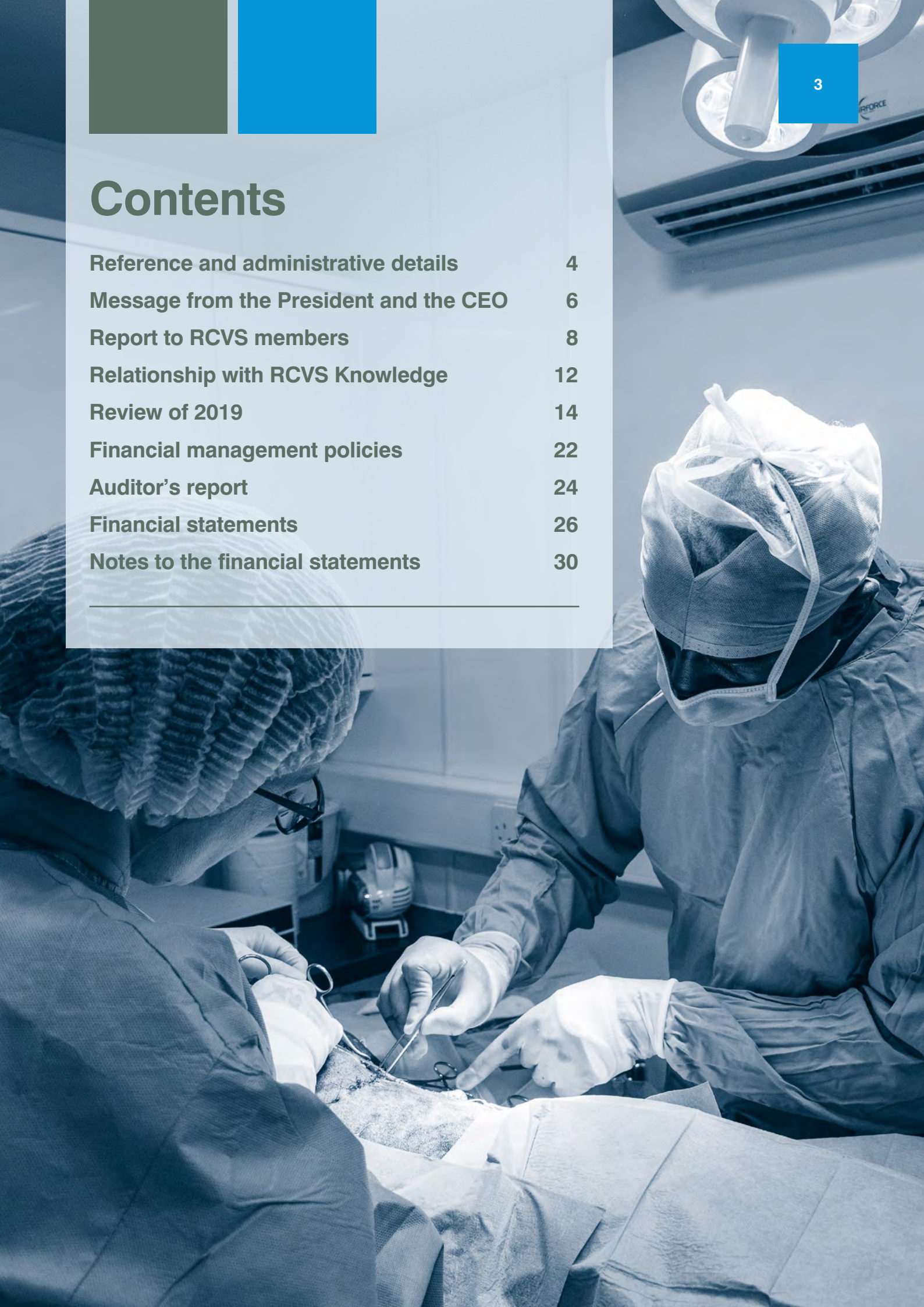


Royal College of
Veterinary Surgeons
**Annual Report &
Financial Statements**
2019



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Reference and administrative details: Officers and professional advisers

Council members

Elected members

Caroline Allen MRCVS
 Christopher Barker MRCVS
 Linda Belton MRCVS (From 13.07.19)

Amanda Boag MRCVS (President to 12.07.19,
 Vice-President from 13.07.19)

Danny Chambers MRCVS
 Niall Connell MRCVS (Vice-President to 12.07.19
 President from 13.07.19)

Melissa Donald MRCVS
 Joanna Dyer MRCVS
 Lucie Goodwin MRCVS
 Mandisa Greene MRCVS (Vice-President from 13.07.19)
 Timothy Greet FRCVS (To 12.07.19)
 Lynne Hill MRCVS (To 12.07.19)
 David Leicester MRCVS
 Stephen May FRCVS (Vice-President to 12.07.19)
 Susan Paterson FRCVS
 Martin Peaty MRCVS
 Kate Richards MRCVS (To 12.07.19)
 Peter Robinson MRCVS (To 12.07.19)
 Cheryl Scudamore FRCVS
 Neil Smith FRCVS
 Christopher Sturgess FRCVS (Treasurer)
 Chris Tufnell MRCVS

Appointed lay members

Derek Bray
 J Mark Castle
 Linda Ford
 Claire McLaughlan
 Tim Walker
 Judith Worthington

Privy Council-appointed members

Christine Middlemiss MRCVS (Observer)

University-appointed members

David Argyle FRCVS
 Ewan Cameron MRCVS
 Susan Dawson FRCVS
 Gary England FRCVS
 Richard Hammond MRCVS (From 13.07.19)
 Andrea Jeffery RVN (To 12.07.19)
 Stuart Reid FRCVS (To 12.07.19)
 Kenneth Smith FRCVS (From 13.07.19)
 James Wood FRCVS

Appointed veterinary nurses

Elizabeth Cox RVN
 Racheal Marshall RVN

Senior Team

(Key management personnel)

Lizzie Lockett	Chief Executive Officer
Richard Burley	Chief Technology Officer
Kim Cleland	Director of Human Resources (To 28.02.19)
Julie Dugmore	Director of Veterinary Nursing
Eleanor Ferguson	Registrar and Director of Legal Services
Lisa Hall	Director of Human Resources (From 28.05.19)
Ian Holloway	Director of Communications
Corrie McCann	Director of Operations and Deputy Registrar
Linda Prescott-Clements	Director of Education
Anthony Roberts	Director of Leadership and Innovation

