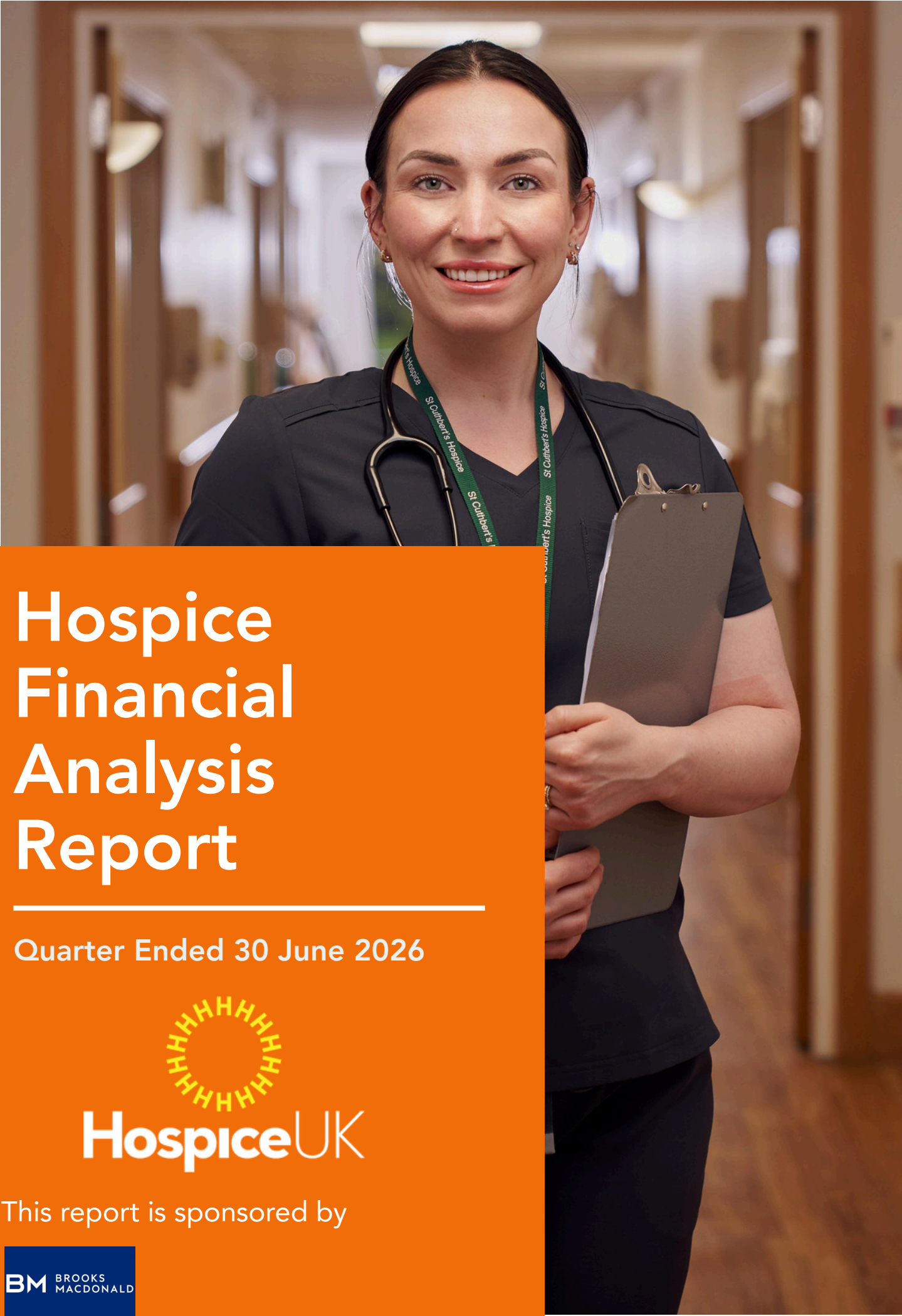




Hospice Financial Analysis Report

Quarter Ended 30 June 2026



This report is sponsored by





Brooks Financial is delighted to support Hospice UK's Financial Benchmarking Report.

The hospice sector continues to operate in an increasingly challenging environment. Rising employment costs, ongoing pressure on fundraising income, uncertainty around statutory funding, and growing demand for services are creating difficult decisions for leadership teams across the UK. At the same time, many organisations are balancing the need to protect reserves, attract and retain talented staff, and invest in the long-term sustainability of their services. As this report demonstrates, the financial pressures facing hospices and the wider charity sector are critical: informed decision-making and robust financial planning more important than ever.

At Brooks Financial, we work alongside charities and not-for-profit organisations to help them navigate these challenges. As a trusted supplier to NCVO, we provide specialist advice on employee benefits, workplace pensions, financial wellbeing and investment solutions, helping organisations maximise the value of their resources while supporting their people and long-term strategic objectives.

We recognise that people are at the heart of every hospice. With staffing costs representing the largest area of expenditure for most organisations, ensuring employee benefits programmes deliver genuine value has become increasingly important. Equally, effective stewardship of reserves and investment assets can play a vital role in supporting financial resilience and helping trustees achieve their charitable mission over the long term.



The insights contained within this report provide an invaluable opportunity for hospices to benchmark their performance, understand sector trends and identify areas for improvement. By combining strong governance, effective workforce strategies and prudent investment management, organisations can place themselves in a stronger position to respond to today's challenges while continuing to deliver outstanding care for the communities they serve.

We are proud to support Hospice UK and the important work of this benchmarking initiative. We hope this report helps hospice leaders and trustees make informed decisions as they plan for the future and continue their vital contribution to end-of-life care across the UK.

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Specialist advisers to charities, helping organisations align employee benefits, investment strategy and financial wellbeing solutions with their long-term objectives.

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Executive Summary

This report has been prepared in September 2026 by Hospice UK in association with DB associates.

The purpose of the Analysis project is twofold:

- The primary purpose is to provide information for hospices to enable them to compare their finances with 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 Analysis project this quarter was 105, though some hospices did not answer every question.

The hospices participating in the survey collectively recorded a deficit of £16M in the first quarter of the year.

On the face of it, this is modestly encouraging, given that the same hospices recorded a deficit of £25M in the same period as last year. However, looking in detail at the results, more hospices are actually in deficit this year than last year, and the better collective result is due to two or three hospices having exceptional one off strong performance. In general terms, it is probably fair to say that the financial picture looks broadly similar to what we saw last year.

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.

