

A smiling man with short dark hair, wearing a dark grey crew-neck sweater, is holding a white ceramic mug with a green and blue floral pattern. He is standing outdoors in front of a blurred background of greenery and a building. The text 'ANNUAL REPORT & ACCOUNTS 2018' is overlaid on the right side of the image.

# ANNUAL REPORT & ACCOUNTS 2018

Kiwi, diagnosed with Chronic  
Myeloid Leukaemia in 2012.

**MACMILLAN**  
CANCER SUPPORT  
RIGHT THERE WITH YOU

# WELCOME

A photograph of an elderly man standing in a forest. He is wearing a grey knit beanie, a light green quilted puffer jacket over a grey knit turtleneck, and blue jeans. He has his hands in his jacket pockets and is looking directly at the camera with a slight smile. The background consists of tall, thin trees with bare branches, suggesting a late autumn or winter setting. The ground is covered in fallen leaves and a large mossy log is visible in the foreground.

“Without the help of Macmillan, I don’t think I would have survived.”

Dave, diagnosed with mouth cancer in 2010.



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We were delighted that 2018 saw us increase our in-depth, personal support to 1.9 million people<sup>1</sup> – from 1.6 million in the previous year. We offered a listening ear, gave expert advice and support with symptoms, work, cancer and finances – and did our best to be there when people needed us most.

We climbed mountains, cheered people on, and baked cakes. We influenced the government, policy makers, local councils, and financial authorities to improve support for people with cancer.

We did all of this and more – but there's still so much to be done. Today, there are currently 2.5 million people living with cancer, but this number is expected to rise to 4 million in 2030.<sup>2</sup> This means millions more will need our support and so we need to adapt to be there for them.

It was also a challenging time for the sector. We saw a general trend of fewer people making donations and new rules around who we can contact which had an impact on our fundraising. Brexit negotiations have caused much uncertainty, both in terms of fundraising and the implications for health and social care. However, we have a strong strategy and an excellent team of people to help us rise to the challenges.

I'd like to thank Julia Palca who has led our Board of Trustees and volunteered her time to Macmillan for the past 18 years. She handed her role of Chairman to Richard Murley in May 2019. Julia has worked tirelessly for a cause that is personal to her, personal to me and personal to many of us – she has led Macmillan to make a difference to the lives of millions of people living with cancer.

She leaves us in good shape – with a robust plan that focuses on being there when people need us most. It is thanks to Julia, our trustees and our leaders that we can be even more ambitious in demanding more for people living with cancer – putting their needs at the heart of everything we do.

And its thanks to you that we can make this ambition a reality. Thank you to our volunteers, supporters, partners, professionals and employees for all that you have done to give people with cancer the support they need in 2018, and for the difference we will make together in the coming year.

**Lynda Thomas**  
Chief Executive  
Officer



Lynda Thomas and Julia Palca

# INTRODUCTION

from our Chief Executive

## Why we exist

At Macmillan we understand how cancer can affect every aspect of a person's life – so much more than their health – and we believe everyone must have the support that's right for them whatever they are going through. But right now, that's not the case. That's why we developed a new strategy which provides our focus for 2019.

It's an ambitious strategy based on six objectives which outline the areas we need to focus on to be right there with people, whatever cancer throws their way. And we will continue to need your help to achieve it.

Looking forward to 2019 and beyond we want...

- 1 everyone with cancer to know they can turn to Macmillan and how we can help them from the moment they are diagnosed.
- 2 everyone with cancer to be able to have a conversation about all their needs and concerns, and the support that's right for them.
- 3 everyone with cancer to be able to meet their vital needs through high quality services.
- 4 everyone with cancer that is treatable but not curable to be supported to live life as fully as they can.
- 5 to inspire more people to give to Macmillan, so we can continue to be there for people when they need us most.
- 6 to improve the key activities which support Macmillan to do its work as efficiently and effectively as possible.

# How we helped people

In 2018 we estimate that **1.9 million people received personal, in-depth support** from one or more of our Macmillan professionals or services.\*

This rises to a total of **6.7 million people** if we also include those who used our information resources and wide range of online support.

- Information resources: **4.7 million**
- Online support: **5.2 million**

Macmillan nurses  
**880,258**



Benefits Advice schemes  
**140,982**



Support line services  
**102,205**



Cancer information and support services  
**300,130**



Mobile information and support services  
**261,956**



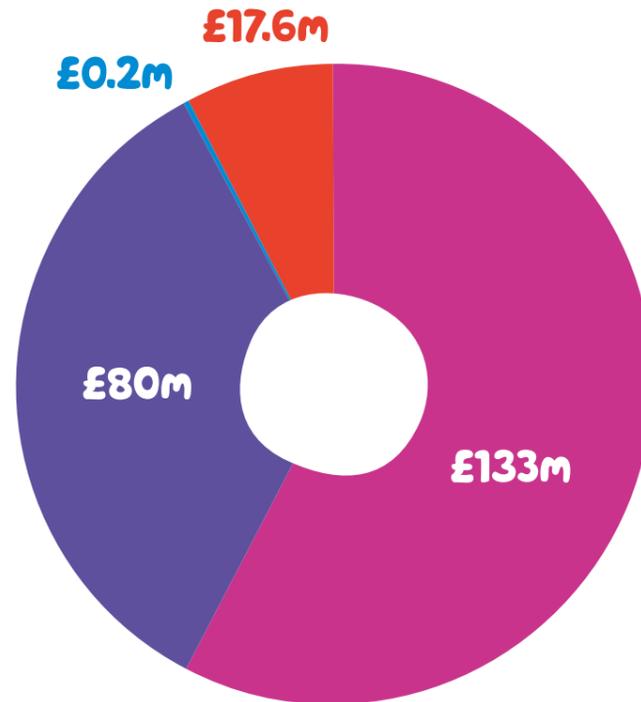
Macmillan allied health professionals  
**228,921**

# 1.9 MILLION PEOPLE

\*Personal support reach is made up of our in-depth, personal interaction services, mainly involving individual conversations in person or over the phone. The personal support figure does not include other important but one-way support such as information leaflets and using our website. Please see the reach of Macmillan's services fact sheet for the breakdown of our full range of services. The 'unique people helped' totals for individual services should not be added together, as the result will no longer represent unique people helped across the services. This is due to most people accessing more than one Macmillan service in 2018. Rounding to the nearest 100,000 people has been applied for our headline figures. Please see reference 1 on page 102 for further details.

## How we raised our money

Our superb supporters raised **£230.8 million** in 2018.



**Donation income** £133.0 million  
See the breakdown below.

**Local fundraising committees** £4.0 million  
This is donation income raised by fundraising committees in their local communities.

**Fundraising events** £56.1 million  
This includes national, challenge and local events.

**Corporate income** £19.5 million  
This is income from corporate supporters and partners.

**Philanthropy** £5.2 million  
This includes income from trusts and major donors.

**General donations** £12.1 million  
We raise lots of money from general donations by the public.

**Direct marketing** £33.2 million  
This is money raised by activities like direct debit campaigns and mailings.

**Donated services and facilities** £2.9 million  
This is services and facilities donated to us.

**Legacy income** £80.0 million  
This is from people leaving a gift to us in their will.

**Grant income** £0.2 million  
This income comes from specific grants given to support Macmillan initiatives.

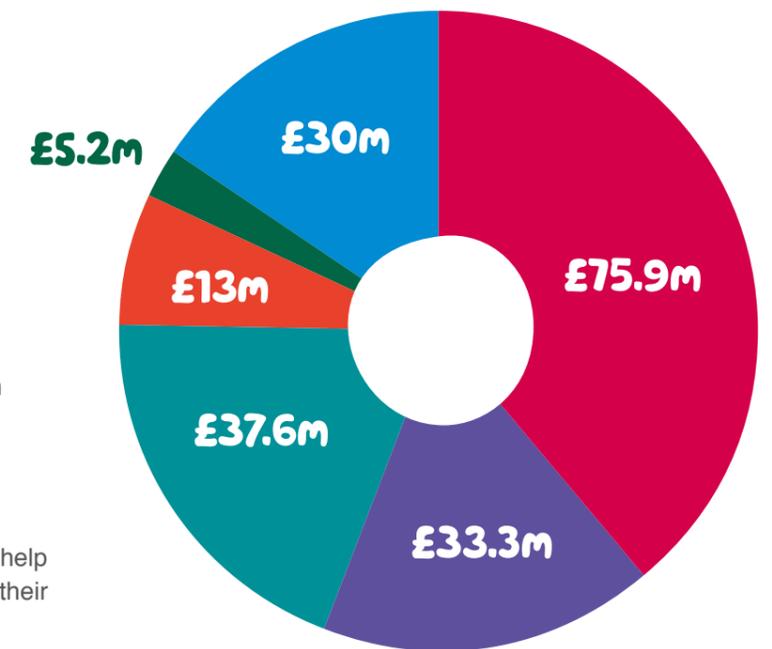
**Income from trading activities** £17.6 million  
This includes income from our raffles and lotteries, fundraising committee sales, our online shop, licensing and other commercial activities.

Total fundraised income  
**£230.8 million**  
Investment income  
**£4.9 million**

**Total income**  
**£235.7 million**

## How we spent our money

We spent a record **£195 million** on services for people living with cancer, £3 million more than the year before.



**Healthcare** £75.9 million  
We fund and support a range of health and social care professionals.

**Information and support** £33.3 million  
We provide people with information to help them make important decisions about their treatment and care.

**Financial Support** £37.6 million  
We provide financial support to help people who are struggling with the cost of cancer, including through Macmillan grants, benefits advice and financial guidance.

**Practical and emotional support** £13.0 million  
We help people find the emotional support they need and get help with the practical issues arising from cancer.

**Learning and Development** £5.2 million  
This includes providing training opportunities for professionals, volunteers and people affected by cancer.

**Campaigning and raising awareness** £30.0 million  
We campaign for changes to improve the lives of people affected by cancer and raise awareness of issues most important to them.

Expenditure on charitable activities  
**£195.0 million**  
Expenditure on raising income  
**£65.7 million**

**Total expenditure**  
**£260.7 million**

‘By working closely with people living with cancer and carers, we transformed our cancer outpatient services,’ says Lesley, a Macmillan Advanced Specialist Nurse in Oncology at NHS Tayside in Scotland.

‘Quite early on, we saw that our focus on meeting people’s all-round needs was beginning to make a real difference. Patients were getting better sooner, and we were discharging them from our clinic quicker.’

Lesley, Macmillan Advanced Specialist Nurse.



# OUR HEALTHCARE SERVICES

Our aim is to help everyone with cancer live life as fully as they can. So, we do our utmost to ensure people receive the very best healthcare when they’re first diagnosed, throughout treatment and recovery, and at the end of life.

Central to this work is our funding and development of different health and social care professionals and services. In particular, we want these professionals and services to help people have conversations about their needs and concerns, to ensure they identify and meet the all-round needs of people living with cancer.

## More professionals providing personal support

Our aim for 2018 was to fund and develop more Macmillan professional roles to meet the individual needs of more people living with cancer and increase the effectiveness of NHS and other cancer services. We now have 1,200 more Macmillan professional posts than in 2017, an increase of 14%, and a figure that takes our total number of professional posts to 11,700.

Making up over half of this growth were Macmillan nurses, who play a vital role in coordinating the care of people living with cancer and making sure their all-round needs are met. Last year, we secured almost 700 new Macmillan nurse posts, increasing our total number of nurse posts to over 6,400. Across the UK, they provided personalised support to over 880,000<sup>1</sup> people with cancer and their loved ones.

Last year, we also developed services and other professional roles to help people living with cancer navigate their way through the healthcare system, from diagnosis onwards. One example of this included our work with a cancer care team at Barts Health NHS Trust in London.

As part of our continued work with Barts NHS Trust in London, we introduced two Macmillan support worker roles and four clinical nurse specialist roles, to change how the team works and enable more people to be supported. This is because the support workers coordinate the care of patients, giving the nurses more time to provide one-to-one support, especially to people with complex issues. In addition, establishing these new roles will help to increase patient access to the Recovery Package, which helps to identify and meet the holistic needs of people living with cancer.

## Identifying and meeting people's all-round needs

Throughout the past year, our goal was to give more people living with cancer access to the Recovery Package, so we could identify their individual, all-round needs and make sure they're provided with the support they need. To achieve this aim, we supported and worked with a range of partners to develop and establish local Recovery Package services. These services mean more people are benefiting from a holistic needs assessment, treatment summary, cancer care review and health and wellbeing events.

**OVER  
6,400**

**Macmillan nurses supporting**

**OVER  
880,000**

**people affected by cancer.**



Lorraine, Strategic Partnership Manager at Macmillan Cancer Support.

In 2018, our Macmillan Professional Excellence Awards provided us with the opportunity to showcase the work of truly exceptional individuals and teams.

Our 2018 winner of the Lifetime Achievement Award was Lorraine McDonald, a Macmillan partnership manager. Since being appointed to her role in 2004, she has set up an incredible 294 new Macmillan professional posts and 160 new services and overseen the investment of £11.85 million. Lorraine has been committed to recruiting the highest calibre people to become our Macmillan professionals, and then to provide ongoing support to help them become the very best that they can be. Her role is all about supporting the delivery of high quality cancer services.

In 2018, we also wanted to help healthcare professionals have better conversations in acute settings with people living with cancer, such as a hospital, to identify their all-round needs. By having better conversations, people living with cancer can be sign-posted to the support that's right for them when they need it most.

One of the key ways we enabled this was by continuing to support NHS trusts, so their professionals are capable of carrying out effective Macmillan electronic holistic needs assessments (eHNAs) with their patients.

Because of this important work, the number of NHS trusts offering eHNAs rose from 90 in 2017 to 111 by the end of 2018, out of 178 trusts and health boards across the UK. Overall, this resulted in more than 42,700 people being offered assessments last year, up from 25,600 in the previous year. Encouragingly, over 70% of these eHNAs led to a personalised cancer care plan being created for the person who was assessed. This type of plan includes details of information and support that could help a person self-manage aspects of their care to improve their quality of life.

## Transforming cancer care through large-scale programmes

We set ourselves the target to continue to work on local and regional large-scale partnership programmes in 2018. This is so we improve many more lives and acquire the learning and evidence to improve more cancer services and healthcare systems. We achieved this goal by delivering a wide range of programmes and services, including our Improving the Cancer Journey (ICJ) programme in Glasgow.

The overall aim of ICJ is to provide everyone diagnosed with cancer in Glasgow with the opportunity to have a holistic needs assessment with a link officer. Following the HNA, the officer refers or signposts people to community services that can help meet their all-round needs. To achieve this goal, we've established partnerships with many health and social care providers and public health organisations, including West Dunbartonshire council in 2018. In addition, we've invested £4.9 million to develop ICJ from its launch in 2014 to the programme's

projected end date in March 2021. So far, our investment of time and money has helped many people and in contrast to other local services succeeded in reaching people in areas of high deprivation. In the near future, we expect further developments which will allow the programme to offer a service to all the people diagnosed with cancer in Greater Glasgow and Clyde.

During the past 12 months, we also started to use what we've learnt from our ICJ programme in Glasgow in more areas of the UK. This included us starting to develop a similar programme in Powys, Wales. At the moment, we are working with the local teaching health board and other potential partners about how best we can deliver person-centred care and use HNAs to identify and meet the individual needs of people diagnosed with cancer.



Katy, Clinical Nurse Specialist.

Another large-scale partnership programme we continued in 2018 was our five-year specialist cancer nursing expansion programme in Northern Ireland. Its aim is to provide people living with cancer with better patient experiences by improving the coordination of their care and helping them access the all-round support they need. To ensure this happens, we pledged in 2016 to invest £7 million to increase Northern Ireland's clinical nurse specialist and cancer support worker workforce by approximately 60 posts. In 2018, we invested over £230,000 to continue to establish more of these posts.

## Developing cancer expertise and knowledge

An important aim for us in 2018 was to enhance the expert skills and knowledge of our professionals to help them deliver and improve cancer care. We did this by awarding over 1,000 individual and group grants for continuing professional development, which had a total value of over £830,000. We also delivered learning and development courses to nearly 7,300 Macmillan professionals and 11,500 non-Macmillan professionals. This included training to help healthcare professionals have better conversations with people living with cancer to identify their all-round needs.

**1,400**

more Macmillan professional posts in 2018

**11,700**

total Macmillan professional posts

**7,300**

Macmillan professionals supported with learning and development

**11,500**

non-Macmillan professionals support with learning and development

# OUR INFORMATION AND SUPPORT SERVICES

It's vital people have easy access to the information and support they need, from diagnosis onwards. That's why we provide free, expert information resources and confidential support online, over the phone, in communities and in hospitals.

Receiving the right information and support when it's most needed can make a real difference to someone's quality of life. It can improve their physical and mental wellbeing, help them understand and manage their care and treatment, and give them what they need to live well with cancer.



• The NHS does a phenomenal job of fixing us physically. But Macmillan is there for us practically, mentally and emotionally.

Alison, diagnosed with breast cancer in 2017.

## Expert cancer information from diagnosis

Last year, our aim was to continue providing support through our information resources, Support Line services, website and Online Community so people understand their care and treatment and can make informed decisions about them.

In 2018, almost 4.7 million people accessed our wide range of information resources, which cover everything from treatments to money worries, physical symptoms to emotional wellbeing, and much more. This is 28% more people than in 2017. Because we want everyone to access the cancer information they need, many of our resources are available in different languages, British Sign Language, easy-to-read and audio formats.

## Personalised help when it's needed

Experts working on our Support Line services continue to provide people living with cancer with the support they need, answer their questions and listen to their worries. Overall, they responded to 156,683 calls, emails, letters and online instant chats in 2018, a 3% increase on 2017.

To help even more people easily access the personalised information and support they need, when they need it, we extended the opening hours of our Support Line in December 2018. Now, people can contact the service 8am to 8pm, seven days a week, 365 days of the year.

## Face-to-face support across the UK

Our aim for 2018 was to build and open five new Macmillan information and support centres and one new clinical environment to increase access to our face-to-face information and support services. We're proud to say we did this by opening new centres in Glasgow, Manchester, Northallerton, Dumfries and Galloway, and Dundee. In total, we now provide face-to-face information and support through more than 160 information services and nearly 130 clinical environments.

Last year, we also set ourselves the goal of supporting over 200,000 people through our mobile information and support services and increasing the depth of support they offer. In particular, we aimed to reach people from deprived and rural communities, who are less likely to have benefited from our information or support before.

Overall, we reached 262,000 through our mobile information and support services in 2018, a 44% increase on the previous year. This significant rise was due to us delivering more days of support across more locations. For the first time we operated six information buses for five days a week and extended their tour, so it started earlier in January and finished later in December. As a result, our mobile information and support services were available for a total of 1,600 days last year, a 48% rise on 2017. We visited 1,300 different locations across the UK and spent 1–2 days in each location. As well as towns and city centres, our services went to a wide range of other locations including community groups, summer shows and cattle markets. Importantly, this helped us reach many new and marginalised communities, including people from rural and deprived areas.

## Supporting new and hard-to-reach communities

# 67%

of the people our buses supported in 2018 had never used a Macmillan service before.

# 50%

of the communities our buses visited in 2018 had not been visited by a Macmillan bus before.

# 73%

of the communities our buses visited in 2018 were located in deprived areas. Typically, people from these areas are less likely to access the cancer support they need.



Members of the Mobile Information and Support Service team.

Our information and support services  
Kiwi's story

# PROVIDING CLARITY AND SUPPORT

‘Macmillan were right there with me. Their leaflets offered practical advice about side effects, like fatigue and muscle cramps. The website was clear and helpful, with no medical jargon. And when I was very, very low, I spoke to someone on the Macmillan Support Line who listened, which is what I needed more than anything.’

Kiwi, diagnosed with Chronic Myeloid Leukaemia in 2012.



## Providing online support

During 2018, we estimate almost 4.2 million people visited our website, with hundreds of thousands also using our Online Community for online support. This is an exceptional figure and shows how much our information is used by people living with cancer; however, this was approximately 7% fewer people than in 2017.

So, to make sure our online information and digital services help people find the clear and tailored information they need from diagnosis, we will continue to develop and invest in improving our online platforms.

