoke to had differing experiences in terms of managing external comms and the approach of key stakeholders.

Early and consistent comms with MPs had largely ensured their support though their ability to influence existential factors is limited, although in one case an MP helped broker difficult relationships with commissioners. It was also pointed out that MPs may also be contacted by those opposing the proposed changes.

In several cases, the local media had taken an adversarial or unhelpful approach. For example, focusing on the salaries of the CEO or directors or portraying the very future of the hospice as being at stake, contrary to what was being communicated, thus raising fear and alarm.

In some cases this led on to social media campaigns that became personal and spread stories far from the truth. As one CEO said 'Countering a simple lie with the complex truth is not easy'. But in other cases, media support had significantly helped in advocacy or fundraising efforts.

Briefing influential local media face-to-face on an off-the-record basis to explain the nuances of the situation is one approach to consider. Having agreed FAQs, clear and consistent messaging, well trained and articulate spokespeople and realising that there are forces you cannot control were all seen as important.

Kirkwood monitored stakeholder confidence through the process by tracking via key indicators including service user feedback, partner feedback, employee retention, and donor behaviour. Their communication strategy focused on the aim of securing the future of end-of-life care rather than an emergency, 'save our hospice' situation. They believe this helped retain stakeholder confidence and thus support during the transition. Another hospice developed a detailed communications plan for all stakeholders and identified and ensured all records of conversations were centrally recorded.

## HOSPICE INSIGHT

The issue of NHS funding is of course central to the financial challenges the sector faces. So, not surprisingly, relationships with commissioners were a common issue in our discussions.

In the most extreme case, these became extremely challenging following one hospice's advocacy for a more equitable approach to funding to match another part of the area covered by the ICB. This led to the hospice encountering significant PR problems resulting from their ICB describing their service as 'expensive' in a letter shared openly with the wider health and care sector, with no explanation or justification of the term.

To some extent, the problems related to limited realisation of the nature of hospice care, or understanding the difference between specialist and generalist provision. Similarly, not understanding (or not accepting) the idea of co-commissioning services. Nor that charity financial viability more closely resembles the private sector, not the statutory bodies and that charities have to be a viable going concern.

This hospice found that when they actually got NHS decision makers through the door of the hospice and had the chance to show and explain what they really did, that did make a difference. They also recommend trying to find an 'ally' within the ICB who genuinely understands and 'gets' hospices and hospice care. In addition, they recommend getting clear understanding and agreement on exactly what services the NHS is funding and the proportion of this funding in relation to the actual cost.

There are examples in other parts of the country in the public domain of difficult relationships between hospices and NHS commissioners, or providers who have sub-contracted services to hospices.

In other cases, commissioners – and other partners in the system – expressed sympathy in principle, but little in terms of direct, meaningful support in cash terms. The point was made by a couple of CEOs that many ICBs have or are themselves going through mergers or major re-structures and cost cutting exercises, so it is important to remember the pressures they face themselves.

However, in several cases, hospices reported that engaging closely with commissioners during the turnaround period has led to stronger relationships and increased funding now they are in a more stable and sustainable situation.

**Please also note that there are references to specific aspects of commissioner relationships in other parts of the toolkit.**

Please also see [this link](#) for further information and advice on working with commissioners and the NHS more generally.

### 3.5.8 Politics

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Are you alert to the prospect of internal politics being in play?

Who's active and engaged?

Who's sitting on the fence?

Who's blocking the road?

Who's constructing a separate narrative that is potentially misleading?

As a leader, to what extent will it be necessary to engage in politics to get the job done?

What are your mechanisms for coping and perspective?

#### See also

▷ [3.4.9 Self-care and grounding](#)

#### HOSPICE INSIGHT

One hospice discussed how during the consultation processes, the reduction of nursing and HCA posts in one particular team dominated conversations. This led to some resentment and feelings of being overlooked by other staff, whose roles were also under threat. Moreover, different groups of staff and their union reps also responded differently. For example, some nursing staff and reps found it much harder to understand the financial situation the hospice faced and why jobs were under threat. In others, the decision not to reduce income generation staffing whilst cutting service teams led to strong criticism from several quarters, despite the strategic rationale for the decision.

Another CEO reflected on cultural barriers, including long-established directors building “untouchable empires” and siloed mentalities inside directorates which hindered developing organisational-wide approaches.