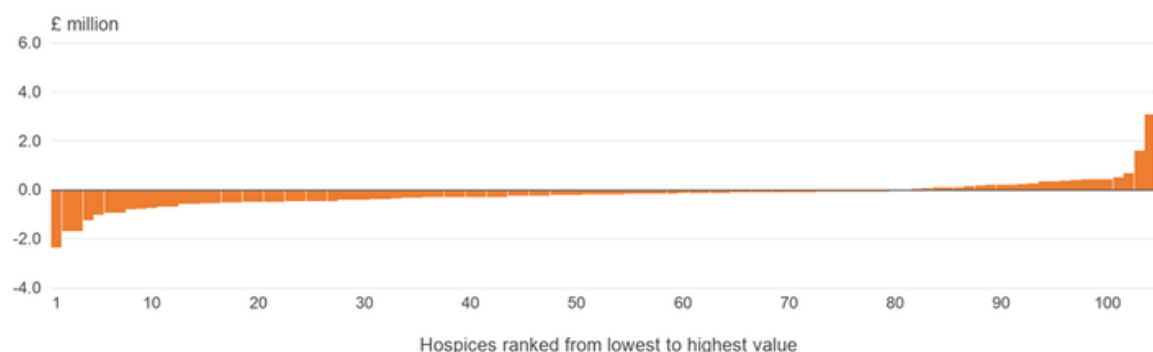
Overall results

The table below shows the results for the three months for participating hospices

Results for participating hospices			
£M's	Actual	Budget	Prior Year
Statutory Income	85.35	85.13	77.59
Legacies	26.30	27.12	27.31
Retail income	72.16	75.64	69.05
Lottery	14.99	15.13	14.46
Other fundraising	67.65	66.02	58.86
Other income	22.55	14.47	14.53
Total income	288.99	283.51	261.80
Payroll	216.14	222.40	206.48
Non payroll	76.72	81.39	71.79
Depreciation	11.90	10.52	8.88
Total Expenditure	304.76	314.31	287.14
Surplus/(Deficit)	(15.77)	(30.80)	(25.34)

As noted in the introduction, collectively hospices are performing slightly better than both last year and budget, although they are still recording a collective deficit.

Distribution of surplus/(deficit) by individual hospice



As noted in the introduction, there are two hospices who have shown an exceptional profit in the first quarter – one of those was a hospice who had previously been renting their site at a peppercorn rent and has now been gifted it – this makes no difference to their day to day finances but has resulted in a big surplus being recorded in their books.

The presence of the two big surpluses distorts the scale of the graph, making it hard to see the results for the large number of hospices in the middle of the range so we have also produced a different version of the above chart with those two hospices excluded.

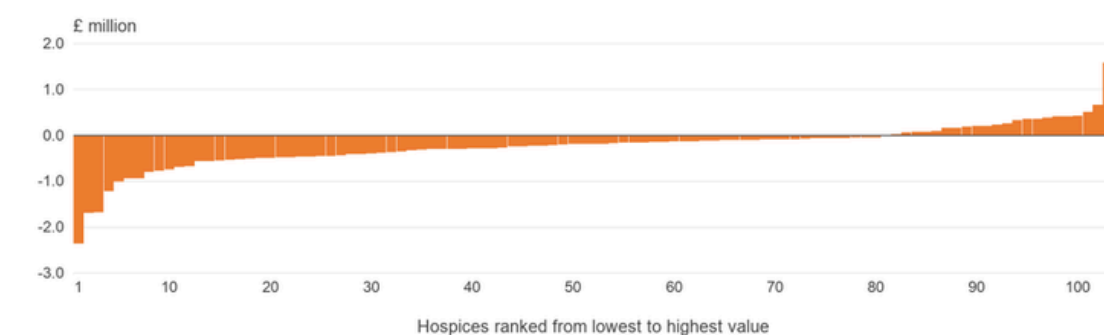
80 of the 105 hospices (76%) made a deficit in the quarter. This compared with 77 who made a deficit in the same period last year and 96 who budgeted for a deficit in this quarter. So the median hospice is doing better than budgeted but worse than last year.

The mean result for the quarter was a deficit of £152k and the median deficit was £173k.

Hospices in the bottom quartile recorded a deficit of over £435k and those in the top quartile recorded a deficit of no worse than £45k.

Surplus or deficit excluding DHSC Capital Income

Quarter ended 30 June 2026 | Two highest surpluses excluded | n=103



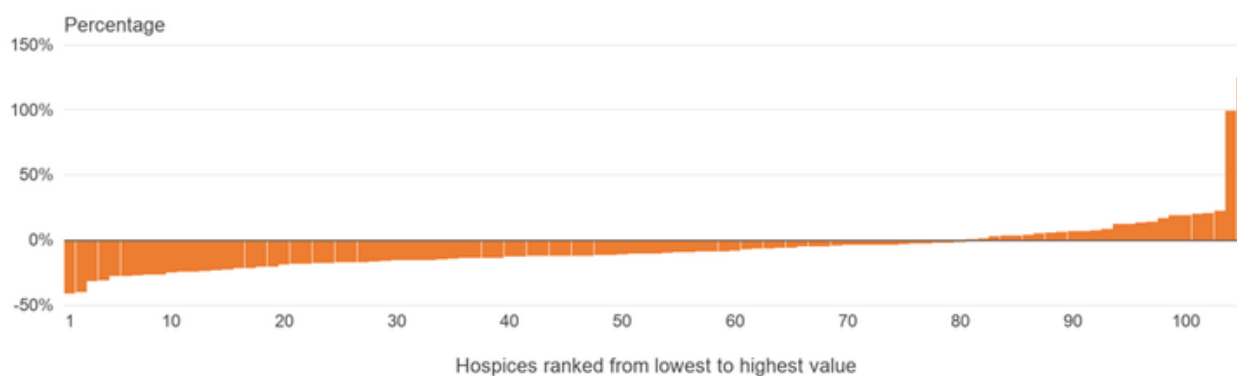
Excludes two hospices with significant surpluses

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.

Surplus or deficit excluding DHSC capital as a share of expenditure.



53 hospices recorded deficits exceeding 10% of expenditure. That represents about half of respondents to the survey – when we did the same survey in the first quarter of last year, only about a third of respondents had recorded a deficit exceeding 10% of expenditure.

The bottom quartile threshold is -16.6%; the top quartile begins at -1.8%. The maximum surplus ratio of 124.8% lifts the mean above the median (again that refers to the hospice who had been gifted land during the quarter).

Statutory Funding as a proportion of expenditure

Note that for the purpose of this Analysis 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.

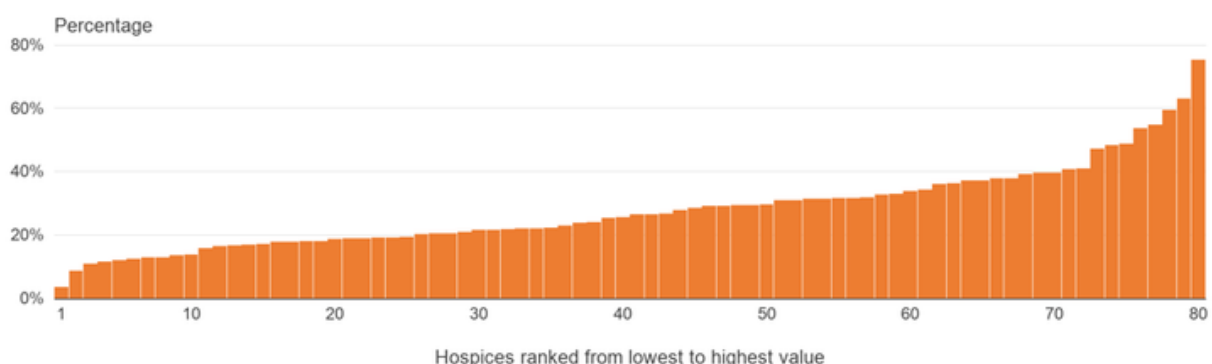
In this analysis report, we have divided statutory funding by all expenditure including retail and lottery expenditure. We would therefore expect the reported government funding percentage to be a little lower than the one third that we have historically reported in the hospice accounts report.

