

Advanced Material

This Advanced Material contains a pre-seen case study provided to students prior to the exam date. Students should familiarise themselves with the Advanced Material before they sit the exam. The Advanced Material provides key information and forms the basis of the requirements set out in the exam day materials.

Exam: Developing Strategy and Data

Analysis (DSDA)

Exam Sitting: June 2023

CIPFA\

Advanced Material

YOUR ROLE: You are a qualified CIPFA accountant working for Hospice Trylonia, a charity in the country of Trylonia. You are currently assigned to a small team tasked with determining how to futureproof the charity.

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Exhibit 1 – Hospice Trylonia: key information

OVERVIEW

Trylonia is a small country in Europe where English is one of the official languages and is widely spoken. Its currency is the Trylonian \$.

Hospice Trylonia is a Non-Governmental Organisation (NGO) which provides free-of-charge end-of-life care to terminally ill patients, as well as support for their immediate families.

Hospice Trylonia also provides education and upskilling for healthcare professionals who are involved in end-of-life care across health and social care settings. It is registered as a charity and is regulated by the Trylonia Charities Commission (see Exhibit 2).

Set up in 1989, Hospice Trylonia employs multidisciplinary teams of professionals that include doctors, nurses, physiotherapists, psychologists, occupational therapists, complementary therapists, social workers and a spiritual director. A number of volunteers support the teams.

Hospice Trylonia's services fill a gap in the services provided directly by the Trylonia National Health Service. Hospice Trylonia's mission statement is: "To provide compassionate, personalised end-of-life care for people so that they can spend their last days in comfort and dignity. This is achieved through: hospices with specialist facilities; 24/7 at home care; training programmes for healthcare professionals; and supplementary services".

Hospice Trylonia provides end-of-life care in over 30 towns and cities across Trylonia, including four hospices in the capital city of Bixton and two each in the cities of Lexing and Bretingham.

All Hospice Trylonia's services are provided free of charge.

Services for patients & families

IN PATIENT CARE – 24/7 care is provided in the four hospices.

NEEDS ASSESSMENT – Hospice Trylonia's multidisciplinary teams perform assessments and follow-up visits to provide relevant support and advice to patients and their families.

RESPIRE CARE - care is delivered in the patient's home to support and offer respite to their family. This service provides 24/7 care so patients can remain in their own homes. It enables patients to be discharged from hospital into Hospice Trylonia's care at home, thereby reducing the use of hospital services.

DAY THERAPY – each hospice has a Day Therapy facility where staff and volunteers offer various activities and therapies for patients who visit for a morning or an afternoon. This breaks their social isolation and gives caregivers some hours of respite.

HYDROTHERAPY – the hospices in Bixton, Lexing and Bretingham have pools for group and individual physiotherapy.

PATIENT TRANSPORT is provided using special vans for patients who use wheelchairs. Volunteer drivers use their private cars to take patients for specialist care.

CHILDREN'S SUMMER PROGRAMME for the children of patients and main caregivers is provided during the school summer holidays for six weeks. It includes activities, games and outings as well as any socio-emotional support that a child might need.

BEREAVEMENT SUPPORT – is provided to families through memorial services, one-to-one bereavement sessions and structured bereavement support groups.

Services to healthcare professionals

Hospice Trylonia's education unit provides educational courses at undergraduate and post graduate levels in addition to providing in-service training to staff and volunteers. Through these education programmes, participants develop the holistic approach used by Hospice Trylonia's multidisciplinary teams. Education takes the form of:

- Lectures and placements for university students and healthcare professionals.
- An introductory course on palliative care for care assistants.
- Courses leading to the European Certificate in Essential Palliative Care (ECEPC).

Every two years, Hospice Trylonia also runs a Palliative Care Conference for healthcare professionals.

FUNDING/SOURCES OF FINANCE

Hospice Trylonia is funded by central government grants, donations and legacies from individuals, donations from Trylonia businesses, both large and small, sales from Hospice Trylonia shops and sales of merchandise.