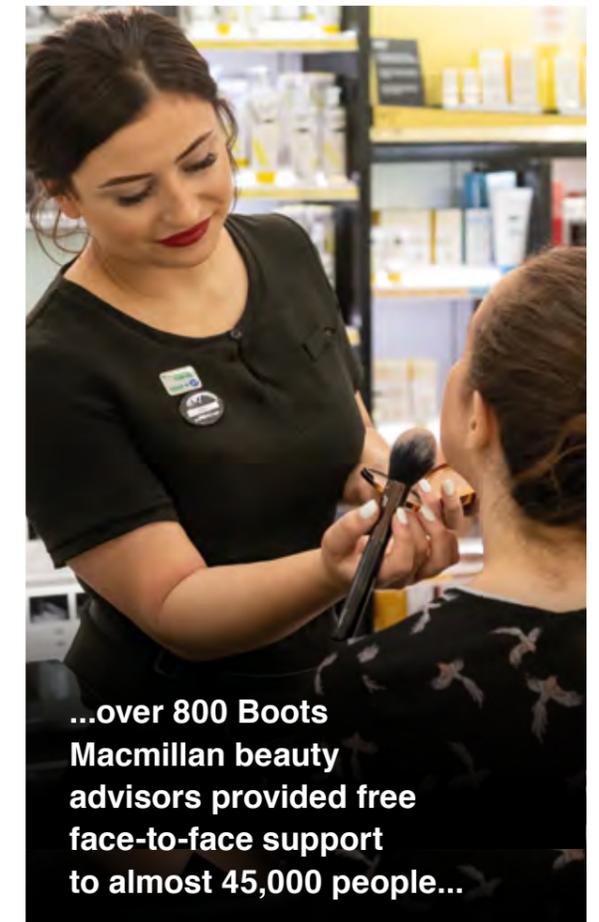
## Reaching more people from diagnosis

After being diagnosed with cancer, it's critical people know as soon as possible where they can access the information and support they need. To make sure this increasingly happens, we tested a new marketing campaign in 2018 which was aimed at people who had recently been told they had cancer. The campaign informed these people about Macmillan's wide range of services and how they could help them at this difficult time and beyond.

Overall, we're pleased to report that the campaign successfully surpassed its targets. This included engaging approximately 3,200 people to sign up for a tailored information pack, which was more than double our goal.

## Essential support on the high street

Since 2009, our partnership with Boots UK has helped hundreds of thousands of people living with cancer access the best cancer information and support in their local communities. Last year, this involved over 2,000 Boots Macmillan information pharmacists talking to over 92,000 people about their worries, answering their questions and directing them to support services. In addition, over 800 Boots Macmillan beauty advisors provided free face-to-face support to almost 45,000 people to help them manage the visible side effects of cancer treatment.



...over 800 Boots Macmillan beauty advisors provided free face-to-face support to almost 45,000 people...



# OUR FINANCIAL HELP SERVICES

# CIAL

Cancer is tough on finances. A drop in income and additional costs mean people often can't afford to pay their mortgage or rent, keep the heating on when they're cold, or pay for travel to hospital for treatment.

To make sure the financial shock of cancer doesn't turn into a crisis, we identify and help people claim benefits they're entitled to, provide free financial guidance and give one-off grants.

We also work with partners such as banks to help people take control of their finances, and campaign to get people the all-round financial support they need.

‘Financially, we were facing a hugely difficult time. Macmillan were very helpful in assessing my overall financial situation and pointing me in the right direction.’

Steve, diagnosed with bladder cancer in 2013.

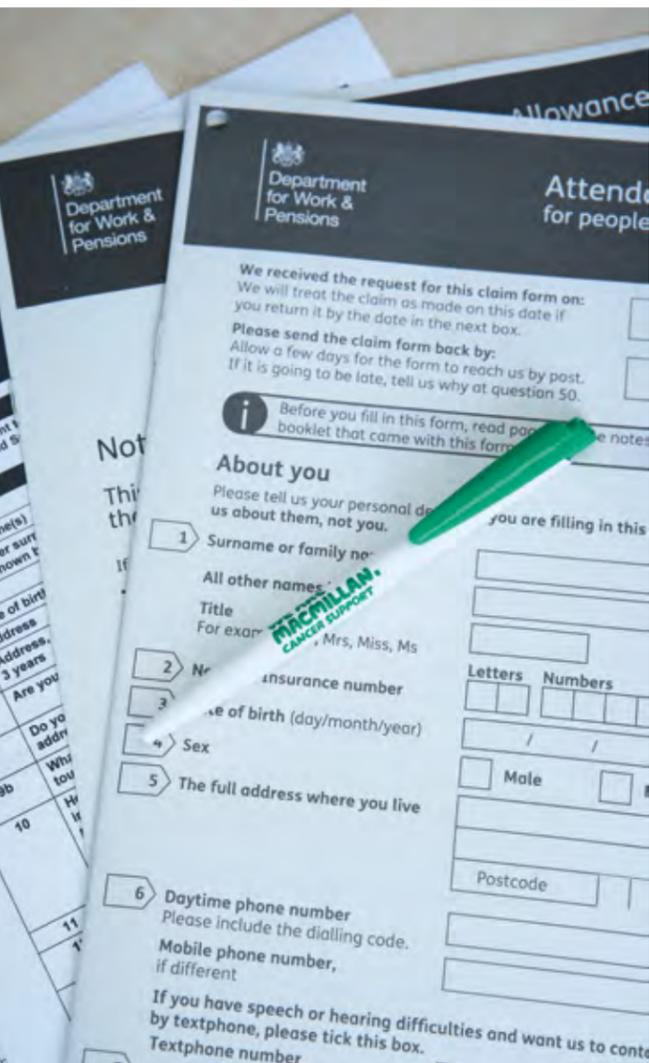
## Helping people access vital benefits

For 2018, our aim was to continue to identify unclaimed benefits for people living with cancer through our face-to-face benefits advice services. We did this by working with organisations such as local authorities and Citizens Advice services; and in particular, we focused on giving people greater access to benefits advice early in their cancer journey and in clinical settings. Overall, this work resulted in us providing face-to-face support to almost 141,000 people living with cancer and unlocking more than £227.9 million in ongoing benefits and one-off payments. These figures are especially positive, given that 5,000 more people were supported than in 2017 and there was an 8% increase in financial gains.

## Easing money worries over the phone

Last year, we successfully met our aim to continue to identify unclaimed benefits for people living with cancer through our Support Line services (SLS) and secure a wide range of other financial gains for them. In total, our SLS welfare rights team helped almost 25,200 people and identified £61.7 million in unclaimed benefits and financial gains, which included the better management of debt. In part, this was made possible by members of the team working additional hours over weekends, so they could help more people and ring back callers they'd previously spoken to.

However, the overall total number of people supported by our welfare rights team was 11% fewer than in 2017 and we also identified 6% less in benefits and financial gains. Largely, this was because we focused a lot of energy on developing our integrated financial support offer, so we can help many more people with their all-round money problems and throughout their cancer journeys. Part of this integrated offer is our Financial Guidance Service, which helps people make informed decisions about issues such as pensions, savings and mortgages. In 2018, the service's experts identified financial gains of £2.6 million for people living with cancer. This included them overturning a declined insurance claim worth nearly £100,000, which means the person they helped is benefiting from a vital pay-out they may never have received.



## Campaigning for improved financial support

Four out of five people living with cancer experience a financial impact. The average is £570 a month.<sup>3</sup> For many people, this issue is currently being intensified by problems with Universal Credit, including a difficult application process and delays in receiving the benefit. This is why it was critical we delivered on our aim to raise awareness among UK governments and key organisations of the financial problems people living with cancer face every day.

In October 2018, we launched our Denied and Delayed campaign to help fix Universal Credit for people living with cancer aged between 16 and 64. This involved over 2,000 of our campaigners emailing their MPs to ask them to raise their concerns about Universal Credit with the secretary of state for work and pensions. In January 2019, the government announced they would delay a vote in parliament on whether a further three million people should be migrated from the old benefits system to Universal Credit. This move is something we welcomed, as it prevented thousands more people with cancer facing a demoralising struggle to access financial support they urgently need.

Last year, we also continued to rally support behind our Banking on Change campaign, which calls on the banking sector to help customers manage the cost of cancer. In particular, we believe it's vital a legal duty of care is put in place that gives people with cancer the confidence to seek help from their banks and ensures banks provide the guidance they need to enable consistent and effective support. In direct response to our campaign, the Financial Conduct Authority launched a consultation in July 2018 that focuses on introducing a duty of care for vulnerable people. We continue to work with partners from the banking sector and MPs to make this legal obligation a reality.

Four out of five people living with cancer experience a financial impact. The average is £570 a month.<sup>3</sup>



Our financial help services  
Saima's story

# EASING THE FINANCIAL PRESSURES OF CANCER

‘Cancer was never part of my business plan. Macmillan’s support line has been such a godsend on how to navigate my way around being self-employed with cancer.’

Saima, diagnosed with lung cancer in 2018.

## Grants for the extra costs that cancer causes

Macmillan Grants help people living with cancer who are on low incomes pay for essentials, such as heating bills and extra clothing. In 2018, our aim was to award grants worth £13.9 million to at least 36,000 people living with cancer. In fact, we helped over 37,000 people receive approximately £14.3 million in grants. We also made significant progress in setting up a system to further integrate our grants programme with other Macmillan financial services. This will be implemented in 2019 and lead to more people living with cancer having their all-round financial needs met.

## Helping people take control of their finances

Throughout 2018, we continued to work with partners to help people living with cancer take control of their finances. This included collaborating with Lloyds Banking Group to develop Cancer Support Teams that help customers of Lloyds Bank, Bank of Scotland and Halifax manage their money. This support includes tailored practical guidance on personal banking, savings, loans, mortgages and credit cards. Last year, these teams reached over 1,200 people. In addition, we secured over £230,000 in financial gains and awarded 21 grants to customers of Lloyds Banking Group who were referred to us by the group. Through our partnership

we have also started to explore how Scottish Widows are able to provide specialist support services for customers impacted by cancer and offer a referral process between our two organisations.

Last year, Nationwide Building Society’s Specialist Support Service assisted more of its vulnerable customers, and particularly those living with cancer. Each member of the service has received training from Macmillan and can talk in detail about relevant Nationwide products and services.

Over the past 12 months, npower continued to support Macmillan’s Energy Advice team, which provides support to people living with cancer who are struggling with their energy bills, no matter who their supplier is. npower’s Macmillan Fund, which writes off debt and caps the bills of eligible customers, helped 1,840 people in 2018 and provided £1.77m in support.

**‘Financial support includes tailored practical guidance on personal banking, savings, loans, mortgages and credit cards.’**

# OUR PRACTICAL AND EMOTIONAL SUPPORT SERVICES

Cancer affects everything. Your body, your relationships, your money, everything. To help people cope with what's thrown at them, we provide a range of practical and emotional support, including services delivered by our volunteers.

Access to this support makes a world of difference to so many people every year. They know they always have someone they can turn to who will listen to their worries, help them with everyday tasks, and direct them to the support they need.



‘Volunteering means I can support people, and at the same time be helped to work through my own cancer diagnosis.’

Sarah, Macmillan volunteer.

## Volunteers meeting people's practical and emotional needs

One of our goals in 2018 was to support our volunteers as they help meet people's emotional and practical needs throughout their cancer journeys. One of the ways we did this was by developing an inpatient ward volunteer service with Bradford Teaching Hospitals NHS Foundation Trust and Cancer Support Yorkshire.

The reason why the service was developed is because patients had said they would benefit from improved support during and after treatment. Now, thanks to the service, people can receive more of the holistic support they need. This includes trained volunteers providing a listening ear, offering information to solve practical issues, and directing people to a range of support services.

Another new service we launched in 2018 is Macmillan Community Helpers in the south and east of Belfast. We supported local volunteers, so they can help people living with cancer with everyday tasks they're struggling with, such as shopping, light housework and gardening. This important help is offered for two hours per week and for up to six months.

## Supporting and learning from our volunteers

Our UK Volunteer Forum offers our volunteers regular opportunities to share their expertise, opinions and volunteering experiences with us. As a result, we are in a much stronger position to develop effective volunteer-led services, inform volunteers about and involve them in our work, and consistently improve our overall volunteer experience.

This was confirmed by results of an evaluation we carried out at the end of 2018, three years after we launched the UK Volunteer Forum. 90% of respondents said taking part in the forum had helped them learn more about Macmillan, and 89% felt well supported in their volunteer role because of their involvement.

## A better understanding of our volunteers' impact

Last year, we aimed to develop a greater understanding of the value that volunteering brings to people living with cancer, Macmillan and the volunteers themselves. This is why we commissioned the National Council for Voluntary Organisations to conduct an in-depth evaluation of our volunteering programme.

We will use the findings of the evaluation to increase our understanding of how our volunteers improve people's lives, what their overall value to Macmillan is, and how they benefit from volunteering themselves. In turn, we'll use this knowledge, which will be available in 2019, to develop future plans for our volunteers and the services they provide.

## Thanking our volunteers for their incredible commitment

During the past 12 months, our objective was to continue to provide our volunteers with enjoyable and rewarding experiences. One way we did this in 2018 was through our Macmillan Volunteer Awards. In total, we presented awards to nine national winners and 75 regional winners, as well as 268 long-service awards to amazing people who have volunteered for Macmillan between five and 40 years.

Many of the people who won a national, regional or long-service award were also among 180 of our volunteers who attended a reception at Buckingham Palace in January 2018. This special event was hosted by our patron, His Royal Highness Prince Charles, and held to recognise and thank our volunteers for their continual dedication and support.

## Our practical and emotional support services Sheila's story

# EMPATHY WHEN IT'S NEEDED MOST

Sheila Barrow, who has been through cancer twice, won our Deborah Hutton Award for the compassionate one-to-one support she's provided to hundreds of people in Carlisle and Cumbria for over a decade.

But for volunteer Sheila, the greatest appreciation she can receive is from someone she helps: 'When you have cancer, you can feel really, really on your own. So, having a chat with me and finding out the emotions you're feeling are normal can mean the world. People say thank you very much; you've really helped, and that's the best feeling in the world.'

Sheila, Macmillan volunteer.

# CHANGING THE CANCER CARE SYSTEM

Currently, cancer services and health and social care systems struggle to meet the holistic needs of the 2.5 million people living with cancer in the UK. Over the next decade, this situation will only get worse, with this number set to rise to four million by 2030.<sup>2</sup>

To help more people receive the support they need, we continue to influence governments, the NHS and local authorities, and work with partners to explore new ways of delivering better cancer care and support.

‘Once we knew my mum’s cancer was incurable, no one could stop her dying. One of the ways to make this easier was to give her a good death. It is one of the greatest gifts anyone has ever given our family. And it’s why I support Macmillan’s campaign to ensure people’s wishes are discussed and met as they near the end of life.’

Macmillan campaigner.

## Improving cancer support on a national level

In 2018, our goal was to influence and support the implementation of the cancer strategies for England, Scotland and Wales. In England, we did this by continuing to work with stakeholders to ensure the full funding and implementation of NHS England's cancer strategy for 2015–2020. Our aim is to ensure the five-year programme is fully funded and implemented, in order to make sure people living with cancer have the support they need during and after treatment.

Last year, we also played an important role in shaping the commitments on cancer which feature in the NHS's new 10-year Long Term Plan for England. This included our chief executive, Lynda Thomas, co-leading on the development of the commitments, Macmillan providing a detailed list of priorities for the plan, and hundreds of our supporters calling on the government to make person-centred care a priority. As a result, the Long Term Plan features ambitious new targets to improve cancer care and survival outcomes. This includes a commitment by 2021 that every person living with cancer will be offered an assessment of their health and wider wellbeing needs and an individual care plan. In addition, the Plan commits the NHS to set measurable goals that will help reduce cancer care inequalities throughout England, which we specifically called for.

During the past 12 months, we used findings from our *Thinking differently*<sup>4</sup> report to call on the government to transform England's cancer workforce. We believe sustainable solutions must be put in place to end cancer professional shortages in the NHS. So far, this has led to Health Education England, NHS England and partners creating a cancer workforce

implementation plan for up to 2021. We're also calling on the government to state as part of its 2019 Spending Review that it will invest in a skilled, supported and larger cancer workforce. We believe it's critical that the right professional roles are in place who are capable of treating and supporting the growing number of people living with cancer in the UK.

In Scotland, we continued to work with the Scottish government, NHS, local authorities and other charities to ensure Scotland's cancer strategy is implemented in full by 2021, the end of the Scottish Parliament's current session. Our key focus is to ensure people living with cancer receive high-quality care throughout their cancer journeys, including after treatment ends. To help make this happen, we've produced a set of principles that we'll push to be reflected in any future long-term plan for the NHS in Scotland.

In Wales, we continued to hold the Welsh Government to account on performance against the existing Cancer Delivery Plan and secured major commitments to improving NHS IT systems to better support people with cancer. Our work to see a further cancer delivery plan beyond 2020 has started to take shape. Through influencing senior policymakers, we have secured a commitment by Welsh Government to provide consistent access to electronic holistic needs assessments for anyone with cancer.

In Northern Ireland, despite the challenging political situation, we continued to call for the delivery of a cancer strategy and received widespread political support.

## A new way to deliver palliative and end of life care

Our Macmillan Specialist Care at Home (MSCH) service model aims to offer people the specialist palliative and end of life care they need to live and die well in the place of their choosing. In 2018, our aim was to further test and evaluate the model, as part of our long-term goal of improving palliative and end of life care throughout the UK. This is something we successfully did at six pilot sites in the UK.

Following the completion of our evaluations at the different sites, we identified a number of key findings. These include use of the new service model resulting in the majority of people being referred to the services before their symptoms became severe. This helped to ensure that effective support was put in place before any crisis occurred. In addition, 79% of people who used an MSCH service died in their preferred place of care. This compares favourably to our previous research which revealed 64% of people with cancer in the UK want to die at home but only 30% do.<sup>5</sup>

## Helping people at the end of life die well

Last year, our aim was also to improve end of life care across the UK by pushing governments and health and social care providers to meet previous commitments and implement new initiatives. One of the ways we did this was through the publication of our *Missed opportunities*<sup>6</sup> report in May 2018. It highlighted that more than one in four people (28%) with cancer find it difficult to talk honestly about their feelings around cancer. But we know it's vital that honest conversations are held between people with cancer and their health professionals, so their end of life wishes are understood and can be met. That's why we were particularly pleased with a commitment in NHS England's Long Term Plan. It stated that training would be rolled out for NHS staff to help them offer active care planning to everyone identified as being in their last year of life.

More than  
**ONE IN FOUR  
PEOPLE**  
(28%) with cancer find it  
difficult to talk honestly about  
their feelings around cancer.



## Meeting social care needs

During 2018, our goal was to continue working in partnership with local authorities to explore how different health, social care and community services could work together to offer personalised, coordinated and holistic support to people living with cancer. As part of this work, we also wanted to launch two new integrated services to join our already established service in Dundee.

Following close collaboration with local authorities in Fife and Durham, we successfully met these aims by developing and launching two such services for local people in these areas. We also continued to work with partners in Manchester and Tower Hamlets in London to develop similar services which offer holistic needs assessments and help people access the right support for them.

Overall, the foundation to all this work is the evidence and learning we've acquired from our Improving the Cancer Journey project in Glasgow and the development and delivery of the Recovery Package.



## Funding innovation in cancer care

Our co-investment in the £12 million Care and Wellbeing Fund with Big Society Capital continued to develop initiatives within the care sector. The aim of the Fund is to drive innovation and create sustainable, community-based services which allow people living with cancer to access the all-round support they need, whenever and wherever they need it. By the end of 2018, £5.4 million was committed into initiatives and a further £4.8 million has been aligned to specific opportunities in 2019/20. Out of this total investment, £5.6 million will support end of life services.





# OUR FUND RAISING

We're incredibly grateful for the dedication and generosity of our supporters. Fundraised income made up 98% of our income, which means they're absolutely essential to changing the lives of people living with cancer.

But there's so much more we need to do so we can be there for even more people that need us. That's why we need to inspire thousands more people to support Macmillan by putting our supporters at the heart of everything we do, listening to what they want from us and providing exciting and innovative ways to get involved.

‘I'm running this year's London Marathon for Macmillan, who did so much for my late wife, Rosalind, and are still there for me now. They are so fantastic and make me feel so supported.’

Trevor, Macmillan volunteer.

## Raising the money we need to be there for more people

In 2018, our aim was to increase our fundraising income, so we can provide even greater support to the UK's growing population of people living with cancer. Thanks to the efforts and generosity of our incredible fundraisers, we raised a tremendous £230.8 million which will help make a massive difference to the lives of people with cancer. However, this was 7% less than 2017, which we believe is mainly due to changes in the way that people can and want to give to us.