Audit & Risk Committee

Derek Bray	
Elizabeth Butler	
Timothy Greet	(To 12.07.19)
Stephen May	(From 13.07.19)
Victor Olowe	
Judith Rutherford	
Janice Shardlow	

Head office

Belgravia House
 62-64 Horseferry Road
 London
 SW1P 2AF

Bankers

Lloyds Bank plc
 25 Gresham Street
 London
 EC2V 7HN

Solicitors

Bates Wells Braithwaite
 10 Queen Street Place
 London
 EC4R 1BE

Auditor

Crowe U.K. LLP
 Registered Auditor
 St Bride's House
 10 Salisbury Square
 London
 EC4Y 8EH



HORSEFERRY
ROAD SW1
CITY OF WESTMINSTER

BELGRAVIA
HOUSE



“For many, 2019 and its concerns feel a very long way from the unprecedented times we find ourselves in today, amidst a global pandemic that has had a massive impact on the UK”

Message from President and CEO

Building a resilient Royal College

Even more than in recent years, writing this introduction in the spring after the 12 months that the Annual Report covers, feels like a strange, disconcerting and almost nostalgic experience. For it is fair to say that, for many, 2019 and its concerns feel a very long way from the unprecedented times we find ourselves in today, amidst a global pandemic that has had a massive impact on the UK and, indeed, global veterinary community.

However, if we were to be able to identify some common themes for the RCVS that stretch across these two very different years, it would be preparedness, resilience and flexibility.

While we can claim no special foresight around the coronavirus pandemic, some of the actions that we fulfilled from our 2017-19 Strategic Plan and, indeed, some of the themes and ambitions of our 2020-24 Strategic Plan, put us in a relatively good place in responding to the coronavirus and the impact it has had on our ability to be a Royal College that regulates.

Just to give a few examples, our 2017-19 Plan had a commitment to complete the overhaul of our governance structures to allow us to be a 'more effective and efficient organisation, better able to lead the profession and serve the needs of the public'. This has really come into its own during the pandemic as we have been able to hold virtual Council and committee meetings and set up a temporary COVID-19 Taskforce of Council members that can meet on an extraordinary basis to make quick but well-informed decisions on areas being impacted by the virus and the restrictions. For example, making decisions on allowing limited remote prescribing, on the conditions under which veterinary students can graduate, and making changes to our advice and guidance to the professions to reflect the reality of veterinary practices dealing with social distancing and lockdown.

More internally focused, the last Strategic Plan also committed to embracing technology so that we could offer a better service to the professions and animal owners. Part of this included improving our IT infrastructure, bolstering our remote telecommunications systems, and enhancing our network and

data security. All this meant that, when we made the decision to close Belgravia House for a time in March 2020, there was minimal disruption to our service-users as staff were able to answer emails and telephone calls from home, and safely and securely access files. We were able to continue to provide support to the public and to guide our veterinary and nursing professions, who have risen magnificently to meet the challenges thrown up by COVID-19.

Regarding the 2020-24 Plan, the instant reaction might be that surely COVID has thrown all our proactive plans and ideas out of the window. We, however, beg to differ. It is in times of crisis that an organisation's values shine through, and we have never been prouder of how we do things, as evidenced by the incredible quality and quantity of work our staff, Council and VN Council members have put in to mitigate the impact of the virus on animal health and welfare and the veterinary team. ■



Dr Niall Connell
President




Lizzie Lockett
Chief Executive Officer



Report to RCVS members

The RCVS Council presents its report and the audited financial statements of the RCVS for the year ending 31 December 2019. The reference and administrative information set out on page 4 forms part of this report.

The College has adopted the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP) (FRS 102), to provide a comparable framework with other organisations. The accounts have been prepared in accordance with the SORP, with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

Structure, governance and management

The RCVS regulates the veterinary profession in the UK in accordance with the Veterinary Surgeons Act 1966 (VSA). It discharges duties and exercises powers under the VSA but was created by, and still exists by virtue of, a Royal Charter of 1844. Most of the original Charter was superseded by the Supplemental Charter of 1967. This revoked the Charter of 1844 except so far as its provisions 'incorporate the College, recognise the veterinary art as a profession, authorise the College to have a Common Seal, to hold property, and to sue and be sued'.

A new Supplemental Charter to replace that of 1967 came into operation on 17 February 2015. It does two important things. First, it sets the objects of the College, 'to set, uphold and advance veterinary standards, and to promote, encourage and advance the study and practice of the art and science of veterinary medicine, in the interests of the health and welfare of animals and in the wider public interest'. The Charter gives the College power to 'undertake any activities that seem to it necessary or expedient to help it to achieve its objects' and mentions a number of specific activities.

Second, the Charter recognises veterinary nursing as a profession. It requires the College to continue to keep a list of veterinary nurses, known as the Register of Veterinary Nurses, and gives registered veterinary nurses (RVNs) the formal status of associates of the College. The Veterinary Nurses Council is required to set standards for their education, training and conduct. Bye-laws attached to the

Charter require RCVS Council to make rules dealing with the registration of veterinary nurses and the supervision of their professional conduct.

The bye-laws attached to the Charter supersede all former RCVS bye-laws, but RCVS Council is given power to make rules, protocols and procedures related to its activities under the Charter and the transaction of the business of the College. In November 2014, in preparation for the new Charter coming into operation, RCVS Council made rules and a protocol which preserve some of the content of the former bye-laws.

RCVS Council

The VSA determines the composition of RCVS Council. At the start of 2019 there were 35 members of RCVS Council: 20 elected members (all veterinary surgeons), one member appointed by each university with an accredited veterinary school (Bristol, Cambridge, Edinburgh, Glasgow, Liverpool, London and Nottingham), six lay members and two veterinary nurses.