Hospice Trylonia has several public fundraising initiatives each year:

- Telethon
- Benefit concerts
- Lottery
- Pink October fundraiser for breast cancer
- Movember fundraiser for prostate cancer

In addition, larger corporations have funded or co-funded specific projects. For example, building the hospice in Breminham was co-funded by a bus building company and other local businesses.

The Covid pandemic in 2020/2021 had a serious adverse impact on Hospice Trylonia's funding as numerous fundraising events were cancelled and businesses were unable to be as generous as in previous years. Fortunately, the government of Trylonia stepped in and provided additional and much needed financial support.

Hospice Trylonia operates 40 shops across Trylonia selling second-hand items, greetings cards and other Hospice Trylonia merchandise.

Revenue sources (Trylonia \$)

	2019	2020	2021	2022
Government grants	317,223	576,945	1,053,702	576,890
Donations, including legacies	458,070	2,245,666	665,646	569,453
Fundraising activities	328,378	146,340	558,438	678,950
Hospice Trylonia shops and merchandise	21,000	12,000	14,350	23,780

GOVERNANCE AND MANAGEMENT

Hospice Trylonia is governed by a Board of Trustees that meets six times each year.

Additionally, the Financial Committee and the Development Committee of the Board meet every other month. The Ethics Committee of the Board meets twice yearly. The Board receives financial statements six times a year at each board meeting.

The Board is made up of community members from communities in Trylonia that have hospice services as well as senior management staff from Hospice Trylonia.

Hospice Trylonia is managed by a team headed by a CEO.

CHALLENGES

Like many charities Hospice Trylonia is facing:

- Reduced income due to reduced donations and the closure of some of its shops.
- A need to find increasingly innovative ways to fundraise in order to stand out from other organisations seeking new funds.
- Continued pressures on services but reduced capacity to deliver them.
- Although Hospice Trylonia has a solid staff and no difficulty in finding suitable staff to hire it does need volunteers for its fundraising efforts and is experiencing difficulty in retaining and attracting volunteers.
- Difficulty attracting donors, especially for large donations.
- The need to develop and implement a digital strategy in order to take advantage of new technologies that can enhance fundraising initiatives.

Exhibit 2 – Organisations and people involved in Hospice Trylonia

TRYLONIA CHARITIES COMMISSION

Charities in Trylonia are overseen by the **Trylonia Charities Commission** which is mandated by the Charities Act 1987 to:

- Promote public trust and confidence in charities.
- Promote the effective use of charitable resources.
- Enhance the accountability of charities to donors, beneficiaries and the general public.
- Promote awareness and understanding of the legal requirement of a charity to operate for the benefit of the public as well as to achieve its specific charitable purpose(s).
- Achieve, assess and report on public benefit.
- Encourage and facilitate the better administration of charities.

HOSPICE TRYLONIA

Chair of Board of Trustees - Jane Lock

Chief Executive Officer – Megan Borg

Fundraising Officer – Mark Attard

Financial Officer – Rosemarie Gifford

Exhibit 3 – Transcript of radio interview between Elif Lewis (Radio Trylonia) and Megan Borg – CEO, Hospice Trylonia

Elif - So Megan welcome to Radio Trylonia. Thanks for coming in to talk to us today as part of our series where we look at how charities survive crises and build resilience.

Megan - Thanks for inviting me.

Elif – Perhaps we can start by talking about some of the strengths of Hospice Trylonia.

Megan - Our key strengths are our people – those who work for us providing care and educational services; the volunteers who work in our shops; our donors.

Elif – Tell us about the Hospice Trylonia shops.

Megan – Our shops are managed by a paid member of staff - but I should emphasise that they are paid at just above minimum wage. All the other people working in our shops are volunteers.

Elif – Where do you get the items that you sell?

