

Company number: 02000560

Charity number: 293968

Pilgrims Hospices in East Kent

Report and financial statements

For the year ended 31 March 2022

PILGRIMS HOSPICES IN EAST KENT
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE INFORMATION
FOR THE YEAR ENDED 31 March 2022

Trustees K Warden
 S Bates LLB. (Hons.)
 P Bradshaw
 S Cuomo
 S Oriel MA (Cantab)
 S Perks
 J Richards (appointed 29 September 2021)
 E Sharp MB BS, FRCS
 Dr R Wilson

Company registered number 02000560

Charity registered number 293968

Registered office 56 London Road
 Canterbury
 Kent
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Independent auditor Sayer Vincent LLP
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PILGRIMS HOSPICES IN EAST KENT
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 March 2022

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CHAIR & CHIEF EXECUTIVE'S STATEMENT:

The last year, much like the year before, was a year defined by uncertainty and by an ongoing national pressure across the entire healthcare system due to the continued COVID-19 pandemic. The impact of COVID-19 has lasted longer than anyone could have predicted when the first infections occurred more than two years ago, and has shaped and influenced much of our activity over the 12 months to March 2022.

We could not be more proud of our hard-working staff and volunteers who have responded to these continued challenges with resilience and flexibility, ensuring we continue to provide the highest standards of care to the patients who depend on us, while supporting the ongoing restoration and reopening of services. 2021-2022 also saw the return to a full programme of fundraising events, which were well received and supported by our generous local community.

Despite this difficult backdrop, we are pleased to report that 2021-22 saw Pilgrims make significant progress towards our strategic objectives as outlined in our 2021-2026 Organisational Strategy. In particular, we have worked in partnership with our hospice colleagues across Kent & Medway, delivering educational initiatives, and working together to progress discussions with Commissioners about sustainable long-term hospice funding.

It has been a privilege to lead Pilgrims Hospices through what has been an exceptionally challenging period. We would like to thank our staff, volunteers and our supporters for making our work possible. While many challenges undoubtedly lie ahead of us, we are confident our dedicated teams will rise to the task, and that our wonderful community will continue in their unfailing support of our cause.



Karen Warden
Chair of Trustees

Helen Bennett
Chief Executive Officer

STRATEGIC REPORT

OBJECTS AND ACTIVITIES (Facts and figures)

Pilgrims Hospices serves a population of approximately 750,000, providing adult palliative care services across East Kent. The charity employs around 350 people and is supported by over 1,500 volunteers. Pilgrims provides support through a number of services:

Inpatient Units

Pilgrims operates three inpatient units in Ashford, Canterbury and Thanet, providing specialist palliative care delivered by a multi-disciplinary team of clinicians. Pilgrims aspires to provide a homely, welcoming environment for patients where they will feel safe, comfortable and well cared for.

Community Services

Pilgrims' dedicated community teams provide Specialist palliative care assessment and advice for patients in community settings, whether in their own home, care home, or through outpatient appointments on site, via telephone or virtually. Support is also available 24 hours per day, 365 days per year through a dedicated advice line.

Therapy & Wellbeing

A multi-disciplinary team including Wellbeing Practitioners, Physio and Occupational Therapists provide therapies and wellbeing support for patients through Pilgrims Therapy Centres, as well as through home visits, provision of gym services, and specialist assessment. Therapies input is intended to ensure patients have access to the support they need to enjoy the highest possible quality of life, living as well and as comfortably as possible.

Hospice at Home

Hospice at Home provides dedicated domiciliary care for patients in the last days and hours of life. The team provide up to three visits per day, providing personal care and supporting patients to remain in their preferred place of care.

Psychosocial and Bereavement Care

Social Workers, Counsellors and Spiritual Care professionals work to provide holistic, person-centred care to patients, addressing their psychosocial needs. Counselling team also provide bereavement support to anyone across east Kent through the Stepping Stones Bereavement Services.

Cost

In the year to March 2022 it cost £10.3 million to deliver these services.

In the year ended March 2022:

Pilgrims received
2,897 referrals
(23% increase from 2021)

Pilgrims admitted
803 patients
to our inpatient units

Pilgrims delivered
6,898
Community Contacts

Pilgrims received
1.2 million items
Donated through our
shops

Pilgrims took over
4,000 phone calls
per month from patients, families
and professionals

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Our Vision

At Pilgrims Hospices we have a simple Vision: "of a community where people with a terminal illness and their family and friends are supported and empowered to live well in mind and body until the very last moment of their life."

Our Mission

Our 'Mission' is to make a difference in the lives of individuals in East Kent who are facing the last year of life. To do this we:

- Provide open, compassionate care and expertise for patients and their families; both in the community and in our in-patient units. We will continue this support for families through their bereavement.
- Inform, educate and enable patients and their families so they can make informed choices and participate in planning their own care.
- Form strategic partnerships throughout our community; sharing our research, knowledge and expertise to enable others to play their part in supporting families where and when they need it.

Our Values

To achieve our Vision, we have a shared set of values and behaviours that will enable us to be the people and the charity that patients and their loved ones need us to be. They form our 'CODE' which guides us in our daily working and decision making.

Compassionate -	We treat everyone with compassion and care.
Open -	We communicate openly, honestly and effectively.
Dynamic -	We are dynamic, improving and developing our services.
Empowered -	We empower people to achieve their outcomes.

Pilgrims provided over
2,000 patient meals
per month

Pilgrims welcomed
8,900
Event Participants

Pilgrims provided
1,990
Bereavement Care

Pilgrims' Think received
106 Attendees
to the pilot programme
(representing an 11% uptake)

Lottery entries achieved
22,358
per week
(A 10% increase on the previous year.)

STRATEGIC PROGRESS & KEY ACHIEVEMENTS

2021-22 saw the launch of Pilgrims Hospices' five-year Organisational Strategy, covering the period 2021-2026.

Four pillars underpin and guide the charity's long-term strategic ambitions and inform the setting of annual objectives.



Objective One: We will put the patient at the centre of all we do, delivering the care they need, where they need it.

As a charity, Pilgrims' first priority will always be patients and the organisation is dedicated to ensuring that service users, as well as their families, receive the highest standards of care and support.

Throughout the year, the proportion of patients indicating satisfaction across all services averaged 98% based on feedback obtained via the independent *I Want Great Care* programme. Processes for recording and following up complaints and incidents have also been further developed during the year, ensuring that if service standards were to fall below those expected, or where a patient is unhappy with the service received, that this is captured, and that the most is made of opportunities for learning.

The ongoing impact of COVID-19 meant that patient safety remained a key consideration throughout 2021-22. Guidance was reviewed and updated throughout the year, with a focus on ensuring that precautions were balanced against patient need, particularly in relation to visiting. As a result of adherence to robust processes, Pilgrims Hospices was able to admit COVID positive patients safely and with no interruption to normal operations across its in-patient units.

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Pilgrims worked closely with partners across the healthcare sector, including East Kent Hospitals University NHS Foundation Trust (EKHUFT), throughout the year in order to provide support to the maximum number of patients. This included opening additional beds to facilitate admissions, which in turn reduced pressure on NHS/EKHUFT acute services.

Objective Two: We will use our influence to develop our services and maximise our reach as we implement new service initiatives.

Evidence demonstrates that earlier involvement with palliative care services improves quality of life and End of Life outcomes for patients and earlier intervention is therefore a key priority for Pilgrims now and in the future. Central to this ambition is the Think, Talk, Act programme which, in partnership with GPs, seeks to identify and engage the 1% of patients likely to die in the next 12 months, as well as the 3% of patients already identified as “moderately frail”.

The COVID-19 outbreak delayed plans for the launch of Pilgrims Hospices' Think, Talk, Act programme in 2020 due to significant restrictions on face-to-face activity, as well as on use of indoor space. As restrictions eased during 2021-22, plans were renewed, however, the emergence of the Delta and Omicron Variants resulted in further delays.

Despite significant setbacks, the charity was able successfully to launch the Think pilot in January 2022. Initial response to the programme has been overwhelmingly positive, with uptake significantly exceeding expectations and averaging 11%. Overall, sessions were delivered to 106 attendees during the period January – March 2022.

Some feedback from the attendees included:

'VERY INTERESTING AND BROUGHT UP MATTERS WE OFTEN PUT OFF, SHOULD BE MADE AVAILABLE TO MORE PEOPLE'

'GIVES YOU LOADS TO THINK ABOUT NOT JUST THE PERSON I CARE ABOUT ALSO MYSELF'

'IT HAS MADE MY WIFE AND I THINK ABOUT THE FUTURE- ALTHOUGH WE ARE BOTH IN OUR 80'S AND ACTIVE. WE THINK YOUR PRESENTATION WILL MAKE US LOOK INTO ALL THE POINTS MADE. SOME ELDERLY PEOPLE NEED HELP WITH THE INTERNET- MAYBE COURSES COULD BE ARRANGED FOR THE OVER 70'S'

'USEFUL TO KNOW YOU CAN DISCUSS THIS WITH THE GP PRACTICE AND THAT THEY ARE SUPPORTING THIS. ALSO DID NOT KNOW DNR WAS NOT LEGALLY BINDING'

'A GOOD WAY OF STARTING CONVERSATIONS'

'A LOT OF THOUGHT HAS GONE INTO THE SESSION GIVING FOOD FOR THOUGHT AND WHERE TO GET MORE INFORMATION. MANY THANKS TO THE TEAM'

The Talk pilot will follow in 2022-23 with a view to developing a full service specification and launch across East Kent.

Objective Three: We will ensure clinical and financial stability through the achievement of a break-even position and by securing consistent and equitable statutory funding as well as identifying new ways to maximise commercial revenue.

The ongoing impact of COVID-19 resulted in significant financial uncertainty in 2021-22. Throughout the year Pilgrims worked hard to mitigate these impacts, sustain voluntary income, and secure additional statutory funding. Pilgrims also continued to invest in the development of its estate to ensure maximum value is realised from its existing assets. The charity is delighted to report that these efforts were successful.

Mitigating COVID-19 Impacts:

While significantly less support was available during 2021-22 than had been provided in 2020-21, Pilgrims worked to maximise the support that could be obtained during the year.

At various points during the year funding was made available by the Department of Health via Hospice UK to support hospices and sustain activity. Pilgrims collected and provided daily data, demonstrating the impact and value of hospice services throughout this period, which secured £807,000 of funding via this scheme.

Pilgrims Hospices also continued to access the Coronavirus Job Retention Scheme, otherwise known as the "Furlough" scheme, during April 2021.

Sustaining Voluntary Income:

Pilgrims Hospices' Income Generation team worked hard to sustain and restore income throughout 2021-22:

Retail – Retail was heavily impacted by lockdowns and restrictions on shop openings in 2020-21. In 2021-22 the Retail team achieved spectacular success following the reopening of the shops in April 2022, earning sales in line with pre-COVID levels, and surpassing £4 million in income for the first time.

Community Fundraising – Community Fundraising continued to struggle in the early half of 2021-22 due to ongoing government advice regarding social distancing, which meant that many traditional community activities were not able to take place during the first quarter of the year. However, the team reported a strong second half of the year, making up much of this ground and finishing the year only moderately behind target.

Events – Events performed strongly during the year. The majority of the charity's events in 2020-21 had been cancelled with many participants rolling over their registrations to 2021-22. This resulted in the 2021-22 events selling out in record time, with events including the Cycle Challenge and Pilgrims Way Challenge recording their highest ever income levels.

Individual Giving – Individual giving activity, including face-to-face *In Memory* events, were restored during 2021-22. Overall income struggled, particularly in relation to unsolicited donations, which remain below pre-COVID levels. This has been attributed largely to reduced visiting on all

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sites, and is expected to return to previous levels once remaining on-site COVID restrictions are lifted.