The overall average level of statutory funding for all hospices is a mean of 28% and a median of 24% (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 a mean of 61% or a median of 53% (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.

Statutory funding as a % of Total Funding (Adults)



For adult hospices, the mean level of statutory funding in the quarter was 28% and the median was 26%.

Hospices in the bottom quartile had statutory funding of less than 19% and those in the top quartile had funding of at least 33%.

Statutory funding as a share of expenditure — Children



The results for children's hospices are slightly surprising, as normally these show government funding for children's hospices is much less than for adult hospices.

This quarter the results for children's hospices are very similar to adult hospices – the mean level of statutory funding is 27% and the median is 20%.

Upon closer extension, we can say that the results are distorted by the second hospice who recorded exceptionally good results in this quarter, which is a children's hospices which appears to have received significantly more statutory funding than usual.

Looking at the other bars on the graph above, we can see that the typical children's hospice continues to receive proportionally less funding than adult hospices.

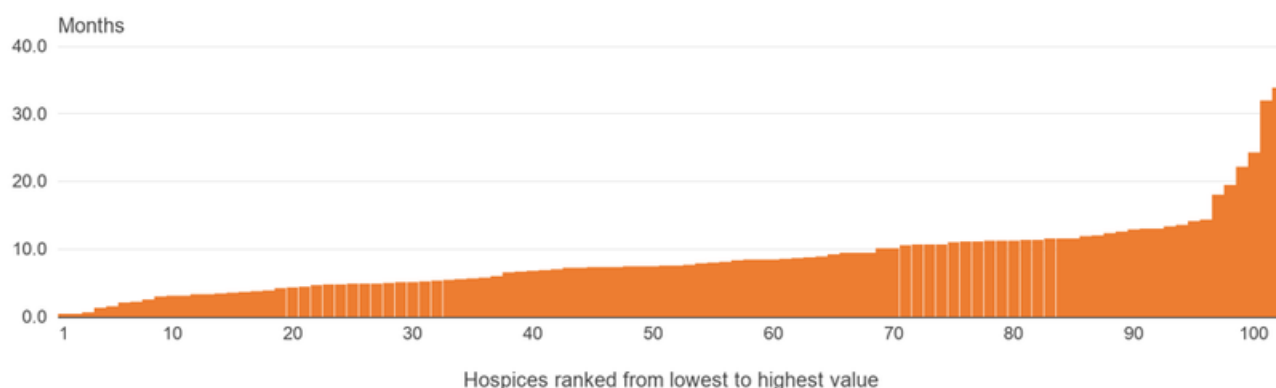
Children's hospices in the bottom quartile for this measure receive less than 14% statutory funding, and those in the top quartile more than 25% funding.

Statutory funding for joint services



For hospices that provide both children's and adults services the mean level of statutory funding in the quarter was 29.5% and the median was 26%. Hospices in the bottom quartile has 22% or less statutory funding, and those in the top quartile had at least 32%.

Reserves



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

The mean level of reserves is 8.5 months and the median is 7.5 months.

The average reserves levels for children's hospices tends to be higher at around 11 months.

Three hospices reported holding reserves of less than one month and 36% of hospices reported holding reserves of less than six months.

Hospices in the bottom quartile all had reserves of less than five months.

There are also a some hospices who have very healthy reserves – those in the top quartile all had reserves of at least eleven months, and six had reserves of over eighteen months.

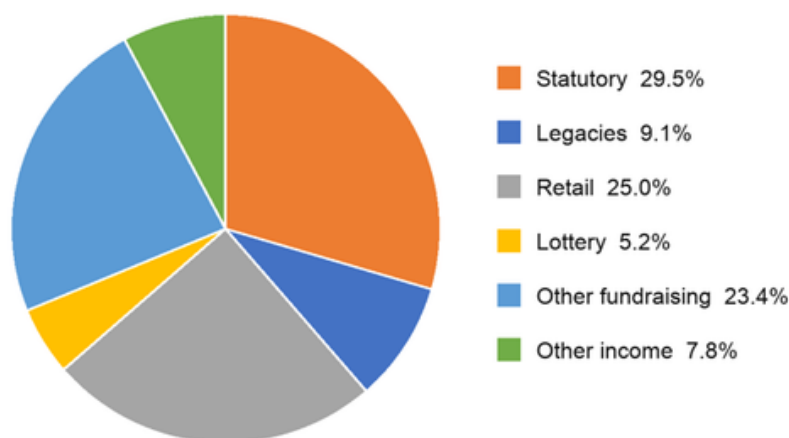
Breakdown of Income and Expenditure

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.

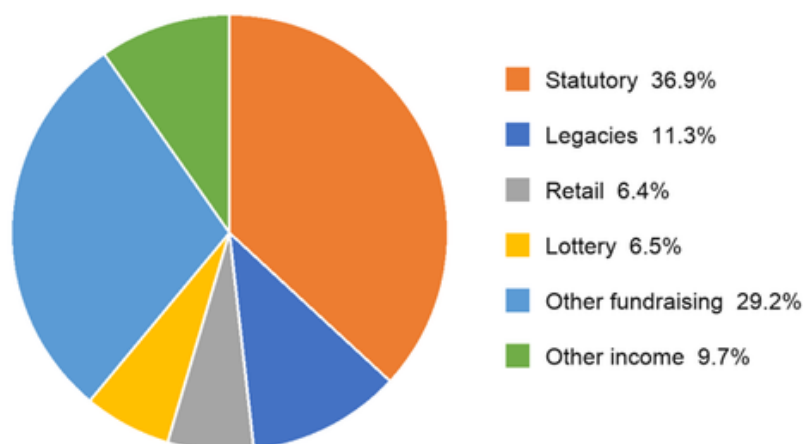
The first graph below shows the breakdown of income. On average statutory income (29%), retail income (25%) and fundraising income (23%) are the most important income sources for hospices.

