



### **News from our Board of Trustees – March 2023**

We held our latest meeting of the Trustee Board on 3 March.

We agreed at the previous Board meeting that we would focus most of our time at this meeting on two strategic issues – a review of pay structures for the Charity's staff and our budget and long-term financial position.

#### **Pay review**

We discussed the pay review first as that had financial implications for the budget. Clinical colleagues' pay has previously been aligned to NHS scales, but this has not been the case for colleagues who work in support roles such as finance, HR, fundraising and many others. Our turnover and vacancies rates remain high, particularly in those supportive teams. This, and the feedback we had about salary levels from staff and those leaving the organisation, meant it was crucial we reviewed our pay structures to ensure we had a fair and transparent structure that applied to all our colleagues.

The Board agreed that even though there would be a cost making the changes, there were greater risks to the charity and our ability to provide quality services if we did nothing and left things as they were.

Significant work had gone into the review with each post separately evaluated. The quality of the papers, and the depth of the work undertaken gave us assurance that these were the right changes to make, and we approved the proposals to take effect from 1<sup>st</sup> April 2023.

#### **Financial position**

Despite good financial management, in common with other hospices, we face financial challenges as demand for services grows and our costs rise.

Staffing costs make up 72% of the charity's revenue budget. For the 2023/24 budget we have assumed a cost-of-living increase for all staff from April, in addition to the cost of assimilating colleagues onto the new pay framework. These costs pressures mean that although we are in surplus, after depreciation and finance costs are added, we will have a deficit budget for 2023/24.



### **Five-year scenarios**

Taking a longer view, our Finance Director has modelled some five-year scenarios with differing assumptions about what variables might change and the impact these would have on our future finances. Those projections show that we could meet future deficits over that period from our reserves, but this is obviously not sustainable as a long-term solution as those reserves would eventually run out.

### **Investments and growing our income**

Trustees discussed what steps could be taken over that long term if there is little or no improvement in our financial forecasts. Our immediate plans focus on reviewing our investments and looking at how we grow our income. This includes ensuring that we maintain our positive relationship with the Integrated Care Board and that our contract income from them is based on the real costs of running our services.

We will continue to look for opportunities for growth, but we recognise that long term we may need to examine how we provide our services if the charity is unable to either grow income or manage costs to the required level. This means we need to be very clear what our beneficiaries most value about Arthur Rank Hospice Charity and what we should make every effort to protect. We will continue to look for new opportunities and explore these issues in depth over coming months.

### **Trustees and fond farewells**

We were very pleased to note that four trustees at the end of their current terms of office had agreed to serve another term: Mark Kingstone, Meghan Mathieson, Arnold Fertig and Mehrunisha Suleman.

On a sadder note, Mark Turner needed to resign as a Trustee having joined us relatively recently and Alex Manning will step down in May 2023 have served nine years as a trustee. This was Alex's last Board meeting. He has given amazing service to Arthur Rank Hospice Charity and his thoughtful contributions will be missed.

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