Trusts – Trusts income has continued to grow, with a number of significant successes during the year, including securing the funding for the refurbishment of the Ashford ground floor reception and Therapy Centre corridor.

Lottery – The Lottery team were able to sustain player numbers and provide much needed consistency throughout the COVID pandemic. Face-to-face canvassing and collecting activity, conducted in a COVID-secure manner, was restored during 2021-22. At the end of the financial year the lottery had 22,358 entries in play per week.

Securing Additional Statutory Funding:

Throughout 2021-22 Pilgrims Hospices, in collaboration with other Kent and Medway (K&M) Hospices, engaged with commissioners regarding the need to achieve fair and sustainable statutory funding, in line with national funding frameworks.

Discussions were productive, however, the Kent and Medway CCG were not able to commit to a longer-term funding settlement for two primary reasons:

- a) NHS National Frameworks for the commissioning and funding of PEOLC services are being piloted but are not yet fully agreed nationally.
- b) The K&M CCG needs to fully establish the commissioning team who will work with providers to implement K&M EOLC strategy that was developed during 2021. This will involve working closely with expert providers, such as ourselves, to develop pathways and services that improve the quality and experience of those at the end of life. In addition to this, it should reduce duplication of effort between acute, community and independent providers. This in turn should result in a service model that is financially sustainable for the CCG and the providers commissioned to deliver these services.

The CCG have indicated their commitment to reaching a sustainable funding settlement with Hospices, and it is currently anticipated that a revised contract will be agreed during 2022-23, and put in place from April 2023 onwards. However, until the new contract is agreed, the current contract effective in 2021-22 has been rolled forward into 2022-23.

Estates Development:

Pilgrims Hospices has a significant freehold estate, which encompasses a number of retail units arranged over multiple floors. In order to ensure Pilgrims realises the maximum value of its assets, work has been undertaken to identify excess space within the estate and to explore value-generative options to develop these areas.

During 2021-22, work was completed to convert space above the charity's Birchington shop into a residential unit which has been let and now represents a cash-generative asset.

Objective Four: We will implement new ways of working across clinical and non-clinical services and day to day operations, both internally and externally.

2021-22 has seen Pilgrims take several important steps in the development of working practices, which will support Pilgrims in maximising the productivity of its workforce now and in the future. These include the incorporation of digital ways of working, improved hybrid ways of working, and the introduction of new Advanced Clinical Practitioner roles which will increase the flexibility of the workforce and improve sustainability of specialist clinical activity.

The restoration of volunteering opportunities following COVID-19 restrictions, as well as the development of new, expert volunteer roles has been a key focus during 2021-22.

Pilgrims also seeks to engage with its workforce on an ongoing basis, utilising multiple routes for communication and gathering feedback.

Digital Working Practices:

Adoption of digital working practices during COVID-19 provided a unique opportunity to expand the charity's service offering to ensure that services were as flexible and accessible as possible over the longer term.

During 2021-22 Pilgrims has implemented remote video consultation using the AccuRx platform facilitating seamless digital consultations, making it easier for patients to be assessed remotely, increasing operational efficiency, and providing ease-of-access for patients with conditions that impact their ability to attend face-to-face appointments. Pilgrims has also embedded e-prescribing to allow greater flexibility in prescribing. The ability to send prescriptions directly to the patient's pharmacy offers significant benefits for patients and the charity.

Virtual therapy sessions have been sustained into 2021-22, along with a growing library of digital materials which are available to patient on-demand via platforms such as YouTube.

Outside of clinical services, digital events have been integrated into the broader events offering, with an innovative offering including virtual cycles and hikes encouraging supporters to get active and raise funds for Pilgrims.

Traditional fundraising activity has also benefited from increased digitisation, with the use of route planning applications for events such as Tree Recycling, and digital check-in via iPads for mass-participation events.

Hybrid Working:

Initially a necessity during COVID-19, hybrid working offers significant benefits both to individuals and the charity as a whole. When managed well, hybrid working can improve individual productivity, and can act as an incentive for employees by providing greater work-life balance.

During 2021-22 Pilgrims developed and implemented a Hybrid Working Policy to formalise these arrangements internally, as well as to provide line manager with guidance as to how to effectively manage hybrid-working within their teams. Since the introduction of this policy, it is estimated that 60% of staff for whom hybrid working is feasible have made use of this facility on either a regular or ad-hoc basis.

Advanced Clinical Practitioners (ACP's):

Pilgrims Hospices recognises that workforce sustainability, and ensuring the supply of suitably skilled staff, will be key to maintaining a high-quality service into the future. In particular, it has become increasingly difficult to recruit Specialty Doctors due to a shortage of supply across the wider healthcare sector.

In order to address some of these issues, in 2021-22, Pilgrims developed Advanced Clinical Practitioner roles with the expectation that Advanced Practitioners will be recruited in tranches in 2022 and 2023, to bring the total number of full time equivalent postholders to nine by 2024.

Postholders will either be recruited as full ACPs or, in the majority of instances, as Trainee ACPs. Trainees will be required to study for a Master's degree, as well as demonstrating compliance with an enhanced competency framework, and completing a non-medical prescribing course. Funding has been secured which will cover the cost of training for new postholders.

By 2026-27 it is planned that ACP roles will replace Specialty Doctors within the staffing establishment. This will ensure a more sustainable workforce, while also ensuring Pilgrims is able to offer enhanced development opportunities to clinical staff, which is expected to drive improvements in recruitment and retention.

Volunteering:

Volunteers represent a significant segment of Pilgrims' workforce, providing support across all areas of the charity's operations. Volunteer roles are varied, from shop volunteers, to receptionists, to volunteers providing support directly to patients and families.

The COVID-19 outbreak had a huge impact on volunteers, with much volunteer activity paused or curtailed during lockdown. As restrictions eased, Pilgrims was delighted to restore the vast majority of these roles during 2021-22, at the same time as introducing a number of new, expert volunteer roles designed to enhance the experience for patients and visitors.

Volunteer opportunities introduced during the year included Ward Volunteers, who provide support directly to patients staying in the inpatient units, and Stepping Stones volunteers, who facilitate bereavement groups. These new roles have seen high levels of interest from prospective volunteers, and have been well received by service users and colleagues.

Workforce Engagement

A number of mechanisms are in place to engage with staff and volunteers, including an annual Staff and Volunteer Survey operated by Birdsong Charity Consulting. This survey asks staff and volunteers about their views on a range of topics, provides a comparison with the wider hospice sector, and also provides an overview of how "engaged" respondents are compared to the national average. The results of this survey are summarised and shared with the Board of Trustees and wider organisation.

Pilgrims has a Local Management Team (LMT) in place at each hospice, which considers Claims, Concerns and Issues for their site, and which are in turn escalated to the Senior and Executive Management Teams. LMTs are also the primary method of cascading information across the

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organisation. In addition, the HR department circulates a workforce newsletter "People Matter" six times each year to update staff and volunteers with good news stories and organisational updates. A regular volunteer newsletter is also produced several times per year, with updates from teams across the charity.

The charity has effective policies and procedures for raising and escalating concerns, including the Grievance and Whistleblowing policies.

The Board of Trustees is assured and updated regarding workforce engagement activity via Board Reports prepared by the organisation's Executive Management Team. Trustees are represented on various committees which oversee aspects of engagement activity, including:

- The Remuneration & Workforce Committee, which considers pay, benefits and employee health & wellbeing.
- The Central Health & Safety Committee which is responsible for ensuring that working environments are safe and appropriate for staff and volunteers.
- The Quality and Governance Board which ensures staff have the support needed to work safely and effectively.
- The Information Governance Group which ensures staff and volunteer data is protected and used appropriately.
- The Education & Training Group which ensures staff and volunteers have the necessary training and development to fulfil their potential.

2021-22 saw the reintroduction of "Board Walks", where Trustees and EMT members tour Pilgrims facilities and speak with staff. This in turn provides accessibility and visibility of the senior leadership team to the wider workforce.

Following feedback from the 2021 staff survey, a new "Coffee & Cake" initiative was launched in 2021-22 where staff and volunteers would be able to meet with the Chief Executive and Chair of Trustees in an informal environment. Early feedback from these sessions has been positive, indicating these have been well received by both staff and volunteers.

Our gender pay reports are published in line with the Equality Act 2010, and can be viewed on our website at: <https://www.pilgrimshospices.org/about-us/work-with-us/>.

FUTURE PLANS AND OBJECTIVES

Think, Talk, Act

Following the successful pilot of Think in the final quarter of 2021-22, the Talk Pilot will take place during the first quarter of 2022-23. Following the evaluation of both pilots, a full service specification will be developed for both programmes, in anticipation of a full service launch from April 2023.

Statutory Funding

A key objective for Pilgrims remains the elimination of the charity's structural financial deficit. Obtaining equitable, sustainable, statutory funding is essential to achieving this objective.

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Over the course of 2021-22, significant progress was made with Commissioners who have acknowledged the need for a sustainable funding solution, and have committed to working with Kent and Medway on an appropriate funding model.

Work is expected to continue throughout 2022-23, with a view to a revised contract being put in place from April 2023.

Canterbury New Build

In 2014 Pilgrims Hospices was approached by Pentland Homes and the Tory Foundation, offering to provide land as part of the planned Saxon Fields development for a new, purpose-built hospice in Canterbury, as well as a contribution to construction costs. As of 2022 the generous offer tabled by Pentland comprised the freehold title of the land and a £4 million donation.

During 2021-22, Pilgrims Hospices' Board of Trustees unanimously agreed to accept the offer from Pentland Homes and the Tory Foundation and to designate the donation to a fund which would help finance the building of the new hospice.

Significant progress took place during 2021-22, including the appointment of Northmores as project manager, as well as the appointment of a marketing agent to appraise the value of the current London Road site.

Key milestones for the 2022-23 financial year will be the finalisation of Stage Three designs and the appointment of a build contractor.

It is currently projected that the build will be completed and occupied by 2025.

Canterbury New Build – Capital Appeal

In support of the new build, Pilgrims Hospices' Income Generation Team will be undertaking a capital appeal to raise in excess of £2 million to fund the fit-out costs of the new build.

The appeal is expected to be launched in 2023 and will run for a period of 3 years.

Thanet Hospice Refurbishment

Prior to the pandemic, Pilgrims was planning a large-scale refurbishment of our Thanet hospice which was put on hold due to COVID and is now expected to take place following the completion of the Canterbury New Build.

In the medium-term, the refurbishment work is still important as the building is nearly 30 years old and has the layout and features of a typical NHS facility. The demand for Pilgrims' services is continuing to grow and the type of care required has continued to change. Learning has also been taken from the COVID-19 pandemic, which has resulted in radical changes in operational best practice, and which will be incorporated into a refurbishment.

Recognising that a full refurbishment may still be some way off, the charity has committed funds in the short term to improve the environment for patients, carers, visitors, staff and volunteers. This will see a programme of small-medium sized improvement projects happen on site during the 2022-23 and 2023-24 financial years, with around three projects completed each year. These projects will be aimed at improving the standard of the patient and visitor experience, as well as enhancing the

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accessibility of the site. It is anticipated that supplementary funding may be obtained from Trusts and Grants to fund some of these projects.