Breakdown of gross income



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:

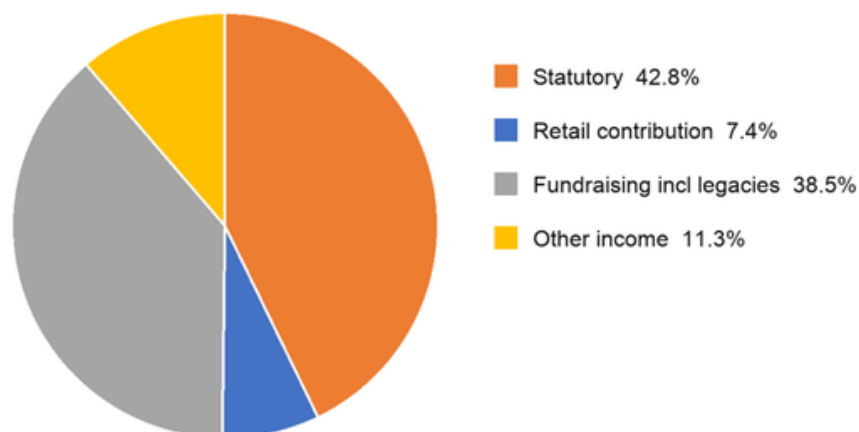
Income with retail shown net



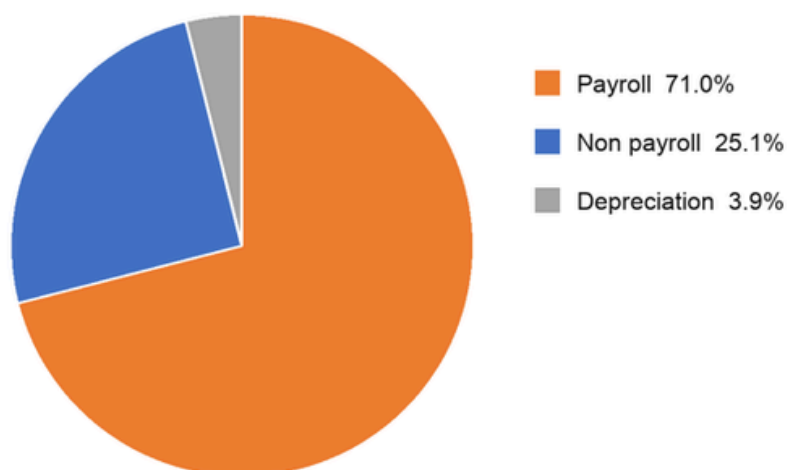
Using this method, statutory income at 37% is the largest income source followed by general fundraising at 29%.

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

Income with income generation shown net



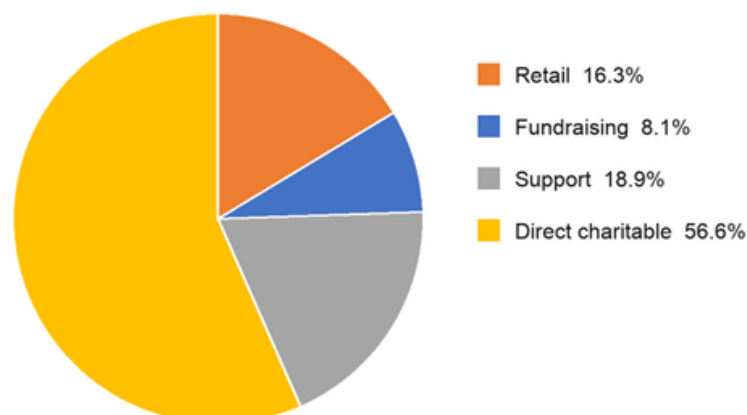
Expenditure



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 71% of total costs.

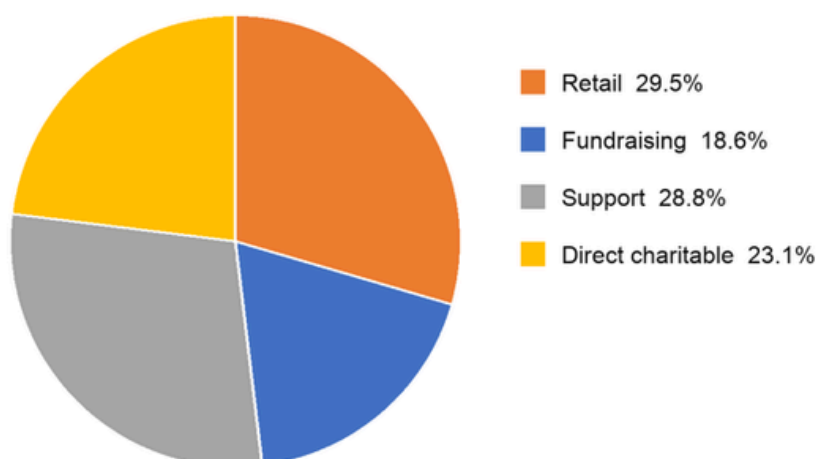
Payroll



The graphs above show the breakdown of payroll costs.

On average, 57% 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.

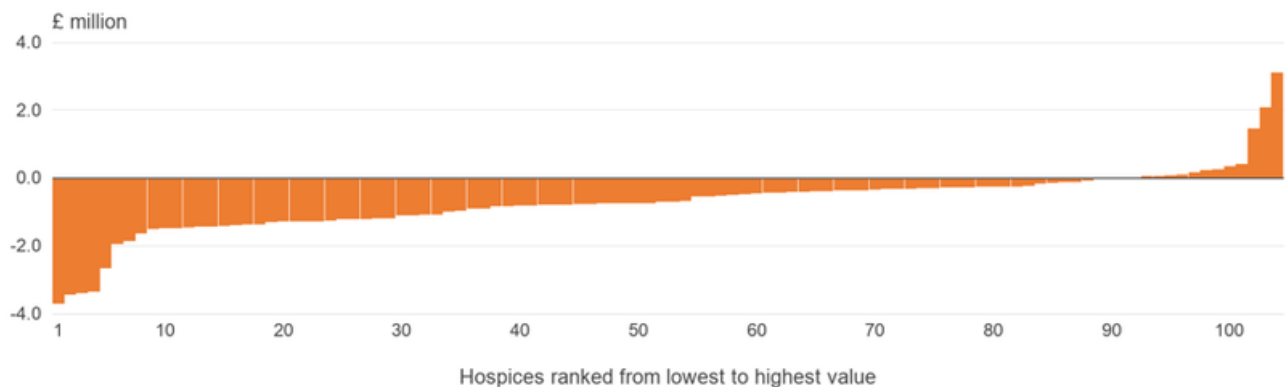
In contrast with payroll cost, charitable costs are a less significant proportion on non-pay costs.

Most non-payroll costs are spent on support (29%) and retail (30%).

Full year projections

We asked an additional question about hospices projections for the 2026-27 financial year.

The graph below shows their projected results for the full year.



89 hospices are expecting a deficit, one has a break even budget, and 14 have budgeted for a surplus.

The average deficit projected is a mean of £704k and a median of £685k.

Collectively, those hospices who completed the survey anticipate an overall deficit of £73M.

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:

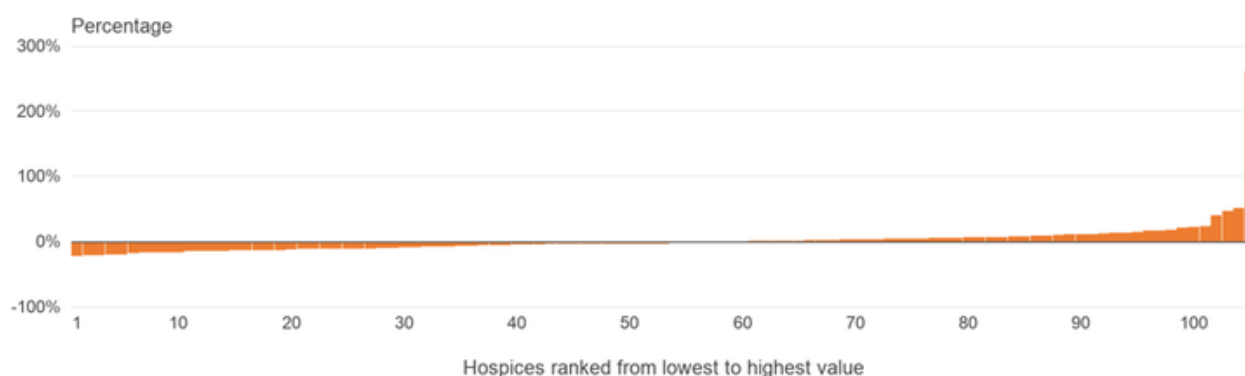
- 1) Some key figures so you can compare your performance to the averages included in this report (e.g. statutory funding %, retail income and reserves levels).
- 2) Your performance versus budget compared to the sector average for different type of income and expenditure.
- 3) Your performance against 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 in terms of income.