### 3.5.9 Regime change

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#### Trustees:

There will be occasions when turnaround status results in significant changes to leadership.

Senior or key staff who depart will likely have friends and allies remaining in the organisation after they have gone. If this is the case, there may well be colleagues, service users and volunteers who are bruised by the departure of people they care about. What are you doing to build engagement and trust with those people?

Where there haven't been major changes to leadership, do staff and other stakeholders feel that this should have happened? What is the level of stakeholder confidence (beyond the view of trustees) in the team who are tasked with turnaround? How will you find out? What are you doing to overcome their negative feelings and give them assurance that the leadership team can resolve the problems?

#### See also

▷ [3.4.6 Governance](#)

▷ [3.5.5 Communications](#)

▷ [3.5.6 Internal communications](#)

▷ [3.5.7 External communications](#)

## 3.6 Financial considerations

Your turnaround plan will be heavily centred on specific actions and choices that will have a material effect on your financial position. It will also require strong financial modelling that will act as a central point of reference for the whole change programme.

### 3.6.1 Cornerstone documents

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#### Trustees:

Do you have an agreed set of 'cornerstone' documents that will act as your formal baseline against which you track progress? These should be explicitly agreed by trustees as the parameters and metrics against which turnaround will be implemented. They will likely only change through formal approval of the board.

This set of documents is likely to include as a minimum:

- ▶ a multi-year financial model that shows the trajectory to a resilient financial position – your 'base case'
- ▶ your main 'design principles' that articulate what the future state organisation will look like
- ▶ the governance and programme structure(s) for your turnaround programme
- ▶ your initial programme plan and critical path analysis
- ▶ key accountabilities and responsibilities within the leadership team.

These will act as the main point of reference against which trustees will hold management to account.

#### See also

- ▶ [3.1.1 Maturity of financial strategy](#)
- ▶ [3.4.2 Programme plan structure](#)
- ▶ [3.4.6 Governance](#)
- ▶ [3.6.5 Blueprint](#)

### 3.6.2 Financial model and strategy

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As a cornerstone document, have you got a dynamic multi-year financial model that allows you to test scenarios in real time, as well as to track the progress of your turnaround? Does the model allow for non-linear variables, e.g. sudden drops in investment values, changes in policy stance by commissioners?

Are you producing regular updates to the model so that you can understand your trajectory in-flight?

Is the model operating under strict change control protocols, with any material changes approved by the board, with associated changes to timescales, structure, one-off costs, etc?

Are you ensuring that you model your proforma balance sheet (liquidity as an absolute minimum), as well as your income and expenditure?

Have you got an existing financial strategy that goes beyond a spreadsheet, and instead ensures proper comprehension of the major components of your business model, the actions you are taking on these, and the appropriate measures related to each one?

How well socialised and understood is your existing financial strategy? Does turnaround represent a course correction against a plan that everyone understands, or do you need to do some rapid education?

#### See also

- ▶ [3.1.3 Strategic risk modelling](#)
- ▶ [3.4.6 Governance](#)
- ▶ [3.6.1 Cornerstone documents](#)
- ▶ [3.6.3 Finance team](#)
- ▶ [3.6.5 Blueprint](#)

- ▷ [3.6.6 Income](#)
- ▷ [3.6.7 Cost base](#)
- ▷ [3.6.8 One-off costs](#)
- ▷ [3.6.9 Balance sheet](#)
- ▷ [3.6.10 Financial literacy](#)

### 3.6.3 Finance team

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#### Leadership team:

How well placed is your finance team to lead, coordinate and challenge? Are they a traditional ‘back office’ function or are they strategic, positively disruptive and actively impacting culture? Are they actively maintaining a sophisticated financial model, and using it to speak up?

Do they need some urgent coaching/support to get them to a position where they are more informed and confident in handling turnaround?

What role will your key finance people play in turnaround?

#### See also

- ▷ [3.6.2 Financial model and strategy](#)

### 3.6.4 Tactical vs. sustainable

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Do your model and plan clearly differentiate between tactical decisions specifically related to the turnaround period and ongoing (i.e. recurring) financial decisions?

Is the model sufficiently intelligible for key decision makers to understand this distinction from the analysis?

What parameters are you putting around tactical decisions – are you deferring things or having a ‘fallow period’ during which you simply don’t do them?