STRUCTURE & GOVERNANCE

Pilgrims Hospices is governed by a Board of Trustees numbering not less than five and not more than eighteen. As at 31 March 2022 there were nine trustees, following the appointment of Mr Jim Richards in September 2021. The Board of Trustees governs in accordance with the Articles of Association and Trustees bring relevant experiences and skill sets from a variety of sectors, as determined by a regular skills audit, from which recruitment is driven. Over the period of this report, the sectors include, for example, clinical, business and legal experience

New Trustees are appointed initially by the Board following a formal process which includes interviews by the Nominations and Governance Committee and by the Chair leading to a recommendation by the sub-committee to the full Board. Applicants are sought from publicly advertised vacancies. Successful applicants are subject to re-election by the Members at the next Annual General Meeting following their appointment by the Board. Procedures are in place and regularly reviewed for Trustee induction and development. Trustees are required to complete mandatory training and a full induction to the charity is given to new trustees on and shortly following their appointment. The Board completed the advisory actions recommended following a review by the National Council for Voluntary Organisations (NCVO), relating to its Board Development programme in this year. Work on a recruitment programme for the Board continues.

Trustees are appointed for an initial three-year term and may be re-appointed for two further three-year terms. A Trustee who has served for 9 years can only be re-elected by unanimous resolution of the members and for a term not exceeding 5 years.

The Board normally meets four times a year to review strategy and performance and is supported in its work by a number of trustee-led sub-committees.

The Board recognises that good governance is essential for the success of the charity and has made good progress in developing its governance policies and practices in line with the principles set out in the Charity Governance Code for larger charities. The Nominations and Governance Committee will continue to review progress with the full implementation of the Code through an action plan developed from the diagnostic tool made available from the Charity Commission.

Committees

Board committees have delegated powers of responsibility but executive authority is retained by the Board. They are chaired by a Trustee, have written terms of reference and provide linkage to the main Board and support to senior management. Trustees are selected as committee members having regard to their skills, knowledge and expertise and committees may include appropriately qualified individuals (thinking partners), who are not trustees, co-opted from outside the charity. Members of the Executive Management Team also attend committee meetings relevant to their professional area of expertise. Each committee reports to the Board on any major issues discussed, with recommendations where decisions are required. Minutes of committee meetings are circulated to the Board as a whole and each Committee identifies areas for consideration by other committees thus ensuring no Committee works in isolation.

The Finance Committee oversees the finances of the charity and its subsidiary company. It is responsible for reviewing and recommending to the Board the financial strategy along with the

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annual budget and monitors performance against these. The Committee also oversees the strategy for investing funds and keeps the Board informed of relevant general changes in the financial environment. It reviews risk plans and corporate risks relating to finance, investment and audit.

The Income Generation Committee supports all fundraising activities of the charity, as well as communicating the hospices' vision, mission, and services to patients, carers, healthcare professionals and the public. It reviews the fundraising plans and retail strategies before referring them to the Board for approval, as well as monitoring risks relating to Pilgrims' income generating activities.

The Quality and Governance Board provides the Board of Trustees with assurance concerning all aspects of quality and safety relating to the provision of care and services in support of getting the best clinical outcomes and experience for patients, carers and their families. The Quality and Governance Board oversees the content and effectiveness of the structures, policies, systems and processes for quality assurance, clinical, information and quality governance. It assesses current and future risks to quality and safety which may be included in the clinical services and other risk registers. It also advises the Board of Trustees on any significant issues regarding quality, risk or compliance issues. The Quality and Governance Board is also responsible for overseeing matters relating to information governance. Issues relating to information governance are handled by the Information Governance Group, which reports to the Quality and Governance Board.

The Major Projects Committee considers the current and future real estate requirements of Pilgrims Hospices and progresses the proposed projects in line with the strategy and budget approved by the Board of Trustees. The Committee considers the current and future operational needs of Pilgrims Hospices and how these needs could best be addressed.

The Remuneration and Workforce Committee reviews terms and conditions of employment, sets overall remuneration policy and oversees the development of workforce strategy. The Committee recommends annual pay awards to the Board of Trustees as well as monitoring risks relating to Pilgrims' workforce, recruitment and retention.

The Nominations and Governance Committee considers the corporate governance of the hospice. It reports to the Board of Trustees on any changes that may need to be made in order to comply with legal and regulatory requirements. It reviews the Board's skills mix and capabilities and makes recommendations on nominations for new membership to underpin the Board's capability and diversity and to provide robust governance and directorship of the hospice.

The Clinical Service Development Committee considers the development clinical service proposals and service redesigns in line with the charity's agreed clinical strategy. The Committee ensures that any service development takes places in line with Pilgrims' charitable objectives and is sustainable from both a financial and service perspective. The Committee considers the needs of all stakeholders when developing service proposals and monitors risks relating to both service development and the wider Health and Social Care environment.

The Chief Executive and the Executive Management Team have delegated authority to manage the charity's operations on a day to day basis, within the annual budget approved by the Board of Trustees. They have the specific skills and experience to enable them to fulfil their roles and report progress on this at the quarterly Board meetings and through financial reports to the trustees.

In addition, the Executive Management Team meet formally quarterly to review all activity and adherence to the overall business plan. The output of these meetings and discussion points are

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disseminated throughout the business at regular management meetings. There is a flow of communication throughout the organisation which is cross functional and cross site with local issues managed at Local Management Team meetings. Issues can be escalated to the Executive Management Team and, where relevant, to the trustees. In addition, there are regular functional specific meetings with reviews of critical activity. This, together with additional weekly operational meetings, ensures that there is a robust management of the day to day running of the hospices.

Remuneration Policy

The remuneration of key management personnel is reviewed on an annual basis by the Remuneration and Workforce Committee, as part of its review of salary levels across the charity. This review ensures the remuneration is competitive within the charity and healthcare sector. The Committee considers a range of factors including increases in the national cost of living and the position of comparable organisations and wider healthcare and charity sector, as well as the current financial position of Pilgrims Hospices and the affordability of any increase. Every three years Pilgrims Hospices undertakes a full review of the duties, responsibilities, level of expertise and salaries of all posts across the charity. This information is compared with the lower quartile to median salaries of comparable posts for organisations with a similar overall income in the Third sector.

Trustee Responsibilities

The Trustees (who are also Directors of Pilgrims Hospices in East Kent for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the group financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources, including the net income or expenditure of the group for the year. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities Statement of Recommended Practice
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity and the group will continue in operation.

The Trustees are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charity and the group and which enable them to ensure that the financial statements comply with the Companies Act 2006.

Fundraising practices

The Charities (Protection and Social Investment) Act 2016 requires Pilgrims to provide extra information in its annual report about its fundraising activities. In particular, any agreements with professional fundraisers or commercial participators as well as providing information on compliance with voluntary fundraising regulations.

TRUSTEES' REPORT
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Pilgrims does not use consultant fundraisers to solicit gifts from prospects or donors. All gifts are solicited by Pilgrims Hospices' Fundraisers who follow guidelines stipulated by the Charity Commission and Fundraising Regulator. The charity is also mindful of the General Data Protection Regulation (GDPR) and has a Privacy Policy and a named Data Protection Officer. Pilgrims uses a Customer Relationship Management (CRM) system to record all donations to ensure appropriate levels of communication are maintained. Fundraising activities are monitored by a team of managers, the Director of Income Generation and Marketing, the Chief Executive Officer, The Income Generation Committee and the Board of Trustees.

Pilgrims is committed to following the highest standards and to ensuring a quality supporter experience. The charity has detailed procedures in place that in many cases go beyond the minimum requirements for the sector and against which the organisation regularly monitors its performance.

Some fundraising activity is conducted on behalf of the charity by carefully selected fundraising agencies. Pilgrims occasionally works with agencies to telephone existing supporters to talk to them about their donation and, on some occasions, to ask for a further donation. Pilgrims works very closely with its agencies to make sure they represent our work and our organisation to the highest standards.

During the year there were no incidences of non-compliance with fundraising and voluntary regulations set by the Fundraising Regulator. Pilgrims Hospices Complaints Register recorded two complaints from the general public, in relation to its income generation activities, both complaints were resolved satisfactorily.

Business relationships with suppliers

Having good business relationships helps to ensure the smooth running of the charity and Pilgrims is committed to establishing fair working practices with all suppliers, whilst delivering best value for the beneficiaries of the charity. The charity regularly reviews contracts with key suppliers and their performance in delivering the purchased goods and services. Payment terms are agreed with all business partners and where appropriate Service Level Agreements (SLA) are used. Pilgrims' Retail staff and volunteers are provided with training in customer service, handling complaints, and how to deal with difficult situations to assist them in providing the best service possible to customers. Refunds are provided for all goods returned within 14 days in the same condition as when sold, no matter what the reason for return. The charity recognises that sometimes things go wrong and Pilgrims Hospices has established a Complaints Policy for use by any individual about any aspects of the charity's services or work (for example staff, volunteers, patients, carers or members of the public). The policy is governed by a process which ensures all complaints are reviewed and addressed appropriately which is also published on the Pilgrims Hospices website.

ENVIRONMENT

Pilgrims Hospices recognises that the protection of the natural environment and establishing an environmentally sustainable model of operation is essential to the long-term welfare of the charity's beneficiaries and the wider community. Pilgrims is committed to minimising its impact on the environment, including through reducing energy consumption, maximising opportunities for recycling and making sustainable procurement decisions.

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In addition to environmental benefits, increasingly sustainability provides direct and indirect financial benefits, primarily through reduced costs, but also through increased positive reputation.

Green Champions

In order to effect positive behavioural change across the workforce, Pilgrims has instituted a Green Champions programme, which sees groups of staff on each of the charity's sites take responsibility for green initiatives locally. Some examples of their work include:

- A "switch it off" campaign, encouraging staff and volunteers to turn off lights and electrical appliances when not in use.
- Raising awareness of which materials are recyclable and encouraging recycling.
- Identifying opportunities to replace single-use plastics with reusable products or different materials.

Reducing Waste

Pilgrims Hospices has comprehensive waste management contracts which ensure that the charity can maximise the volume of waste material which can be recycled, limiting material that ends up in landfill or incineration.

In addition to general waste management, specific recycling programmes have been put in place for both metal and used cooking oil, which see these materials sold for re-processing. In addition to being environmentally sustainable, these programmes are also income generative, realising funds to support the charity.

The organisation's extensive network of charity shops also support sustainability locally, providing an avenue for local residents to donate their unwanted personal possessions, diverting many of these items from household waste streams.

Energy

Pilgrims uses energy in the form of gas, electricity and fuel for vehicles. Much of the charity's energy consumption relates directly to activity, and therefore overall levels of energy use have historically trended up as the overall level of activity the organisation undertakes has increased.

However, the charity is working to mitigate the impact of increased activity through investments in energy efficiency such as LED lighting and insulation, as well as encouraging the adoption of energy-conscious behaviours such as vehicle sharing.

Streamlined Energy & Carbon Reporting:

The Streamlined Energy and Carbon Reporting regulations require Pilgrims to make the following disclosures in relation to energy consumption.

2021-22 is the third year that the charity has collected this data and the below table provides a comparison to the 2020-21 data. This comparison shows an increase in energy usage for 2021-22, however, this largely reflects the increase in activity following the end of COVID-19 restrictions, activity which is expected to recover further in 2022-23.

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While some opportunities do exist to reduce energy use and drive energy efficiency, these are limited. Specifically, the sites which would benefit most from investment in energy are sites where such investment is not commercially viable, including or shops which are occupied on short-term leases and where Pilgrims is not responsible for the fabric of the building. It is also anticipated that developments across the organisation may increase overall energy during the medium-term, including an increase in community-based clinical activity, and continued expansion of the retail logistics division.

The organisation achieved Phase Two ESOS compliance in December 2019 and has taken significant steps towards reducing energy use. These include a programme to upgrade to LED lighting where feasible, the appointment of green champions across all sites, the installation of more energy efficient heating, and an ongoing effort to reduce unnecessary travel through the use of virtual technologies for meetings and even patient contacts. While progress on some activity was restricted by COVID-19, progress in areas such as remote working and virtual technologies have seen significant progress.

Additional measures are planned, including improved insulation, further training for staff and ensuring energy efficiency is a considered when procuring new devices.