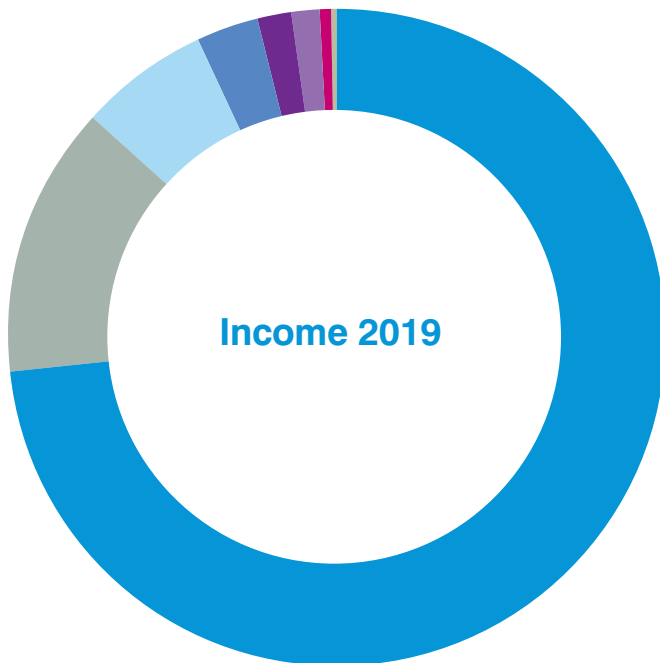
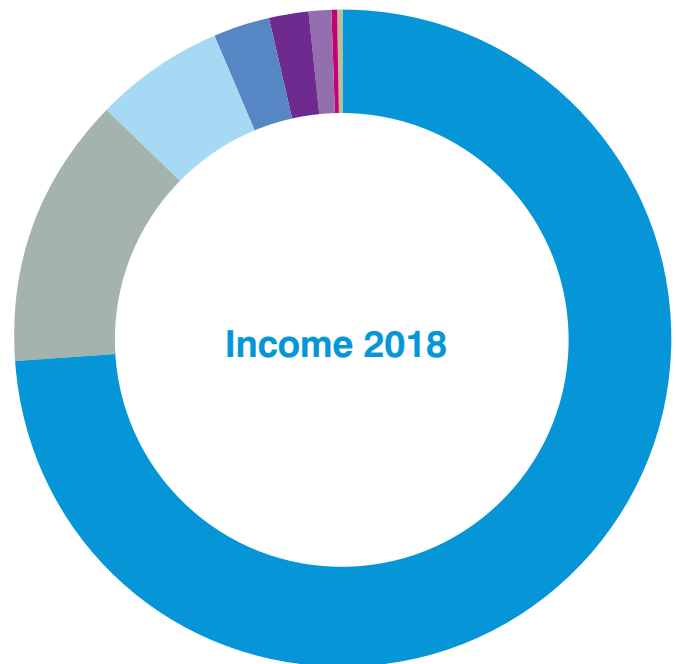


Figure 1: Income 2019

● Veterinary surgeons	£9,723,801
● Veterinary nurses	£1,778,375
● Practice Standards Scheme	£834,324
● Investment income	£422,966
● Register of Veterinary Practice Premises	£212,895
● RCVS examinations	£172,701
● Publications and other income	£92,176
● Disciplinary costs recovered	£16,623

Figure 2: Income 2018

● Veterinary surgeons	£8,977,328
● Veterinary nurses	£1,627,462
● Practice Standards Scheme	£745,810
● Investment income	£365,599
● Register of Veterinary Practice Premises	£211,901
● RCVS examinations	£143,555
● Publications and other income	£43,732
● Disciplinary costs recovered	£6,000



In May 2018, a Legislative Reform Order (LRO) was laid before Parliament which reformed our governance arrangements to improve the efficiency and accountability of Council's decision-making processes. Over a three-year transition period, the LRO will almost halve the number of Council members and formalise lay and veterinary nurse membership.

The new composition of our Council will lead to an overall reduction from 42 to a maximum of 24 members, made up of:

- 13 elected veterinary surgeons to ensure an overall majority of elected members;
- six lay people, appointed by an independent panel;

- three members collectively representing UK veterinary schools, reduced from 14 current members drawn from each of the seven accredited UK schools. These will be appointed by the Veterinary Schools Council; and,
- two veterinary nurse positions appointed by VN Council.

The new terms and conditions of office are:

- elected Council members will serve a term of office of four years, but a maximum limit of three consecutive terms has been introduced, with a mandatory two-year break before a person can stand or be appointed again; and,
- a mechanism will be introduced so that Council members may be removed for issues relating to poor conduct or behaviour.

To support these changes, two new committees have been introduced and the frequency of public RCVS Council meetings has increased to eight to aid our decision-making processes.

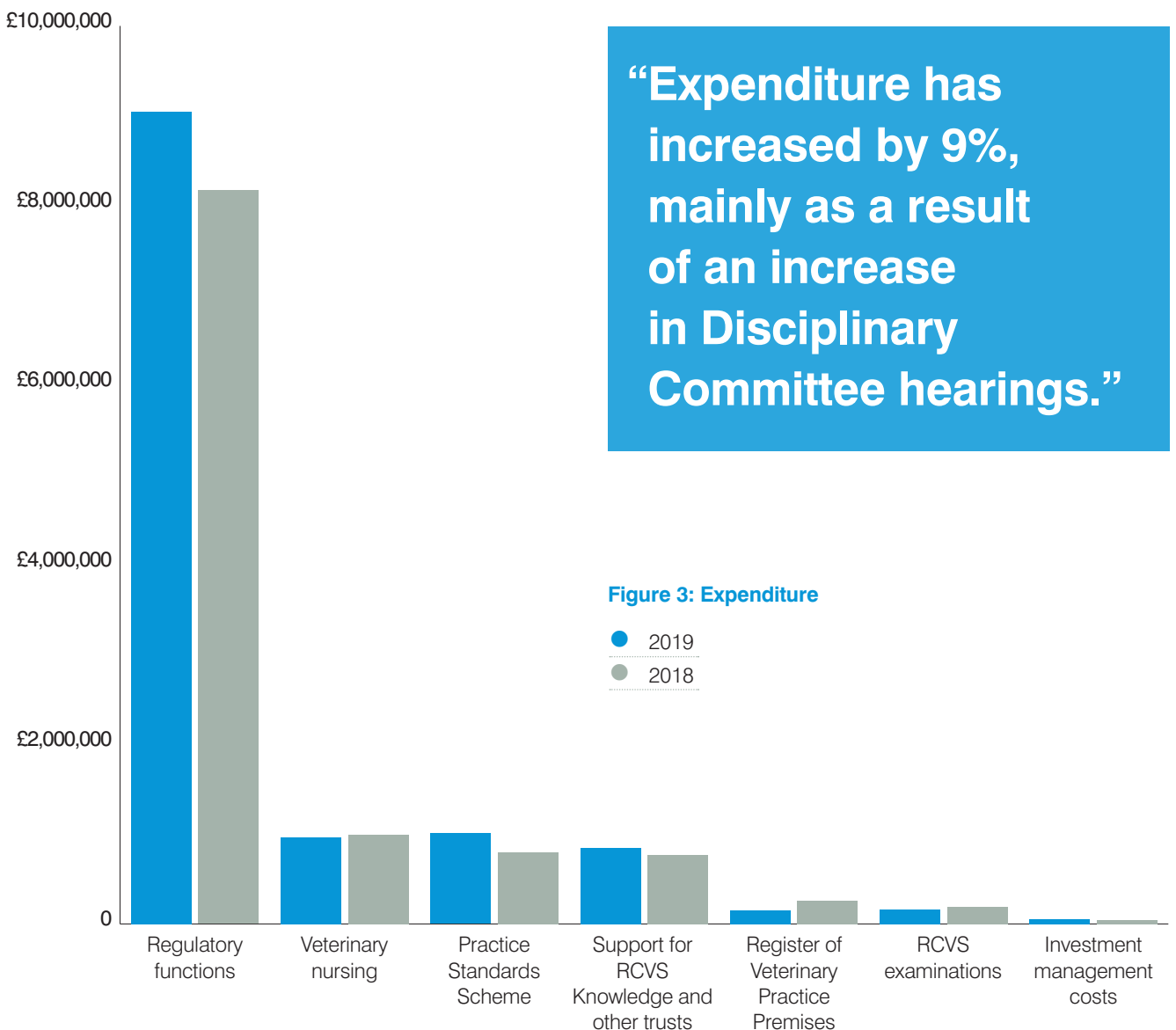
A new *Code of Conduct* for Council and committee members came into force in July 2018. The *Code* covers behaviours, values, collective responsibility, confidentiality, conflicts of interest, communication and enforcement.