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

Once again, one hospice with exceptional results distorts the scale, so we have also included the results excluding that one hospices.

The second graph makes it easier to see that income performance against budget is a mixed picture.

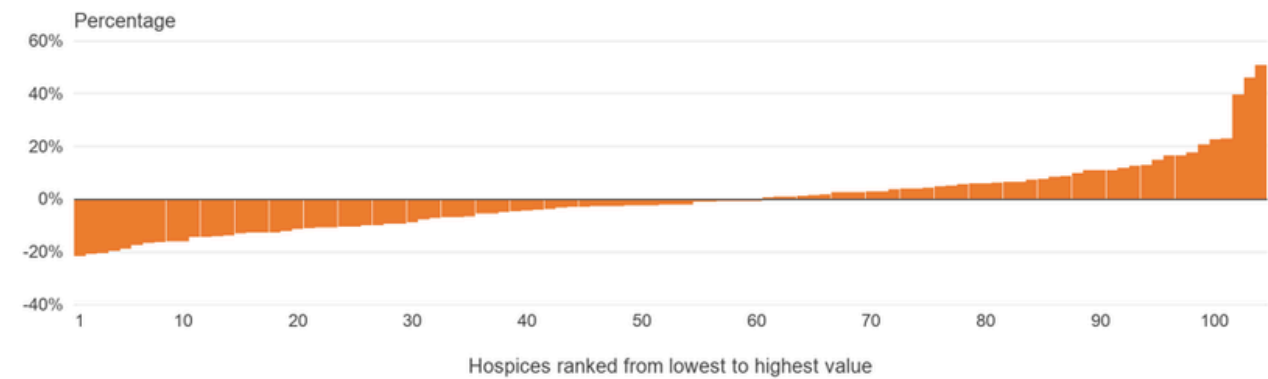
Income was 1.9% above budget in aggregate. The mean hospice movement was an increase of 2% on budget, while the median was a decrease of 2.0% (n=105). Sixty hospices (so more than half) were below budget.

Hospices in the bottom quartile saw a fall compared to budget of at least 10% while those in the top quartile so an improvement of at least 6%.

The positive aggregate and mean alongside a negative median indicate that strong uplifts at some hospices coexist with a shortfall at the typical hospice. The median is less affected by those extremes.

Income excluding DHSC capital: change versus budget

Quarter ended 30 June 2026 | n=104



Excludes the hospice with the largest positive percentage change

Income change versus budget in % terms



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

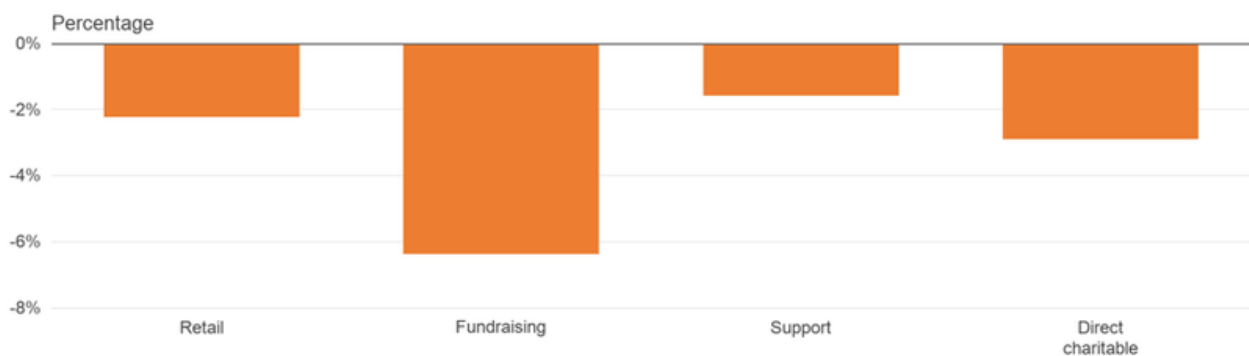
Once again we have an issue of scaling, as other income is showing an increase of 56% - this is due to the hospices mentioned above which had a gift of land. If we exclude other income from the graph for ease of reading, the results are as follows:

Income change versus budget in % terms (excluding other income)



- Fundraising income is up 2.5% compared to budget in aggregate
- Statutory income is up very slightly on budget and lottery income down very slightly, but in both cases by less than 1%
- Legacies are 3% below budget, but as we know they are prone to significant fluctuations.
- Retail is 4.6% below budget. This appears to be a case of over optimistic budgeting rather than a poor performance in absolute terms.

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 14% under budget. The reason isn't clear, but one plausible explanation is that a shortage of fundraising staff mean that some fundraising activities have had to be curtailed, which of course will have a knock-on effect on income.

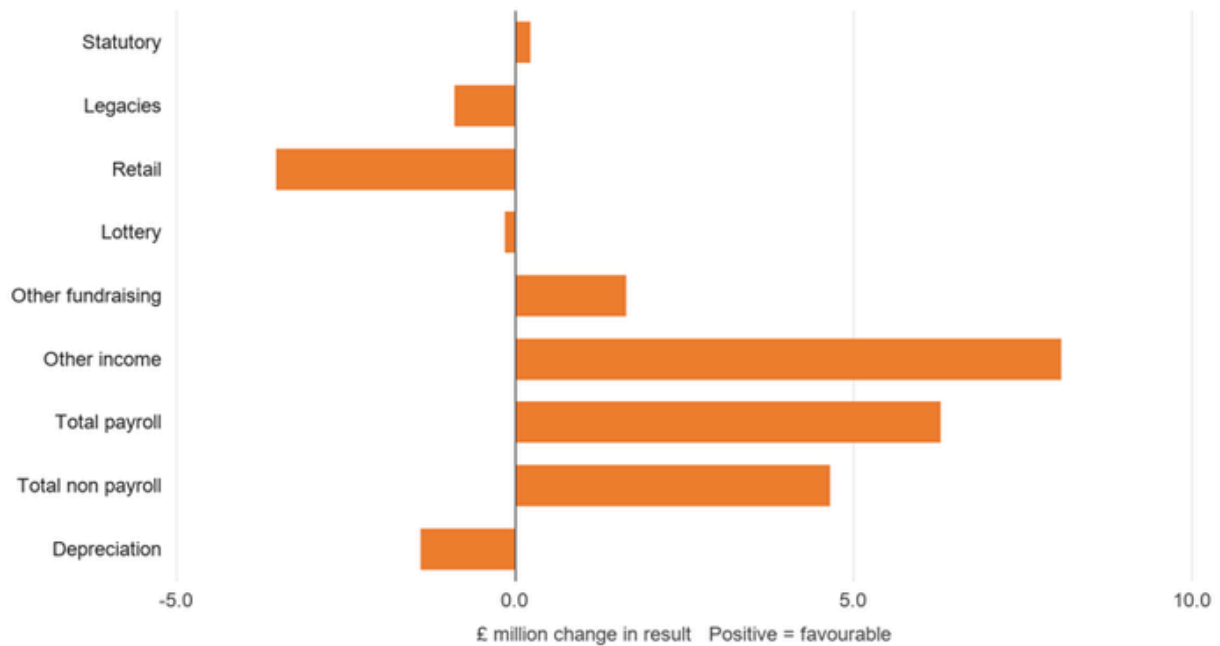
Overall performance against budget

Overall, hospices are performing better than they budgeted.