We are working hard to understand these changes and ensure we are doing all we can to raise the money we need to be there for everyone who wants our care and support. We'll also continue to spend our supporters' generous gifts in the best possible way for people living with cancer.

During the past 12 months, we received our largest number of legacies, with 2,716 people leaving a gift to Macmillan in their will. Overall, these gifts amounted to £80 million, a figure that was 5% less than our record total in 2017, the year we received our two largest ever legacies: one for £7.3 million and another for £6.3 million.

Once again, our largest fundraising event of the year was the World's Biggest Coffee Morning. Thanks to our amazing coffee morning hosts, everyone who attended a get together and our event partners,

an incredible £26.9 million was raised, only slightly less than 2017. Playing an important role in helping us reach this total was our headline partner, Marks & Spencer. Their customers and colleagues raised £2 million in 2018 through fundraising in stores and purchasing products with a donation to Macmillan. This figure brings M&S's overall fundraising total for Macmillan to more than £16 million since 2010.

We're very thankful to all our corporate and charity partners, who, throughout 2018, engaged their employees and customers in fundraising activities to help us be there for more people living with cancer. This included the National Garden Scheme (NGS), our longest standing charity partner, who donated £500,000. This amount is the first part of a £2.5 million pledge that will be gifted between 2018 to 2022 to help build the Y Bwthyn NGS Macmillan Specialist Palliative Care Unit at the Royal Glamorgan hospital in South Wales. In total, this pledge means the National Garden Scheme has donated £16.7 million to our life-changing work since 1984.

Thanks to the efforts and generosity of our incredible fundraisers, we raised a tremendous

**£230.8  
MILLION**



Over the past year, thanks to the efforts of colleagues and customers, Boots carried on with their excellent fundraising and took their overall total to more than £16 million since 2009. Our partnership with Warner Leisure Hotels also continued to go from strength to strength, with the company's team and loyal guests raising £550,000 in just two years. This means Warner surpassed their target of half a million pounds one year earlier than planned, which was the same result achieved by Topps Tiles. In 2018, the retailer hit its milestone of £500,000 one year ahead of schedule too.

Other fundraising highlights of 2018 included thousands of people shaving their heads as part of Brave the Shave, which helped to raise a superb £4.9 million. Our supporters raised £12.1 million by taking part in our Macmillan Lottery and won prizes of up to £10,000. While throughout the UK, members of our regional fundraising teams worked with local supporters, volunteers, committees, fundraising groups, corporate partners and other voluntary groups to raise money for our vital services. This included over 4,000 people creating and holding their own individual events to raise a tremendous £2.8 million.



# A FABULOUS FAMILY OF FUNDRAISERS



Dad Gary and Mum Susan  
with Archie, Beau and Minnie.

## Developing new ways to raise money

We are always looking to find new ways to help people give to us and to make our existing ways of giving, even better. We launched and tested three new fundraising initiatives this year, including the opportunity for people to donate to us through Facebook, which generated over £400,000. This was in line with our aim to develop new fundraising opportunities and enhance how we engage current and new supporters. In 2019 and beyond, we'll continue to develop and test new ways to raise money.

## Improving the Macmillan supporter experience

During 2018, our goal was to develop a greater understanding of how our supporters engage with us in their local areas and through digital platforms. This is so we can provide them with better access to the fundraising support they need, whenever they may need it. One of the key ways we did this last year was by closely analysing feedback we've received from our supporters. This helped us identify how we can do things better and we have developed a number of short, medium and long-term initiatives for 2019 and 2020 including improving how we say thank you to all the wonderful people who support us.

## Our fundraising

### The McKee family's story

Whether you're seven or 70, there are tonnes of great ways you can fundraise to support our life-changing work. Something the McKee family from Cumbria can tell you all about.

Dad Gary has run 100 marathons on 100 consecutive days, climbed Mount Kilimanjaro and taken on lots of other epic challenges. Mum Susan hosts coffee mornings and sells homemade cards. Eldest son Alfie has completed triathlons and youngest son Beau ran every day, for 501 days, from January 2018 to May 2019. While little sister Minnie, who's only six, did daily 10-minute runs on a treadmill to get active like her older brothers.

So far, the marvellous McKees have incredibly raised over £278,000 to help people with cancer live life as fully as they can. Yet Gary, who won our Sir Hugh Dundas Volunteer of the Year Award in 2018, says this is just the beginning of his family's fundraising exploits:

'I'll always be a fundraiser for Macmillan because people are diagnosed with cancer each and every day. I'll never forget the feeling when my dad was diagnosed – how we all felt as a family. That drives me forward.'



## Our approach to fundraising

At Macmillan, our supporters are incredibly important to us and we believe in maintaining the highest possible standards when fundraising. So, in 2018, we continued to make sure all our fundraising activities are compliant with regulatory standards, provide our supporters with the best possible Macmillan experience, and continue to improve the effectiveness and efficiency of our organisation.

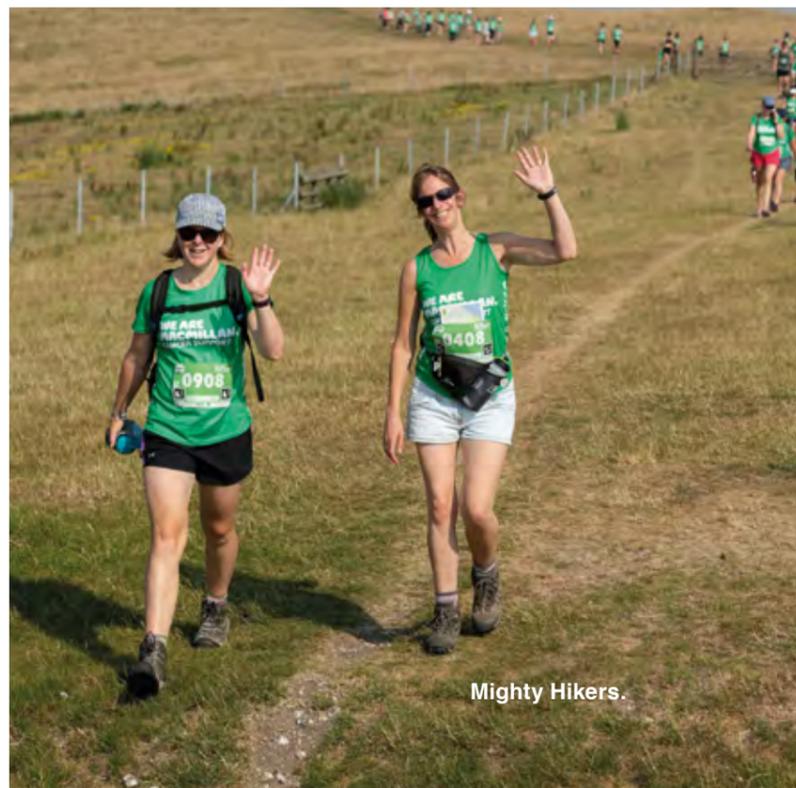
As part of this work, we conducted a review of our fundraising portfolio to ensure each individual activity brings in an income that justifies the amount of money, time and energy we spend on it. If an activity does not meet the strict set of principles created for it, we will stop running it. This is because it's of paramount importance to us that we spend our supporters' generous donations in a way which leads to us reaching and supporting more people living with cancer.

We also continued to deliver on all the pledges we commit to in our Macmillan Supporter Promise. This includes putting our supporters at the heart of our decision making and ensuring they feel completely secure when they donate to us. We also did our utmost over the past 12 months to deliver the high-quality fundraising experiences our supporters want and deserve. This involved us carrying out a wide range of work to make sure we continue to adhere to guidance set out by the 2016 Charities Protection and Social Investment Act. This work is explained in detail in each of the following sections.

## Fundraising standards

We're proud to be a founding member of the Fundraising Regulator, which was established in 2016. Last year, we continued to deliver a programme of work to make sure we comply with all relevant rules and regulations and subsequently provide everyone who supports us with the best possible supporter experience.

This work included us assessing the best ways to contact our supporters and increasing training for new and existing staff to ensure they deliver the high standards our supporters expect. We also continued to update our contracts with suppliers who directly interact with the public, including the addition of fundraising compliance clauses. We monitored our suppliers and, where necessary, undertook reviews to ensure they meet the same high standards we expect of our own fundraisers. This led to one supplier making fundamental changes to improve their internal processes. We also formalised and strengthened our processes for agreeing which fundraising activities we undertake.



Mighty Hikers.



85% of people surveyed were

**EXTREMELY OR VERY SATISFIED**

with their experience of supporting Macmillan.

## Helping our supporters and addressing complaints

We want to make sure people come back to us again and again whether they're getting support, volunteering or fundraising. So, we are committed to making sure people have a first-class experience with us. We regularly survey our supporters about their most recent experience with Macmillan. In 2018, 85% of people surveyed were extremely or very satisfied with their experience, 2% more than in 2017,<sup>7</sup> and we are committed to improving this every year.

However, despite our best efforts, we know we don't always get everything right. Last year, we managed just over 4,100 complaints about our fundraising, marketing and communications. We want to go above and beyond for our customers, so we encourage our employees to capture all individual comments about how we can improve, not just complaints. Therefore, all of this is included in the total. This is so we can learn more lessons, put things right and consistently deliver what our supporters expect. We aim to reduce the number of causes for complaint, and we were pleased to receive over 2,000 fewer complaints than we received in 2017.

Generally, the complaints we received focused on communication errors, issues with the delivery of merchandise and concerns about products or campaigns.

Communication errors included people not receiving thank you letters, and people receiving unwanted or inaccurate communications. We have now put in place a new programme of work to address these issues.

Problems with the delivery of merchandise were predominantly due to a new partnership with a fulfilment company. We continue to work closely with this company to solve this issue.

Overall, we take every complaint we receive very seriously, as our aim is always for our supporters to have a high-quality experience with us.

We also make sure we respond to every complaint individually, with the intention of turning it into a positive experience for the supporter and something we can learn from. We take great pride in listening to what our customers have to say about us, whether negative or positive, because all feedback is key to us continuously improving our supporter experience.

# OUR EMPLOYEES AND INFRASTRUCTURE

Our employees are important ambassadors for Macmillan. That's why we do our utmost to recruit the most talented people and nurture their individual skills and attributes and support them to exemplify our core values. By helping our staff and services to perform at the highest level, we have an even greater impact on the lives of people living with cancer.





### Developing our employees' skills and expertise

Last year, our aim was to develop the skills and knowledge of our employees, so they can do their jobs to the best of their ability. We did this by providing a wide range of training courses, with the most popular focusing on project management, developing the coaching skills of managers, and how to hold challenging conversations. In total, just over half of our employees (1,100) attended at least one course in 2018.

During the past 12 months, we also provided training to further develop the skills of our senior managers, helping them to effectively lead our organisation and manage and develop their own teams. And we supported all our managers to hold performance conversations with non-senior members of staff to identify and meet their individual learning needs.

### Closing the gender pay gap at Macmillan

We're pleased we further reduced the gender pay gap at Macmillan over the past year, and that it's still much lower than the national average. But we also know that any gender pay gap is unacceptable, so we'll continue our work to decrease it in the future.

In 2018, our median pay gap stood at 8.1%. This is a 1.8% decrease on 2017 and well below the national average gender pay gap for all employees of 17.9%. We calculate the rate by lining up everyone's salaries from lowest to highest and picking the middle salaries for men and women.

Through calculating the median pay gap, we also identified a small increase in the percentage of women whose salary sits in the top 25% of all our salaries (the highest quartile). But overall, the salaries of our female employees are more likely to feature in our two middle or lowest quartiles. This is something we aim to change in the future.

### Constantly improving our services

To meet the holistic needs of even more people living with cancer, our goal in 2018 was to continue to improve the effectiveness and efficiency of our organisation. A key way we did this was by helping our services follow and self-assess against our own quality standards. These include our Macmillan Quality Environment Mark (MQEM), a detailed framework which evaluates whether cancer care environments meet the standards required by people living with cancer. Currently, 86% of our 130 cancer environments are MQEM accredited, up from 77% in 2017.

Over the past year, nearly half (48%) of our 161 information services further improved their services through regularly using our Macmillan Quality in Information and Support Services (MQiSS) quality standard. This offers detailed guidance for developing, delivering and improving a cancer information and support service.

We also continued to work on integrating all our quality standards into a combined, joined up Macmillan Standards and Quality Framework. A group of Macmillan services who have previously used our quality programmes are now testing the framework.

From 2019, we will always use our Macmillan Quality Improvement Framework (MQIF) and new partnership contracts when developing new services with partners. We're positive this way of working will make sure more people living with cancer receive the highest possible quality of care.



## Rising satisfaction with our services

It's vital we know what people think about our services and how we can improve them. So, in 2018, we continued to ask people who had used one of our services to complete a customer satisfaction survey. The feedback we received revealed that 86% of people were extremely or very satisfied with their last experience of a Macmillan service. We're extremely pleased with this very high satisfaction rate, which is 2% up on 2017.

## Protecting data and sensitive information

At Macmillan, we are totally committed to protecting the personal information of the people we support, our partners, professionals, employees and volunteers as well as being transparent about what we do with it. In light of this, we constantly aim to improve how we store, share, manage and destroy personal data and sensitive information.

In 2018, we undertook a significant piece of work to implement an Information Governance framework to ensure continued compliance with the new General Data Protection Regulation (GDPR) and the Data Protection Act 2018, which came into effect in May 2018. This included enhancing our governance and accountabilities, processes and procedures. Importantly, we trained our staff on GDPR and how to keep data safe.

We also strengthened our information security management system (ISMS) to keep our data safe. This was confirmed in early 2019, when we achieved certification to the internationally recognised ISO 27001 standard for the maintenance of an effective organisational wide ISMS.



**'...we constantly aim to improve how we store, share, manage and destroy personal data and sensitive information.'**

## Employment policies and involvement

At the end of 2018, we employed 2,002 members of staff. But it is only through the combined effort of our whole workforce – our employees, supporters, volunteers and professionals – that we can change the lives of so many people living with cancer.

Our reward strategy, annual remuneration review and related policies are set and monitored by the trustees' Remuneration Committee. We are committed to a policy of equal pay and aim to make sure salaries reflect the knowledge, skills, responsibilities and personal competencies required for the satisfactory performance of each job.

We use objective job evaluation to determine our job levels and associated salaries. These are also set in the context of the job market, and comparisons are made with similar roles in other charities and relevant organisations. Pay is reviewed annually, with percentage increases consistent across the organisation and at all levels.

In 2018, we started to use a new, non-financial reward scheme for employees. Available via an internal website, the new scheme gives all employees the opportunity to recognise a colleague for their work, whenever they wish to. Through the internal website, employees can also easily view all the third-party offers and discounts available to them. This is helping our employees' money go further and delivering an even better employee experience.

The chief executive and Executive Strategy team are subject to the same remuneration policies as all other employees and have the same level of benefits available to them. You can find the salary ranges of our senior employees in note 12 of our accounts and further information on our remuneration policy at [macmillan.org.uk](http://macmillan.org.uk)

We are committed to recruiting and retaining the best people for our roles, based on their merit for the job. Our recruitment of employees also takes into consideration the wide range of people we aim to support. We are also committed to developing and equipping employees with sufficient training to give them the knowledge and skills to create a fully inclusive environment for anyone who is employed by or volunteers for Macmillan.

We will not unfairly discriminate against people, either directly or indirectly, on the grounds of colour, race, nationality, ethnic or national origins, religion, gender, marital status, sexual orientation, disability, age, spent convictions, or membership/non-membership of a trade union.

We regard ongoing, regular engagement with our employees a top priority. All new employees and trustees attend Macmillan induction events, which regularly feature talks from our chief executive and other senior members of staff. We also measure employee engagement three times a year through My View, our employee engagement survey. Any issues raised by each survey are then addressed as quickly as possible.

In 2018, we revised our employee representative forum to make it more accessible to employees across Macmillan. This involved increasing the number of representatives to 41; creating two new dedicated roles to oversee the running of Our Voice; and developing a two-tier, local and national structure. Currently, the national level of the forum meets every month and the views raised are reported to our Executive Strategy team, which responds to them in a timely manner.

# LOOKING FORWARD

## – OUR PLAN FOR 2019

Our ambitious new strategy is based on six objectives which outline the areas we need to focus on to be right there with people, whatever cancer throws their way. Our plan for 2019 details the work we will do to make that happen.

**1** We want everyone with cancer to know they can turn to Macmillan and how we can help them from the moment they are diagnosed. In 2019 we will:

- Work to make sure our information and support is available when people need it, easy to find and right for them.
- Reach people recently diagnosed with cancer so they know about Macmillan's services and come to us for support earlier.
- Work with the doctors, nurses and other professional teams who support people living with cancer so that they understand how Macmillan can help the people they care for.

**2** We want everyone with cancer to be able to have a conversation about all their needs and concerns, and the support that's right for them. In 2019 we will:

- Support healthcare professionals working in and outside hospitals to have better conversations and identify the needs of the people they care for with cancer.
- Influence health and social care partners to increase the number of professionals in the system, and how they work together to deliver joined-up care to people living with cancer.
- Start to test and learn how Macmillan can support people to get tailored joined-up support in other settings, for example, online or at doctor's surgeries.

**3** We want everyone with cancer to be able to meet their vital needs through high quality services. In 2019 we will:

- Bring together the different types of financial support we provide so that people can get help with all their financial concerns seamlessly.
- Through marketing, start to make people more aware of the range of financial support on offer for people with cancer.
- Influence governments, and the NHS, as well as organisations like banks and insurance companies, to do more to support people living with cancer.
- Influence the spread of best practice in end of life care across the UK so it becomes the reality for more people who are dying of cancer.

**4** We want everyone with cancer that is treatable but not curable to be supported to live life as fully as they can. In 2019 we will:

- Improve our understanding of the needs of people with cancer that is treatable but not curable, and use this to influence the system and health and social care professionals to better support people.
- Work with healthcare professionals to help them understand, recognise and support people with treatable but not curable cancer.

**5** We want to inspire more people to give to Macmillan, so we can continue to be there for people when they need us most. In 2019 we will:

- Develop our staff, processes and systems to help make sure people's experience of Macmillan is first class – whether this is to get support, volunteer or fundraise – so that people come back to us again in future.
- Raise more money by making the most of opportunities to fundraise, such as encouraging people to leave money to Macmillan in their will.
- Innovate and test new ways to raise money.

**6** We want to improve the key activities which support Macmillan to do its work as efficiently and effectively as possible. In 2019 we will:

- Develop and improve how we work with others including the NHS, governments and the cancer workforce.
- Continue work to ensure we have the right technology to deliver our strategy.
- Attract and develop dedicated volunteers who will give their time and talent to help us deliver our work.
- Work towards achieving the most efficient and effective model of managing the organisation so we can deliver even greater impact for people living with cancer.

# HOW WE MANAGE THE MONEY YOU GIVE US

Thanks to our supporters' generosity and the huge efforts of our volunteers and employees, we generated income totalling £235.7 million in 2018.

Although this was 7% less than in 2017, it was still a significant achievement. Our fundraising section on pages 40–47 provides more background to the reasons for the decrease.

Despite this, we were still able to increase our charitable expenditure to a record £195 million in 2018, which was partly funded by a planned utilisation of our reserves.

Overall for the year, we had a £25 million deficit between our income and expenditure before investment losses. This was higher than originally planned, however it was in line with forecasts as the difficult fundraising climate emerged during the year.

As the number of people living with cancer is set to rise to four million by 2030, the demand for our work continues to increase significantly. The good news is that we are reaching and supporting more people. We also have an incredibly loyal and committed network of supporters who can help us achieve this.

Importantly, we are not dependent on government money and have a strong and diverse portfolio of fundraising streams, having consistently invested in fundraising for many years.

Crucially, we have the volunteers and staff who work hard to ensure we are fit for purpose and able to continue to offer more support to the people who need our help.

During 2018, we undertook a major strategic and budgetary review, to ensure that we can optimise our charitable activities and retain an appropriate level of liquidity in the light of the external factors affecting our fundraising plans. Whilst we need to be cautious over our future plans, overall, as trustees, we are positive about the future prospects of Macmillan and its subsidiary trading companies.

## How we raised our money

Our income has always come mostly from fundraising activities and last year was no different. Overall, 98% of our income, £230.8 million, came from these sources, with the remainder coming from our investments.