The LRO also called for a review of the Operational Board, which oversaw the management of College business and comprised the RCVS Officer Team, committee chairs and

senior staff. It was decided that, in light of the more frequent Council meetings, the Operational Board would cease to meet from the summer of 2019.

Some of the work of the Operational Board has been transferred to the Finance & Resources Committee, which was introduced from summer 2019 and has within its remit budgets, IT, data issues, human resources, the College estate and strategic communication issues.

From summer 2018, an Advancement of the Professions Committee was introduced, which is responsible for coordinating and feeding into projects and activities that



fall under the College's Royal Charter pledge of advancing veterinary standards. Projects falling under its remit include the Mind Matters Initiative, the RCVS Fellowship, the ViVet innovation project, RCVS Leadership, VN Futures and Vet Futures.

Whilst the College is not a charity, it was considered to be a useful exercise to map a slightly modified charity governance code to the governance framework at the RCVS. No major gaps were found but work continues on this area.

Election and induction of Council members

Every year, the terms of office for three elected members of Council begin at the Annual General Meeting. The election process starts in early October of the preceding year, when the retiring members eligible for re-election, as well as the veterinary press, are notified of the details of how to stand for election to Council. Only veterinary surgeons on the RCVS Register can stand for election.

Voting papers are distributed in March to all members of the College (other than those who are resident in the Republic of Ireland, who have not retained their right to vote in Council elections). The voting papers are returned to Civica Election Services (formerly Electoral Reform Services) for collation and secure storage for six months, after which time they are destroyed. In 2019, the turnout for the RCVS Council election was 25.5%. Online voting is also available to members.

A Council member's period of office is usually four years. Newly-appointed members receive an induction with the Executive Office and Senior Team members. Council members' expenses reclaimed from the College are set out in note 5 to the accounts.

RCVS committees

RCVS Council is supported by a system of committees, subcommittees and working parties, on which sit various members of Council and other appointed individuals.

The four statutory committees are:

- the Preliminary Investigation Committee (PIC)
- the Veterinary Nurse Preliminary Investigation Committee (VN PIC)
- the Disciplinary Committee (DC)
- the Veterinary Nurse Disciplinary Committee (VN DC)

The main standing committees during 2019 were:

- the Advancement of the Professions Committee
- the Audit & Risk Committee
- the Education Committee
- the Finance & Resources Committee
- the Standards Committee

- the Veterinary Nurses Council
- PIC/DC Liaison Committee

Details about the roles and terms of reference for each committee can be found on the RCVS website.

Senior Team (key management personnel)

On a day-to-day basis the operations of the College are carried out by the Senior Team, under the direction of the Chief Executive Officer. Details about the Senior Team members can be found on page 4.

They are responsible for the following:

- communicating the values and culture set by Council;
- setting the work programme and ensuring that it is implemented;
- providing adequate support to the RCVS Officers, Council and committees in making strategic decisions; and,
- hiring staff.

The Chief Executive Officer and Registrar/Assistant Registrars are appointed by Council, while the other Senior Team members are appointed by the Chief Executive Officer.

Financial review

Income in 2019 is 9% higher than in 2018. This is due to the growth in registrations of veterinary surgeons, retention of veterinary surgeons, an increase in the number of veterinary nursing student enrolments and higher numbers of registered veterinary nurses. The membership of the Practice Standards Scheme has grown and interest in Practice Standards Scheme Awards continues.

Expenditure has increased by 9%, mainly due to Regulatory Function costs increasing as a result of the number of Disciplinary Committee hearings.

In 2018 we had losses on investments of £890,940 but in 2019 the portfolio had gains of £1,683,491. The value of investments can rise and fall and the RCVS holds them for the longer term.