Megan – We have donations from the public – sometimes new items that have been unwanted gifts but mainly second-hand items. Our volunteers sort through the items that are handed in to our shops. Some with a high value are sold online; other items are either sold in the shops or sent for recycling. For example, we may have clothes that would not be saleable, but they can be bagged and sold by the kilo for industrial recycling. We actually derive a financial benefit from 95% of the items given to us so it's a relatively small percentage of items that are sent for landfill.

Elif – Do you always have enough items to sell, or do you have shortages at times?

Megan – People are always sorting out their homes whilst others are downsizing. We also benefit from house clearances when a family member has passed away. We offer a paid house clearance service for people who are downsizing. They remove what they want to keep and then pay us a modest fee to come in and clear what's left.

Elif – You said you sell more valuable items online – do you also use auction rooms?

Megan – We try to avoid using auction rooms as they charge fees whereas if we sell online, we're able to keep all, or nearly all, the money. We have three specialist staff who know about artworks, pottery, silver items and jewellery and so forth. They work for us on a part-time basis. This ensures that we don't inadvertently sell a Ming vase for 10 dollars! Of course, if we did suspect we had a Ming vase then we would use an auction house!

Elif – How about donors?

Megan – We have some generous corporate donors who support us year after year and we also have individual donors – some give regularly, others from time to time. These are usually modest amounts but can be quite generous. We also have legacies. This is an area we are developing. We have a new head of fundraising and her role includes donations, legacies and fundraising events.

Elif – So in terms of fundraising, the people who identify the items to be sold online – or in an auction room – are your key human resources. They are clearly highly competent people.

Megan – Yes, we are blessed with excellent people who are competent in their field of specialism.

Elif – What would you say your weak areas are?

Megan – We need to harness the power of technology more and do more outreach to people from Trylonia who live overseas but who would be willing and able to support our work. We hope to emulate some of the university alumnus programmes to identify these people and secure their support.

Elif – ‘Best in class benchmarking’ if I remember rightly from my MBA days!

Megan – Sounds about right!

Elif – What actions are you taking to build resilience? I know, like many charities, you were hit hard during the pandemic.

Megan – The pandemic was a double-edged sword – of course our shops were closed but on the other hand during the three lockdowns people got bored with baking and jigsaws and took the opportunity to clear out a lot of stuff from their homes, so we were inundated with things to sell when we were able to again accept items and also go in and clear houses. Also businesses were struggling so donations reduced considerably. On the other hand sadly more people passed away so the amount of income from legacies increased.

Elif – Going back to my question – if I may – what actions are you taking to build resilience?

Megan – We’ve recently assembled a small team tasked with evaluating how to futureproof Hospice Trylonia. They are taking a structured approach: looking at our internal strengths and weaknesses, and at the opportunities and threats in the environment in which we operate. They’ll be looking at how we can build resilience. They will also be exploring new technologies and how these can be harnessed. They will produce a report with recommendations.

Elif – How will the way forward be decided – is that by yourself or by the Board of trustees?

Megan – The team is expected to come up with proposals, each of which will carry an evaluation for suitability, feasibility and acceptability by key stakeholders. These will be put to the Board of trustees and discussed at the next Board meeting.

Elif – Well, it sounds like you're working hard at Hospice Trylonia. I wish you well with all your endeavours to build resilience and futureproof. Your services are an integral part of healthcare provision in Trylonia.

Exhibit 4 – Extracts from minutes of a meeting regarding Hospice

Trylonia merchandise

Date: 5 April 2023

Attendees:

Jane Lock, Chair of Board of Trustees

Megan Borg, Chief Executive Officer

Mark Attard, Fundraising Officer

Rosemarie Gifford, Financial Officer

Topics discussed

- Types of merchandise – discussion led by Mark Attard
- Distribution channels – in shops and/or online; third party channels – discussion led by Megan Borg
- Pricing – discussion led by Rosemarie Gifford

DECISIONS TAKEN

Types of merchandise

Merchandise will continue to include:

Greetings cards for a variety of occasions

Mugs with Hospice Trylonia logo

Key fob with trolley token and Hospice Trylonia logo

Key ring with Hospice Trylonia logo

New merchandise will be introduced, for example:

Water bottle with Hospice Trylonia logo

Cycling jerseys with Hospice Trylonia logo

Foldaway shopping bag with Hospice Trylonia logo

Distribution channels

Will continue to be both in-store and online. The possibilities of using third party retailers will be investigated, for example selling Hospice Trylonia's greetings cards, diaries and calendars through newsagents, and making online sales through Ebay and Amazon.