Legacy income decreased by 5% to £80 million. However, 2017 included our two largest ever legacies, which totalled nearly £14 million. These were not repeated in 2018 but we continue to receive legacies and, setting the two large legacies received in 2017 aside, the amount recognised grew year-on-year. Legacies remain our biggest source of revenue, making up 35% of our total fundraised income. This is why it makes sense for us to continue our long-term investment behind our legacy strategy.

Our donation income decreased by 8% to £133 million, reflecting the challenging year in relation to some of these income streams. We will continue to invest significantly in this area to develop new fundraising products and enhance existing activities.

The World's Biggest Coffee Morning was a fundraising highlight again this year by generating over £26.9 million, only a small decrease on 2017. Our corporate partners continue to play a vital role in the success of the event. We will continue to invest in this, our flagship fundraising event, in 2019.

We have over 370 active volunteer fundraising committees across the UK. They generated a total income of £6.3 million in 2018, a fantastic sum, although 10% less than 2017.



## How we spent our money

Our 'How we spent our money' graphic on page 11 provides a summary of our record £195 million charitable expenditure in 2018. Our strategic report on pages 12–69 explains what we did last year and provides the context to this spend.

In 2018, we moved forward new and established programmes of work to provide vital support to people living with cancer.

We continued to develop our base of Macmillan professional posts last year. Our overall total reached 11,700, following an increase of over 1,400 posts. This included 1,200 additional Macmillan healthcare posts, which was 16% more than in 2017 and takes our total of healthcare posts to almost 9,000. This increase included almost 700 more nurse posts, bringing our total to over 6,400; we also increased our number of allied health professional posts by almost 500 to over 1,900.

We continued to invest in improving the practical, emotional and information support we provide through Macmillan posts, grant-funded services delivered in partnership with other organisations, and services we deliver ourselves, such as our Macmillan Grants and Support Line services, including our welfare rights experts.

In 2018, we provided Macmillan Grants to just over 37,000 people living with cancer. Our total spend on Macmillan Grants of £14.3 million was 3% more than in 2017. We also spent £12.7 million on buildings and £30.1 million on information and support services.

We spent £17 million on our welfare rights and benefits advice services. Our Welfare Rights team helped to secure over £61.7 million in benefits support for people living with cancer. Our separate network of benefits advice schemes across the UK also helped to secure almost £228 million in unclaimed benefits, 8% more than in 2017.

You'll find a more detailed analysis of our charitable expenditure in note 10 to the financial statements.

In addition, we are still very much committed to investing in our existing diverse income streams that are important for our future, as well as investing in innovative new fundraising initiatives. The cost of raising our income in 2018 was £65.7 million, a 2% increase on 2017. We will continue to carefully monitor the results of these investments and keep a very close eye on all our costs and fundraising activities, to make sure that we are making the most of the money we invest in them.

**CHARITABLE  
EXPENDITURE  
£195  
MILLION**



Carol, Macmillan Integration of Cancer Care Programme Manager.

## Liquidity

In 2018, trustees agreed to change our approach to focus on holding an appropriate level of liquidity cover rather than targeted levels of reserves. This change was made by trustees to increase the impact that Macmillan has on the lives of people living with cancer.

As an organisation relying almost entirely on annual fundraised income, we need to hold adequate funds to enable us to react to any unexpected adverse impact on our finances and ensure we can cover future liabilities as they arise, including any future pension commitments, whilst any short or long-term adjustments are made to our financial strategy.

Under our liquidity policy, our target is to retain £100 million in investments and cash which are capable of being liquidated at relatively short notice. In addition, we will hold cash and other liquid funds to meet normal day-to-day cash flow requirements. As at 31 December 2018, our investments and cash totalled £180.9 million. A draw down strategy over two years will reduce this towards the target level of £100 million plus a buffer for day-to-day requirements.

We will review our liquidity policy at least every year as part of our budgeting process and in the event of any change in the circumstances of the Charity.

## Reserves

As at 31 December 2018, our general reserves totalled £9.1 million, a decrease of £30.6 million on 2017, which was a result of our deficit for the year. The decrease in general reserves is consistent with our change in reserves policy to focus on liquidity cover, as noted in the previous section. Designated funds as at 31 December 2018 totalled £2.9 million, a decrease of £0.2 million on 2017. Restricted funds totalled £22.8 million, unchanged from 2017. Total reserves stood at £34.7 million compared to £65.6 million in 2017.

## Our investments

### Fixed asset investments

Since June 2016, our portfolio has been managed by Sarasin and Partners. In 2018, our long-term fund stood at £118.1 million, compared to £103.4 million in 2017. This includes the value of some residual holdings with our previous investment managers, JP Morgan Private Bank.

Sarasin and Partners' mandate is to maximise the overall growth of these funds through investment in various different asset classes while ensuring that the risks taken are carefully monitored, managed and controlled, whilst bearing in mind liquidity needs.

We do not directly invest in tobacco. We have made it clear to Sarasin and Partners that our funds must not be directly or indirectly invested in tobacco stocks.

The performance of Sarasin and Partners is regularly monitored by the trustees against agreed benchmarks. The benchmarks are a weighted average of indices related to the asset classes invested in. For 2018, their overall performance was slightly below the benchmark return.

In our financial statements, in addition to the above funds, our fixed asset investments also include legacy property of £0.7 million and a programme related investment of £0.5 million.

### Current asset investments

Additionally, we hold funds to meet ongoing commitments, either invested with Sarasin and Partners or invested in highly rated sterling denominated money market funds.

The trustees regularly monitor these funds to ensure the security of this money, as well as reviewing the performance of our investments. The trustees are satisfied that these funds are prudently invested and will continue to monitor their status closely.

## Pension schemes

Our defined benefit pension scheme was closed to future accruals on 30 June 2010. We now operate a defined contribution stakeholder pension scheme for eligible employees.

The Financial Reporting Standard 102 (FRS102) valuation of our defined benefit pension scheme at 31 December 2018 showed a surplus of £9.6 million, unchanged from 2017. In accordance with FRS102, this surplus is not recorded in the financial statements.

A formal triennial valuation was undertaken as at 31 December 2016 and showed a surplus of £0.7 million.

## Our grant-making policy

We develop grant-funded cancer services in partnership with other organisations and particularly the NHS. This involves our team of managers working with partner organisations in their locality to develop the requirements for and negotiate the grant funding of a service. The standard arrangement is that we fund a service for an agreed period and then a partner organisation picks up the ongoing funding, recruits the professionals to deliver the service and monitors the ongoing delivery of the service.

As at 31 December 2018, we had unpaid but committed charitable grants of £210.4 million, about a third of which are due to be paid out in 2019.

We also give Macmillan Grants to individuals living with cancer who demonstrate financial hardship, something we have done ever since we were founded more than 100 years ago. These grants offer people living with cancer a speedy financial lifeline when financial problems arise that are connected with their cancer. Typically, these grants are for around £400 and help pay for a wide variety of things. This might include paying for services, essential items like a new washing machine, unavoidable expenses such as fuel bills or travel costs, or even to pay for a short break to aid recovery.

## Principal risks and uncertainties

### Risks and uncertainties

At Macmillan, we define risk as anything that can adversely affect our ability to achieve our objectives for people living with cancer, sustain our operations, maintain our reputation or meet regulatory requirements. We see risk as being inherent in what we do and the decisions we make. We seek to understand the risks we face or create and plan to operate within an acceptable level of risk-taking. However, we also know that we must innovate and take risks to reach and improve the lives of people living with cancer. Our approach to risk management follows the recommendations of the Charity Governance Code 2017.

### Risk management process

We ask all our employees, in everything they do, to be aware of the risks to what they are trying to achieve, to assess the potential seriousness and chance of them occurring and to manage them for the benefit of our stakeholders.

### Risk assessment

More formally, as part of our planning and review cycle, teams throughout the organisation (e.g. directorate teams, programme teams and operational risk managers) assess their risks at least twice a year. As well as identifying things that could go wrong, we look for opportunities we might miss for further growth and a sustainable future, as missing these could also stop us improving the lives of people living with cancer. Risks are scored for

the impact they would have and how likely they are to happen. Each risk has an identified owner, who is responsible for the effectiveness of the controls already in place and considering the need for any further actions.

### Appropriate level of risk

Key to assessing our risks is establishing our risk appetite, i.e. the amount of risk we are prepared or able to accept in pursuit of our purpose. Risk appetites can be different for different situations, depending on the extent of benefit we are aiming for and the availability of effective controls. If we are faced with too much risk, the risk owner may need to take further mitigating actions to reduce the risk; if not enough risk is being taken to generate the expected benefit, then we may need to reduce some mitigating actions or look for ways to find more benefit. For instance, we may be willing to be more risk seeking in the pursuit of new initiatives, but would be intolerant of any activities that could produce compliance issues.

For our principal risks, formal risk appetites are codified in our policies and procedures to provide direction and boundaries for consistent, risk aware decision making for our risk owners. As the environment in which we operate, stakeholders' expectations and our priorities change, we may have to adapt our risk appetites. Ultimately, we recognise that we may not always be able to prevent individual incidents, but risk owners will still look to reduce the impact risks may have and the likelihood they may occur to an appropriate level.

### Management review

Twice a year during our planning reviews, the 'bottom up' risk assessments and action plans produced by teams in the organisation are consolidated to provide a Corporate Risk Register, for comparison with the Executive Strategy team's 'top down' review of risk. The corporate risk register is an organisational wide summary of our risk profile and corresponding mitigating actions to help management validate our performance and sustainability and then present to the trustees for scrutiny and approval. Regular ongoing reviews of risk management plans inform our strategic planning, change management, and operational decision making; they also feed into our assurance framework, including our annual Internal Audit Plan.

### Governance

Our risk management process is supported by our governance structure. Our trustees and executive management recognise the importance of maintaining a strong system of internal controls, supported by these risk management activities and assurance mechanisms, including internal and external audit. Whilst our executive management are responsible for the day-to-day operation of our risk processes; our trustees are responsible for ensuring there is an effective risk management process and an appropriate internal control environment. Executive management are informed by our directorate leadership teams, a Portfolio Management Board and a Compliance and Risk Board. They present updates to Finance and Audit Committee which reviews the principal risks and provides oversight of the risk management process, so that the Treasurer can report annually on the effectiveness of the risk management process to our Board of Trustees.

### Our risk profile

To help us analyse our risks, we identify and categorise our risks into three broad areas; strategic, operational and regulatory, and financial.

Strategically, we have a clear and compelling programme of strategic initiatives designed to reach even more people living with cancer, improve standards of care and support and help people living with cancer live life as fully as they can. This is being rolled out pragmatically, informed by our understanding of what people living with cancer need and want, learning as we progress. However, there continues to be significant change and uncertainty in the external environment in which we operate: major changes to NHS and social care structures, cuts to public spending, an uncertain economic outlook and a competitive charitable sector. We monitor and adjust as needed. Operationally, as we grow and change we are looking continually for new, more efficient ways of delivering our services, such as listening to people living with cancer, improving the way we work with partner organisations, our volunteers and employees, and enhancing our technological support. This is against a background of continuing pressure on donors' finances. Changes in regulation, particularly regarding data protection, require investment and changes to policies and procedures. Financially, we have carefully reviewed the level of reserves we need to safely sustain our operations, so we can deploy as much as possible for our strategy and make more of a difference for people living with cancer.

Throughout the year, we stay alert for changes, both externally and internally, and make adjustments to keep us on track to achieve our objectives, sustain our operations, maintain our reputation and meet regulatory requirements.

Each risk category is described in more detail on the next page, along with our approach to managing them.

**Strategic risk:** due to planning assumptions on future activities and growth that are no longer valid, plans that we can no longer deliver or changes to the external environment that we cannot manage.

- We work with stakeholders, key decision makers and influencers in government, local authorities and the NHS and people living with cancer to understand their needs, develop policy positions and demonstrate the benefit we can provide.
- Annually, a defined strategic planning process analyses the external and internal environment, develops objectives, initiatives and plans for delivery. It is supported by a programme management function and a communication programme to inform employees and volunteers of our strategy and progress.
- We have a policy and procedures to help us understand what ethical issues to consider when making decisions, such as investing charitable funds, accepting or refusing donations, or deciding whether to work with partners, suppliers or individuals.
- Delivery of our strategy is managed through our performance management processes.
- We invest in our brand to promote what we can do to help people living with cancer and engage with existing and new supporters. We protect our brand consistency and integrity through guidelines, training, trademarks, licences and review processes.
- We look to protect our future by maintaining a diverse mix of income streams; assessing the need for local and national improvement in cancer services, now and in the future; engaging with current partners to deliver services with us and developing new relationships; and constantly innovating to stay competitive.

**Operational and regulatory risk:** due to failures in operational processes or meeting regulatory standards, including areas such as fundraising, partnerships, talent, safeguarding, health and safety, security, data protection, and business continuity.

- We have policies, procedures and governance structures to monitor and mitigate operational risks and major incidents, including understanding our regulatory requirements.
- We recruit and manage people, informed by clear role profiles and an operating model showing our current and future needs.
- We provide learning and development opportunities, benchmark our benefits and engage with employees through forums and surveys.
- Specialist compliance training is delivered to employees in key areas to build their skills and ensure awareness of compliance requirements.
- Information security procedures have been benchmarked against recognised standards.
- Processes are in place to prevent and detect fraud, including annual audits designed to test the effectiveness of key financial controls.
- Contingency planning, incident management and crisis management arrangements are in place.

**Financial risk:** due to insufficient funds to meet our charitable objectives, failure to spend our money well or errors in reporting our performance.

- We monitor our financial performance, liquidity and solvency through a system of financial reporting that compares actual results against the phased budget on a monthly basis. In addition, we prepare longer-term financial forecasts aligned to our strategic plans, incorporating scenarios, to confirm our longer-term solvency.
- Financial instrument borrowings are not used, and our investment and reserves policies are set, with input from external advisers, to ensure we manage our risks and ensure we have adequate liquidity and solvency to meet liabilities as they arise.
- In our investment activities, foreign exchange forward and options contracts are used to hedge exposure resulting from any risk of changes in foreign currency rates. All other assets and liabilities are held in sterling.
- Credit risk on amounts owed in respect of incoming resources is low.
- Investment policies, delegation of authorities, procurement and expenses policy are in place.
- We have defined accounting policies and financial controls for accurate and timely reporting.

**Additional pervasive feedback and assurance controls:**

- We have complaints and grievance procedures and an anonymous whistleblowing hotline to enable appropriate reporting and consideration of internal and external stakeholders' concerns, and individual comments on about how we can improve.
- An annual audit programme tests the existence and effectiveness of key controls, supplemented by external reviews.

## How we work

The relentless pursuit of better has always been in our DNA. It was the core motive of our founder, working to make people's experience of cancer better. It's also true for the way we work as an organisation today: we constantly strive to give those who receive our support, our donors, our partners, our employees and volunteers the best possible experience and achieve the highest standards as an organisation.

It may not always be easy, but to help us achieve these standards, we have developed policies and procedures that reflect our organisational values to guide us. We communicate these and train our employees and volunteers, record our decisions and incidents, monitor our performance, and seek feedback to learn and improve. We are committed to being responsible and getting better, reaching and exceeding the standards expected of us. The following are some examples of how this helps us do better:

### Considering ethical issues and conflicts

We are committed to maintaining high ethical standards to ensure that our activities and those of our partners and suppliers are in line with our values, and we take account of sector guidance and best practice, such as NCVO's ethical principles. We know we have a duty under charity law to maximise Macmillan's income and therefore expenditure on our charitable activities. However, it is essential that we do not allow our relationships with third parties to undermine our values. Our ethics policy and procedures make sure our values are at the centre of decision making. We use them to help us manage ethical issues when they arise, such as deciding whether to accept or refuse a donation, participate in partnerships with other organisations, or make an investment.

**We want to make the right ethical decisions.**

### Protecting our supporters

We want everyone we interact with to feel free from undue influence when they consider donating. Particularly, this includes anyone who may be unable to make an informed decision about giving, for whatever reason that may be. To achieve this aim, we ensure our employees and fundraising suppliers can recognise signs of vulnerability, so they can manage conversations and take action in the most appropriate way.

Our processes and procedures in this area are defined in our 'Fundraising with people in vulnerable circumstances' policy and reinforced in our employee and supplier training. We have developed them to prevent people who represent Macmillan from behaving in a way that could be considered to be intrusive or put repeated or undue pressure on someone to donate.

Through our compliance team, we routinely monitor our fundraising materials and the performance of our suppliers. We also regularly review feedback from our supporters and other interested parties to check if our fundraising offer is right and complies with relevant rules and regulations.

**We want everyone to feel free from undue pressure to donate.**

\*More details are included in the Fundraising section, pages 40–47.

### Safeguarding everyone's welfare

We are committed to safeguarding the welfare of our employees and volunteers and everyone who receives our support.

We believe all children and adults have the right to protection from all types of harm or abuse. Our employees and volunteers have a duty to prevent the abuse of children and adults and report any safeguarding concerns to the relevant person. Our safeguarding policy and training guide our employees and volunteers to remove, reduce and manage safeguarding risks for everyone we support and work with. We operate a safeguarding contact number with out-of-office hours cover, which offers advice and emotional support expertise to anyone dealing with sensitive, challenging or difficult issues.

We want all our employees and volunteers to operate in a safe working environment. Our continual aim is to reduce their risk of harm during their work with us. Our health and safety procedures and training are designed to keep our premises and events safe for all. If people regularly work or volunteer alone in the community, we provide support and training, including access to a lone worker device. As well as offering emotional support and guidance through our safeguarding team, we also

give all of our staff access to an employee assistance programme and healthcare cover for ongoing support.

**We want everyone to feel safe when they work or volunteer for Macmillan or interact with us.**

### Promoting equality, diversity and inclusion

We want to be a fully inclusive organisation that's relevant and accessible for everyone living with and affected by cancer. To achieve this goal, we will continue to value all forms of difference in employees, volunteers, professionals, people living with cancer and supporters, and understand and respond to their different needs and situations.

We use our network of volunteers and partnerships to work with people and local communities to learn and test how best to shape our future services and support, so they meet their differing needs. Some examples of how we've put this into practice include making information available in different languages and formats; offering an interpretation service through our helpline; analysing our gender pay gap and taking action to drive improvement in this area; and carrying out a number of actions to ensure we're a more diverse and inclusive employer. We are constantly looking to learn from our experiences and have appointed an equality, diversity and inclusion (EDI) partner to deliver further initiatives in 2019 and develop an EDI strategy for our whole organisation.

**We want our workforce to represent the people it supports, have equal access to all the opportunities we offer, and feel part of Macmillan and its ambition.**

\*More details on gender pay included on page 50.

## Caring for the environment

We recognise we have a responsibility to minimise our impact on the planet and use our resources wisely. To help Macmillan be as green as possible, we have an employee-led Eco group, which works to increase environmental awareness across the charity and make connections between health and the environment.

Environmental initiatives at Macmillan include encouraging employees to recycle in our offices, exploring how we can reduce the amount of waste that goes to landfill, and using stationery products with environmental credentials. We are also working towards removing plastics from our fundraising materials and using recycled and recyclable materials instead. Already, all our T-shirts, collection buckets and tins, and World's Biggest Coffee Morning host pack items are recyclable. And currently we're researching new products, including reusable water bottles made from sugar cane and biodegradable banger sticks and ponchos.

To reduce our carbon footprint, we offer employees access to the cycle-to-work scheme, provide Skype for Business software to reduce travelling, and we're working to reduce CO2 emissions from our fleet cars. We also have online education and training facilities for employees to reduce travel.

**We want to minimise our environmental impact and make resource efficiency a consideration in all our activities.**

## Keeping data safe

A lot of people, from those that support us to those that we support, entrust their data to Macmillan. Protecting this data, using it in the right way and being transparent with what we do is of utmost importance to us. We also aim continually to improve how we store, share, manage and destroy personal and sensitive information.

To ensure we do the right thing, as well as comply with our regulatory obligations, we've implemented a comprehensive information governance framework that ensures all personal data we hold, and process is done so correctly and meets our regulatory obligations.

In addition to this, we've strengthened our information security management system (ISMS) to keep our data safe. This was confirmed in early 2019, when we achieved certification to the internationally recognised ISO 27001 standard for the maintenance of an effective organisational wide ISMS.

**We want everyone to trust us to keep their data safe.**

\*More details are included on page 52.