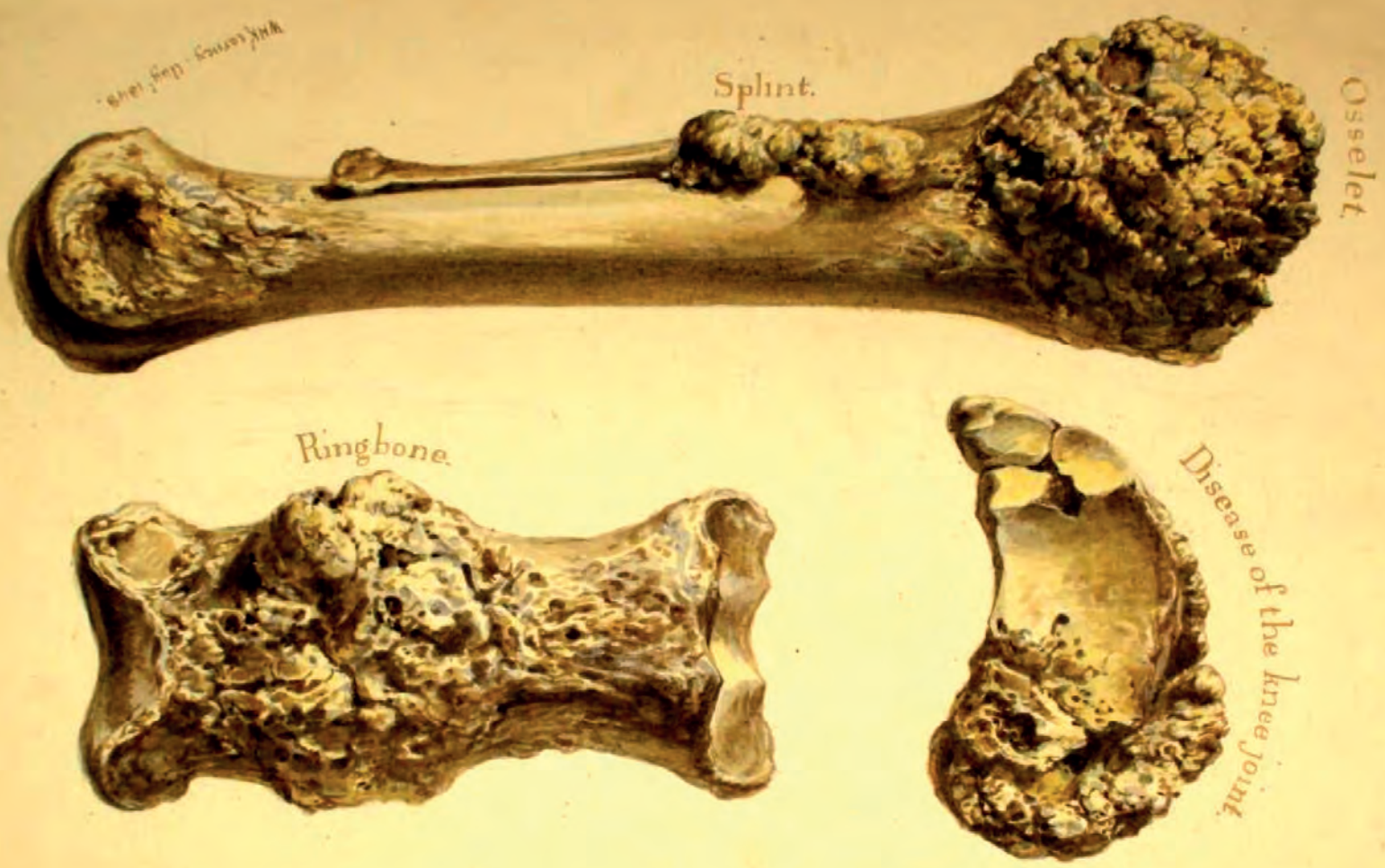
There has been a lot of turbulence in world stock markets since the start of 2020. This was mainly due to concerns about the current and potential impact on the global economy of the coronavirus outbreak. The College's portfolio was valued at £11.6 million in May 2020, down from £12.79 million on 31 December 2019.

Further information is included under 'Investment powers and performance' on page 23. ■



THE CAT-SHOWMAN,
Fac-simile of a print of the seventeenth century.

Above left: Snape, Andrew – "The Anatomy of an Horse". Above right: Champfleury and Cashel Hoey – "The Cat Past and Present" (1885). Below: One of the 68 paintings depicting various sections of (mostly) horse limbs and organs, showing disease and damage. The artworks are mostly watercolours, and those that are dated or signed range from 1820-1848.



The relationship with RCVS Knowledge



Founded by the RCVS in 1958, the RCVS Charitable Trust (known since 2013 as RCVS Knowledge), is an independent charity that enjoys a close relationship with the College, which is its major funder and provides a range of services to it, including use of College premises.

A Memorandum of Understanding is in place between the RCVS and RCVS Knowledge. The purpose of this Memorandum is to record an agreement between the College and RCVS Knowledge about the resources and services made available by one organisation to the other and the necessary arrangements for managing these resources.

The relationship continues to be kept under review and the contents of the Memorandum are reviewed periodically, last in November 2017. Joint meetings are held between the RCVS and RCVS Knowledge to consider items of mutual interest.

RCVS Knowledge advances the use of evidence-based veterinary medicine in veterinary practice. It supports thousands of dedicated veterinary professionals in delivering high quality evidence-based veterinary medicine to the millions of animals in their care.

Its work focuses on translating and providing accurate and up-to-date evidence to the front line of veterinary practice. Its supportive approach puts evidence and knowledge into the hands of the vet and vet nurse to improve the quality of care they deliver, through its peer-reviewed journal, its library, quality improvement activities and historical collections.

RCVS Knowledge has ten Trustees, of whom four are RCVS Council members and six are external trustees. Transactions with RCVS Knowledge are shown in notes 4 and 12 in the financial statements. ■



Funded by The ALBORADA Trust, RCVS Vet History provides incredible access to the veterinary past, with high quality digitised images. Shown here is just a selection:

Above: Photographs of Smith's laboratory at the Army Veterinary School, Aldershot



“The Mind Matters Initiative (MMI)... has been a crucial delivery platform for the elements of this ambition that aim to shift the professions away from a ‘blame culture’”

The final chapter: fulfilling our Strategic Plan in 2019

This year saw the culmination of our three-year 2017–19 Strategic Plan, with the completion of a number of key projects and initiatives, and also laid the groundwork for our challenging and ambitious 2020–24 Strategic Plan.

The Strategic Plan for 2017–19 set out our vision for these three years and comprised 39 actions coalescing under five core ambitions.

Of the 39 actions, the vast majority were completed, and work on some of the larger-scale changes, for example, into reforming the concerns investigation and disciplinary systems, has been continued into the next Strategic Plan. Likewise, with much of the College's energy on the international front being taken up with the implications of the UK's decision to leave the EU, some of the ambitions under the 'Global reach' heading were not fully completed, although a great deal of research and preparatory work was carried out to set the stage for further development.

These five core ambitions were:

- A. *Developing a learning culture within the profession*
- B. *Becoming a Royal College with leadership and innovation at its heart*
- C. *Continuing to develop as a First-rate Regulator and build on the strong foundations laid over the past few years*
- D. *Improving the global reach of the RCVS*
- E. *Continuous improvement of our service agenda.*

Here we detail what we did in 2019 to meet the ambitions, giving an overall summary of the Strategic Plan and what we learned along the way.