Energy usage in 2021-22 and comparison to 2020-21

Measure	2021-2022	2020-2021	% Change
Gas Usage kgCO ₂ e	351846.64	309268.15	13.77%
Gas use intensity kwh/m ² /y	229.57	201.61	13.87%
Gas use intensity kgCO ₂ e/ m ² /y	42.33	37.21	13.77%
Electricity usage kgCO ₂ e	172435.49	174212.14	-1.02%
Electricity use intensity kwh/m ² /y	79.91	73.53	8.68%
Electricity use intensity kgCO ₂ e/ m ² /y	16.97	17.14	-1.02%
Travel Data kgCO ₂ e	102876.90	59445.08	73.06%

Notes on Preparation:

The above data includes all Scope One and Two emissions as defined by the Greenhouse Gas Protocol. Scope Three emissions relate to emissions generated by third parties, are largely beyond Pilgrims Hospices control and sit outside of the SECR requirements, and as such have not been included in the above figures.

GHG emissions have been calculated using the 2021 UK DEFRA condensed carbon conversion factors dataset and emissions are presented in CO₂e (Carbon Dioxide Equivalent). For buildings, an energy intensity metric of kWh per m² has been identified as the most appropriate measure, using data from annual energy bills. When calculating intensity ratios for gas, only premises with an installed gas supply were included when calculating the total square metres used.

The above reported figures do not include usage for premises where the organisation has service agreements and/or is not charged for energy usage as a tenant due to a lack of access to this data.

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For electricity, full year CO₂e figures for each individual supply were not available. Pilgrims therefore used the 2021 average energy supplied in the UK according to the 2021 UK DEFRA condensed carbon conversion factors dataset.

Information regarding the size or type of fuel used in employees' personal vehicles is not available. CO₂e has therefore been calculated for claimed mileage based on the 2021 UK DEFRA condensed carbon conversion factors dataset, using the "average" personal vehicle and "unknown" fuel types.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees regularly assess the risks and uncertainties to which the charity is exposed. The approach to risk is in accordance with a Risk Management Policy. A formal risk register is in place and the Trustees have adopted a risk management strategy whereby those risks are identified, the level of risk is assessed and systems for ameliorating them are put in place and regularly reviewed. The Board of Trustees reviews the risk register at their quarterly meetings.

The risk register is reviewed quarterly at a meeting of the Executive Management Team and each member thereof, in turn, is responsible for managing identified risks, identifying further risks and reporting these upwards to the Trustees for review. Sub-committees of the Board of Trustees, whose members comprise those with the skills and knowledge specific to the risks under review, report regularly to the Board as described above.

The risk register captures and categorises the risks across five broad areas of Pilgrims' activities namely, governance, operational, financial, external and environmental. The overriding risk to Pilgrims is the inability to deliver its mission statement, but this risk will have causal risks arising in the five areas noted above.

Financial risk includes the loss of income arising from a loss of reputation and the Trustees also recognise that the charity relies on two material amounts of funding arising from legacies and the NHS grant. Action is being taken to encourage the continued flow of legacies. At the time of writing, the key financial risk was in securing adequate levels of statutory income. Pilgrims maintains a strong relationship with the NHS to secure the continuance of the grant, and is in discussions with Commissioners, along with other local area hospices, to determine an appropriate level of funding apportioned to those providing end of life care, in line with Commissioning Frameworks. However, although there has been regular engagement with Commissioners during 2021-22, until the structures to form the new Integrated Care System are in place, Commissioners have not been able to confirm funding arrangements for future years beyond 2022-23.

Operational risks at this time include the difficulties in being able to recruit and retain suitably qualified staff and volunteers and this particular risk is also faced by many parts of Health and Social Care. Currently Pilgrims has a full complement of clinical and support staff. There are however continued challenges in recruiting Consultant grade doctors and specialist registered nurses, reflecting a national problem amongst hospices providing end of life care due to the scarcity of doctors at this level in this area of specialism and the scarcity of qualified nurses.

Workforce risks have a knock-on effect on other operational risks, in that they impact on the provision of appropriate, safe levels of staffing and also on health and safety practices more generally. For the time being there are no concerns over safe staffing levels but the Board and the Executive Management Team continue to monitor the situation.

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The heightened threat from cyber attacks means that cyber security and the maintenance of secure IT services is now a ubiquitous risk in the risk register.

As work progresses on the project to build a new hospice at Canterbury, risks relating to this project are now beginning to feature more prominently in the risk register.

RELATED PARTIES AND RELATIONSHIPS WITH OTHER ORGANISATIONS

None of the Trustees receive remuneration or other benefit from their work with the charity. Trustees are able to claim any reasonable out-of-pocket expenses, incurred in the course of conducting the charity's business.

Trustees and senior managers are required to declare any interests that they may have outside of the charity. Transactions and contractual relationships with related parties must be disclosed.

Pilgrims Hospices in East Kent has three wholly owned subsidiaries. All are registered in England, are limited by share capital and have as their registered office 56 London Road, Canterbury, Kent CT2 8JA. Two of the subsidiaries are now dormant and the third operates as a trading company, transferring its taxable profits to Pilgrims Hospices in East Kent.

Hospice Shops Limited (No. 1623758, director K Warden) is now a dormant company.

Pilgrims Hospice Lottery Limited (No. 3130167, director K Warden) is now a dormant company.

Pilgrims Hospices Trading Limited (No. 07993259, director K Warden) handles the taxable trading activities of the charity, other than the running of the charity shops, and, along with the charity, is registered for VAT under a group registration scheme.

The charity is registered with a number of regulatory bodies, including the Charity Commission, Care Quality Commission, Fundraising Regulator, Gambling Commission and Information Commissioner's Office.

The charity is a member of Hospice UK, an umbrella body which supports hospices throughout the UK.

FINANCIAL REVIEW

The Statement of Financial Activities for the year is set out on page 32 of the financial statements. A summary of the financial results and the work of the charity is set out below. Notes 25a to 25b, which support the Statement of Financial Activities on pages 52 - 53, show how funds have been received and applied during the year.

During the year under review, the net movement in funds was a surplus of £6,710,000 after investment gains of £589,000, compared to a surplus of £2,297,000, after investment gains of £1,809,000, in the previous year.

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Our income generation activities from donations and legacies raised £8,920,000 (2020-21: £3,081,000) representing an increase of £5,839,000 compared to 2020-21. This increase represented a significant achievement from the Pilgrims fundraising teams, who took full advantage of the easing in COVID-19 restrictions from early in the financial year. Included with the £8.9 million of donations and legacies income was a substantial donation to Pilgrims of £4 million from Pentland Homes and the Tory Foundation. The Board of Trustees took the decision to designate this generous donation towards the building of the new Canterbury hospice at Saxon Fields, Thanington.

Legacy income increased significantly compared to 2020-21, as it appeared that Her Majesty's Courts and Tribunal Service (HMCTS) made headway in resolving the backlog in probate referrals that had been restricting the flow of these referrals substantially below the levels in 2018-19 and before. The situation had been compounded by delays across the probate approval process caused by the COVID-19 pandemic.

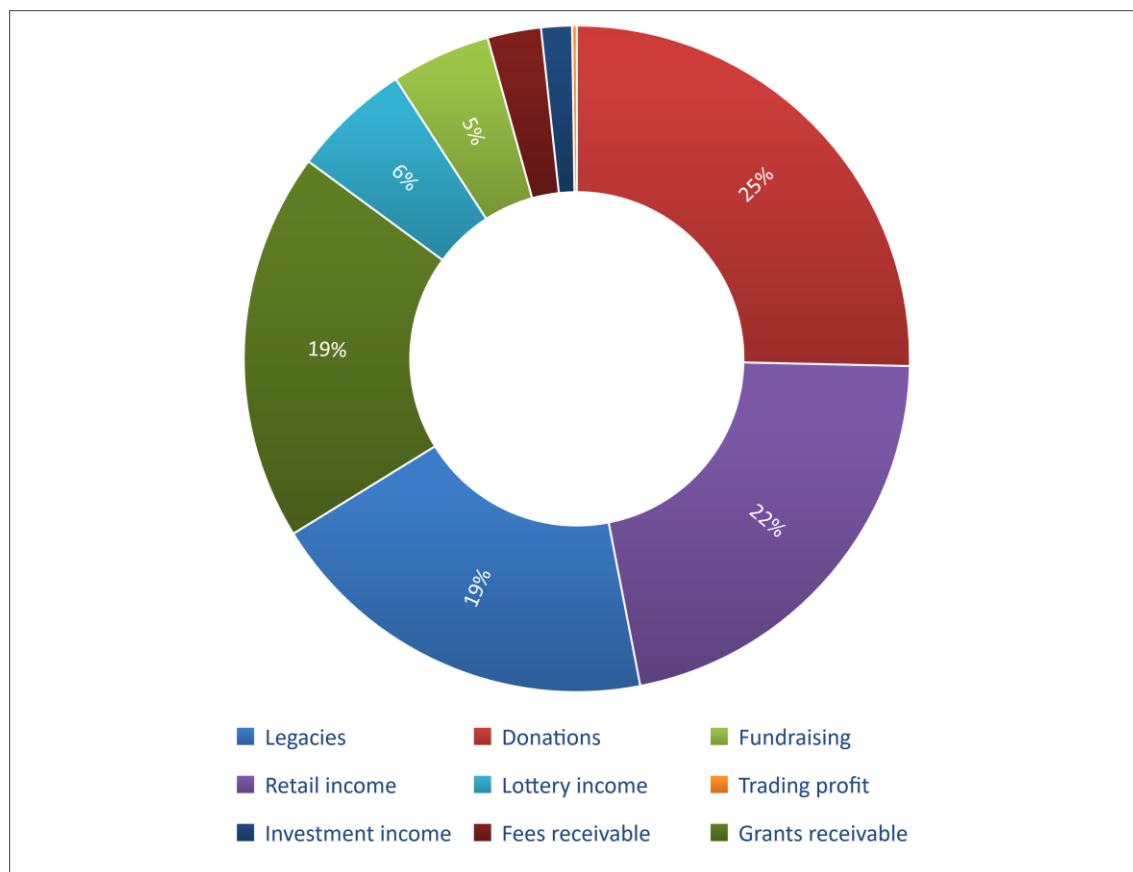
The Retail operation, as mentioned above, (excluding the trading subsidiary) experienced very difficult trading conditions during 2020-21 as a result of the national lockdowns and the Tier 4 restrictions, however, the shops bounced back very strongly in 2021-22. The operation delivered a profit of £2 million on income of £4.5 million compared to a net loss of £104,000 on income of £1.3 million the previous year. This was an exceptional result in the face of continued difficult trading conditions in the high street.

The Lottery remained strong with a turnover of just under £1.2 million and produced a net profit of £568,000, a reduction of £159,000 on the previous year, but nonetheless a good result during a difficult year. Expenditure increased in 2021-22 as a result of a canvassing drive to recruit more Lottery players, which had to be suspended in 2020-21 as a result of the COVID-19 lockdown restrictions. This investment in canvassing delivered an increase of around 18% in weekly players, raising numbers to 22,358.

The grant from the local NHS Clinical Commissioning Groups (CCGs) under a service funding agreement amounted to £3 million, approximately 21% of total running costs. This included additional funding from the CCG, from late November 2021 onwards, in order to keep open additional beds at the Thanet hospice.

As with 2020-21, Pilgrims was able to draw on various support grants which the government and the NHS had opened to healthcare organisations. Again, as with last year, the largest grants were those provided by NHS England to the hospice sector, via Hospice UK, in order to maintain hospice capacity during the outbreak of the Omicron variant of the Coronavirus. We received just under £807,000 in grants during the year from NHS England via Hospice UK. We also received Retail Restart Grants in April and May 2021 of £88,000, from east Kent local authorities, to provide support for the retail shops in emerging from the COVID-19 lockdown restrictions. As well as these grants, Pilgrims received just over £9,000 from the Government's Coronavirus Job Retention Scheme.