Unusually, the biggest single positive impact is in other income, but as described elsewhere in this report most of that positive variance relates to a single hospice (and doesn't affect their day to day financial situation)

Savings against budget on payroll and non payroll costs are the other major contribution to the positive variance, plus better fundraising performance.

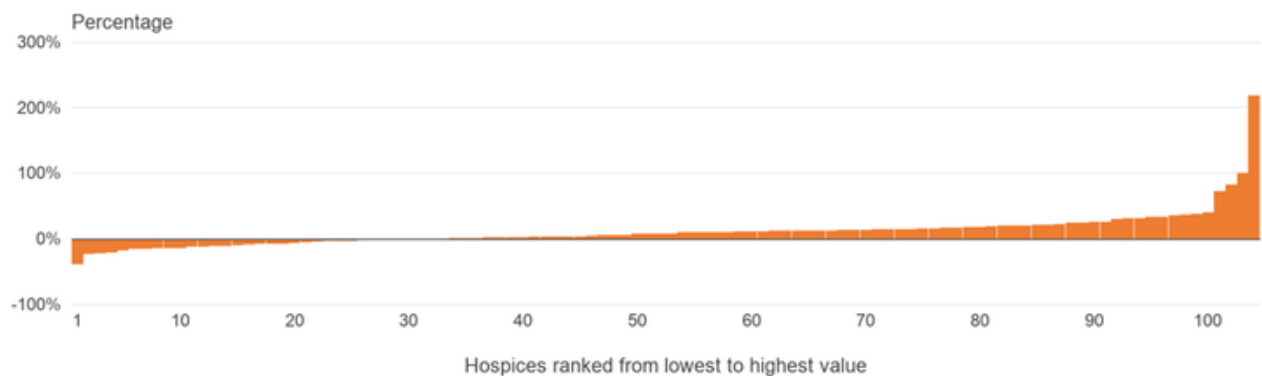
The biggest negative variance is in retail income. The other two negative variances to budget are legacy income (which is incredibly hard to budget accurately for) and depreciation (which should be incredibly easy to budget accurately for!)



Appendix 2

Performance against prior year

In aggregate hospices are raising more income than last year, but the individual results are more nuanced.



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

Collectively, total income was up an around 10% compared to last year (excluding capital income) – so significantly exceeding the growth in inflation.

The mean increase was 11% and the median was 7.6% - but just as many hospices saw a decrease in income as an increase.

Hospices in the bottom quartile experienced a decrease in income of more than 1% and those in the top quartile an increase of more than 16%.

Income compared to prior year

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



Again, due to the distorting effect of one hospices results on the scale, we have produced a second version of this chart showing the increase in all categories except other income.



Every area is up compared to the prior year.

It is particularly noteworthy that statutory income is up 10% on prior year (and is up in the region of 25% over the past three year). Looking into this in a bit more detail, it is interesting that the mean increase is 10% but the median increase is only 4% - in other words, there have been a small number of hospices who have seen a significant increase in statutory funding, but for most hospices, the increases have been much closer to the rate of inflation.

Fundraising income is up by 15% on last year, while retail and lottery income are both up by slightly more than inflation. Legacy income is lower than last year, but is subject to significant fluctuations.

Payroll compared to prior year

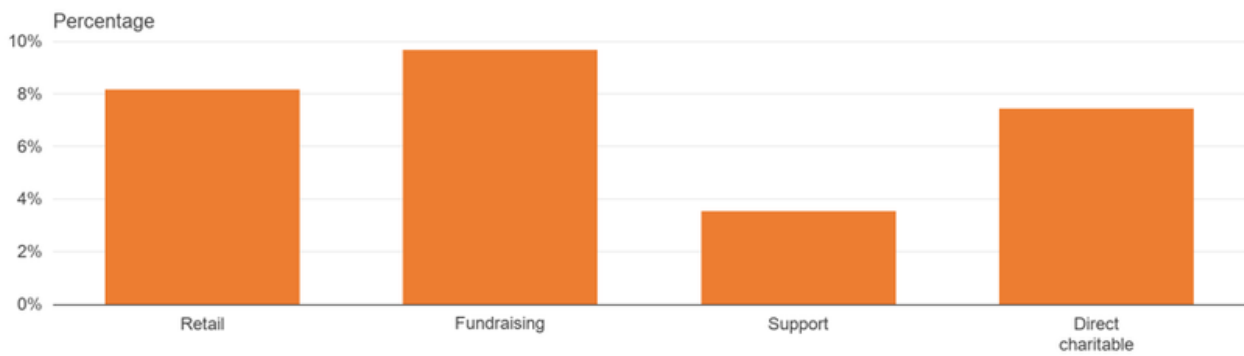


The graph above shows the overall results against budget for payroll costs (broken down by function).

Overall, payroll costs are about 5% higher than last year, and we estimate the three year cumulative increase at in the region of 30%.

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).

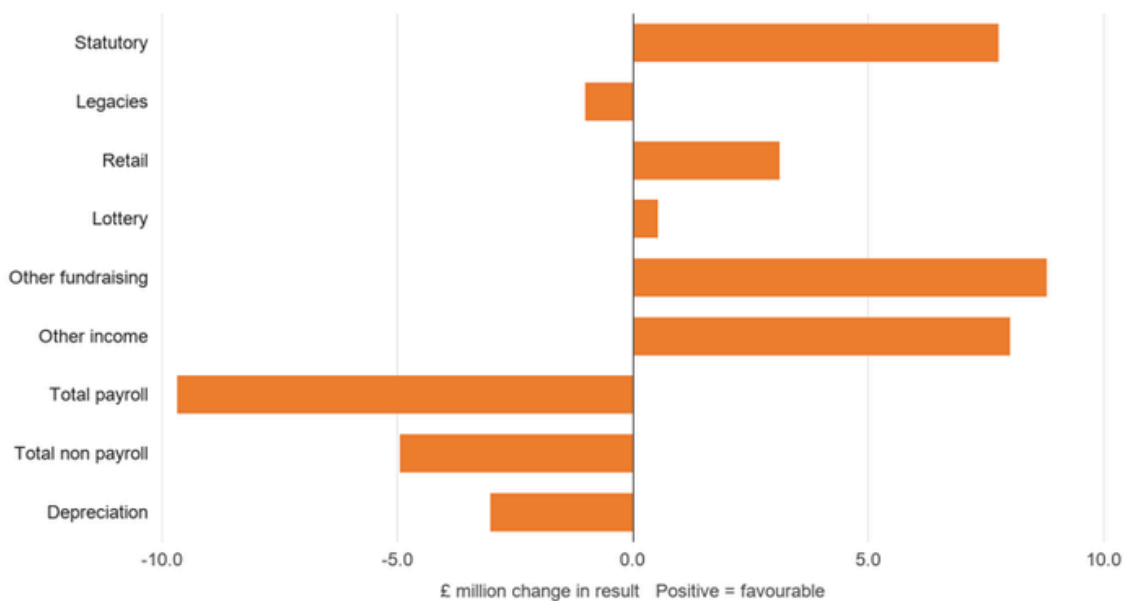
Non payroll costs compared to prior year