#### See also

- ▷ [3.3.5 Limiting the impact tactically](#)
- ▷ [3.6.2 Financial model and strategy](#)
- ▷ [3.6.5 Blueprint](#)
- ▷ [3.6.10 Financial literacy](#)

### 3.6.5 Blueprint

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Do your turnaround plan and financial model articulate clearly what the organisation will look like post-change? This may include:

- ▶ Financial and resource parameters.
- ▶ Organisational design, resource levels and structures.
- ▶ Decisions about work done in-house vs. externally, expected basis of working with external partners running complementary services.
- ▶ Internal rules of engagement especially around how corporate functions or shared services will operate, e.g. IT, digital, HR, communications.
- ▶ Scope of services offered.
- ▶ Other major strategic choices and priorities.
- ▶ Longer-term strategic objectives.
- ▶ An understanding of your likely Theory of Change or equivalent for the reshaped organisation.

Have you got overarching ‘design principles’ that define strategically what the target organisation will look like? Design principles are essentially the major choices about how the organisation will work going forward.

They could include:

- ▶ Which services will be prioritised
- ▶ How you will use real estate
- ▶ The structure of your non-service delivery functions
- ▶ The use of partnerships and referral arrangements.

Is the financial model sophisticated enough to clearly illustrate the design choices you are making?

Does the financial model clearly differentiate between:

- ▶ One-off income and costs vs. recurring/sustainable?
- ▶ Tactical vs. recurring cost savings?

#### **See also**

- ▶ [3.6.1 Cornerstone documents](#)
- ▶ [3.6.2 Financial model and strategy](#)
- ▶ [3.6.4 Tactical vs. sustainable](#)
- ▶ [3.6.7 Cost base – resourcing and structures](#)

## **3.6.6 Income**

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### **General considerations**

What are your lead KPIs telling you in terms of where you should be focusing your income efforts?

What are your 'soft measures' telling you? This will include donor or commissioner feedback.

What is the track record of both the organisation and key staff that you have in place in growing and sustaining income? What do these considerations tell you about the realism and achievability of your income projections?

Are lead times for any income diversification or growth plans realistic?

Is the critical path to any income diversification or growth clearly laid out and credible? Is this reflected accurately in your financial modelling? Do you have the necessary infrastructure (CRM, case for support, costing framework, etc) to enable your plans?

What is the experience of peer organisations and can you learn from each other?

Does your culture drive a suitable level of realism on income generation or might you have to compensate for a level of optimism bias?

Does your wider organisational culture support or inhibit income generation?

#### **See also**

- ▶ [3.6.2 Financial model and strategy](#)

## **3.6.7 Cost base**

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### **General considerations**

Do your impact and outcomes measures give you a sense of where you create the greatest impact?

In the event of needing to reduce or prioritise services, can you do this on the basis of reliable impact evidence?

How does your cost base stack up against your peer group? Do you have access to current benchmarking information that will help you to understand where your cost base might be adjusted most appropriately?

Does your future blueprint (see also section 3.4.5) clearly articulate your design principles i.e. the major choices you are making about your operating model?

#### **See also**

- ▶ [3.4.5 Data](#)
- ▶ [3.6.2 Financial model and strategy](#)

### 3.6.7 Cost base

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#### Resourcing and structures

Your cost base is likely to be heavily weighted towards staffing. Are there choices you can make in terms of organisational design that will help in financial terms? These might include:

Looking at the role and construct of your corporate functions (Finance, IT, HR etc). Can these be streamlined through interventions such as:

- ▶ Shared services models with other hospices or other service delivery organisations?
- ▶ Digitisation, improved workflow and process reengineering?
- ▶ Upskilling line managers, business owners of key applications, and budget holders, so that end-to-end query resolution is made more efficient?

Can you make reliable and sustainable cost savings through outsourcing certain functions (or alternatively bringing such things back in-house)?

What opportunities do additional investments in digital, workflow and AI present for your wider services? Are you maximising the use of digital platforms for rostering, care plans etc?

Are there ancillary activities where you can partner and/or signpost with other providers?

#### See also

- ▶ [3.6.2 Financial model and strategy](#)
- ▶ [3.6.5 Blueprint](#)
- ▶ [3.6.7 Cost base – supply chain](#)
- ▶ [3.6.10 Financial literacy](#)

### 3.6.7 Cost base

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#### Supply chain

How mature is your general state of supplier management? How sophisticated are your existing policies and standards in this area?