Pricing

A study needs to be carried out to explore pricing models for merchandise, benchmarking against goods sold by comparable charities etc. This will be part of the remit of the team looking at how to futureproof Hospice Trylonia.

Exhibit 5 – Extracts from an article on the use of digital technologies in the charity sector

The pandemic changed the charity sector:

- Fundraising shifted to online donations and virtual events.
- Donor engagement became almost entirely digitised.
- Charities around the world have experienced an accelerated form of digital transformation.
- There were several instances where charities which offered similar services took the opportunity to combine their operations in some way, to save on costs and ensure seamless delivery.
- Charities were hit by staff shortages and struggled to provide adequate service delivery, so turned to digital technologies to find solutions for some forms of patient care and support.

A report published in 2022 by the organisation Charities Trylonia showed that:

- 56% of charities now have a digital strategy in place.
- Over two thirds of charities see harnessing digital technologies as a prime concern for their organisation.
- During the pandemic, 78% of charities started to offer online services.
- Almost 7 out of 10 charities have deployed digital to speak to new audiences.
- Digital inclusion has become an issue for the sector, with 46% of charities worried about excluding some people or groups of people from its services and communications.

Contactless and digital payments for charities will likely become even more important.

Implementing contactless payments involves setting up a Wireless Point of Sale (WPOS)

device, often in conjunction with Radio Frequency Identification (RFI). Digital payment options range from QR codes to 'donate' buttons.

Social media offers charities a proven way to promote their cause, enabling them to communicate with potential donors, reach new audiences, and raise awareness.

Livestreaming allows a charity to showcase some of its essential work. It can give potential donors an insight into how their money might be spent. Charities can record the hard work of their staff and volunteers, share authentic aspects of service delivery, and document the vital work that they are doing in their communities.

TikTok is useful for engaging with a younger demographic. Macmillan Cancer Support in the UK began experimenting with TikTok in November 2020. They adopted an influencer-driven approach, teaming up with cancer survivor and amputee Bernadette Hagans, to take a light-hearted look at a serious subject.

Blockchain ensures transparency with data and minimises fraud, allowing donors to monitor how charities use donations. For example, Alice is a digital social funding and impact management platform built on the Ethereum blockchain. Alice enables donors to track the donations they have made to a charity and set conditions around how money may be spent. Importantly, users can pull back donations if charities do not meet the conditions. St Mungo in the UK used the Alice platform in an appeal to raise GBP50,000 to help take 15 people out of long-term rough sleeping. Alice froze donations until the charity provided evidence that money was spent to meet the defined goals. Donors were also able to track when the suggested goals were met.

Artificial Intelligence (AI) helps charities analyse data, detect patterns, and make decisions that better cater to the needs of service users.

Virtual reality saw an uptick during the pandemic. The NSPCC (National Society for Prevention of Cruelty to Children) in the UK teamed up with gamification training provider Attensi to create an immersive simulation for those working with children who may be victims of abuse. 'Talk To Me' is a free-to-use online simulation that can be accessed through web browsers. It involves fictional young characters created with 3D modelling that mimics body language and facial expressions. Real actors have voiced the characters who are involved in scenarios that users are guided through. Real-time feedback is provided to users depending on how well they have earned children's trust.

Cloud-based storage enables documents and data to be accessed via the internet from any location, using most devices, allowing a greater degree of flexibility. There are risks of cyber-attacks so avoidance and mitigation processes and policies need to be in place.