Set alongside is a chart showing how diverse our sources of income are, but also demonstrating that in 2021-22 the non-grant income streams recovered strongly in the year, when compared to 2020-21 where grants made up 50% of the income received in the year.



Overall expenditure rose by 7.5%, from £13,272,000 to £14,267,000. The increase was as a result of Pilgrims' activity returning to normal levels. During 2020-21, expenditure on Fundraising and Retail was lower than normal owing to the COVID-19 pandemic, with the events programme being suspended and the shops being closed for a significant portion of the year. This extended to the Lottery, as canvassing for new members restarted in 2021-22, having been suspended during the pandemic. There was some staff turnover in the clinical teams during the year, mainly as a result of retirements. As with other healthcare organisations, Pilgrims struggled to recruit replacements for these retiring staff and for part of the year it became necessary to alter the way in which some patient facing activity was undertaken. At times, activity was scaled back across various services in order to ensure safe ways of working whilst Pilgrims recruited replacements to fill the vacancies.

Investment gains during the year raised the value of the portfolio by £112,000. This increase was primarily the result of a strong recovery in the value of the investment portfolio in the first three quarters of the year. Concerns caused by global supply problems, inflation, the rising oil prices, and finally, the Russian invasion of Ukraine, reduced the strong gains made in the year. Nevertheless, the portfolio finished the year at a higher value than it started it. There were some additional investment properties recognised in the year, arising from a change in the treatment of certain premises that were mixed use, consisting of a shop premises, part of which also included a rented flat. The Lydd shop, which had been closed as a result of lockdown restrictions, was rented out to a private business.

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Reserves Policy

The Trustees review their policy each year. In conducting their review they take into consideration best practice and the guidance issued by the Charity Commissioners.

In considering the reserves position, the Trustees review:

- that provision of this type of care involves ongoing running costs, currently in the region of £10,300,000 per year, just under three-quarters of which has to be derived from voluntary sources;
- over 80% of this amount is directly invested in providing these services;
- there is a requirement to provide assurance to those who give so generously that the Trustees will be able to continue to provide patient care to meet the ever more demanding needs of the community;
- the income generation activity has an annual cost to the charity of approximately £3,700,000 and accordingly we need to generate approximately £14,000,000 per year, in a normal year.

The charity has the following categories of reserves:

Designated Reserves

'Fixed assets fund' holds the fixed assets used by Pilgrims to provide the facilities for the patients, their families and carers. From 2021-22 onwards, designated reserves will include the Canterbury Hospice Fund, which has been set up as a fund into which has been placed a donation of £4 million from Pentland Homes and the Tory Foundation. Trustees have designated this donation as funding with which to build a new hospice in Thanington. Other income funds raised specifically for the project will also be allocated to this fund.

Restricted Reserves

These are reserves only available for expenditure in accordance with the donor's directions.

Revaluation Reserves

These represent the accumulated gains in revaluation of investment properties.

Free Reserves

These are retained by the Trustees to give assurance to those who use Pilgrims' services and those who give of their time and money, that the Trustees will be able to sustain their commitment to provide specialist palliative care services to patients and support to their families and carers. The reserves are set at a level to withstand any short-term setback, whether operational, in the investment markets, or in key sources of income such as legacies. Liquid free reserves at 31 March 2022 stood at £13.5 million (2021: £11,000,000) which includes £7,913,000 (2021: £7,909,000) invested in quoted investments but excludes designated funds and £4,100,000 (2021: £3,610,000) in investment properties. The Trustees have agreed that the total of free reserves, i.e. those that are not used in the day to day operation of the charity, must not be less than £6,000,000, sufficient to cover around five months operating expenditure, and in light of the uncertainties as a result of the pandemic, the Trustees consider this to be satisfactory.

The Trustees recognise that the level of free reserves is significantly higher than the agreed minimum. However, they consider that in the present circumstances of a difficult economic climate, with soaring energy costs and a persistently high inflation rate, together with uncertainty over the level of funding Pilgrims can expect from the Integrated Care Board and at the point the charity is about to embark on a major capital project, maintaining a sizeable level of free reserves is prudent and necessary in order to be certain that Pilgrims can maintain a high standard of patient care.

INVESTMENT POLICY AND PERFORMANCE

At the end of the year there was £9,528,000 (2021: £3,066,000) available in cash and a high level of debtors which are monitored; at current financial levels of expenditure the charity requires just under £1,200,000 per month to cover running costs, including fundraising costs. However, when the need arises, the charity is able to liquidate medium term investments very quickly. The balance of the reserves is held in a portfolio comprising properties, government and other fixed interest securities and equities. The Trustees recognise the need to spread the investment risk in managing the reserves. They also acknowledge that investments should look to take into account, where possible, social, environmental and ethical considerations.

For this reason the Trustees have stipulated that there should be no direct investment in tobacco manufacture and armaments production.

The investment properties comprise residential properties that the charity has inherited or acquired and which the Trustees retain, having taken appropriate advice, as they provide potential for capital growth and income. The Trustees are confident that, having taken advice, the carrying value of the properties at £4,100,000, a surplus of £2,633,000 over acquisition value, is an accurate reflection of their market value as at 31 March 2022. During the year, Pilgrims included five flats within the investment property value, that were in the same buildings as certain of its shops. Until this year, the flats had been included within the fixed asset value of the relevant shop premises within which they were located.

The general investment policy for the investment portfolio, adopted by the Trustees and managed by the investment advisers, Coutts & Co, is to grow the investments above inflation whilst receiving an income, in the context of achieving these objectives in a time horizon of 5 to 8 years and within a risk category of medium to medium high. The Coutts portfolio manager actively monitors portfolio volatility and discusses the risks with Trustees at regular portfolio meetings.

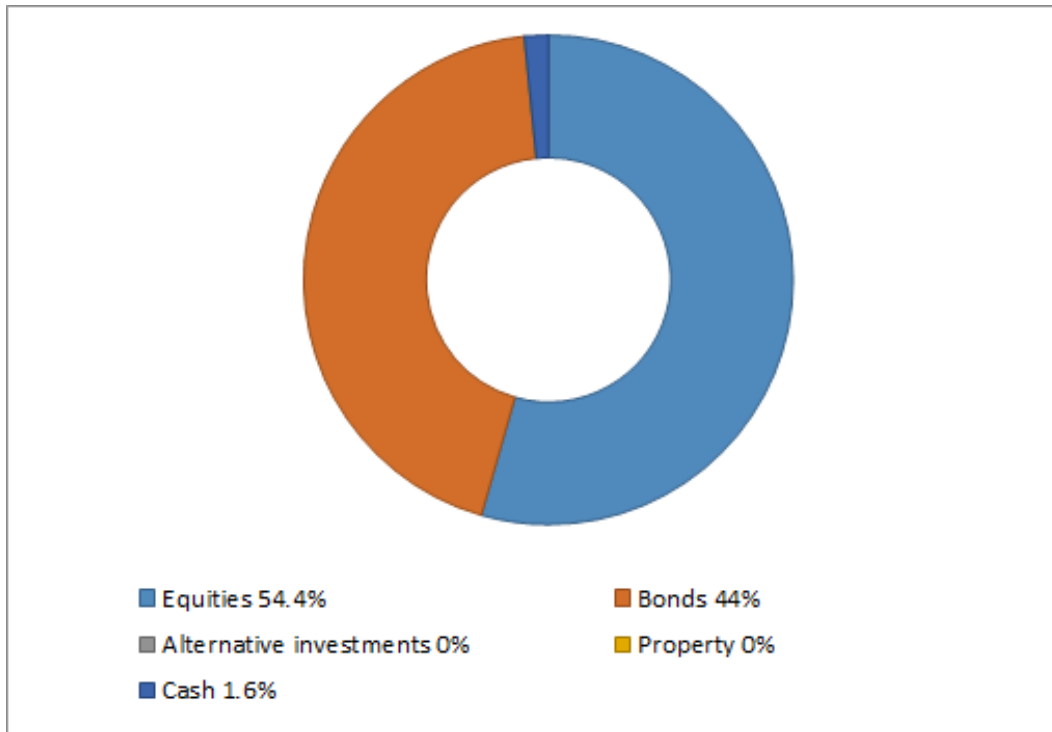
Coutts report that in the 12 month period to 31 March 2022 the weighted net return on the portfolio was 2.9%, compared to a return of 16.3% for the 12 months to 31 March 2021. This result was 1.8% behind the portfolio benchmark, which returned 4.72%. However, the benchmark result does not include the cost of investing in its return figures. Furthermore, an ESG (environmental, social and governance) screen was in place on a large part of the Pilgrims portfolio, which made the portfolio underweight in sectors that outperformed in the year compared to the benchmark. In absolute terms, the portfolio increased in value by 1.4% over the year. The portfolio had been performing strongly until the final quarter of the year, when concerns over inflation and the continuing supply chain problems, together with the war in Ukraine, caused markets to fall.

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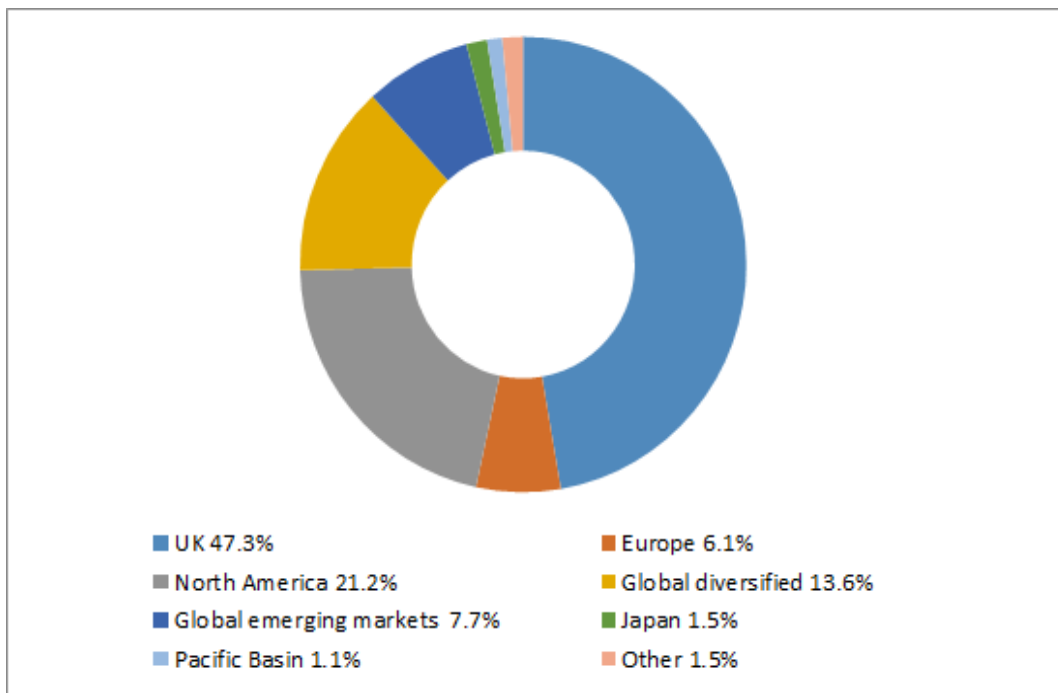
TRUSTEES' REPORT
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The asset distribution of the investment portfolio as at 31 March 2022 is set out below:

Asset class distribution



Geographic distribution



STATEMENT OF DISCLOSURE TO THE AUDITORS

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- So far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- That each Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the Charitable Company's auditors are aware of that information.