Are there early gains that can be made, e.g. by removing supplier duplication or retendering commoditised spend?

Do you actively manage the whole supplier lifecycle or just the initial procurement element? Do you utilise account management updates, SLAs and supplier KPIs?

How good are the supplier management skills across your wider budget holder community? Is some urgent training required?

Do you routinely ensure skills transfer when working with external parties in order to eliminate or reduce recurring costs?

Are there sustainable savings to be made by auditing your data/IT estate and consolidating onto a simpler architecture?

#### See also

- ▶ [3.6.2 Financial model and strategy](#)

### 3.6.8 One-off costs

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Have you identified everything you will need to spend to get to your new blueprint?

- ▶ Redundancy.
- ▶ Outplacement support.
- ▶ Specialist support – interim management, facilitation, legal, external HR advice, communications, external support on data/impact etc.
- ▶ Training.

- ▶ Backfill for key staff.
- ▶ Any spend on new or enhanced digital tools or platforms.
- ▶ Any physical capital expenditure.

Which costs are reasonably well-known, and which are broad estimates at this stage? How are the one-off costs being iterated, monitored and reported against?

Are you procuring the services or resources that represent your one-off costs in the most effective way?

Does your financial model clearly differentiate between one-off costs and recurring costs?

**See also**

- ▶ [3.6.2 Financial model and strategy](#)

### 3.6.9 Balance sheet

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**General considerations**

Are you considering how you protect your balance sheet both during the period of turnaround and beyond?

You may want to consider creating designated funds to cover the cost of transition, which will enable better visibility of the underlying reserves position.

Are capital costs and PPM (planned preventative maintenance) for your site(s) properly factored into your financial model?

Are you monitoring your liquidity position (i.e. cash and liquid assets) as well as strict accounting reserves?

**See also**

- ▶ [3.6.2 Financial model and strategy](#)
- ▶ [3.6.9 Balance sheet](#)

### 3.6.9 Balance sheet

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**Asset plan**

Do you have an asset plan in place that looks critically at your real estate assets?

Does that asset plan include a clear framework for prioritisation of estate spend, e.g. PPM?

Can you reduce cost or improve income quality, by rethinking the use of non-clinical/service delivery space, e.g.:

- ▶ Sale or sub-let of space occupied by corporate functions (which may entail a change to working arrangements)?
- ▶ Sharing space with other local charities or partner organisations?
- ▶ Do you have income-bearing real estate? If so, does it deliver total return in net terms that is at least equivalent to a typical investment fund? If not, should you consider selling and reinvesting for greater long-term return?
- ▶ Working from the above point, is your plan for property assets fully integrated with the plan for any investment assets that you may have?

You may want to consider a ‘hidden treasure’ programme, whereby you unlock value from latent or contingent assets. If any are identified, these may provide a helpful windfall to reserves.

Such latent assets as exist may well be in the form of real estate, but equally might include non-typical things such as works of art or small direct shareholdings in listed or private companies. (This list is not exhaustive). These are typically found in older charities where historic legacy administration was non-digitised.

## Hidden assets

There will be telltale signs that a latent asset may exist. These include:

- ▶ Older legacy records which reveal non-cash assets, including ones that may be deferred due to a life interest.
- ▶ Small, non-core income transactions that may reveal a shareholding or other income-bearing asset.
- ▶ Peripheral mentions of potential assets.
- ▶ Archives in general, especially those relating to property and legacies.

### See also

- ▶ [3.6.9 Balance sheet](#)

## 3.6.10 Financial literacy

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### Leadership team:

How good is financial literacy in your charity?

Is your assessment of financial literacy done 'on hospice terms' i.e. relative to your business model specifically?

How strong is this:

- ▶ At trustee level?
- ▶ At senior management level?
- ▶ Below the leadership team?

Do you need to do some initial work to improve this so that the comprehension of turnaround is adequate?

### See also

- ▶ [3.5.3 Getting the right people](#)

## 3.6.11 Temporary derisking

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Are there other things that you can do to reduce financial risk in the short term, e.g. a more defensive stance on investment volatility if you have these, or a more cautious reserves policy?