Developing a learning culture

One of the key actions under this ambition has been the transition to a reflective, outcomes-based model of continuing professional development (CPD). A pilot programme for an outcomes-based CPD model was run with a number of veterinary surgeons and veterinary nurses from March 2017 to October 2018. Following this, in June 2019, RCVS Council approved the phased roll-out of an outcomes-based model

starting in January 2020 and continuing through to January 2022. To facilitate and support the shift towards integrating reflection into the CPD cycle, our in-house Digital Team started to develop a new next-generation CPD recording and planning platform – called 1CPD – by combining all previous platforms into a 'one-stop shop'. Dozens of veterinary surgeons and veterinary nurses were involved in testing the platform's functionality and usability throughout the latter half of 2019, ready for its launch in early 2020. Feedback from the pilot has been positive and, following its launch on 27 January 2020, thousands of members of the profession have downloaded and used the platform. Allied to the development of 1CPD, our Communications Team produced a series of resources – including videos, case studies, blogs, scenarios and FAQs – about the 1CPD platform and the principles of outcomes-based/reflective practice, to help prepare the profession for the coming changes.

The Mind Matters Initiative (MMI) – a mental health and wellbeing project which is managed and funded by the RCVS – has been a crucial delivery platform for the elements of this ambition that aim to shift the professions away from a 'blame culture', where mistakes lead to blame and even cover-up, to a learning culture, in which the veterinary team can have frank and honest conversations about what went wrong and how improvements can be made. In terms of developing actions to reduce blame culture, the MMI has worked with the Point of Care Foundation, a charity that delivers Schwartz Rounds (a non-judgemental approach to sharing the emotional impact of cases in a practice setting) to pilot this in the veterinary industry. Online resources with guidance on how to effectively carry out Schwarz Rounds are in development by the MMI Team.

In 2019, the MMI has also worked with our Professional Conduct Department and the Preliminary Investigation/Disciplinary Liaison Committee to review the impact of our concerns-investigation processes on the health and wellbeing of veterinary professionals. An interim report on this review was discussed at the March 2019 meeting of RCVS Council, and some of the recommendations and actions are being carried forward into the 2020–24 Strategic Plan, particularly around taking a more compassionate approach to our

concerns and disciplinary processes, and supporting the development of a 'buddying' system to support those going through the system.

This ambition was also concerned with building stronger links and better communication with veterinary and veterinary nursing students, in order to clarify what the RCVS is and does and help ensure that they have a clear idea of the realities and opportunities a career in veterinary science entails. In September 2019, we worked with the Association of Veterinary Students (AVS) to organise a Mind Matters Student Mental Health and Wellbeing Roundtable. This event looked at some of the issues currently impacting student health and wellbeing, as well as some of the solutions and positive wellbeing schemes that are coming both from the student bodies and the universities.

Veterinary and veterinary nursing students have also been involved in, and invited to, some of this year's events including the annual Fellowship Day, Royal College Day and our biennial ViVet Innovation Symposium, which included a Dragons' Den-style student innovation competition.

Students have also been involved in some of our public outreach events with vet students from Edinburgh vet school helping on our stand at the Royal Highland Show and

veterinary nursing students from Askham Bryan College supporting us at Countryfile Live in North Yorkshire. Furthermore, student representatives now sit on many of our key committees, including the Education and Veterinary Nurse Education Committees and the Mind Matters Taskforce.

Veterinary students were also closely involved in our Graduate Outcomes Project (more of which on page 18), by taking part in focus groups at the AVS Congress in January 2019, and contributing to the project's working groups, which looked at the results of the consultation and developed plans for meeting the recommendations.

Leadership and innovation

With the launch of the ViVet innovation project in 2017 and the RCVS Leadership project in 2018, this year was concerned with consolidating the work of these projects and launching new activities, events and initiatives to help further inculcate the key concepts of veterinary innovation and everyday leadership within the professions.

In terms of innovation, the ViVet project held two well-attended workshops for current and prospective veterinary entrepreneurs in January and February 2019, tackling issues such as how to turn an idea into a concept, how to turn a concept into a marketable product, and how to win support



“This year saw the formal launch of the RCVS Diversity & Inclusion Group, set up to encourage broader diversity”

and funding. Furthermore, in October 2019, we held our second Innovation Symposium in Salford. This focused on precision veterinary medicine and how data-driven practice and rapidly developing technology will affect the veterinary professions. The day featured inspirational speakers from the veterinary world and beyond who explored the potential of emerging technology to improve the lives of veterinary professionals and their services, and also hosted the final of the Student Veterinary Innovation Competition, which saw three teams present their veterinary innovation proposals in front of a panel of industry professionals.

The RCVS Leadership Programme saw its pioneering Edward Jenner Veterinary Leadership Programme online course, which was developed in conjunction with the NHS Leadership Academy and piloted in 2018, launch its second tranche in April 2019. As a testament to its success, in May the online course was honoured as a finalist in the prestigious European Foundation for Management Development (EFMD) Excellence in Practice Awards. This was in recognition of the collaboration between the RCVS, the NHS Leadership Academy and FutureLearn (the hosting platform for the online course) and the excellent feedback it received from the more than 7,000 veterinary professionals from over 130 countries who had enrolled on the course. The RCVS Leadership Programme also launched its ‘Inspiring Veterinary Leaders’ initiative to showcase the diversity of leadership and leadership roles in the veterinary professions at Royal College Day 2019, with a publication and booklet featuring 12 inspiring veterinary professionals talking about their leadership journeys.

The RCVS Fellowship welcomed a further 30 new veterinary surgeons to its ranks at the fourth annual Fellowship Day in September, when the new Fellowship Board Chair, Professor John Innes, also took up his post. We also launched our new Fellowship Directory to help raise the profile of some of our new Fellows by featuring their biographies, fields of work and

areas of special interest. In his opening address Professor Innes said he would continue to drive the Fellowship forward as a learned society and to use it as a vehicle to engage with the profession and the public in order to showcase the breadth and depth of veterinary knowledge.

Finally, this year saw the formal launch of the RCVS Diversity & Inclusion Group, set up to encourage broader diversity – for example, in terms of ethnicity and socio-economic background – in the veterinary professions, including students. New careers materials showcasing greater diversity, together with a series of speaker opportunities to discuss the issues, will be among the outputs from the group.





Continuing to be a First-rate Regulator

Following its launch at end of 2018, the Graduate Outcomes consultation – which asked for the profession’s views on how veterinary students and graduates could be better prepared and supported for life in practice – came to a close in January 2019. The consultation – which was conducted with veterinary students as well as members of the professions – garnered nearly 2,000 responses and was followed up with a series of focus groups and one-to-one interviews with veterinary students, employers and other professionals. The Graduate Outcomes Working Party considered the results and, as the year closed, had prepared a series of recommendations on the direction of travel for the January 2020 meeting of RCVS Council. At that meeting the proposals for the future of day-one competences for veterinary students and the future of the Professional Development Phase (PDP) were approved, but it was decided that further work was needed on the proposals for the future of extra-mural studies (EMS) and clinical education for general practice.