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

There are increases above the rate of inflation in every area, though support costs are increasing at a lower rate than other categories

Overall change from prior year



Overall, the hospices participating in the survey are performing slightly better than last year.

There are three big reasons for this: other income (which as discussed elsewhere relates primarily to one hospice), statutory income and fundraising income.

By far the biggest negative effect compared to last year is payroll costs, though all costs are significantly up on last year.

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 mean gross return is £2.93 per £1 fundraising cost and the median £2.79. The bottom quartile threshold is £2.05 and the top quartile £3.41. One hospice has income below these costs.

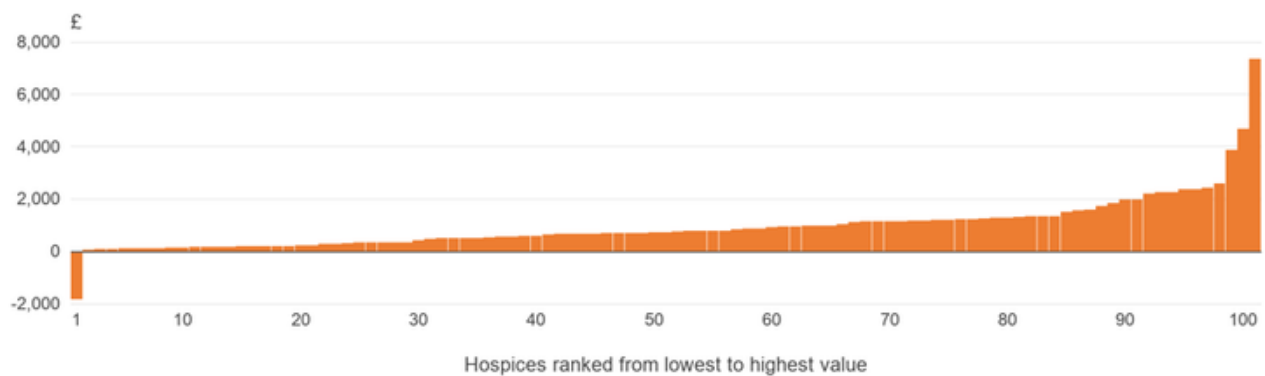


The graph above shows the same income compared to catchment areas (per 1,000 population). There a vast difference in the amount hospices were able to raise from their catchment areas, with the bottom quartile generating less than £642 per 1,000 population and the top quartile more than £2,000.

Some of this wide variation is due to children's hospices having bigger catchment areas than adult hospices, and so in the individual hospice Analysis 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.

Fundraising contribution per 1000 population



The final graph shows net fundraising profit per 1,000 population served.

Fundraising contribution per 1,000 population has a mean £950 and median £715, but it is much lower for children's hospices (due to their larger catchment areas).

Appendix 4

Retail performance

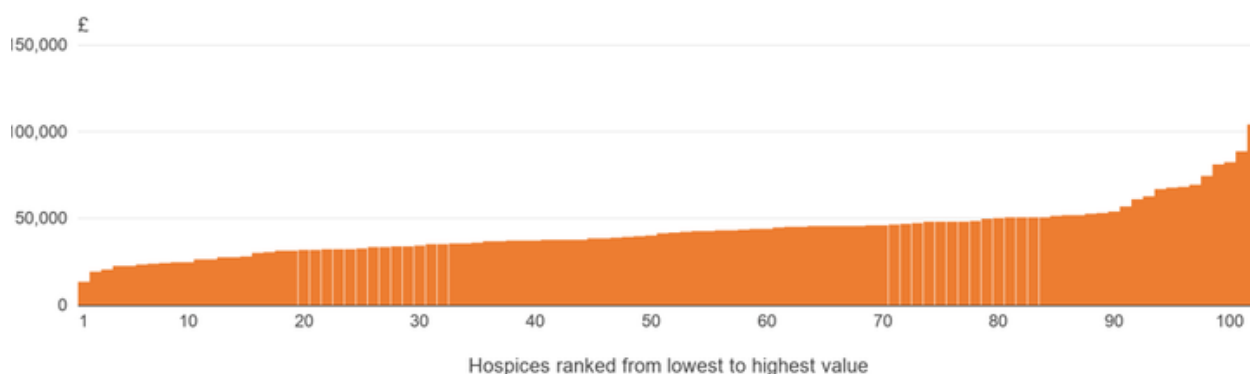
Shop Income and Profits

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 median and mean income per shop is £42k.

Hospices in the bottom quartile earned less than £33k per shop in the first three months of the year, while those in the top quartile earned more than £48k.