Charity Website

The Trustees (Directors) are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website (www.pilgrimshospices.org). Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

This report, including the Strategic Report, was approved by the Trustees, in their capacity as company directors on 29 September 2022 and signed on behalf of the company by:

.....
Karen Warden, Chair

Opinion

We have audited the financial statements of Pilgrims Hospices in East Kent (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2022 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2022 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the group financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Pilgrims Hospices in East Kent's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the trustees' annual report, including the strategic report, other than the group financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the group financial statements does not cover the other information, and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the group financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report, including the strategic report, has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report, including the strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the finance committee, which included obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the group operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the group from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**PILGRIMS HOSPICES IN EAST KENT
(A Company Limited by Guarantee)**

**INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 March 2022**

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joanna Pittman (Senior statutory auditor)

Date: 10 October 2022

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Pilgrims Hospices in East Kent

Consolidated statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2022

	Note	Unrestricted £'000	Restricted £'000	Endowment £'000	2022 Total £'000	2021 Total £'000
Income from:						
Donations and legacies	3	6,958	1,962	–	8,920	3,081
Charitable activities	4	3,643	807	–	4,450	7,274
Other trading activities						
Fundraising income	5	6,710	–	–	6,710	3,073
Investments	6	308	–	–	308	296
Total income		17,619	2,769	–	20,388	13,724
Expenditure on:						
Raising funds						
Fundraising costs	7a	3,832	–	–	3,832	2,875
Investment management	7a	118	–	–	118	80
Charitable activities	7a	7,560	2,757	–	10,317	10,281
Total expenditure		11,510	2,757	–	14,267	13,236
Net income before net gains on investments		6,109	12	–	6,121	488
Net gains on investments		589	–	–	589	1,809
Net income for the year	9	6,698	12	–	6,710	2,297
Transfers between funds		13	–	(13)	–	–
Net movement in funds		6,711	12	(13)	6,710	2,297
Reconciliation of funds:						
Total funds brought forward		23,407	408	13	23,828	21,531
Total funds carried forward		30,118	420	–	30,538	23,828

Balance sheets

Company no. 2000560

As at 31 March 2022

	Note	The group		The charity	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Fixed assets:					
Tangible assets	14	8,563	8,789	8,563	8,789
Investment properties	15	4,100	3,610	4,100	3,610
Total tangible assets		<u>12,663</u>	<u>12,399</u>	<u>12,663</u>	<u>12,399</u>
Investments	16	8,040	7,928	8,040	7,928
		<u>20,703</u>	<u>20,327</u>	<u>20,703</u>	<u>20,327</u>
Current assets:					
Stock	19	14	13	-	-
Debtors	20	4,078	1,277	4,081	1,327
Cash at bank and in hand		9,528	3,066	9,481	3,023
		<u>13,620</u>	<u>4,356</u>	<u>13,562</u>	<u>4,350</u>
Liabilities:					
Creditors: amounts falling due within one year	21	(3,785)	(855)	(3,775)	(849)
Net current assets		<u>9,835</u>	<u>3,501</u>	<u>9,787</u>	<u>3,501</u>
Total net assets		<u>30,538</u>	<u>23,828</u>	<u>30,490</u>	<u>23,828</u>
Funds:	24a				
Endowment funds		-	13	-	13
Restricted income funds		420	408	420	408
Total endowment and restricted funds		<u>420</u>	<u>421</u>	<u>420</u>	<u>421</u>
Unrestricted income funds:					
Designated funds		12,563	8,789	12,563	8,789
Revaluation reserve		2,633	2,192	2,633	2,192
General funds		14,922	12,426	14,874	12,426
Total unrestricted funds		<u>30,118</u>	<u>23,407</u>	<u>30,070</u>	<u>23,407</u>
Total funds		<u>30,538</u>	<u>23,828</u>	<u>30,490</u>	<u>23,828</u>

Approved by the trustees on 29 September 2022 and signed on their behalf by

Karen Warden
Chair

Pilgrims Hospices in East Kent

Consolidated statement of cash flows

For the year ended 31 March 2022

	Note	2022 £'000	£'000	2021 £'000	£'000
Cash flows from operating activities					
Net income for the reporting period (as per the statement of financial activities)		6,710		2,297	
Depreciation charges		306		318	
(Gains) on investments		(589)		(1,809)	
Dividends, interest and rent from investments		(308)		(296)	
Loss on the disposal of fixed assets		–		(13)	
Decrease in stocks		(1)		1	
Decrease in debtors		(2,801)		203	
Increase/(decrease) in creditors		2,930		(179)	
Net cash provided by operating activities			6,247		522
Cash flows from investing activities:					
Dividends, interest and rents from investments		308		296	
Purchase of fixed assets		(129)		(76)	
Proceeds from sale of investments		3,786		5,811	
Proceeds from sale of investment property		–		–	
Purchase of investments		(3,750)		(5,767)	
Net cash provided by investing activities			215		264
Change in cash and cash equivalents in the year			6,462		786
Cash and cash equivalents at the beginning of the year			3,066		2,280
Cash and cash equivalents at the end of the year	a		9,528		3,066
Analysis of cash and cash equivalents and of net debt					
		At 1 April 2021 £	Cash flows £	Other non- cash changes £	At 31 March 2022 £
Cash at bank and in hand		3,066	6,462	–	9,528
a Total cash and cash equivalents		3,066	6,462	–	9,528

1 Accounting policies

a) Statutory information

Pilgrims Hospices in East Kent is a charitable company limited by guarantee and is incorporated in England.

The registered office address is 56 London Road, Canterbury, Kent CT2 8JA.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) and the Companies Act 2006.

These financial statements consolidate the results of the charity and its wholly-owned subsidiary Pilgrims Hospices Trading Limited on a line by line basis. Transactions and balances between the charity and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two entities are disclosed in the notes of the charity's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

The financial statements are presented in sterling which is the functional currency of the Charity, and are rounded to the nearest thousand.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

Free reserves stand at eleven months of ongoing expenditure. The cash flow forecast and current budget projections indicate that Pilgrims has sufficient funds to finance itself during the next 12 months, from the date of signature of the accounts.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

1 Accounting policies (continued)

Legacies are reviewed on a case-by-case basis. For pecuniary legacies, entitlement is taken at the earlier of the date on which either: the charity is aware that probate has been granted, and the amount receivable can be measured reliably, and the receipt is probable; or when a distribution is received from the estate. For residuary legacies, entitlement is taken at the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made; or when a distribution is received from the estate. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised. However, the trustees' annual report provides information about Pilgrims' volunteers and the contribution that they make to the charity.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

g) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor, or where donations are received in response to fundraising by the Charity for particular purposes. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Investment income, gains and losses are allocated to the appropriate fund.

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of providing care and educational activities undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

1 Accounting policies (continued)

j) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity.

Support costs are the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function.

Fundraising support costs are the support costs directly attributed to the Lottery and Retail departments of the charity.

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

Support and governance costs are re-allocated to each of the activities according to the proportion of total direct costs attributable to each of those activities.

	Support	Governance
● In-patient	68%	80%
● Community services	11%	13%
● Counselling	4%	4%
● Information and education	2%	3%
● Governance	15%	-

k) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

l) Tangible fixed assets

Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

● Freehold land and buildings	50 years
● Long leasehold land and buildings	50 years
● Motor vehicles	4 years
● Fixtures and fittings	4-5 years
● Equipment	5-10 years

Freehold land is not depreciated.

m) Investment properties

Investment properties are measured initially at cost and subsequently included in the balance sheet at fair value. Investment properties are not depreciated. Fair value is determined annually by the Trustees based on advice received. Any change in fair value is recognised in 'net gains/(losses) on investments' in the statement of financial activities. The valuation method used to determine fair value will be stated in the notes to the accounts.

1 Accounting policies (continued)

n) Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'net gains/(losses) on investments' in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

o) Investments in subsidiaries

Investments in subsidiaries are at cost.

p) Stocks

Stocks consist of purchased goods for resale and are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks. Donated items of stock, held for distribution or resale, are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

q) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

s) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

t) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

u) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

v) Pensions

The Group operates a defined contribution pension scheme open to all employees. However, certain employees are already members of professional pension schemes to which Pilgrims Hospices in East Kent continues to make contributions as their employer. The pension costs charged in the financial statements represent the contributions payable by the Group during the year.

Baptist Pension Scheme

The Charity also participates in the Baptist Pension Scheme (the Plan). The Plan is funded and is not contracted out of the state scheme. It is a multi-employer pension plan and it is not possible, in the normal course of events, to identify, on a reasonable and consistent basis, the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under review represents the employer contribution payable. While the Plan is primarily a defined contribution scheme it has inherent guarantees that mean the Group may need to make further contributions to meet deficits. During the year, the charity exited the Plan and paid off all liabilities owed up to that point. Further details are provided in Note 28.

1 Accounting policies (continued)

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up. The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt. Further details including the current buy-out debt amount are given in Note 28 as a liability.

NHS Pension

Staff transferring from the NHS may continue to contribute to the NHS scheme.

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

i) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2022, is based on valuation data as 31 March 2021, updated to 31 March 2022 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

ii) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay.

The 2016 funding valuation also tested the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. There was initially a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

HMT published valuation directions dated 7 October 2021 (see Amending Directions 2021) that set out the technical detail of how the costs of remedy are included in the 2016 valuation process. Following these directions, the scheme actuary has completed the cost control element of the 2016 valuation for the NHS Pension Scheme, which concludes no changes to benefits or member contributions are required. The 2016 valuation reports can be found on the NHS Pensions website at <https://www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports>.

2 Detailed comparatives for the statement of financial activities

	Unrestricted £'000	Restricted £'000	Endowment £'000	2021 Total £'000
Income from:				
Donations and legacies	2,029	1,052	–	3,081
Charitable activities	5,044	2,230	–	7,274
Other trading activities				
Fundraising income	3,073	–	–	3,073
Investments	296	–	–	296
Total income	10,442	3,282	–	13,724
Expenditure on:				
Raising funds				
Fundraising costs	2,875	–	–	2,875
Investment management	80	–	–	80
Charitable activities	7,091	3,190	–	10,281
Total expenditure	10,046	3,190	–	13,236
Net (expenditure)/income before investment gains	396	92	–	488
Net gains on investments	1,809	–	–	1,809
Net (expenditure)/income before other recognised gains and losses	2,205	92	–	2,297
Net movement in funds	2,205	92	–	2,297
Total funds brought forward	21,202	316	13	21,531
Total funds carried forward	23,407	408	13	23,828

3 Income from donations and legacies

	Unrestricted £'000	Restricted £'000	2022 Total £'000	Unrestricted £'000	Restricted £'000	2021 Total £'000
Donations	5,082	132	5,214	1,305	47	1,352
Legacies	1,876	1,830	3,706	724	1,005	1,729
	6,958	1,962	8,920	2,029	1,052	3,081

At the balance sheet date, Pilgrims had received notice of £568,000 of reversionary legacies which may become receivable in the future. These legacies are gifts of money or assets which only take effect subject to the prior right of a named person or persons to receive the benefit of those monies or assets, or income produced by them, during the person or persons lifetime. The gift then passes absolutely to Pilgrims as the “reversionary beneficiary” on the death of the named person or persons.

Besides these reversionary legacies, there was potential legacy income to a value of £739,590 (£1,247,180 in 2020–21) from legacies that were pending confirmation of probate or awaiting receipt of the estate accounts.