## Fighting modern slavery

We want to ensure there is no modern slavery or human trafficking in our supply chains or in any part of our business. When we review our contracts, and develop new ones, we look at the possibility of modern slavery, communicate this with our colleagues, and when we feel there is the potential for slavery, we take actions to change our arrangements. We continue to monitor and make improvements in our contract management and share developments with our employees.

**We want our supply chain to be free from modern slavery.**

## Listening is important to us

We want to hear from all our stakeholders, whose views and feedback are incredibly important to us. We have a number of ways we listen to suggestions or concerns. This includes our complaints procedure for supporters ([macmillan.org.uk/about-us/contact-us/make-a-complaint.html](https://macmillan.org.uk/about-us/contact-us/make-a-complaint.html)), our Volunteer Forum, our employee representative body (Our Voice) and a whistleblowing facility, which provides an option for employees to raise concerns anonymously via an independent third party. These concerns are then dealt with in an appropriate manner and fed back to the Executive Strategy team on a regular basis.

It is important to us that our supporters, employees and volunteers feel they can speak up if they are not treated with fairness and respect, or if something has gone wrong. This is because we have a zero-tolerance approach to any form of discrimination, bullying or harassment against anyone working for or with Macmillan.

We also constantly strive to listen to people living with cancer and use their feedback and experiences to shape future services and support, helping us meet their different needs. Through the expertise of our geographic teams, supported by our network of volunteers, and working with our partners, we seek to understand how best we can support them too. We are also developing an organisation-wide programme to increase and improve the ways we involve people living with cancer and learn from their experience. This will help us continue to be better.

# Governance

## Structure and management

Macmillan Cancer Support is a company limited by guarantee and a registered charity. Macmillan is governed by its Articles of Association, which sets out the Charity's powers and authorities.

The objects of the Charity included in the Articles of Association are:

- to provide support, assistance and information directly or indirectly to people affected by cancer
- to further build cancer awareness, education and research
- to promote and influence effective care, involvement and support for people affected by cancer.

Subject to certain matters reserved to members, Macmillan's Board of Trustees holds all of the Charity's powers and authorities. The Board is ultimately responsible for the overall control and strategic direction of the Charity, and for the protection of its assets. Day-to-day management is delegated to the Chief Executive, Lynda Thomas, and the Executive Directors who comprise the Executive Strategy team. See Legal and Administrative section (to follow).

## Board of Trustees

The trustees, who are also directors under company law, are elected by the members of the Charity at the Annual General Meeting and, subject to re-election or early

retirement, serve for a three-year term. The Board has the power to fill casual vacancies by appointment until the next Annual General Meeting. The Board's Nominations Committee reviews the structure, size and composition (including skills, knowledge and experience) of the Board, and considers succession planning. The committee then makes recommendations to the Board. The trustees all give their time to Macmillan on a voluntary basis and receive no remuneration. Out-of-pocket expenses may be reimbursed.

When recruiting new trustees, the Board aims to attract a diverse range of candidates with the skills the Charity needs. It values the benefits of having members with different backgrounds, expertise and experience. Ultimately, though, all Board appointments are based on merit, in the context of ensuring that we have an appropriate balance of skills and experience.

All new trustees undertake an induction programme, which includes visits to Macmillan services, coverage of the Charity's aims and how they are being fulfilled, the role and duties of the trustees, company and charity law and governance, and financial and risk management. Trustees meet regularly with the Chief Executive, members of the Executive Strategy team and other staff members. When required, additional training is arranged for individual trustees or the Board as a whole. Areas covered in 2018 included safeguarding, the General Data Protection Regulations (GDPR) and the Charity Governance Code.

The trustees who served during the year and up to the date of this report are as follows:

**Dr Jag Ahluwalia** (Chair of Charitable Expenditure Committee from 1 May 2019)

**Iain Cornish** (Treasurer and Chair of Finance and Audit Committee)

**Jane Cummings**

**Andrew Duff**

**Professor Timothy Eisen**

**Sue Langley**  
(Chair of Remuneration Committee)

**Feilim Mackle** (Chair of Fundraising, Marketing and Communications Committee)

**Richard Murley** (Chair of Charitable Expenditure Committee until 30 April 2019 – becomes Macmillan Chairman from 1 May 2019)

**Dame Una O'Brien**

**Julia Palca** (Macmillan Chairman and Chair of Nominations Committee until 30 April 2019)

**Toby Strauss**  
(Chair of Investment Committee)

**Suki Thompson**  
(resigned 21 December 2018)

The current terms of office of Feilim Mackle and Toby Strauss end at the forthcoming Annual General Meeting. In line with our policy on trustee terms, they offer themselves for re-election for a further three-year term. Suki Thompson resigned from the Board in December 2018 after serving for seven years. Julia Palca will stand down at the end of April 2019 after 19 years on the Board, nine of them as Chairman. Following an extensive recruitment process, Richard Murley has been appointed as Chairman from 1 May 2019.

During the year and up to the date of approval of this annual report, there was a qualifying third-party indemnity in place for directors, as allowed by Section 234 of the Companies Act 2006.

## Board committees

The Board has delegated specific responsibilities to a number of committees, each of which has detailed terms of reference and reports to the Board.

### Finance and Audit Committee:

Monitors the financial performance of the Charity, financial reporting, planning and budgeting processes, compliance, corporate risk, and our internal and external audit arrangements.

### Charitable Expenditure Committee:

Reviews charitable expenditure and activities against strategic corporate priorities agreed by the Board.

### Fundraising, Marketing and

**Communications Committee:** Oversees the Charity's fundraising strategies and ensures the Charity follows high standards of fundraising practice.

**Investment Committee:** Monitors the performance of Macmillan's investments and reviews our investment strategy.

**Nominations Committee:** Considers the membership of the Board and recommends potential new trustees for election. This committee also keeps under review succession planning, in respect of honorary officers and the Chief Executive. It also oversees Board effectiveness reviews and action plans resulting from such reviews.

**Remuneration Committee:** Determines and recommends to the Board the overall policy for the remuneration of the Charity's employees.

In addition to receiving regular reports from the Chief Executive and the Executive Strategy team, the Board is advised on clinical matters by the Expert Advisory Board. The Board is also informed by the views of the Volunteer Forum, which consists of national and regional groups. This involves the chairman of the Volunteer Forum reporting directly to the Chairman of the Board of Trustees.

The Board and its committees meet regularly during the year, including at an annual away day. This helps trustees and Executive Directors to examine the Charity's strategic direction in more depth.

#### Number of meetings held in 2018

Board of Trustees	6
Charitable Expenditure Committee	2
Finance and Audit Committee	5
Fundraising, Marketing and Communications Committee	4
Investment Committee	2
Remuneration Committee	2
Nominations Committee	2

### Board review

The Board regularly undertakes a review of its effectiveness to identify any improvements to the Board's governance or ways of working, or any training needs. The performance of individual trustees is also assessed each year.

An in-depth Board governance review was undertaken in 2018 by Caroline Copeman and Christine Fogg of the Centre for Charity Effectiveness, Cass Business School. This involved interviews with all trustees, the Chief Executive, other members of the Executive Strategy team and the Company Secretary, along with a review of our governance documents and policies, and attendance at a Board meeting.

The review, which was based around the principles of the Charity Governance Code, found Macmillan has a strong Board that works well together and with the Charity's Chief Executive. The Board also has a good strategic focus, and its dynamic is positive and constructive, with meetings chaired well and all participants contributing. Trustee inductions are thorough, and governance documents and policies are of a high standard. However, the review did make a number of recommendations to support Macmillan's strategic direction and growth, and governance needs for the future. As a result, the trustees have agreed an action plan with the Chief Executive and Chairman, which will be implemented during 2019.

#### Key recommendations and actions include:

Continue with existing plans to enhance performance and impact reporting.

The Trustees' Charitable Expenditure Committee, established in 2018, has a particular focus in this area and will continue to monitor.

Refresh meeting practices to include widening the Executive presence and build on the successful approach taken to developing the strategy by introducing deeper strategic dives into the Board calendar.

The Chief Operating Officer and Chief Financial Officer now routinely attend Board meetings, and the Board calendar has been reviewed to ensure strategic issues are covered in sufficient depth.

Explore reputational risk scenarios and a refresh of risk and assurance topics, with a whole board focus on risk and assurance.

The Board's annual agenda plan has been reviewed to ensure that there is an appropriate focus on risk review at both committee and Board level.

Committee structure – consider renaming/reviewing committees to reflect their remit and clarify which strategic questions sit at committee level and what is appropriate for full Board discussion.

A full review of the remit of trustee committees will be undertaken in 2019.

### Membership

The members of Macmillan Cancer Support are entitled to attend its Annual General Meeting and vote on important decisions affecting the Charity. Macmillan's volunteers, employees, professionals and committee members are entitled to become members. Membership is also open to anyone who, in the opinion of the Board, deserves to be a member.

Members guarantee to contribute an amount not exceeding £1 to the assets of

the Charity in the event of the organisation winding up. The total number of such guarantees on 31 December 2018 was 5,979 (2017: 6,177).

### Statement of responsibilities of the trustees

Macmillan's trustees, who sit on Macmillan's Board and are also directors of Macmillan Cancer Support for the purposes of company law, are responsible for preparing the trustees' annual report and the 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 accounts for each financial year that give a true and fair view of the state of affairs of the Charitable Company and the Group, and of the incoming resources and application of resources, including the income and expenditure of the Charitable Group for that period. In preparing these 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 being disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume the Charitable Company will continue in business.

The trustees are responsible for keeping proper accounting records that can disclose with reasonable accuracy the financial position of the Charitable Company at any time and provide financial statements which comply with the Companies Act 2006, Charities and Trustee Investment (Scotland) Act 2005 and The Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the Charitable Company and the Group and taking reasonable steps for the prevention and detection of fraud and other irregularities. The trustees have overall responsibility for Macmillan's internal controls, while the Finance and Audit Committee reviews internal risks and monitors how well the trustees manage these risks.

In so far as the trustees are aware:

- there is no relevant audit information of which the Charitable Company's auditors are unaware
- the trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information, and to establish that the auditors are aware of that information.

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

The trustees confirm they have complied with their duty under the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the Charity.

Macmillan has its UK office in London, and national offices in Scotland (Edinburgh), Wales (Pencoed) and Northern Ireland (Belfast).

## Legal and administrative details

(As at 31 December 2018)

### Status

The organisation is a charitable company limited by guarantee, incorporated on 30 June 1989 and registered as a charity in England and Wales on 21 June 1989 and in Scotland on 1 October 2008. Within this document, the Company is variously referred to as Macmillan, Macmillan Cancer Support and the Charity.

### Governing document

The organisation was established under a Memorandum of Association and is governed under its Articles of Association (last amended 23 July 2014), which establish the objects and powers of the organisation.

**Company number** 2400969

**Charity number** 261017

**Scottish charity number** SC039907

**Registered office and operational address**  
89 Albert Embankment, London SE1 7UQ

### Patron

HRH The Prince of Wales

### President

The Countess of Halifax

### Deputy President

Jamie Dundas

### Chairman

Julia Palca

### Treasurer

Iain Cornish

### Company Secretary

Elspeth Cox

### Chief Executive

Lynda Thomas

## Executive Strategy team

### Cancer Support Operations

John Pearson

### Finance, Legal and Audit

Adam Uttley

### Fundraising, Marketing and Communications

Richard Taylor

### People

Kathy Taylor

### Policy and Impact

Fran Woodard

### Strategy and Performance

Simon Phillips

### Technology

Declan Hunt

### Bankers

Royal Bank of Scotland,  
280 Bishopsgate, London EC2M 4RB

### Solicitors

Withers LLP  
16 Old Bailey, London EC4M 7EG

### Investment Managers

Sarasin & Partners LLP, Juxon House,  
100 St Paul's Churchyard, London EC4M 8BU

### Independent Auditors

PricewaterhouseCoopers LLP,  
1 Embankment Place, London WC2N 6RH

### Macmillan Defined Benefit Pension

#### Scheme Actuary

Declan Keohane, First Actuarial LLP,  
Network House, Basing View  
Basingstoke, Hampshire RG21 4HG

## Further information

### Subsidiaries

Macmillan Cancer Support has eight subsidiary companies:

Macmillan Cancer Support Sales Limited, which sells Christmas cards and other items, and Macmillan Cancer Support Trading Limited, which carries out fundraising trading activities, continued to operate during 2018, and all of their profits were transferred to the Charity.

Macmillan Cancer Support Enterprises Limited, which provides design and construction services to Macmillan Cancer Support, continued to operate, but it does not make a profit or loss, as all of its costs are invoiced to the Charity.

Macmillan Cancer Information Lottery Limited, Macmillan Financial Grants Lottery Limited, Macmillan Healthcare Lottery Limited and Macmillan Influencing Cancer Care Lottery Limited, which all operate society lotteries, continued to operate during 2018. All of their profits were transferred to the Charity.

Cancerbackup was dormant throughout 2018.

Note 7 to the financial statements summarises the results of the subsidiaries, which performed satisfactorily in 2018.

### Related parties

Details of other related parties and connected organisations can be found in note 26 to the financial statements.

### Basis of preparation

The trustees' report and the financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities 2015' and Financial Reporting Standard 102.

### Independent auditors

PricewaterhouseCoopers LLP is the Group and Charity's auditors. A resolution will be proposed at Macmillan's annual general meeting that PricewaterhouseCoopers LLP is reappointed as auditors for the ensuing year.

The trustees' report, including the strategic report on pages 12–69, was approved by the board of trustees and authorised for issue on 29 April 2019.



Julia Palca, Chairman

# Independent auditors' report

## To the members and trustees of Macmillan Cancer Support Report on the audit of the financial statements

### Opinion

In our opinion, Macmillan Cancer Support's Group financial statements and parent Charitable Company financial statements ("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 December 2018 and of the Group's incoming resources and application of resources, including its income and expenditure, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: Group and parent Charitable Company balance sheets as at 31 December 2018; the consolidated statement of financial activities (including an income and expenditure account) and the consolidated cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Charitable Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's and parent Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and parent Charitable Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Group's and parent Charitable Company's activities, beneficiaries, suppliers and the wider economy.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Trustees' Annual Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### Strategic Report and Trustees' Annual Report

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; and the Strategic Report and the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Group and parent Charitable Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Trustees' Annual Report. We have nothing to report in this respect.

### Responsibilities for the financial statements and the audit

#### Responsibilities of the trustees for the financial statements

As explained more fully in the statement of responsibilities of the trustees set out on page 73, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they 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 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 and parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

#### Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditors under section 44(1) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### Use of this report

This report, including the opinions, has been prepared for and only for the Charity's members and trustees as a body in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and regulations made under those Acts (regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and Chapter 3 of Part 16 of the Companies Act 2006) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### Other required reporting

##### Matters on which we are required to report by exception

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate and proper 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
- certain disclosures of trustees' remuneration specified by law are not made; or
- the parent Charitable Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Philip Stokes (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
29 April 2019

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

For the year ended 31 December 2018

	Note	Unrestricted £'000	Restricted £'000	2018 Total £'000	Unrestricted £'000	Restricted £'000	2017 Total £'000
<b>Income</b>							
Legacies, donations and grants:							
Legacy income	2	72,212	7,827	80,039	76,014	8,524	84,538
Donation income	3	119,050	13,999	133,049	127,557	17,498	145,055
Grant income	4	43	115	158	35	796	831
<b>Total legacies, donations and grants</b>		<b>191,305</b>	<b>21,941</b>	<b>213,246</b>	<b>203,606</b>	<b>26,818</b>	<b>230,424</b>
Income from trading activities	5	16,077	1,519	17,596	15,601	1,650	17,251
<b>Total fundraised income</b>		<b>207,382</b>	<b>23,460</b>	<b>230,842</b>	<b>219,207</b>	<b>28,468</b>	<b>247,675</b>
Investment income	6	4,876	-	4,876	5,017	-	5,017
<b>Total income</b>		<b>212,258</b>	<b>23,460</b>	<b>235,718</b>	<b>224,224</b>	<b>28,468</b>	<b>252,692</b>
<b>Expenditure</b>							
Expenditure on raising income	9	65,374	331	65,705	64,050	379	64,429
Expenditure on charitable activities	10	171,913	23,134	195,047	161,064	30,929	191,993
<b>Total expenditure</b>		<b>237,287</b>	<b>23,465</b>	<b>260,752</b>	<b>225,114</b>	<b>31,308</b>	<b>256,422</b>
<b>Net expenditure before (loss)/gain on investments</b>		<b>(25,029)</b>	<b>(5)</b>	<b>(25,034)</b>	<b>(890)</b>	<b>(2,840)</b>	<b>(3,730)</b>
Net (loss)/gain on fixed and current asset investments		(5,822)	-	(5,822)	5,014	-	5,014
<b>Net (expenditure)/income</b>		<b>(30,851)</b>	<b>(5)</b>	<b>(30,856)</b>	<b>4,124</b>	<b>(2,840)</b>	<b>1,284</b>
Transfers between funds	25	-	-	-	-	-	-
<b>Net movement in funds</b>		<b>(30,851)</b>	<b>(5)</b>	<b>(30,856)</b>	<b>4,124</b>	<b>(2,840)</b>	<b>1,284</b>
<b>Reconciliation of funds</b>							
Total funds brought forward		42,819	22,767	65,586	38,695	25,607	64,302
<b>Total funds carried forward</b>	25	<b>11,968</b>	<b>22,762</b>	<b>34,730</b>	<b>42,819</b>	<b>22,767</b>	<b>65,586</b>

No corporation tax was payable by the Group or Charity for the year ended 31 December 2018 (2017: £nil).

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 25 to the financial statements. The notes on pages 81–99 form part of these financial statements.

## Balance sheets

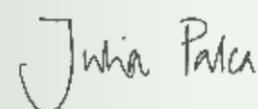
As at 31 December 2018

Company number 2400969

	Note	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
<b>Fixed assets</b>					
Tangible assets	13	7,531	7,944	7,531	7,944
Investments	14	119,359	164,941	119,359	164,941
<b>Total fixed assets</b>		<b>126,890</b>	<b>172,885</b>	<b>126,890</b>	<b>172,885</b>
<b>Current assets</b>					
Stocks and property awaiting sale	18	84	68	-	-
Debtors	19	70,588	65,971	72,939	68,141
Investments	15	54,817	39,453	54,817	39,453
Cash at bank and in hand	16	6,719	5,395	2,233	1,129
<b>Total current assets</b>		<b>132,208</b>	<b>110,887</b>	<b>129,989</b>	<b>108,723</b>
<b>Liabilities</b>					
<b>Creditors: amounts falling due within one year</b>					
Grants committed not yet paid	20	(70,094)	(71,579)	(70,094)	(71,579)
Other creditors and deferred income	21	(13,394)	(12,941)	(11,175)	(10,777)
<b>Net current assets</b>		<b>48,720</b>	<b>26,367</b>	<b>48,720</b>	<b>26,367</b>
<b>Total assets less current liabilities</b>		<b>175,610</b>	<b>199,252</b>	<b>175,610</b>	<b>199,252</b>
<b>Creditors: amounts falling due after more than one year</b>					
Grants committed not yet paid	20	(140,347)	(133,199)	(140,347)	(133,199)
<b>Provisions for liabilities</b>	23	(533)	(467)	(533)	(467)
<b>Net assets</b>	24	<b>34,730</b>	<b>65,586</b>	<b>34,730</b>	<b>65,586</b>
<b>The funds of the charity</b>					
<b>Restricted income funds</b>		<b>22,762</b>	<b>22,767</b>	<b>22,762</b>	<b>22,767</b>
<b>Unrestricted funds:</b>					
Investment revaluation reserve		2,033	6,115	2,033	6,115
Other general funds		7,065	33,587	7,065	33,587
<b>Total general funds</b>		<b>9,098</b>	<b>39,702</b>	<b>9,098</b>	<b>39,702</b>
Designated funds		2,870	3,117	2,870	3,117
<b>Total unrestricted funds</b>		<b>11,968</b>	<b>42,819</b>	<b>11,968</b>	<b>42,819</b>
<b>Total funds of the charity</b>	25	<b>34,730</b>	<b>65,586</b>	<b>34,730</b>	<b>65,586</b>

The net expenditure for the year of the parent Charity was £30,856,000 (2017: £1,284,000 net income).