Following the large-scale consultation on Schedule 3 of the Veterinary Surgeons Act undertaken with the professions in 2017, this year we continued our work to increase levels of understanding about delegation to veterinary nurses and how it works in practice within all members of the profession. To this end we produced a poster – using the mnemonic SUPERB – to help veterinary surgeons navigate what tasks

can be delegated to veterinary nurses and under what circumstances, as well as information on levels of supervision and consideration of risk. This poster was sent to all practices across the UK in November.

The future of veterinary regulation and the College’s role in it continued to be a subject of deliberation and consideration for the Legislation Working Party (LWP), a group set up in early 2017 to carry out a root-and-branch review of the legislative basis for veterinary regulation with a view to making recommendations for new primary legislation and reforms to the Royal Charter. The LWP will be putting its recommendations to RCVS Council forward for approval in 2020.

The LWP was also responsible for finalising a report on a Review of Minor Procedures Regime, an exercise which proposed revisions to the rules around what minor veterinary procedures can be delegated to laypeople. This was submitted to the Department for Environment, Food & Rural Affairs (Defra) early in 2019. In the meantime, we have continued discussions with the Association of Meat Inspectors (AMI) and the Animal Behaviour and Training Council (ABTC) with a view to progressing towards these groups becoming Associates of/ Accredited by the RCVS, and will put in place the internal resources to develop the appropriate structures and documentation for future applications.

Global reach

The protracted debates and uncertainty around when – and, indeed, if – the UK would leave the European Union that dominated much of the headlines during 2019, likewise dominated much of our time and capacity around our global strategy.

To this end, we continued to work with our colleagues in Defra and the British Veterinary Association (BVA) in the Future Veterinary Capacity and Capability Project (FVCCP), which aims to ensure that workforce needs continue to be met, regardless of which Brexit scenario became reality. Efforts were focused on ensuring that the best quality evidence could be compiled to show the scale of the shortage of veterinary surgeons and the reasons for low retention rates in order that any improvements could be tracked. In terms of lobbying around mitigating the potential impact of Brexit on the supply of veterinary surgeons, we also secured a distinct success (along with BVA) in that the Home Office's Migration Advisory Committee accepted our evidence that veterinary surgeons should be added to the Shortage Occupation List, meaning that the process for overseas veterinary surgeons looking to gain a UK work visa would be streamlined. These recommendations were adopted by the Home Secretary in September 2019. Furthermore, at its October 2019 meeting, RCVS Council approved a mutual recognition agreement with the Veterinary Council of Ireland (VCI), to ensure that graduates from both countries will be recognised by the other, pending the passing of appropriate visitations, regardless of the outcome of Brexit. The Registrar and President of VCI attended the College on 31 October to sign the agreement. In September 2019 it was also confirmed that, along with BVA, we would be co-hosting the Federation of Veterinarians of Europe (FVE) General Assembly in London, demonstrating our commitment to continue to work with our European partners and colleagues to improve veterinary regulation and animal welfare on a continent-wide basis. Due to the 2020 coronavirus (COVID-19) pandemic, at the time of publication this has been postponed to summer 2021.

With the recognition that Brexit was dominating the international agenda, much of the rest of our global work this year was exploratory in nature, but nevertheless important in gathering information and data and forming stronger bonds and relationships with colleagues across the world. For example, we carried out a survey with more than 4,000 overseas-practising members to get a better understanding of why they had chosen to retain their MRCVS status, levels of engagement with the College, and whether they were likely to return to work in the UK. Our new Advancement of the Professions Committee also considered and discussed elements of our global strategy, including expressions of interest in our Practice Standards Scheme from various Commonwealth countries,

as well as opportunities to collaborate with the World Organisation for Animal Health (OIE) and the World Veterinary Association (WVA). And our CEO and Registrar attended a new meeting of global veterinary regulators in Vancouver, which is now set to become an annual event.

Our service agenda

This ambition is based on improving the quality and scope of the service we offer to our stakeholders in the professions and the public, while recognising that improving the quality of life and the working environment for our staff helps them deliver a better service.

“The IT Department’s efforts to develop our home-working capacity has really come into its own during the COVID-19 pandemic”

In terms of human resources, this year we welcomed our new HR Director Lisa Hall on to the RCVS Senior Team and she has led on a number of initiatives including staff mental health and wellbeing training, updating and clarifying policies on remote working, and reviewing the benefits package available to staff. The work on moving to new premises in order to better accommodate the growing number of RCVS staff and modernise our working conditions continued in 2019, with an agent being appointed to help with the sale of the current building and support the purchase of a new workspace. However, in the light of the pandemic, this project has gone on hold, and we will be reviewing our future space needs once we have some clarity on what our ‘new normal’ might look like.

Our expanded in-house IT Department has been busy working on both external-facing projects (such as 1CPD mentioned on page 15) and also developing an integrated internal communications system that has delivered significant improvements to capability, cost, flexibility and resilience as well as facilitated remote-working. The IT Department’s efforts to develop our home-working capacity has really come into its own during the COVID-19 pandemic, as there was minimal disruption when our building was closed March 2020 and all our employees were asked to work from home.

Public outreach is another area in which we have bolstered our approach over this year, with attendance at a number of events including the Royal Highland Show and Countryfile Live in Castle Howard, as well as a digital marketing campaign for the Practice Standards Scheme. The campaign, which used video and social media resources to help practices talk to both current and prospective clients about what it means to be an RCVS-accredited practice, reached over three-quarters of a million people and had the involvement of around 350 practices within the ambit of the PSS. Furthermore, this year we also produced a poster for practice waiting rooms, designed to help clients of veterinary practices better understand what they can expect from their veterinary team and, similarly, what is expected of them as animal owners. This poster was sent to all UK veterinary practices and leaflets with the same messaging were given out at our public-facing events throughout the course of the year.



Finally, in 2019 we carried out a large-scale stakeholder mapping exercise to measure current perceptions of the College. This was measured against the findings of the 2013 First-rate Regulator initiative, the last time we carried out a similar exercise. A series of research activities took place to support this, including additional questions to the regular

Surveys of the Professions around relationship with, and views on, the RCVS; animal-owner research around awareness of the RCVS, Practice Standards Scheme and Veterinary Client Mediation Service; research amongst the public about trust in the professions; and, research amongst our key stakeholder organisations. The data gathered in this exercise was crucial for shaping and feeding into the development of our 2020–24 Strategic Plan.