Pilgrims Hospices in East Kent

Notes to the financial statements

For the year ended 31 March 2022

4 Income from charitable activities

	Unrestricted £'000	Restricted £'000	2022 Total £'000	Unrestricted £'000	Restricted £'000	2021 Total £'000
Grants receivable						
Local Health Authority	2,998	-	2,998	2,720	156	2,876
NHSE/Hospice UK	-	807	807	3	2,074	2,077
Other grants	110	-	110	1,904	-	1,904
Total grants receivable	3,108	807	3,915	4,627	2,230	6,857
Fees receivable						
Medical fees	437	-	437	360	-	360
Ministers' fees	-	-	-	-	-	-
Course fees and hire of facilities	98	-	98	57	-	57
Total fees receivable	535	-	535	417	-	417
Total income from charitable activities	3,643	807	4,450	5,044	2,230	7,274

The Local Health Authority Grant is a grant from the local NHS Clinical Commissioning Groups (CCGs) awarded under a service funding agreement for the provision of specialist palliative and Hospice at Home care.

NHS England (NHSE) awarded funding (distributed via Hospice UK) to allow the hospice to make available bed capacity and community support from December 2021 to March 2022, to provide support to people with complex needs as a result of the continuing COVID-19 pandemic and specifically during the surge in infections caused by the Omicron variant.

5 Income from fundraising

	2022 Total £'000	2021 Total £'000
General fundraising	132	77
Proceeds of events	861	502
Income from Retail	4,469	1,296
Income from Lottery	1,186	1,151
Trading sales (note 17)	62	47
	6,710	3,073

All income from fundraising activities is unrestricted.

6 Income from investments

	2022 Total £'000	2021 Total £'000
Investment properties	186	156
Listed investments	122	139
Interest receivable on cash deposits	-	1
	308	296

All income from investments is unrestricted.

Pilgrims Hospices in East Kent

Notes to the financial statements

For the year ended 31 March 2022

7a Analysis of expenditure (current year)

	Charitable activities						2022 Total £'000	2021 Total £'000
	Fundraising costs £'000	Investment management £'000	In-patient £'000	Community services £'000	Counselling £'000	Information and education £'000		
Direct costs								
Staff costs (note 10)	577	-	5,605	1,077	378	140	7,777	7,995
Staff agency costs	-	-	191	-	-	-	191	146
Food	-	-	70	-	-	-	70	56
Medical supplies	-	-	132	-	-	-	132	148
Laundry and cleaning	-	-	84	-	-	-	84	87
Heat, light and water	-	-	146	-	-	-	146	163
Repairs and maintenance	-	-	247	-	-	-	247	238
Postage, printing and stationery	84	-	18	-	-	-	102	112
Recruitment advertising and fees	-	-	-	-	-	-	-	-
Telephone	-	-	10	40	-	-	50	68
Insurance	-	-	-	-	-	-	-	-
Travel	-	-	116	33	1	2	152	51
Course fees and expenses	-	-	-	-	-	62	62	24
Professional books and journals	-	-	-	-	-	1	1	1
Costs of education centre	-	-	-	-	-	7	7	3
Prizes	212	-	-	-	-	-	212	213
Other costs	343	-	75	2	8	-	428	95
Trading company costs of sales	14	-	-	-	-	-	14	11
Publicity	8	-	-	-	-	-	8	5
Event costs	-	-	-	-	-	-	-	-
Investment property costs	-	82	-	-	-	-	82	42
Investment management fees	-	36	-	-	-	-	36	38
Depreciation	-	-	309	-	-	-	309	315
	1,238	118	7,003	1,152	387	212	10,110	9,811
Support costs (note 8a)	2,594	-	1,047	173	59	31	3,904	3,185
Governance costs (note 8a)	-	-	203	33	11	6	253	240
Total charity expenditure 2022	3,832	118	8,253	1,358	457	249	14,267	
Total charity expenditure 2021	2,875	80	8,360	1,297	463	161		13,236

Pilgrims Hospices in East Kent

Notes to the financial statements

For the year ended 31 March 2022

7b Analysis of expenditure (prior year)

	Charitable activities						2021 Total £'000
	Fundraising costs £'000	Investment management £'000	In-patient £'000	Community services £'000	Counselling £'000	Information and education £'000	
Direct costs							
Staff costs (note 10)	565	-	5,896	1,031	393	110	7,995
Staff agency costs	-	-	146	-	-	-	146
Food	-	-	56	-	-	-	56
Medical supplies	-	-	148	-	-	-	148
Laundry and cleaning	-	-	87	-	-	-	87
Heat, light and water	-	-	163	-	-	-	163
Repairs and maintenance	-	-	238	-	-	-	238
Postage, printing and stationery	95	-	17	-	-	-	112
Recruitment advertising and fees	-	-	-	-	-	-	-
Telephone	-	-	22	46	-	-	68
Insurance	-	-	-	-	-	-	-
Travel	-	-	21	29	1	-	51
Course fees and expenses	-	-	-	-	-	24	24
Professional books and journals	-	-	-	-	-	1	1
Costs of education centre	-	-	-	-	-	3	3
Prizes	213	-	-	-	-	-	213
Other costs	77	-	18	-	-	-	95
Trading company costs of sales	11	-	-	-	-	-	11
Publicity	5	-	-	-	-	-	5
Event costs	-	-	-	-	-	-	-
Investment property costs	-	42	-	-	-	-	42
Investment management fees	-	38	-	-	-	-	38
Depreciation	-	-	315	-	-	-	315
	966	80	7,127	1,106	394	138	9,811
Support costs	1,909	-	1,038	161	58	19	3,185
Governance costs	-	-	195	30	11	4	240
Total charity expenditure	2,875	80	8,360	1,297	463	161	13,236

Pilgrims Hospices in East Kent

Notes to the financial statements

For the year ended 31 March 2022

8a Support and governance costs (current year)

	Charitable activities						2022 Total £'000	2021 Total £'000
	Fundraising costs £'000	In-patient £'000	Community services £'000	Counselling £'000	Information and education £'000	Governance £'000		
Staff costs	1,197	721	119	40	22	158	2,257	2,079
Staff agency costs	233	10	2	1	-	2	248	82
Repairs and maintenance	120	1	-	-	-	-	121	58
Postage, print and stationery	-	11	2	1	-	2	16	7
Telephone	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-
Occupational health	-	-	-	-	-	-	-	11
Life assurance	-	16	3	1	-	4	24	16
Computer costs	-	133	22	7	4	29	195	197
Bank charges	-	23	4	1	1	5	34	20
Auditors' remuneration	2	-	-	-	-	25	27	23
Professional and consultancy fees	-	20	3	1	1	4	29	19
Other shops and lottery costs	520	-	-	-	-	-	520	402
Rent and rates	520	-	-	-	-	-	520	397
Partial exemption adjustment	-	12	2	1	-	3	18	24
Sundry	-	100	16	6	3	22	147	86
Depreciation	2	-	-	-	-	-	2	4
	2,594	1,047	173	59	31	254	4,158	3,425
Allocation of governance	-	203	33	11	6	(253)		
Total support and governance expenditure 2022	2,594	1,250	206	70	37	1		3,425

Pilgrims Hospices in East Kent

Notes to the financial statements

For the year ended 31 March 2022

8b Support and governance costs (prior year)

	Charitable activities						2021 Total £'000
	Fundraising costs £'000	In-patient £'000	Community services £'000	Counselling £'000	Information and education £'000	Governance £'000	
Staff costs	1,018	737	114	41	14	155	2,079
Staff agency costs	43	27	4	1	1	6	82
Repairs and maintenance	43	10	2	1	-	2	58
Postage, print and stationery	-	5	1	-	-	1	7
Telephone	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Occupational health	-	8	1	-	-	2	11
Life assurance	-	11	2	1	-	2	16
Computer costs	-	136	21	8	3	29	197
Bank charges	-	14	2	1	-	3	20
Auditors' remuneration	2	-	-	-	-	21	23
Professional and consultancy fees	-	13	2	1	-	3	19
Other shops and lottery costs	402	-	-	-	-	-	402
Rent and rates	397	-	-	-	-	-	397
Partial exemption adjustment	-	17	3	1	-	3	24
Sundry	-	60	9	3	1	13	86
Depreciation	4	-	-	-	-	-	4
	<u>1,909</u>	<u>1,038</u>	<u>161</u>	<u>58</u>	<u>19</u>	<u>240</u>	<u>3,425</u>
Allocation of governance	-	195	30	11	4	(240)	
Total expenditure 2021	1,909	1,233	191	69	23	-	

Notes to the financial statements

For the year ended 31 March 2022

9 Net income for the year

This is stated after charging / (crediting):

	2022	2021
	£'000	£'000
Depreciation	306	318
Operating lease rentals:		
Property	492	400
Other	92	63
Operating lease rentals receivable:		
Property	(186)	(156)
Auditor's remuneration (excluding VAT):		
Audit of charity – current year	25	22
Audit of charity – under/(over) accrual in previous years	(1)	(1)
Audit of trading subsidiary	2	2
	2	2

10 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2022	2021
	£'000	£'000
Salaries and wages	8,580	8,620
Redundancy and termination costs	-	-
Social security costs	753	753
Employer's contribution to defined contribution pension schemes	701	701
	10,034	10,074

Allocated to:

Direct costs (note 7)	7,777	7,995
Support and governance (note 8)	2,257	2,079
	10,034	10,074

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2022	2021
	No.	No.
£60,000 – £69,999	2	5
£70,000 – £79,999	5	3
£80,000 – £89,999	-	-
£90,000 – £99,999	1	-
£100,000 – £109,999	-	1
£110,000 – £119,999	1	-
£120,000 – £129,999	-	-
£130,000 – £139,999	-	-

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £546,625 (2021: £496,492).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2021: £nil). No charity trustee received payment for professional or other services supplied to the charity (2021: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £Nil (2021: £Nil) incurred by 0 (2021: 0) trustee(s) relating to attendance at meetings of the trustees.

Notes to the financial statements

For the year ended 31 March 2022

11 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 349 (2021: 361). The figures for headcount and full time equivalent staff have been re-stated for 2020-21 as in years prior to 2021-22, casual clinical ("bank") staff employed in the in-patient units were not included in the totals.

Staff are split across the activities of the charity as follows :

	Headcount		Full time equivalent	
	2022 No.	2021 No.	2022 No.	2021 No.
Fundraising	23.0	24.0	19.3	19.1
Trading	54.0	48.0	50.0	45.2
In-patient	189.0	202.0	157.5	163.0
Community services	33.0	33.0	28.5	27.9
Counselling	22.0	24.0	12.2	11.8
Information and education	4.0	7.0	4.1	5.8
Administration and support	24.0	23.0	24.5	22.9
	349.0	361.0	296.1	295.7

12 Related party transactions

During the year, donations amounting to £2,400 were made by trustees to the charity. Other than these donations, there were no donations from other related parties which were outside the normal course of business and there were no restricted donations from related parties.

Pilgrims Hospices Trading Limited incurred management charges payable to the Charity of £2,410 (2021: £1,511). In addition, the Charity purchased goods from Pilgrims Hospices Trading of £nil (2021: £nil). Pilgrims Hospices Trading covenanted its profit of £42,348 (2021: £34,137) to the Charity.

13 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary Pilgrims Hospices Trading Limited distributes under Gift Aid available profits to the parent charity. Its charge to corporation tax in the year was:

	2022 £'000	2021 £'000
UK corporation tax at 19%	-	-

Notes to the financial statements

For the year ended 31 March 2022

14 Tangible fixed assets

The group and charity

	Freehold land and buildings £'000	Long leasehold land and buildings £'000	Furniture and furnishings £'000	Equipment £'000	Motor vehicles £'000	Total £'000
Cost						
At the start of the year	10,540	2,684	318	897	38	14,477
Transfer from tangible fixed assets	37	-	-	76	16	129
Transfers to Investment Properties in the year	(72)	-	-	-	-	(72)
At the end of the year	10,505	2,684	318	973	54	14,534
Depreciation						
At the start of the year	3,352	1,330	294	678	34	5,688
Charge for the year	158	62	6	73	7	306
Eliminated on transfer to Investment Properties	(23)	-	-	-	-	(23)
At the end of the year	3,487	1,392	300	751	41	5,971
Net book value						
At the end of the year	7,018	1,292	18	222	13	8,563
At the start of the year	7,188	1,354	24	219	4	8,789

Land with a value of £2 million (2021: £2 million) is included within freehold property and not depreciated.