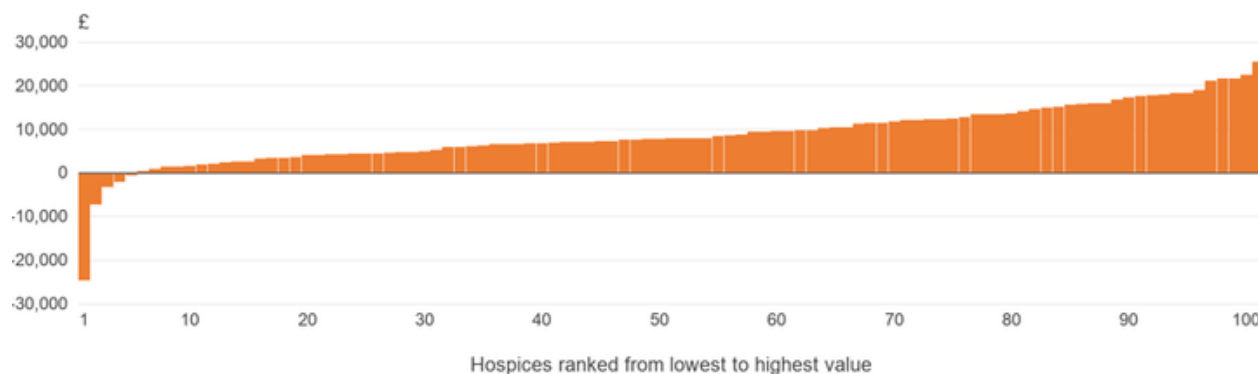
Retail income per shop

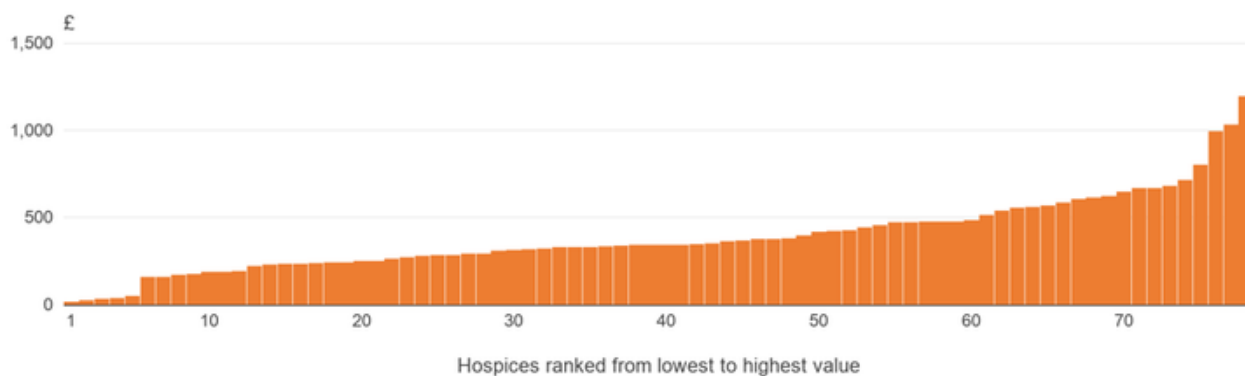


The average profit per shop was £9k (mean) or £8k (median) for the quarter.

There is a wide variation in profit per shop for hospices, with those in the bottom quartile earning less than £4k per shop and those in the top quartile around £13k or more.

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





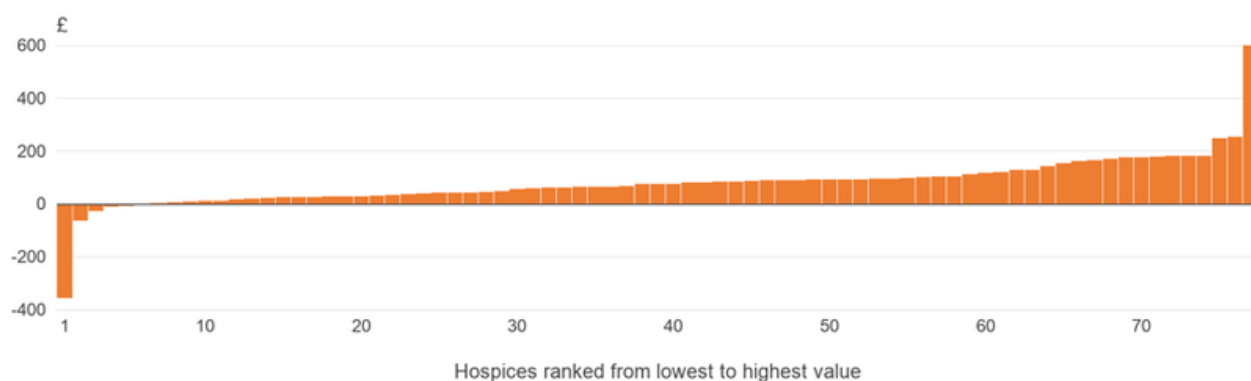
Around three quarters of participating hospices provided us with information about the square metres occupied by their retail operations. There were surprisingly wide variations in the gross income and net profit per square metre of different retail operations.

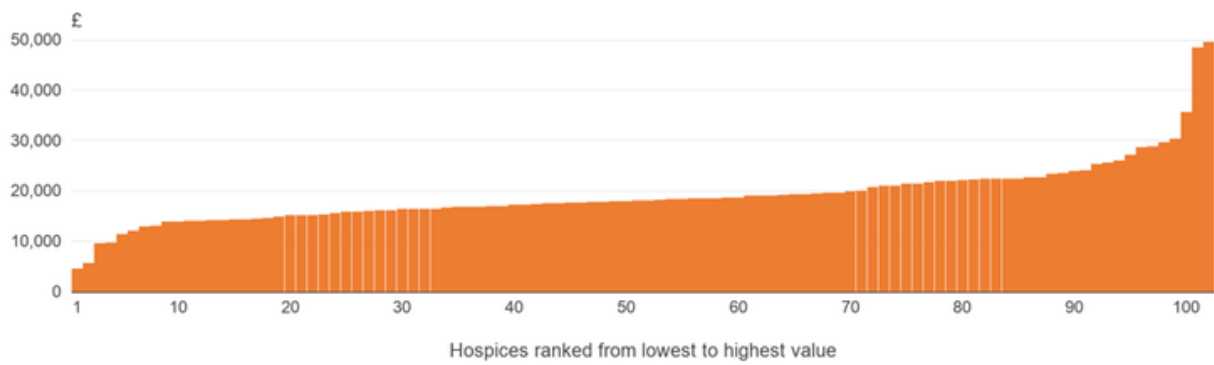
The mean income per square metre was £387 and the median £347.

Those in the bottom quartile earned less than £248 per square metre and those in the top quartile more than £474.

The average net profit per square metre was around £75 (mean £79, median £74).

Those in the bottom quartile earned less than £29 profit per square metre, those in the top quartile over £103.

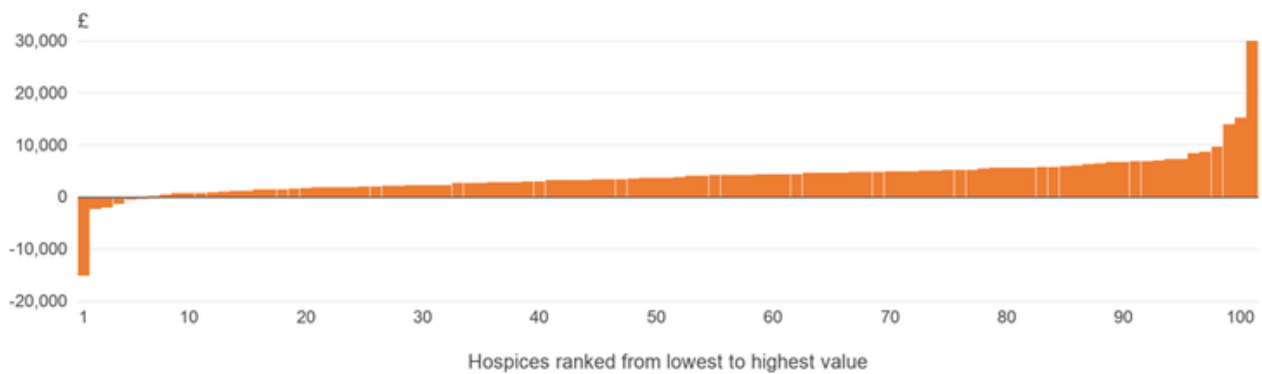




Gross retail income per FTE employee for quarter was a mean of £19k or a median of £18k.

Those in the bottom quartile had income of less than £16k per FTE worker, and those in top quartile more than £21.5k per worker.

Finally, if we look at profit per retail worker the mean is about £3.9k and the median about £3.7k.





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 Brooks Macdonald for their sponsorship of this report.

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