### See also

- ▶ [3.6.2 Financial model and strategy](#)
- ▶ [3.6.9 Balance sheet](#)

## 3.7 Drawing the change to a close

By definition, turnaround will either work or it won't. There will always be a point where the turnaround phase of the organisation's evolution will come to an end. It's important to make sure that you don't lose the corporate memory of this type of change, not least as it will help you to avoid it happening again. Similarly, for those who have visibly led turnaround, it's an important point at which to reflect on what role you might play as the organisation enters – hopefully – a new period of greater stability.

### 3.7.1 How to prevent recurrence

Are staff, volunteers and key delivery partners properly briefed about the new 'business as usual'?  
This may include:

- ▶ Scope of services.
- ▶ Key organisational priorities, revised strategy and strategic objectives.
- ▶ KPIs and other measures to be used.
- ▶ Revised organisational design, roles and responsibilities.
- ▶ Revised organisation structure.

Have indicative financial targets/forecasts been communicated beyond the immediate budget period?

Does the financial model make it clear how the financial equation should work on an ongoing basis post-change?  
Has that been properly and regularly communicated?

Does the financial model clearly identify sustainable vs. tactical savings?

Is there a consistent and accurate understanding across the organisation of the new blueprint?

How are you using any 'cornerstone documents' and target model/blueprint (section 3.4.1) that define the parameters for turnaround on an ongoing basis? How often are you bringing these back out at management and board meetings and asking each other: 'are we sustaining this design or are we letting it slide'?

Have you put in place the right KPIs for the restructured organisation?

#### See also

- ▶ [3.4.5 Data](#)
- ▶ [3.5.5 Communications](#)
- ▶ [3.5.6 Internal communications](#)
- ▶ [3.5.7 External communications](#)
- ▶ [3.6.2 Financial model and strategy](#)
- ▶ [3.6.4 Tactical vs. sustainable](#)
- ▶ [3.6.5 Blueprint](#)
- ▶ [3.7.2 What next?](#)
- ▶ [3.7.3 Lessons learned](#)

#### HOSPICE INSIGHT

Several hospices reported that they now have a much more sophisticated approach to financial management and projections, but also that they are much more pro-active in updating staff and other key stakeholders in a format/style/location that better meets their needs about such matters than previously.

### 3.7.2 'What next'?

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#### Trustees:

Do you want or need to formally agree that the turnaround process has been completed?

At what point do you start to tilt the focus onto what you are going to do with the revised organisation, rather than implementing the enablers and structures that get you to a better place? Getting the timing right on developing a revised strategy for the 'new' organisation will be key.

At what point do you start to encourage innovation and development? When will the wider team cope readily with the perceived duality of thinking 'how do we change it?' at the same time as thinking 'what do we do with the new thing'?

What scope is there is your new business model for innovation and investment? At what stage post-change does this need to kick in?

#### See also

- ▷ [3.4.1 Implementation of turnaround programme](#)
- ▷ [3.5.5 Communications](#)
- ▷ [3.5.6 Internal communications](#)
- ▷ [3.5.7 External communications](#)
- ▷ [3.6.5 Blueprint](#)

### 3.7.3 Lessons learned

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You may want to consider a deliberate exercise to understand lessons learned. If so, who do you involve in such an exercise? Trustees, leadership team, all other employees, volunteers and certain external stakeholders?

#### Potential question areas:

What worked, and what might you have done differently?

What does this tell you about culture and capability within the organisation?

Are there lessons that require further, more subtle changes to the way you work, in order that you reduce the risk of needing to go through turnaround again?

#### See also

- ▷ [3.7.1 How to prevent recurrence](#)

### 3.7.4 'Know when to go'

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#### Trustees

What role will the prominent turnaround leaders, especially if they are part of the permanent team, play in the new organisation? Is it appropriate for them to stay?

One of the potential by-products of being good at turnaround is that people may struggle to see you as someone who can drive change that is not 'restorative' in nature. Whose personal brand is unavoidably impacted by association with turnaround? Do they move on or do they reintegrate into business-as-usual?

#### See also

- ▷ [3.5.2 Leadership decisions](#)

## HOSPICE INSIGHT

In the middle of a turnaround situation, keeping perspective on events and being positive about the future is really difficult. But it's really important. Several hospices stated that whilst there were still on-going challenges and that the whole process had been difficult for all, there were now some positive signs of progress and moving forward constructively.