All of the above assets are used for charitable purposes.

15 Investment properties

The group and charity

	2022 £'000	2021 £'000
Fair value at the start of the year	3,610	2,580
Transfers from tangible fixed assets	49	250
Disposals	-	-
Revaluation during the year	441	780
Fair value at the end of the year	4,100	3,610
Historic cost	1,467	1,418

The properties were last valued, as at 31 March 2022, in May and June 2022 by Rob Bryer, MARLA MNAEA from The Good Estate Agent.

Management undertakes regular reviews of the condition of the investment properties and regular maintenance is undertaken in order to maintain values.

Notes to the financial statements

For the year ended 31 March 2022

16 Listed investments

The group and charity	Listed £'000	Other £'000	2022 £'000	Listed £'000	Other £'000	2021 £'000
Fair value at the start of the year	7,929	(1)	7,928	6,491	452	6,943
Additions at cost	3,622	128	3,750	5,767	-	5,767
Disposal proceeds	(3,786)	-	(3,786)	(5,358)	(453)	(5,811)
Net (loss)/gain on change in fair value	148	-	148	1,029	-	1,029
Fair value at the end of the year	<u>7,913</u>	<u>127</u>	<u>8,040</u>	<u>7,929</u>	<u>(1)</u>	<u>7,928</u>

Investments comprise:

	2022 £'000	2021 £'000
Fixed interest	3,538	3,570
Managed funds (equity based)	4,375	4,359
Alternative investment funds	-	-
Cash	127	(1)
All fixed assets are held in the UK.	<u>8,040</u>	<u>7,928</u>

17 Subsidiary undertakings

The charity owns the whole of the issued ordinary share capital (2 ordinary shares of £1 each) of Pilgrims Hospices Trading Limited, a company registered in England. The company number is 07993259. The registered office address is 56 London Road, Canterbury, Kent CT2 8JA.

The subsidiary is used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are distributed under Gift Aid to the parent charity.

The charity also owns the whole of the issued ordinary share capital of Hospice Shops Limited (company registration number 01623758) (3 ordinary shares of £1 each) and Pilgrims Hospice Lottery Limited (company registration number 03130167) (2 ordinary shares of £1 each). Both are incorporated in England and Wales, and the registered office is 56 London Road, Canterbury, Kent CT2 8JA.

Hospice Shops Limited and Pilgrims Hospice Lottery Limited are dormant and did not trade during the year.

The Chair of Pilgrims Hospices in East Kent, Karen Warden, is also the director of all the subsidiary companies.

A summary of the results of Pilgrims Hospices Trading Limited is shown below:

	2022 £'000	2021 £'000
Turnover	62	47
Cost of sales	(14)	(11)
Gross profit/(loss)	48	36
Administrative expenses	(4)	–
Management charge payable to parent undertaking	(2)	(2)
Profit on ordinary activities before taxation	42	34
Taxation on profit on ordinary activities	–	–
Profit for the financial year	42	34
Retained earnings		
Total retained earnings brought forward	–	–
Profit for the financial year	42	34
Distribution under Gift Aid to parent charity	(42)	(34)
Prior year distribution disallowed	48	–
Total retained earnings carried forward	48	–
The aggregate of the assets, liabilities and reserves was:		
Assets	63	64
Liabilities	(15)	(64)
Reserves	48	–

Amounts owed to/from the parent undertaking are shown in note 20.

18 Parent charity

The parent charity's gross income and the results for the year are disclosed as follows:

	2022 £'000	2021 £'000
Gross income	20,328	13,714
Result for the year	6,661	2,296

Notes to the financial statements

For the year ended 31 March 2022

19 Stock

	The group		The charity	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Finished goods	14	13	-	-

20 Debtors

	The group		The charity	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade debtors	2,992	122	2,991	122
Other debtors	238	8	237	-
Amounts due from group undertakings	-	-	5	58
Prepayments and other accrued income	746	621	746	621
Accrued legacy income	102	526	102	526
	4,078	1,277	4,081	1,327

21 Creditors: amounts falling due within one year

	The group		The charity	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade creditors	279	278	273	278
Corporation tax	-	-	-	-
Other taxation and social security	174	210	174	210
Other creditors	88	60	88	60
Accruals	75	107	71	101
Deferred income (note 22)	3,169	200	3,169	200
	3,785	855	3,775	849

22 Deferred income

Deferred income comprises NHS grant payments, lottery subscriptions, course fees and fundraising activities taking place in the following year.

	The group		The charity	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Amount deferred in the year				
Balance at the beginning of the year	200	355	200	355
Amount deferred in the year	3,169	200	3,169	200
Amount released to income in the year	(200)	(355)	(200)	(355)
Balance at the end of the year	3,169	200	3,169	200

23 Financial instruments

	2022	2021
	£'000	£'000
Financial assets measured at fair value through profit and loss		
Investment properties	4,100	3,610
Listed Investments	8,040	7,928
	12,140	11,538

24a Analysis of group net assets between funds (current year)

	General unrestricted £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds £'000
Tangible fixed assets	-	8,563	-	-	8,563
Investment properties	4,100	-	-	-	4,100
Investments	8,040	-	-	-	8,040
Net current assets	5,415	4,000	420	-	9,835
Net assets at 31 March 2022	17,555	12,563	420	-	30,538

24b Analysis of group net assets between funds (prior year)

	General unrestricted £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds £'000
Tangible fixed assets	-	8,789	-	-	8,789
Investment properties	3,610	-	-	-	3,610
Investments	7,915	-	-	13	7,928
Net current assets	3,093	-	408	-	3,501
Net assets at 31 March 2021	14,618	8,789	408	13	23,828

25a Movements in funds (current year)

	At 1 April 2021 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains/ (losses) £'000	Net assets at 31 March £'000
Endowment funds:						
Permanent endowment fund	13	-	-	(13)	-	-
Restricted funds:						
Ashford Hospice	90	1,019	(1,012)	-	-	97
Bedside Funds	8	-	-	-	-	8
Canterbury Hospice	18	948	(948)	-	-	18
Thanet Hospice	11	771	(771)	-	-	11
Hospice at Home	-	1	(1)	-	-	-
Virtual reality headsets	-	-	-	-	-	-
Sundry projects	281	30	(25)	-	-	286
Total restricted funds	408	2,769	(2,757)	-	-	420
Unrestricted funds:						
Designated funds:						
Fixed asset fund	8,789	-	(283)	57	-	8,563
Canterbury Hospice	-	4,000	-	-	-	4,000
Total designated funds	8,789	4,000	(283)	57	-	12,563
Revaluation reserve	2,192	-	-	-	441	2,633
General funds	12,426	13,619	(11,227)	(44)	148	14,922
Total unrestricted funds	23,407	17,619	(11,510)	13	589	30,118
Total funds	23,828	20,388	(14,267)	-	589	30,538

The narrative to explain the purpose of each fund is given at the foot of the note below.

25b Movements in funds (prior year)

	At 1 April 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains/ (losses) £'000	At 31 March 2021 £'000
Endowment funds:						
Permanent endowment fund	13	-	-	-	-	13
Restricted funds:						
Ashford Hospice	109	1,052	(1,071)	-	-	90
Bedside Fund	14	2	(8)	-	-	8
Canterbury Hospice	20	1,118	(1,120)	-	-	18
Thanet Hospice	26	953	(968)	-	-	11
Hospice at Home	-	1	(1)	-	-	-
Virtual reality headsets	14	-	(14)	-	-	-
Sundry projects	133	156	(8)	-	-	281
Total restricted funds	316	3,282	(3,190)	-	-	408
Unrestricted funds:						
Designated funds:						
Fixed asset fund	9,268	-	-	(479)	-	8,789
Total designated funds	9,268	-	-	(479)	-	8,789
Revaluation reserve	1,413	-	-	(1)	780	2,192
General funds	10,521	10,442	(10,046)	480	1,029	12,426
Total unrestricted funds	21,202	10,442	(10,046)	-	1,809	23,407
Total funds	21,531	13,724	(13,236)	-	1,809	23,828

Purpose of endowment fund

This represents part of the total assets of the Canterbury Dispensary Fund, received in the year to 31 March 2000. The capital is invested in a unit trust. Given the length of time that had elapsed since the fund was created, the Board considered whether it should be continued with. The Board took advice from the Charity Commission in their review and resolved that the fund should be closed and the balance held in it transferred to the main investment portfolio.

Purposes of restricted funds

These represent donations, legacies and grants received for specific purposes. Those funds associated with the three hospice sites are for projects to be undertaken for the improvement of patient care at those specific sites.

The **Bedside Fund** provides funding for the upgrade or replacement of items of equipment needed 'at the bedside' across the three hospice sites.

The **Virtual reality headsets fund** will enable the provision of Virtual headsets on each inpatient unit that can be utilised as diversional Therapy, reducing anxiety and pain in patients.

Included in **Sundry projects** is a legacy specifically for the funding of training for health and social care professionals, with a revised programme planned for future years, as well as a grant for a pilot scheme with certain east Kent GP practices to help identify patients that would benefit from early referral to Pilgrims' services and expertise. The projects also include a fund for the employment of a Specialist Nurse who will recruit and train expert volunteers to provide bereavement support to bereaved families across east Kent.

Purposes of designated funds

The fixed asset fund has been set up to identify those funds that are not free funds and it represents the net book value of tangible fixed assets. The transfer between the unrestricted general fund and the fixed asset fund represents the net movement in the net book value of fixed assets in the year. The Canterbury Hospice Fund has been set up as a fund into which has been placed a donation of £4 million from the Pentland Homes and the Tory Foundation which trustees have designated as funding with which to build a new hospice in Thanington. Other income funds raised specifically for the project will also be allocated to this fund.

Revaluation reserve

The revaluation reserves represents the increase in valuation of investment properties above the cost price paid.

Notes to the financial statements

For the year ended 31 March 2022

26 Operating lease commitments payable as a lessee

The group's total future minimum lease payments under non-cancellable operating leases are as follows for each of the following periods:

	Land and buildings		Equipment and vehicles	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Less than one year	241	413	50	44
One to five years	460	505	104	29
Over five years	114	164	-	-
	815	1,082	154	73

27 Operating lease commitments receivable as a lessor

The group leases out the investment property under non-cancellable operating leases for the following future minimum lease payments. There are no contingent rents.

	Property	
	2022 £	2021 £
Less than one year	205	185
One to five years	-	-
Over five years	-	-
	205	185

28 Pension commitments – defined benefit plan

The Charity participates in the Baptist Pension Scheme (the Plan). The Plan is funded and is not contracted out of the state scheme. It is a multi-employer pension plan and it is not possible, in the normal course of events, to identify, on a reasonable and consistent basis, the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS102 represents the employer contribution payable. While the Plan is primarily a defined contribution scheme it has inherent guarantees that mean the charity may need to make further contributions to meet deficits.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and The Pensions Act 2011 has more recently altered the definitions. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up. The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

The Charity had been notified by the Baptist Pension Scheme of the estimated employer debt on withdrawal from the Plan based on the current financial position of the Plan at the time. A provision based on the estimate was made in the accounts as at 31 March 2021 and carried into the new financial year. In the final quarter of 2021–22 Pilgrims withdrew from the Plan and the provision of £35,900 carried into this year was sufficient to clear the outstanding deficit owed by Pilgrims to the Plan at the point of withdrawal.

29 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.