The financial statements, including the notes on pages 81–99, were approved by the Board of Trustees and authorised for issue on 29 April 2019, and signed on its behalf by;



Julia Palca, Chairman



Iain Cornish, Treasurer

## Consolidated cash flow statement

For the year ended 31 December 2018

	Note(s)	2018 £'000	2017 £'000
<b>Net (expenditure)/income for the year (as per the statement of financial activities)</b>		<b>(30,856)</b>	<b>1,284</b>
<b>Adjustments to exclude non-cash items and investment income</b>			
Depreciation	13	769	451
Increase in grant commitments, other creditors and deferred income	20,21	6,116	16,804
Increase/(decrease) in provisions	23	66	(18)
Increase in stocks and property awaiting sale	18	(16)	(10)
Increase in debtors	19	(4,617)	(2,653)
Losses/(gains) on fixed and current asset investments		5,822	(5,014)
Investment income	6	(4,876)	(5,017)
<b>Net cash (used in)/provided by operating activities</b>		<b>(27,592)</b>	<b>5,827</b>
<b>Cash flows from investing activities</b>			
Investment income	6	4,876	5,017
Purchase of tangible assets	13	(356)	(731)
Payments to acquire fixed asset investments	14	(4,154)	(4,276)
Proceeds from sales of fixed asset investments	14	-	-
Payments into current asset investments		(46,114)	(52,814)
Withdrawals from current asset investments		68,753	48,986
Transfer to cash and cash equivalents	14	5,911	-
<b>Net cash provided by/(used in) investing activities</b>		<b>28,916</b>	<b>(3,818)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>1,324</b>	<b>2,009</b>
Cash and cash equivalents at the beginning of the year		5,395	3,386
<b>Cash and cash equivalents at the end of the year</b>	16	<b>6,719</b>	<b>5,395</b>

## Notes to the financial statements

For the year ended 31 December 2018

### 1. Accounting policies

#### Basis of preparation

The financial statements are prepared under the historical cost convention, modified to include the revaluation of investments to fair value, and in accordance with applicable accounting standards in the United Kingdom, the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' and Financial Reporting Standard (FRS) 102, together with the reporting requirements of the Companies Act 2006, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

These financial statements consolidate the results of the Charitable Company and its wholly owned subsidiary companies Macmillan Cancer Support Sales Limited, Macmillan Cancer Support Trading Limited, Macmillan Cancer Support Enterprises Limited, Macmillan Healthcare Lottery Limited, Macmillan Financial Grants Lottery Limited, Macmillan Cancer Information Lottery Limited and Macmillan Influencing Cancer Care Lottery Limited on a line-by-line basis. Uniform accounting policies are adopted across the Group and inter company transactions are eliminated on consolidation. Cancerbackup was dormant in 2017 and 2018 and as such is excluded from the consolidated financial statements. The Charity also has an investment in an associate which is a programme related investment and is accounted for under the equity method in the consolidated financial statements, see note 14. A separate Statement of Financial Activities for the Charity itself is not presented as allowed by Section 408 of the Companies Act 2006 and paragraph 5.1 of the SORP 2015. The income of the parent Charity was £229,555,000 (2017: £245,688,000) and the expenditure was £254,589,000 (2017: £249,418,000). The net deficit of the Charity after recognised losses of £5,822,000 (2017: £5,014,000 gain)

was £30,856,000 (2017: £1,284,000 surplus). The Charity has taken advantage of the exemption from preparing a Cash Flow Statement under FRS 102 Section 1.12(b). The cash flows of the Charity are included in the Consolidated cash flow statement.

The accounting policies have been consistently applied across the Group from year to year in accordance with FRS 102.

#### Accounting estimates and judgements

In the preparation of the financial statements, accounting estimates and judgements are made. The most significant areas of estimation and judgement that affect items in the financial statements are to do with estimating the accrued legacy income for the year, see note 1, 'Legacy income' and notes 2 and 19 for more information, and the discount applied to grant commitments not yet paid falling due after more than one year to adjust the valuation to its present value, see note 1, 'Grant commitments' and notes 17 and 20. Other areas of estimation and judgement are outlined in the accounting policies stated below.

#### Going concern

The financial statements have been prepared on a going concern basis. There are no material uncertainties that affect this. The liquidity and reserves sections of the annual report contains further information on our planned use of reserves.

#### Taxation

As a registered charity, the Charity benefits from rates relief, and is exempt from direct tax on its charitable activities but not from VAT. Irrecoverable VAT is included in the cost of those items to which it relates. The subsidiary undertakings do not generally pay direct tax because their policy is to Gift Aid their taxable profits to the Charity.

#### Legacy income

Pecuniary legacies are recognised as receivable once probate has been granted and notification has been received. Residuary legacies are recognised as receivable once probate has been granted, notification has been received and where they can be valued. Residuary legacies with a life interest are only valued where legal title has passed to the Charity.

#### Donation income

General donations, donations from fundraising events, corporate and philanthropy income and direct marketing income are recognised in full in the Statement of Financial Activities when entitled, receipt is probable and when the amount can be quantified with reasonable accuracy. Income received in advance is deferred where appropriate. Donation income from local fundraising committees is included when received and notified by the committee. Gift Aid receivable is included when claimable. Donated services and facilities are valued and included as income and expenditure, at the price that Macmillan estimates it would pay in the open market for an equivalent service or facility. Donated goods for resale are recognised when they are sold. A valuation of volunteer time given to the Charity is not included in these financial statements.

#### Grant income

Grant income is credited to the Statement of Financial Activities when received or receivable whichever is earlier, unless the grant relates to a specific future period, in which case it is deferred.

#### Income from trading activities

Income from trading activities is credited to the Statement of Financial Activities when received or receivable whichever is earlier, unless it relates to a specific future period, in which case it is deferred.

## 1. Accounting policies (continued)

### Income from trading activities (continued)

Income received in respect of raffles and lotteries is recognised when the draw is made. Income received in advance for future raffle and lottery draws is deferred until the draw takes place. Trading income from local fundraising committees is included when received and notified by the committee.

### Resources expended

Resources expended are recognised on an accruals basis in the period in which they are incurred. Expenditure on raising income includes the costs incurred in raising legacy income, donation income, grant income and income from trading activities, including apportioned support costs. Expenditure on charitable activities comprises the costs incurred on charitable activities including apportioned support costs.

### Allocation of expenditure

Resources expended are allocated to the particular activity to which the cost relates. Where expenditure contributes to more than one area of activity, the costs are allocated to each of the activities based on estimated staff time.

### Governance costs

Governance costs are the costs associated with constitutional and statutory requirements and with the strategic management of the Charity's activities.

### Redundancy and termination payments

Redundancy and termination payments are recognised when there is a demonstrable commitment on an individual or group basis that cannot be realistically withdrawn.

### Tangible assets

Tangible assets are stated at cost, net of cumulative depreciation and provision for impairment. Depreciation is charged in equal instalments over the life of each tangible asset at the following rates:

Furniture and equipment.....20%  
Computer equipment  
and software.....33.33%

Motor vehicles.....20%  
Leasehold property and leasehold property improvements .....  
.....Over the life of the lease

Items of equipment, motor vehicles, and property are capitalised where the purchase price exceeds £10,000. Leasehold improvements are capitalised where the cost exceeds £250,000. The capitalisation threshold was increased from £100,000 on 1 January 2018. Software development including purchases is capitalised where the costs exceed £250,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities.

An annual impairment review is undertaken and adjustments are made where the adjustment is material.

Assets under construction are not depreciated and comprise expenditure on the purchase, creation or enhancement of tangible assets not brought into use at the Balance Sheet date. Transfers are made from assets under construction to the relevant category of tangible asset when the asset is brought into use.

### Investments

Listed investments are included on the Balance Sheet at fair value which is their closing bid price on the current or previous trading day.

Unlisted investments are included on the Balance Sheet at their fair value. For unlisted funds this is based on the Charity's share of the net asset value of the investments using the latest available performance data. Investments in subsidiaries are recorded at cost in the Charity's Balance Sheet.

Realised gains and losses on disposals in the year and unrealised gains and losses on investments at the Balance Sheet date are included in the Statement of Financial Activities for the relevant underlying funds. All investment income is treated as unrestricted.

Investment properties include properties that arise from legacies or lifetime gifts from donors where legal title has passed to the Charity. Investment properties are included on the Balance Sheet at fair value. Investment property land is valued by an independent valuer who holds a relevant professional qualification and has relevant experience of both the class and location of the asset.

Investment properties that relate to properties with a life interest where legal title has passed to the Charity are valued by management based on the current market value of similar properties less an adjustment to reflect the life interest. Properties with a life interest cannot be sold until the life interest held by a third party has ended.

Current asset investments have a maturity date or expected disposal date of less than one year and are not held for long-term investment purposes.

### Programme related social investments

Programme related social investments are investments made in order to directly further the charitable purposes of the Charity. Any financial return obtained is not the primary reason for making the investment. Programme related social investments are held at cost adjusted for impairment losses. Impairments in the value of programme related investments are charged to charitable expenditure. Gains in the value of programme related investments are credited to investment income.

Where the Charity has a significant interest in a programme related investment, it will be treated as either a joint venture or an associate, dependent on the level of control exerted by the Charity. Joint ventures and associates are included at cost, subsequently adjusted for the Charity's share in the associate's net assets under the equity method in the consolidated financial statements. The annual movement in the value of programme related investments is shown as a separate category in the investments note.

## 1. Accounting policies (continued)

### Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits with banks and funds that are readily convertible into cash at, or close to, their carrying values, but not held for investment purposes.

### Financial instruments

The Charity has applied the provisions of FRS 102, Section 11, 'Basic Financial Instruments' and Section 12, 'Other Financial Instruments Issues'. Financial assets and liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument. The Charity initially recognises a financial asset or a financial liability at transaction price, for debtors and other creditors this is the settlement amount. Grant commitments over one year are discounted to reflect present value.

### Stocks and property awaiting sale

Goods purchased for resale are valued at the lower of cost and net realisable value. Gifted properties awaiting sale are valued at their fair value, which is their expected sale price, less costs of sale. Properties awaiting sale are valued by an independent valuer who holds a relevant professional qualification and has relevant experience of both the class and location of the asset.

### Debtors and creditors

Trade debtors and other receivables are recognised at their transaction price less any allowance for doubtful debts. Liabilities are recognised when, as a result of past events, there is a probable future outflow of resources and the amount can be estimated reliably. Trade creditors and other payables are included at their nominal value.

### Grant commitments

Grants are generally made to organisations to meet employment and development costs of Macmillan post holders and related service developments, to assess and meet patient needs. This covers costs

associated with health, financial, information and emotional and practical support developments, including buildings. The full value of the charitable grant is recognised in the year in which the commitment is made and shown as a long or short-term creditor as appropriate. Commitments are recognised on the date the Charity formally notifies the recipient of the award.

Macmillan grants are grants to individuals which are made to cover a wide range of practical needs and are recognised in the year in which they are paid.

### Releases of grant commitments

There are occasions when it becomes necessary to withdraw and redeploy a grant which has been approved in a prior year. Where redeployment occurs the intention of the original grant is observed where possible. If it cannot be spent in the current year, the funds revert to the original unrestricted or restricted reserve.

### Provisions

Provisions are recognised when the Charity has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

### Leases

The Charity enters into operating leases as detailed in note 27. Expenditure on operating leases is charged in the Statement of Financial Activities as incurred.

### Fund accounting

Restricted, designated and general funds are separately disclosed, as set out in note 25. The different funds held are defined as follows:

#### Restricted funds

These are subject to specific restrictions imposed by the donor or by the nature of the appeal.

### Designated funds

These are set aside at the discretion of the trustees for specific purposes. They would otherwise form part of the general funds.

### General funds

These are available to spend at the discretion of the trustees in furtherance of the charitable objectives of the Charity.

Any transfers between funds and any allocations to and from designated funds are approved by trustees.

### Pensions

During the year the Charity operated a contributory, defined benefit pension scheme for employees. The scheme closed to the accrual of future benefits on 30 June 2010. The scheme is accounted for in accordance with FRS 102.

In accordance with FRS 102, following the closure of the scheme during 2010, the resultant scheme surplus is not recognised on the Charity's Balance Sheet. Any future scheme deficit would be shown on the Charity's Balance Sheet.

The assets of the scheme are held separately from those of the Charity in an independently administered fund. The Charity also contributes to a separate stakeholder pension scheme provided by Legal & General. Contributions to the Charity's stakeholder pension scheme are charged to the Statement of Financial Activities in the year in which they become payable.

Macmillan contributed to two further defined benefit pension schemes, the National Health Service Pension Scheme and the Teachers' Pension Scheme. Both schemes are unfunded. It is not possible for Macmillan to identify its share of the liabilities for the respective schemes and therefore contributions are recognised in the Statement of Financial Activities in the year in which they become payable.

## 2. Legacy income

	Unrestricted £'000	Restricted £'000	2018 Total £'000	2017 Total £'000
	72,212	7,827	80,039	84,538

## 3. Donation income

	Unrestricted £'000	Restricted £'000	2018 Total £'000	2017 Total £'000
Local fundraising committees	1,431	2,541	3,972	4,506
Fundraising events	55,242	875	56,117	59,246
Corporate income	11,854	7,632	19,486	22,218
Philanthropy	3,164	2,081	5,245	6,750
General donations	11,245	861	12,106	13,729
Direct marketing	33,193	9	33,202	36,738
Donated services and facilities	2,921	-	2,921	1,868
	119,050	13,999	133,049	145,055

Donated services and facilities comprises contributions totalling £1,770,000 (2017: £1,585,000) to our fuel management programme, £260,000 (2017: £87,000) of advertising space, £542,000 (2017: £196,000) in respect of professional advice including training and £349,000 on development of our volunteer management system (2017: £nil). The Charity also benefits from the services of unpaid volunteers.

## 4. Grant income

	Unrestricted £'000	Restricted £'000	2018 Total £'000	2017 Total £'000
Scottish Government – Income Maximisation	-	62	62	412
Department of Work and Pensions – Access to Work scheme	43	-	43	35
Fidelity UK Foundation – Technology infrastructure development	-	-	-	310
Sussex Cancer Fund – Macmillan Horizon Centre, Brighton	-	53	53	74
	43	115	158	831

## 5. Income from trading activities

	Unrestricted £'000	Restricted £'000	2018 Total £'000	2017 Total £'000
Lottery and raffle	12,071	-	12,071	11,361
Local fundraising committees sales	840	1,514	2,354	2,513
Fundraising events	471	5	476	349
Corporate and other trading income	1,914	-	1,914	2,114
Sales activities undertaken by Macmillan Cancer Support Sales Limited	781	-	781	914
	16,077	1,519	17,596	17,251

## 6. Investment income

	2018 Unrestricted £'000	2017 Unrestricted £'000
Income from fixed asset investments	4,732	4,920
Income from cash and current asset investments	144	97
	4,876	5,017

## 7. Subsidiary undertakings

As at 31 December 2018, the Charity had eight wholly owned subsidiaries which are incorporated in the UK. The registered address for all the subsidiary undertakings is 89 Albert Embankment, London, SE1 7UQ. All of their taxable profits each year are transferred to the Charity. The specific activity or status of each company is:

	Company registration number	Principal activity
Macmillan Cancer Support Sales Limited	934859	Sale of Christmas cards and other items
Macmillan Cancer Support Trading Limited	2779446	Fundraising trading activities
Macmillan Cancer Support Enterprises Limited	3123290	Building construction
Cancerbackup	2803321	Dormant
Macmillan Healthcare Lottery Limited	9771479	Seasonal raffle
Macmillan Cancer Information Lottery Limited	9771409	Weekly lottery
Macmillan Financial Grants Lottery Limited	9494065	Weekly lottery
Macmillan Influencing Cancer Care Lottery Limited	9771351	Weekly lottery

A summary of the trading results and Balance Sheets of the non dormant companies is shown below. The companies have the same year end date as the Charity.

	Macmillan Cancer Support Enterprises Limited £'000	Macmillan Cancer Support Sales Limited £'000	Macmillan Cancer Support Trading Limited £'000	Macmillan Healthcare Lottery Limited £'000	Macmillan Cancer Information Lottery Limited £'000	Macmillan Financial Grants Lottery Limited £'000	Macmillan Influencing Cancer Care Lottery Limited £'000	2018 Total £'000	2017 Total £'000
<b>Profit and loss for year ended 31 December 2018</b>									
Turnover	-	781	2,241	3,173	3,346	2,959	2,591	15,091	14,690
Cost of sales	8	(168)	(453)	(793)	(1,243)	(1,292)	(1,021)	(4,962)	(5,372)
Gross profit	8	613	1,788	2,380	2,103	1,667	1,570	10,129	9,318
Operating costs	(4)	(183)	(44)	(347)	(6)	(5)	(6)	(595)	(757)
Interest receivable	-	-	1	2	-	-	-	3	-
Net profit	4	430	1,745	2,035	2,097	1,662	1,564	9,537	8,561
Costs recharged by and interest paid to the Charity	(4)	(183)	(488)	(125)	(48)	(49)	(43)	(940)	(1,180)
Result on ordinary activities before and after taxation	-	247	1,257	1,910	2,049	1,613	1,521	8,597	7,381
Amount donated to the Charity under Gift Aid	-	(247)	(1,257)	(1,910)	(2,049)	(1,613)	(1,521)	(8,597)	(7,381)
<b>Result on ordinary activities before and after taxation</b>	-	-	-	-	-	-	-	-	-
<b>Balance sheet as at 31 December 2018</b>									
Current assets	9	825	1,894	1,379	493	2,479	862	7,941	7,964
Creditors: amounts falling due within one year	(9)	(825)	(1,894)	(1,379)	(493)	(2,479)	(862)	(7,941)	(7,964)
<b>Net assets</b>	-	-	-	-	-	-	-	-	-
Share capital – ordinary shares at £1 each	-	-	-	-	-	-	-	-	-
Retained earnings	-	-	-	-	-	-	-	-	-
<b>Total equity</b>	-	-	-	-	-	-	-	-	-

The called up share capital of Macmillan Cancer Support Sales Limited, Macmillan Cancer Support Trading Limited, and Macmillan Cancer Support Enterprises Limited is £2; for Macmillan Healthcare Lottery Limited, Macmillan Financial Grants Lottery Limited, Macmillan Cancer Information Lottery Limited and Macmillan Influencing Cancer Care Lottery Limited, the called up share capital is £1.

## 8. Expenditure

	Grants £'000	Direct staff costs £'000	Other direct costs £'000	Apportioned support costs £'000	2018 Total £'000	2017 Total £'000
Expenditure on charitable activities	93,547	43,003	29,532	28,965	195,047	191,993
Expenditure on raising income	-	17,275	33,042	15,388	65,705	64,429
	<b>93,547</b>	<b>60,278</b>	<b>62,574</b>	<b>44,353</b>	<b>260,752</b>	<b>256,422</b>

Other direct costs associated with raising income include direct event and campaign costs, marketing and advertising.

### Analysis of apportioned support costs

	Governance £'000	Human Resources and Facilities £'000	Information Technology £'000	Finance, Legal and Executive £'000	Policy and Communi- cations £'000	2018 Total £'000	2017 Total £'000
Charitable	1,294	8,755	8,317	5,295	5,304	28,965	23,943
Fundraising	688	4,651	4,418	2,813	2,818	15,388	13,234
	<b>1,982</b>	<b>13,406</b>	<b>12,735</b>	<b>8,108</b>	<b>8,122</b>	<b>44,353</b>	<b>37,177</b>

Support costs, including staff costs, were apportioned to activities on the basis of staff numbers on a full time equivalent basis for each of the departments supporting the various activities. Governance costs included within support costs are apportioned on the same basis.

### Analysis of governance costs

	2018 £'000	2017 £'000
Employees and contract staff	1,574	910
External audit fees:		
Audit work	110	106
Audit related assurance services	8	4
Other governance related services	148	72
Board meeting expenses	13	10
AGM and annual report costs	18	18
Legal, strategy and other costs	111	83
	<b>1,982</b>	<b>1,203</b>

External audit fees include non recoverable VAT.