Despite being subject to a negative local media coverage and the challenge of cutting beds and services, Ashgate Hospice enjoyed a record year for fundraising. They believed that this was partly down to a transparent, pro-active communication strategy. They also noted that whilst the recent past still affects the organisation, there is now a growing sense of moving forward, with plans to co-create a new strategy with staff, volunteers, patients, and the community over the next few months.

In addition, shortly before the production of this toolkit, Ashgate and Derby and Derbyshire Integrated Care Board (DDICB) reached agreement on the specialist palliative and end of life care services that will be funded by DDICB at Ashgate Hospice during 2026/27.

The agreement reached with DDICB represents a shared and realistic position on what can currently be delivered within the contract value provides a more stable footing for the year ahead.

As a result, the hospice will increase from eight to 10 beds, including two beds currently funded through their 'Save a Precious Bed Appeal', which was launched to support the hospice during the financial crisis it faced.

The Kirkwood has recently secured increased statutory funding that has allowed them to expand their services in keeping with their revised operating model and another CEO said 'We are in such a different place now'.

## Part 4

# Other resources

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For any questions around any aspect of this toolkit or if you'd like to discuss the turnaround needs of your hospice, please contact [finance@hospiceuk.org](mailto:finance@hospiceuk.org)

The toolkit is designed to work alongside other complementary resources, which like this tool, we anticipate will evolve over time. These include:

- ▷ [Quarterly financial benchmarking network](#)
- ▷ [Hospice financial sustainability index](#)
- ▷ [Commissioning support pack](#)

The following Charity Commission resources contain further relevant information:

- ▷ [Managing financial difficulties insolvency in charities](#)
- ▷ [What to do if your charitable company or cio is insolvent or at risk of insolvency](#)
- ▷ [Both the Charity Finance Group](#) also the [National Council of Voluntary Organisations](#) have a range of resources that may be useful

## Appendix 1

# General considerations – turnaround in a charitable organisation

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The dictionary describes turnaround as “*a big change that turns a bad situation into a good one*”<sup>1</sup>. This definition applies irrespective of sector, and many aspects of turnaround are portable between, say, the commercial world and a hospice. But there are distinct and important differences in the way a charity works that we must take into account if we are to make turnaround financially effective and true to our values in equal measure.

Firstly, we would argue that we often don't have the same so-called **external forcing factors** that other sectors do. Turnaround in a for-profit business, for instance, will often result from investor pressure, and you can rightly expect significant tension between the legal owners of a company and its directors. Charities don't have the same stakeholder structures - in a lot of charities, the trustees are, in law, both the directors and the members. So, it can be argued that the identification of major problems, and the instigation of change to rectify those problems, has to come much more from within the organisation.

Secondly, we have a lot of discretion over the way we **measure success and organisational health**, so it's not always obvious when there is a problem. For instance, there is no mandatory definition of financial sustainability, and success is rightly defined by beneficiary impact rather than financial measures.

What this means is that it might not always be obvious when a charity is getting into trouble. Judgment is absolutely crucial, but is also highly subjective. Bodies like local authorities are operating against a strict statutory framework, and commercial businesses can easily see if earnings or share values have taken a dive. It's not that straightforward with charities.

And thirdly, we would argue that the **emotional investment equation** is different. Everyone from families, to staff, donors, volunteers and trustees, is highly likely to have a strong personal connection to the work. Working, supporting or volunteering for a hospice - indeed, for any charity - is rarely transactional. That intimate connection that people have with charities is a superpower that we have as a sector, but also explains why turnarounds can be so challenging. And why it would be utterly disingenuous and unwise not to take this emotional connection into account when making difficult decisions.

What all this means is that there is a huge amount riding on your trustees in exercising judgment and decision making. They need to be able to spot sufficiently early that there is a big problem and to make sure that the charity instigates effective plans to sort it out. And all the time they need to make sure that the right tone is set - it's vital that we don't abandon a charity's values and culture in these circumstances.

Let's not forget either (just to make it more complicated): your trustees are not there all the time, and they might not all have deep expertise in charity business models. Senior management will need to act as the collective architect and driving force behind turnaround.

The toolkit is built with these sector-specific features in mind.

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<sup>1</sup> Cambridge Dictionary



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