## 9. Expenditure on raising income

	2018 £'000	2017 £'000
Costs of raising legacies, donations and grants	58,073	56,284
Costs of trading activities	6,818	7,368
Investment management fees	814	777
	<b>65,705</b>	<b>64,429</b>

## 10. Expenditure on charitable activities

	Direct and indirect staff costs £'000	Grants £'000	Direct and indirect other costs £'000	2018 Total £'000	2017 Total £'000
<b>Healthcare</b>					
Macmillan nurses	4,526	33,280	3,002	40,808	41,556
Macmillan allied health professionals	2,020	18,232	1,051	21,303	14,566
Treatment and care buildings	2,110	5,344	2,026	9,480	17,607
Macmillan GPs	1,385	2,367	560	4,312	5,248
<b>Information and support</b>					
Information services	5,586	2,668	3,920	12,174	12,022
Information buildings	539	2,318	335	3,192	508
Mobile Macmillan cancer information centres	4,311	-	2,029	6,340	4,823
Macmillan Support Line	8,734	-	2,883	11,617	10,181
<b>Financial support</b>					
Macmillan grants	1,215	14,291	2,122	17,628	16,840
Macmillan benefits advice	1,790	9,294	746	11,830	7,938
Macmillan welfare rights helpline	3,927	-	1,272	5,199	4,235
Financial guidance service	2,152	-	828	2,980	2,487
<b>Practical and emotional support</b>					
Social care schemes	710	3,415	1,418	5,543	11,265
Macmillan social workers	30	268	15	313	1,213
Volunteering services	5,193	-	1,936	7,129	5,516
<b>Learning and development</b>					
For Macmillan professionals	1,166	990	2,251	4,407	4,511
For people affected by cancer	501	-	264	765	762
<b>Campaigning and raising awareness</b>					
Research to improve cancer services	3,433	878	1,759	6,070	6,463
Public education and awareness raising	873	20	10,533	11,426	12,559
Inclusion	123	149	455	727	2,046
Policy and campaigning	9,743	33	1,666	11,442	9,304
Customer and content management	226	-	136	362	343
	<b>60,293</b>	<b>93,547</b>	<b>41,207</b>	<b>195,047</b>	<b>191,993</b>

Grant commitments vary in size from an individual post to a full redesign of a service or a building. This can cause significant movements in the expenditure within a category from one year to the next.

New grants committed in the year are recognised as charitable expenditure in the year in which they are made and are included above.

The grants figure shown above comprises both multi-year grants where the full cost is recognised on the Balance Sheet and as a liability in the year of commitment and those grants, mainly Macmillan grants, which are wholly disbursed during the year.

Grants to institutions and partner organisations totalled £79,256,000 (2017: £84,628,000). Grants to individuals totalled £14,291,000 (2017: £13,904,000). A full list of the grants made to institutions and partner organisations is disclosed in a separate publication which is available on the Charity's website.

## 11. Net expenditure for the year

This is stated after charging:	2018 £'000	2017 £'000
Depreciation	769	451
Remuneration paid to external auditor:		
Audit work	110	106
Audit related assurance services	8	4
Other services	1,106	72
Operating lease rentals:		
Property	3,798	3,675
Vehicles and equipment	85	733

External audit fees include non recoverable VAT.

No trustee has received any remuneration from the Group during the year (2017: £nil). The total amount of trustee expenses incurred directly by Macmillan or reimbursed during the year was £5,114 (2017: £5,246), which all related to trustee meetings and seminar attendance. One trustee was reimbursed in 2018 (2017: one). Donations received from trustees during the year totalled £10,430 (2017: £11,353). Trustees also generate non donation income through their involvement in, and support of, other Macmillan activities.

## 12. Staff costs and numbers

	2018 £'000	2017 £'000
Wages and salaries	66,079	61,246
Agency and contract staff	5,002	3,816
Employers' National Insurance contributions	7,404	6,785
Pension costs	6,627	5,378
Other employee benefits	1,614	1,700
Redundancy and termination costs	684	604
	<b>87,410</b>	<b>79,529</b>

In 2017 the agency and contract staff total was reported as agency staff and did not include contract staff. The 2017 above figure has been recalculated to include contract staff. Redundancy and termination costs included amounts totalling £85,000 (2017: £66,000) which were unpaid as at 31 December 2018. The Executive Strategy Team (EST) are regarded as the Charity's key management personnel under the Financial Reporting Standard 102. The total earnings, including benefits and employer pension contributions received by staff who were members of the EST during 2018 totalled £1,251,000 (2017: £1,281,000 including one termination payment). During the year payments were made to 8 staff (2017: 9 staff).

The number of employees whose total earnings in the year (including benefits but excluding employer pension contributions) fell into the bands below were:

	2018 No.	2017 No.
£60,001 – £70,000	60	43
£70,001 – £80,000	27	28
£80,001 – £90,000	16	14
£90,001 – £100,000	8	5
£100,001 – £110,000	5	2
£110,001 – £120,000	-	1
£120,001 – £130,000	2	3
£130,001 – £140,000	3	3
£140,001 – £150,000	2	1
£150,001 – £160,000	-	-
£160,001 – £170,000	-	1
£170,001 – £180,000	1	1
£180,001 – £190,000	1	-

The Chief Executive was the highest paid employee in 2017 and 2018.

Retirement benefits are accruing under defined benefit schemes for 38 (2017: 34) higher paid employees. Contributions totalling £448,000 (2017: £345,000) were made to stakeholder schemes for 106 (2017: 80) higher paid employees.

The average number of staff employed during the year was 1,925 (2017: 1,838) which includes 410 part time staff (2017: 376). The average number of full time equivalent (FTE) staff employed during the year was 1,801 (2017: 1,715).

The average FTE is analysed by function as follows:

	2018 No.	2017 No.
Fundraising	625	611
Charitable	1,176	1,104
	<b>1,801</b>	<b>1,715</b>

## 13. Tangible assets

The Group and Charity	Assets under construction £'000	Leasehold property £'000	Leasehold property improvements £'000	Motor vehicles £'000	Computer equipment and software £'000	Furniture and equipment £'000	Total £'000
<b>Cost</b>							
At 1 January 2018	-	7,096	2,617	932	889	1,591	13,125
Additions in the year	178	-	-	143	35	-	356
Disposals in the year	-	-	(448)	-	(60)	(173)	(681)
Transfers of assets brought into use	-	-	-	-	-	-	-
<b>At 31 December 2018</b>	<b>178</b>	<b>7,096</b>	<b>2,169</b>	<b>1,075</b>	<b>864</b>	<b>1,418</b>	<b>12,800</b>
<b>Accumulated depreciation</b>							
At 1 January 2018	-	186	2,068	707	873	1,347	5,181
Charge for the year	-	143	414	60	20	132	769
Disposals in the year	-	-	(448)	-	(60)	(173)	(681)
<b>At 31 December 2018</b>	<b>-</b>	<b>329</b>	<b>2,034</b>	<b>767</b>	<b>833</b>	<b>1,306</b>	<b>5,269</b>
<b>Net book value</b>							
<b>At 31 December 2018</b>	<b>178</b>	<b>6,767</b>	<b>135</b>	<b>308</b>	<b>31</b>	<b>112</b>	<b>7,531</b>
At 31 December 2017	-	6,910	549	225	16	244	7,944

From 1 January 2018, the capitalisation threshold for leasehold improvements has been increased to £250,000 (2017: £100,000). The assets under construction at the year end relate to leasehold improvements for our new premises in Glasgow and the refurbishment of our mobile information and support service vehicles.

Capital commitments as at 31 December 2018 totalled £553,000 (2017: £nil).

## 14. Fixed asset investments

The Group and Charity	Listed investments and related foreign exchange contracts £'000	Unlisted investments and related foreign exchange contracts £'000	Money market funds and cash for reinvestment £'000	Investment properties £'000	Programme related investments £'000	2018 Total £'000	2017 Total £'000
Market value at 1 January	150,504	4,157	9,227	721	332	164,941	155,887
Purchased acquisitions	58,427	70	(58,497)	-	210	210	100
Transfer to cash and cash equivalents	-	-	(5,911)	-	-	(5,911)	-
Disposal proceeds	(65,127)	(23)	65,150	-	-	-	-
Net income reinvested	(1)	-	3,945	-	-	3,944	4,176
Net gains and losses on investments	(5,168)	(212)	(463)	21	(3)	(5,825)	4,778
<b>Market value at 31 December</b>	<b>138,635</b>	<b>3,992</b>	<b>13,451</b>	<b>742</b>	<b>539</b>	<b>157,359</b>	<b>164,941</b>
Transfer to current asset investments						(38,000)	-
<b>Total fixed asset investments</b>						<b>119,359</b>	<b>164,941</b>

The transfer to current asset investments represents the value of investments to be liquidated in 2019.

Investments in cash and cash equivalents within the £13,451,000 (2017: £9,227,000) money market funds and cash for re-investment above includes £6,503,000 (2017: £2,407,000) in highly rated money market funds.

The programme related investment relates to the Charity's investment in the Care and Wellbeing Fund in partnership with Social Finance and Big Society Capital.

Investment properties comprises properties received from legacies when the Charity has title but there is a life interest.

The historical cost of Group and Charity fixed asset investments before the transfer to current asset investments at 31 December 2018 was £155,326,000 (2017: £158,826,000).

## 15. Current asset investments

The Group and Charity

	2018 £'000	2017 £'000
Listed investments	16,817	39,453
Transfer from fixed asset investments	38,000	-
	<b>54,817</b>	<b>39,453</b>

The historical cost of Group and Charity of the listed investments at 31 December 2018 was £16,817,000 (2017: £39,453,000).

## 16. Cash and cash equivalents

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Cash at bank and in hand	6,719	5,395	2,233	1,129
	<b>6,719</b>	<b>5,395</b>	<b>2,233</b>	<b>1,129</b>

## 17. Financial instruments

Categories of financial instruments	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
<b>Financial assets</b>				
Fixed asset investments	157,359	164,941	157,359	164,941
Current asset investments	54,817	39,453	54,817	39,453
	212,176	204,394	212,176	204,394
Cash at bank and in hand	6,719	5,395	2,233	1,129
Debtors	70,232	64,928	72,583	67,099
	<b>289,127</b>	<b>274,717</b>	<b>286,992</b>	<b>272,622</b>
<b>Financial liabilities</b>				
Grants committed not yet paid	210,441	204,778	210,441	204,778
Other creditors and deferred income	10,902	10,624	8,683	8,456
	<b>221,343</b>	<b>215,402</b>	<b>219,124</b>	<b>213,234</b>

### Risk management

The Group is exposed through its operations and investments to the following financial risks:

- Market risk
- Foreign currency exchange rate risk
- Credit risk
- Liquidity risk

### Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market prices. Market prices are influenced by movements in interest rates, currency movements and other market factors. The Charity manages this risk by employing professional investment managers and holding a widely diversified portfolio of investments.

### Foreign currency exchange rate risk

The Charity is exposed to foreign currency exchange rate risk through its investment activities in assets denominated in foreign currencies. The Charity uses foreign exchange forward and option contracts to hedge this exposure.

All other non-investment related activities are denominated in sterling and therefore do not generate any foreign exchange rate risk.

## 17. Financial instruments (continued)

### Credit risk

Credit risk in the Charity's investment portfolio as at 31 December 2018 and 31 December 2017 relates to the risk that funds in which the Charity has an investment would fail to process a request for redemption of the investment. The Charity manages this risk by employing professional investment managers and holding a widely diversified portfolio of investments ensuring that risks taken are carefully managed, monitored and controlled.

The nature of the Charity's non-investment assets and customer profile means that the Charity is not exposed to significant credit risk on these assets.

### Liquidity risk

The Charity's reserves policy is framed to ensure there is no liquidity risk. The Charity has a policy of holding funds on deposit with our bankers, or investing in highly rated money market funds, to ensure cash is available to meet liabilities as they arise.

## 18. Stocks and property awaiting sale

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Goods for resale	84	68	-	-
	<b>84</b>	<b>68</b>	<b>-</b>	<b>-</b>

## 19. Debtors

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Trade debtors	1,042	1,158	-	-
Amount owed by subsidiary undertakings	-	-	4,236	4,182
Accrued legacy income	60,519	55,855	60,519	55,855
Gift Aid recoverable	356	1,043	356	1,043
Sundry debtors	3,066	1,757	3,066	1,757
Prepayments and other accrued income	5,605	6,158	4,762	5,304
	<b>70,588</b>	<b>65,971</b>	<b>72,939</b>	<b>68,141</b>

It is estimated that £44,000,000 (2017: £40,000,000) of the accrued legacy income shown above will be received within one year.

In addition to the accrued legacy income above, the Charity has been notified of legacies for which no income has been recognised at 31 December 2018 because the income recognition criteria has not been met. The actual timing and amounts to be received are unknown. Based on the average value of legacies received, the value of these is estimated to be in the region of £25,000,000 (2017: £29,000,000).

Included within the amount owed by subsidiary undertakings is a loan of £220,000 (2017: £220,000) to Macmillan Cancer Support Sales Limited. Interest is payable on the loan and is calculated at base rate plus 2%. The loan is repayable by 31 December 2020, and is secured by a first-ranking debenture dated 28 July 1999 containing fixed and floating charges over all the assets of the subsidiary company.

## 20. Grants committed not yet paid

The Group and Charity

	Macmillan professionals' grants £'000	Buildings £'000	Other £'000	2018 Total £'000	2017 Total £'000
Commitments at 1 January	128,966	19,194	56,618	204,778	188,372
Grants paid during the year	(43,866)	(9,221)	(19,117)	(72,204)	(64,943)
New grants committed during the year	66,267	8,061	15,112	89,440	89,321
Commitments released as no longer required	(7,439)	(401)	(3,733)	(11,573)	(7,972)
<b>Commitments at 31 December</b>	<b>143,928</b>	<b>17,633</b>	<b>48,880</b>	<b>210,441</b>	<b>204,778</b>
Falling due within one year	41,732	12,027	16,335	70,094	71,579
Falling due after one year	102,196	5,606	32,545	140,347	133,199
<b>Commitments at 31 December</b>	<b>143,928</b>	<b>17,633</b>	<b>48,880</b>	<b>210,441</b>	<b>204,778</b>

Other grants are those which are made in relation to a service which is more than just for a Macmillan professional post or a building. This includes developing and supporting research and services to assess and meet patient needs across health, financial, information, emotional and practical support, from diagnosis onwards.

## 21. Other creditors and deferred income

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Taxation and social security	2,492	2,318	2,492	2,321
Accruals	1,460	2,093	1,387	1,825
Trade creditors	7,283	6,460	6,712	5,943
Other creditors	134	230	134	230
Deferred income	2,025	1,840	450	458
	<b>13,394</b>	<b>12,941</b>	<b>11,175</b>	<b>10,777</b>

## 22. Deferred income

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Deferred income at 1 January	1,840	2,444	458	720
Income deferred in the year	1,575	1,361	-	-
Deferred income released from prior years	(1,390)	(1,965)	(8)	(262)
<b>Deferred income at 31 December</b>	<b>2,025</b>	<b>1,840</b>	<b>450</b>	<b>458</b>

## 23. Provisions for liabilities

The Group and Charity

	Dilapidations £'000	Other £'000	2018 Total £'000	2017 Total £'000
Provisions at 1 January	452	15	467	485
Additional provisions made in the year	86	-	86	78
Provisions released from prior years	(5)	(15)	(20)	(96)
<b>Provisions for liabilities at 31 December</b>	<b>533</b>	<b>-</b>	<b>533</b>	<b>467</b>

The dilapidations provisions relate to property leases with various termination dates up until November 2033.

## 24. Analysis of group net assets between funds

	Restricted funds £'000	Designated funds £'000	General funds £'000	Total funds £'000
Tangible assets	4,661	2,870	-	7,531
Fixed asset investments	-	-	119,359	119,359
Cash and current asset investments	50,878	2,498	8,160	61,536
Debtors, stocks and property awaiting sale	6,340	-	64,332	70,672
Creditors, deferred income and provisions	(39,117)	(2,498)	(182,753)	(224,368)
<b>Net assets at 31 December 2018</b>	<b>22,762</b>	<b>2,870</b>	<b>9,098</b>	<b>34,730</b>

## 25. Movements in funds

	Balance 1 January 2018 £'000	Incoming resources £'000	Outgoing resources £'000	Loss on investments £'000	Transfers £'000	Balance 31 December 2018 £'000
<b>Restricted funds</b>						
Local appeals	(1,647)	3,428	(1,980)	-	-	(199)
Macmillan Horizon Centre	4,600	-	(117)	-	-	4,483
Department of Health grants	93	-	11	-	-	104
Mobile Information support	227	-	(49)	-	-	178
Other funds	19,494	20,032	(21,330)	-	-	18,196
<b>Total restricted funds</b>	<b>22,767</b>	<b>23,460</b>	<b>(23,465)</b>	<b>-</b>	<b>-</b>	<b>22,762</b>
<b>Unrestricted funds</b>						
<b>General funds</b>						
Investment revaluation reserve	6,115	-	-	-	(4,082)	2,033
Other general funds	33,587	204,481	(229,510)	(5,822)	4,329	7,065
Total general funds	39,702	204,481	(229,510)	(5,822)	247	9,098
<b>Designated funds</b>						
Tangible asset fund	3,117	-	-	-	(247)	2,870
Macmillan local services	-	671	(671)	-	-	-
Healthcare	-	1,910	(1,910)	-	-	-
Information services	-	2,049	(2,049)	-	-	-
Macmillan grants	-	1,626	(1,626)	-	-	-
Influencing cancer care	-	1,521	(1,521)	-	-	-
Total designated funds	3,117	7,777	(7,777)	-	(247)	2,870
<b>Total unrestricted funds</b>	<b>42,819</b>	<b>212,258</b>	<b>(237,287)</b>	<b>(5,822)</b>	<b>-</b>	<b>11,968</b>
<b>Total funds</b>	<b>65,586</b>	<b>235,718</b>	<b>(260,752)</b>	<b>(5,822)</b>	<b>-</b>	<b>34,730</b>

## 25. Movements in funds (continued)

### Purposes of restricted funds

#### Local appeals

Local appeal funds comprise income generated from fundraising activities by Macmillan appeals throughout the UK. Local appeal deficits arise where we commit to funding the service early on in an appeal. Under our accounting policy, we recognise the full cost of multi-year grants when the commitment is made. Often, we will take three years to raise the income necessary to meet this cost. Such appeals will start in deficit and gradually work their way to break even over the life of the appeal. During the year no funds (2017: £nil) were transferred from unrestricted funds to restricted appeal funds to cover deficits which will not be matched by future fundraising. It is anticipated that the remaining deficits will be matched by future restricted income flows.

Some appeals raise significant funds before the actual grant commitment is made, particularly building appeals. As a result, they appear in surplus for the first part of the life of the appeal. Appeals at the year end in surplus totalled £3,168,000 (2017: £3,244,000). Appeals in deficit totalled £3,367,000 (2017: £4,891,000).

#### Macmillan Horizon Centre

Depreciation in the year of £117,000 (2017: £199,000, fixed asset expenditure net of depreciation) funded from appeal funds relating to an information and support centre adjacent to the Brighton Cancer Centre. The fund balance at 31 December 2018 was £4,483,000 (2017: £4,600,000).

#### Department of Health Grants – National Cancer Survivorship Initiative

There were no funds received or expended in the year (2017: £nil). Grant released back to the fund in the year totalled £11,000 (2017: £28,000). The fund balance at 31 December 2018 was £104,000 (2017: £93,000).

#### Mobile Information and Support Service buses

Depreciation in the year of £49,000 (2017: £227,000, fixed asset expenditure

net of depreciation) funded from other funds relating to two Mobile Information and Support Service buses. The fund balance at 31 December 2018 was £178,000 (2017: £227,000).

#### Other funds

Other restricted funds comprise income for specific Macmillan activities. At 31 December 2018, the balance of £18,196,000 (2017: £19,494,000) is made up of:

#### Healthcare and information funds

Income which has been restricted to these funds has come from a variety of sources and is restricted either to clinical or information services, including nurses, allied health professionals, clinical and information buildings and information services. The income is sometimes further restricted to either a type of post or service or to a post or service at a specific location. Funds will be expended as appropriate posts are identified or developed. The balance at the year end totalled £14,243,000 (2017: £15,636,000).

#### Financial support and practical and emotional support funds

Income which has been restricted to these funds has come from a variety of sources and is restricted either to financial support or daily living including volunteer schemes and social work. Much of this income is restricted to a geographical area, and it is likely that we will expend a significant proportion of this income on Macmillan grants to individuals. There may, however, be other service developments in the area of the restriction and the income may be spent on such new service developments. The balance at the year end totalled £3,953,000 (2017: £3,858,000).

### Designated funds

#### Tangible asset fund

The tangible asset fund represents the value of general funds invested in tangible assets which are not, by the nature of tangible assets, readily available for use for other purposes. The transfer out of £247,000 (2017:

transfer out of £146,000) makes the value of the fund equal to the net book value of the tangible assets less any restricted tangible assets at 31 December 2018. Tangible asset expenditure financed from restricted funds is shown within the restricted fund balances.

#### Macmillan local services

£671,000 (2017: £822,000) was designated and spent in the year on Macmillan professional posts, to match cause related marketing raised to fund local Macmillan services.

#### Healthcare

The £1,910,000 (2017: £1,606,000) profits donated to the Charity from Macmillan Healthcare Lottery Limited were designated and spent during the year on healthcare services.

#### Information services

The £2,049,000 (2017: £1,867,000) profits donated to the Charity from Macmillan Cancer Information Lottery Limited were designated and spent during the year on information services.

#### Macmillan grants

The £1,613,000 (2017: £1,126,000) profits donated to the Charity from Macmillan Financial Grants Lottery Limited and £13,000 (2017: £nil) relating to an individual donor were designated and spent during the year on Macmillan grants.

#### Influencing cancer care

The £1,521,000 (2017: £1,259,000) profits donated to the Charity from Macmillan Influencing Cancer Care Lottery Limited were designated and spent during the year on influencing cancer care.

### Other unrestricted funds

#### Investment revaluation reserve

The investment revaluation reserve is calculated as the difference between the market valuation and the historic cost of the Charity's investments. The transfer out of £4,082,000 (2017: transfer in of £2,158,000) is an adjustment to align the fund to the difference between market value and historic cost at 31 December 2018.

## 26. Related party transactions

**Iain Cornish** is a trustee and the Treasurer of Macmillan Cancer Support. He is also a Non Executive Director of the St. James's Place Wealth Management Group. During 2018 the St. James's Place Charitable Foundation made donations totalling £4,000 (2017: £24,000) to Macmillan Cancer Support.

**Jane Cummings** is a trustee of Macmillan Cancer Support. She is also Chief Nursing Officer for England and National Executive Director of NHS England. Macmillan Cancer Support had many interactions and relationships with NHS England during 2018. However, there were no related party transactions that she had direct influence over or financial interest in.

**Sue Langley OBE** is a trustee of Macmillan Cancer Support. She is a Vice President of the Insurance Institute of London (IIL). Macmillan paid £4,000 (2017: £3,000) to the IIL for staff training and membership fees.

**Rosie Loftus** is the Chief Medical Officer (Joint Chief Medical Officer until 31 December 2018) of Macmillan Cancer Support. Rosie's husband, Dr Peter Green, is the Chair at Medway Clinical Commissioning Group (CCG). During 2018, Macmillan Cancer Support made grant commitments totalling £137,000 (2017: £38,000) to Medway CCG; £66,000 (2017: £38,000) for benefits advice; £31,000 (2017: £nil) for support services and £40,000 (2017: £nil) for a GP post. During 2018 Macmillan made payments in relation to commitments from prior years totalling £82,000 (2017: £82,000) to Medway CCG: £45,000 (2017: £41,000) for benefits advice, £16,000 (2017: £18,000) for support services, £14,000 (2017: £15,000) for a GP post, £3,000 (2017: £7,000) for a Primary Care nurse, and £4,000 (2017: £1,000) for learning and development.

**Feilim Mackle** is a trustee of Macmillan Cancer Support. He is also an independent Non Executive Director of Towergate Insurance. During 2018, Macmillan

Cancer Support made payments totalling £379,000 (2017: £377,000) to Towergate Insurance.

**Jane Maher** is a Clinical Adviser (Joint Chief Medical Officer until 31 December 2018) of Macmillan Cancer Support. She is also a Non Executive Director of the Christie NHS Foundation Trust. In 2018 Macmillan Cancer Support made grant commitments totalling £460,000 (2017: £2,469,000) to the Christie NHS Foundation Trust: £42,000 (2017: £nil) for emotional and practical support schemes; £4,000 (2017: £524,000) in relation to professional posts, for which no payments were made in relation to 2018 commitments (2017: £30,000) and no commitments (2017: £1,880,000) were made for clinical end of life nursing. No further costs were committed in 2018 (2017: £21,000 in relation to well-being projects; £33,000 for a pilot study and £11,000 to nursing). In 2018, £114,000 (2017: £162,000) was paid in relation to professional posts for prior year commitments. In addition a further £508,000 (2017: £151,000) was paid in respect of grants committed in prior years: £453,000 (2017: £nil) in relation to professional posts; £55,000 (2017: £68,000) for research, no further payments were made in 2018 (2017: £82,000 was paid in relation to national projects and £1,000 in relation to the set up and support posts). In 2018, £7,000 (2017: £19,000) was paid in respect of non committed grant expenditure for learning and development. Further payments were made totalling £16,000 (2017: £nil) for non grant training and learning and development fees and £40,000 (2017: £nil) for providing training courses to Macmillan professionals.

**Julia Palca** is the Chairman of the Board of Trustees of Macmillan Cancer Support, she is also the Chair of Council at the City University of London. In 2018 Macmillan Cancer Support paid £105,000 (2017: £9,000) to City University of London in relation to a research project. In addition, in 2018 Macmillan Cancer Support

made payments totalling £1,000 (2017: £nil) to City University of London for non-committed grant learning and development costs; £3,000 (2017: £2,000) for non-grant related learning and development and £12,000 (2017: £1,000) for consultancy services.

**Suki Thompson** was a trustee at Macmillan Cancer Support until 21 December 2018. She is also an Executive Director at Centaur Media Plc. During 2018 Macmillan Cancer Support received donations raised through various fundraising events totalling £71,000 (2017: £nil) from Centaur Media Plc.

**Fran Woodard** is Executive Director of Policy and Impact for Macmillan Cancer Support. She is also a Board Member of the Public Health England Cancer Board. During 2018, Macmillan Cancer Support made payments totalling £31,000 (2017: £39,000) to the Public Health England Cancer Board: £16,000 (2017: £16,000) for conferences and £15,000 for three (2017: £23,000 for two) secondments.

### Other

Macmillan Cancer Support is a member of the **National Cancer Research Institute (NCRI)**, which brings together the major organisations that fund cancer research to coordinate their activities including joint funding initiatives. In 2018, the Charity made payments of £20,000 (2017: £6,000) relating to NCRI's annual conference and £9,000 (2017: £8,000) for NCRI annual membership. No other payments were made in 2018 (2017: £6,000 towards a Clinical Studies Group Strategy Day). In 2018, Macmillan Cancer Support did not pay any grants to NCRI (2017: £34,000 for research grants).

**Macmillan Cancer Support Jersey Limited (MCSJ Ltd)** is a company limited by guarantee and incorporated in the Island of Jersey (company number 104090). It is an independent organisation which carries out fundraising on the Island and funds Macmillan services.

## 26. Related party transactions (continued)

### Other (continued)

Edmond Murphy, Head of Services for South West England is a Director of MCSJ Ltd. During 2018 the Charity did not have any transactions with MCSJ Ltd (2017: £nil).

The **American Friends of Macmillan Cancer Support (AFMCS)** was formed in 1991 as the US affiliate of Macmillan to support its charitable programmes. The AFMCS is a public charity as described in section 501 (c) (3) of the US Internal Revenue Code. It may devote funds received by it to any purpose consistent with its charitable purposes, as dictated by its Board of Directors. During the year the Charity did not receive any payments from AFMCS (2017: £25,000).

Macmillan Cancer Support has a long standing relationship with the **National Association of Laryngectomee Clubs**. During the year, the Charity made a grant of £24,000 (2017: £30,000) to the National Association of Laryngectomee Clubs, in support of the Association's activities. The grant was made on an arms length basis.

The Charity acted as the Secretariat for the **All Party Parliamentary Group on Cancer**, a group which brings together MPs and Peers to improve cancer services. The Charity operates a separate bank account for the Group which had a balance of £51,000 as at 31 December 2018 (2017: £72,000).

Lynda Thomas, the Chief Executive Officer at Macmillan Cancer Support,

is the Vice-Chair of the **Richmond Group of Charities**. Macmillan Cancer Support is a member of the Richmond Group and provides administrative support to the Group. It makes payments and receives income on behalf of the Group. Additionally in 2018 it received a grant of £30,000 (2017: £nil) from the Department for Digital, Culture, Media and Sport (DCMS) Life Chances Fund on behalf of the Group. As at 31 December 2018 the Charity held funds totalling £89,000 (2017: £52,000) on behalf of the Group.

## 27. Operating lease commitments

The Group and Charity

The Group and Charity had commitments to future minimum lease payments under non cancellable operating leases at the year end as follows:

	Property 2018 £'000	Property 2017 £'000	Vehicles and equipment 2018 £'000	Vehicles and equipment 2017 £'000	Total 2018 £'000	Total 2017 £'000
Within 1 year	4,268	3,666	77	99	4,345	3,765
Between 1 and 5 years	7,435	7,616	85	156	7,520	7,772
After 5 years	-	-	-	-	-	-
	<b>11,703</b>	<b>11,282</b>	<b>162</b>	<b>255</b>	<b>11,865</b>	<b>11,537</b>

## 28. Contingent liabilities

There were no material contingent liabilities as at the 31 December 2018 (2017: £nil).

## 29. Pension costs

During 2018, the Charity operated a defined benefit pension scheme for employees who joined the scheme before 30 April 2005, the date the scheme was finally closed to all new entrants. On 30 June 2010, the scheme closed to the accrual of future benefits. The assets of the defined benefit scheme are held separately from those of the Charity in an independently administered fund.

From 1 May 2004, the Charity has paid contributions for eligible employees into a stakeholder pension scheme. The Charity has also paid contributions for eligible employees into the National Health Service (NHS) Pension Scheme and the Teachers' Pension Scheme.

### Macmillan defined benefit scheme

The actuary has computed the following information about the financial position of the scheme as at 31 December 2018:

Scheme assets and liabilities	2018 £'000	2017 £'000
Fair value of the scheme assets	48,815	50,961
Present value of scheme liabilities	(39,260)	(41,375)
<b>Net surplus</b>	<b>9,555</b>	<b>9,586</b>

Following closure of the scheme to future accrual, in accordance with Financial Reporting Standard (FRS) 102, the scheme surplus is not recognised on the Charity's Balance Sheet.

Scheme funds are administered by the scheme's trustees and are independent of the Charity's finances. The scheme is a UK based defined benefit scheme, providing benefits at retirement and on death in service.

The scheme is subject to triennial valuation by an independent actuary using the projected unit method. The most recent triennial valuation was undertaken as at 31 December 2016 and reported a funding surplus of £657,000.

Following closure of the scheme to future accrual on 30 June 2010, there were no employer contributions made by the Charity in 2018 (2017: £nil). The Charity does not expect to make any contributions in 2019.

For the purposes of the disclosures required under FRS 102, the actuarial valuation has been updated at 31 December 2018 by a qualified actuary using the following assumptions:

Financial assumptions	2018	2017
Discount rate	2.70%	2.40%
Retail price inflation	3.30%	3.20%
Consumer price inflation	2.30%	2.20%
Rate of increase in salaries	n/a	n/a
Rate of increase in pensions in payment RPI capped at 5%	3.10%	3.10%
Rate of increase in pensions in payment RPI capped at 2.5%	2.30%	2.30%
Rate of increase in deferred pensions	2.30%	2.20%

The liabilities allow for future discretionary increases of RPI (capped at 5% per annum) to be awarded each year on pension accrued to 6 April 1997.

Mortality assumptions	2018 life expectancy	2017 life expectancy
<b>Using mortality table S2PMA/S2PFA CMI Model 2017 [1.25%] (year of birth)</b> <b>(2017: S2PMA/S2PFA CMI Model 2016 [1.25%] (year of birth))</b>	<b>years</b>	<b>years</b>
Males at 65 in 2018	22.0	22.1
Females at 65 in 2018	23.9	24.0
Males at 65 aged 45 in 2018	23.4	23.5
Females at 65 aged 45 in 2018	25.4	25.5

The scheme's assets also include £147,000 (2017: £209,000) of insured annuity policies in relation to pensions secured prior to May 1993.

## 29. Pension costs (continued)

An analysis of the scheme assets and the expected long-term return rates at 31 December 2018 was as follows:

	2018 £'000	2017 £'000
Bonds	48,619	47,842
Other	196	3,119
	<b>48,815</b>	<b>50,961</b>

Assets do not include any amounts for the Charity's own financial instruments or property occupied, or other assets used by the Charity.

The following amounts have been recognised in the financial statements for the year ended 31 December 2018 under the requirements of FRS 102:

	2018 £'000	2017 £'000
Interest income	983	1,119
Interest on liabilities	(983)	(1,119)
Past service cost	-	-
Net credit to the Statement of Financial Activities	-	-
Unrecognisable credit due to closure of the scheme to future accrual	-	-
<b>Amount credited to the Statement of Financial Activities</b>	<b>-</b>	<b>-</b>

	2018 £'000	2017 £'000
Actual return on assets less interest	(2,303)	1,754
Actuarial gain on scheme liabilities	2,272	2,427
Limit on recognition of assets less interest	31	(4,181)
<b>Amount recognised in the Statement of Financial Activities</b>	<b>-</b>	<b>-</b>

<b>Changes in the fair value of the scheme assets are as follows:</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Fair value of scheme assets at 1 January	50,961	48,817
Interest income	983	1,119
Contributions	-	-
Benefits paid	(826)	(729)
Actual return on assets less interest	(2,303)	1,754
<b>Fair value of scheme assets at 31 December</b>	<b>48,815</b>	<b>50,961</b>

<b>Changes in the present value of the scheme liabilities are as follows:</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Present value of scheme liabilities at 1 January	41,375	43,412
Past service cost	-	-
Interest on liabilities	983	1,119
Benefits paid	(826)	(729)
Actuarial gain on scheme liabilities	(2,272)	(2,427)
<b>Present value of scheme liabilities at 31 December</b>	<b>39,260</b>	<b>41,375</b>

## 29. Pension costs (continued)

### Other pension schemes

The Charity participates in the NHS Pension Scheme, an unfunded, defined benefit scheme for employees who were formerly employed in the NHS, GP practices and other bodies allowed under the direction of the Secretary of State, in England and Wales. During the year the Charity made contributions for 179 employees totalling £1,095,000 (2017: 178 employees, £920,000) to the NHS Scheme. There were £131,000 contributions outstanding at the end of the year (2017: £114,000).

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation have not yet been published but set the employer contribution rate payable from April 2019. The employer contribution rate will increase by 6.3% to 20.68% of pensionable pay from this date (inclusive of administration levy). The increase will be met by NHS England and the Department of Health and Social Care for the financial year 2019/20. The latest assessment of the liabilities of the scheme was undertaken for the year to 31 March 2018 and is contained in the scheme actuary report which forms part of the annual NHS Pension (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pension website.

The Charity ceased participation in the Teachers' Pension Scheme on 31 March 2018. This is a defined benefit scheme for employees who were formerly employed by Local Education Authorities. The Teachers' Pension Scheme is an unfunded scheme. Contributions on a 'pay-as-you-go' basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. In the year the Charity made contributions for 1 employee totalling £2,000 (2017: 2 employees, £14,000) to the Teachers' Pension Scheme.

The Charity has also made payments into a stakeholder scheme operated by Legal & General. This is a defined contribution scheme. During the year the Charity made contributions for 2,032 employees totalling £5,530,000 (2017: 1,947 employees, £4,444,000). The increase in costs is due to overall growth in staff numbers during the year and the increase in minimum pension contribution levels for auto enrolment.

## We couldn't do this without you

We simply couldn't be there for people living with cancer without our supporters. There are so many incredible donors, partners, committees, volunteers and fundraisers that we'd like to thank. They include:

The 29th May 1961 Charitable Trust  
**Adecco Group UK and Ireland and Win4Youth**  
 AG Barr  
**Alva Academy**  
 Aon  
**The Appleblossom Trust**  
 Appletiser  
**Arora Charitable Foundation and Sunita and Raj Arora**  
 The Atkin Foundation  
**Ball Beverage Packaging UK Ltd**  
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 Baxters Food Group  
**Beau McKee**  
 Bill Brown's Charitable Settlement of 1989  
**BMW Group UK**  
 Bonmarché  
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**The Burton Family Charitable Trust**  
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 Damian and Claire Sutcliffe  
**Dawn Ryle for Doris Holly Leonard**  
 Dean's Garden Centre  
**Duncan Owen-Elmer**  
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**The Elizabeth and Prince Zaiger Trust**

Eric Butcher  
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**Greene King plc**  
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 Hitachi Capital UK (plc)  
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**IMTFA Ltd**  
 Industrial Water Jetting Systems Ltd  
**The Ingram Trust**  
 IQVIA  
**ISG**  
 Iwan Thomas MBE  
**The James and Patricia Hamilton Charitable Trust**  
 John Hind for Alison Hind  
**John Burkhill**  
 The Jordan Charitable Foundation  
**The Joseph and Lilian Sully Foundation**  
 Joyce Beggs  
**Kylie Minogue OBE**  
 Leonardo  
**Lloyds Bank**  
 London Luton Airport Operations Ltd  
**Mace Foundation**  
 The Mackie Foundation  
**Majestic Wine**  
 Marc Hotimsky  
**The Margaret Giffen Charitable Trust**  
 Margaret Thrush  
**Marks & Spencer**  
 Martyn Wells  
**The McGrath Charitable Trust**

Mortgage Advice Bureau  
**Murdoch Forrest Charitable Trust**  
 Muriel Blackledge  
**National Garden Scheme**  
 Nationwide Building Society  
**NatWest**  
 Neil Stevens  
**Nestlé UK Ltd**  
 New Look Retailers  
**Next plc**  
 npower  
**The Oak Foundation**  
 Ogilvy UK  
**One Stop Stores Ltd**  
 P&O Cruises  
**Paris Natar**  
 Pavers  
**The Peacock Charitable Trust**  
 Perrigo Company plc  
**Phoebe Wortley Talbot Charitable Trust**  
 PizzaExpress  
**Ricky Gervais**  
 Sir Robert and Lady Ogden  
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**Scottish Widows**  
 Screwfix Foundation  
**Selco Builders Warehouse**  
 The Seroussi Foundation

**ShareGift**  
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**SSP Foundation and SSP UK**  
 St Edmunds Trust  
**Sue and John Pearson**  
 SUEZ recycling and recovery UK  
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 telent Technology Services Ltd  
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 The Thompson Family Charitable Trust  
**Tom and Sheila Springer Charity**  
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 Warner Leisure Hotels  
**The Wolfson Foundation**  
 Wolseley  
**York Racecourse**  
 Zipvit  
**The Zochonis Charitable Trust**

A special thank you to the 2,555 people who so kindly had the forethought to leave us a gift with their will. Together they contributed £80m – over a third of our income. With their support, and the support of the thousands of people who wrote us into their wills in 2018, we will continue to help people living with cancer find their best way through.



THANK  
YOU

## References

- 1 Reach figures have been calculated using comprehensive service data wherever available, but in some cases, these do not exist, so estimates are used. Rounding to the nearest 100,000 people has been applied for our headline figures. Please see [The reach of Macmillan's services fact sheet](#) for the breakdown of our full range of services. The 'unique people helped' totals for individual services should not be added together. This is because most people accessed more than one Macmillan service in 2018. By taking into account inherent overlap between the reach of individual Macmillan services, the total unique people supported by all Macmillan services has been calculated. The extent to which people living with cancer access more than one Macmillan service is based on a 2016 survey of people living with cancer.
- 2 Maddams J, Utley M, Møller H. Projections of cancer prevalence in the United Kingdom, 2010–2040. *Br J Cancer* 2012; 107: 1195–1202. (Projections scenario 1). Macmillan analysis based on extrapolation of 2010 and 2020 projections that the number of people living with cancer will hit an estimated 2.5 million in 2015.
- 3 Research commissioned by Macmillan Cancer Support, carried out by researchers from the University of Bristol Personal Finance Research Centre in partnership with TNS BMRB, and part-funded by our partner The RBS Group. Figures based on a postal survey of 1,610 adults with a cancer diagnosis, recruited from a database of callers to the Macmillan Support Line and visitors to a sample of Macmillan Information and Support Centres located in hospitals across the UK. The majority (95%) had received cancer treatment within the last six months. Fieldwork took place between August and October 2012. Results were weighted to be representative of all people with a cancer diagnosis in the UK by age, gender, cancer type and country of residence. Macmillan Cancer Support. No Small Change: Time to act on the financial impact of cancer. 2012. [macmillan.org.uk/documents/policy/money-and-cancer-policy-report.pdf](http://macmillan.org.uk/documents/policy/money-and-cancer-policy-report.pdf) (Accessed January 2019).
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So whatever cancer throws your way, we're right there with you.



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