Mind Matters Initiative (MMI)

As detailed in the 'Developing a learning culture' section, much of the work carried out by the Mind Matters mental health initiative – which is based on the three principles of prevent, protect and support – have been integrated into the College's core strategy. For the 2020–24 Strategic Plan, this will be even more the case.

Nevertheless, MMI still has a distinct identity and aims proactively to look at systemic mental health and wellbeing issues within the veterinary professions; to provide a programme of training and communications to equip the professions with the skills and knowledge needed to stay well; and to provide financial and other support to existing mental health and wellbeing support providers.

Highlights of this year include the awarding of the first Sarah Brown Mental Health Research Grant – started in honour of an RCVS Council member who passed away in 2017 – at Royal College Day in July 2019 to Scotland's Rural College (SRUC). This grant will be used to carry out qualitative research on mental health support for rural farm vets. We are particularly grateful to Sarah's mother, Fiona, and sister, Sophie who attended the event to formally hand over the grant to Dr Kate Stephen from the SRUC.

In September we held our second Mind Matters Research Symposium, at which researchers from across the world who are looking at veterinary mental health and wellbeing had the opportunity to share and discuss their research. Over 100 delegates attended, including colleagues from the United States, Canada and the Netherlands, and the event also saw Professor Stuart Reid hand over his position as Chair of the Mind Matters Initiative to Professor Susan Dawson.

In addition to these key events, MMI continued to support and fund regular mental health awareness and resilience training courses for the professions, as well as the joint Mind Matters and Society of Practising Veterinary Surgeons (SPVS) Veterinary Wellbeing Awards, recognising those practices that go above-and-beyond in supporting staff wellbeing.

What next?

At the January 2020 meeting of RCVS Council, the Strategic Plan for 2020–24 was formally approved and adopted and has since been published at www.rcvs.org.uk/publications



Research and consultation on the new plan started at the end of 2018 in order to make it as comprehensive and well-informed as possible. For example, over the last 12 months, the RCVS undertook research amongst veterinary surgeons and veterinary nurses (through the Surveys of the Professions), stakeholders and the public. There was also input from Council members and staff.

Members of the professions and stakeholder organisations felt that the direction of travel was a positive one, with improvements noted by stakeholders in clarity of mission and purpose, transparency, openness and collaboration, and in the nature and speed of the College's communications, since the last such research, in 2013.

Members of the profession also rated the College highly on professionalism, international relationships, having processes that reflect best practice, and on how it lives up to its stated values. The new plan is a continuation of this positive course. The Plan is based around four key ambitions, which can be summarised as follows:

- **Clarity:** this ambition is based around the recognition that the RCVS works within a complex legislative and regulatory framework and so will continue to work to simplify, unpick and modernise what it does in order to remain relevant.
- **Compassion:** under this ambition the RCVS recognises that, while its complaints process can lead to stress

and anxiety for members of the professions, it can take a more compassionate approach to regulation by treating everyone as individuals, communicating promptly, explaining appropriately, and being fair.

- **Courage:** under this ambition the RCVS will continue to take a leadership role within the professions and consider how it can ensure the professional culture is healthy, sustainable, inclusive, innovative and respectful.
- **Confidence:** this ambition recognises that the RCVS can only deliver on its plans if it has the right systems, skills and capacity in terms of its staffing, finance, IT and communications.

The Strategic Plan covers the five years to the end of 2024 and an operational plan for year one, together with appropriate structures and resourcing, will be put in place. In future annual reports, we will report our performance in a given year against the progress on the new Strategic Plan, as well as our core activities.

We hope that, by the time the Plan is completed, the RCVS will be recognised as a trusted, compassionate and proactive regulator, and a supportive and ambitious Royal College, underpinning confident veterinary professionals of which the UK can be proud. ■

Financial management policies

Reserves policy

Unrestricted reserves

The College holds unrestricted reserves to ensure its continuity, to enable its ability to discharge its statutory obligations, to cover liabilities that cannot be covered by insurance, to bridge cashflow problems and to fund long-term projects that cannot be quantified, such as introducing new legislation. The formula for calculating the total level of free reserves was reviewed in 2016, and the method adopted by the RCVS continues to be considered appropriate. The free reserves target is six months of expenditure, a provision for building repairs and provision for risk cover.

The figure will change from year to year in line with levels of expenditure and the changing needs of the College. Based on current activity, the target level of reserves is £8.6m and the College currently exceeds this target. At 31 December 2019, the College held total reserves, less Belgravia House (our operational centre), of £18.7m including investments at market value. This is higher than the reserves calculation, per the formula, by £10.1m. The difference was being retained to provide funds for planned projects and the estate strategy.

Designated funds

Designated funds are amounts set aside by Council for specific projects. The funds are expected to be used within three years of being designated.

Discretionary Fund

The Discretionary Fund is a designated reserve to provide for one-off projects and new initiatives not provided for in the annual budget and is subject to a detailed approval procedure. Expenditure is reported at each RCVS Council meeting. As at 31 December 2019 the value of the fund was £399,978 (2018 £373,332)

2016 + 2017 Project Fund

In 2016 and 2017, funds were designated for specific projects and this fund is the balance of expenditure not incurred by the year end. The projects in the fund are for the estates strategy, Alternative Dispute Resolution, the new Professional Conduct IT system and the Mind Matters Initiative. As at 31 December 2019 the value of the fund was £409,541 (2018 £431,945)

Going concern

RCVS Council has assessed the ability of the College to continue as a going concern and has considered several factors when forming its conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements. This has included looking at the impact on the accounts for 2020, identifying issues affecting the budget and cashflow forecasts to 31 December 2021, a

consideration of the key risks, including the impact of COVID-19, and the latest available valuation of the investment portfolio.

The COVID-19 pandemic has not had a significant impact on the College's finances. The principal source of income for the RCVS is membership fees from veterinary surgeons and nurses. This represents over 90% of the College's income. Whilst a wider range of options for payment of membership fees are now available, which may impact the cashflow profile, overall income levels are not expected to be significantly impacted. In the current environment, forecasts for other income and expenditure have been reviewed and whilst examinations are cancelled in the short term, together with events, this represents a much smaller element of overall income. A key area of uncertainty relates to the impact of the current market turmoil on the valuation of investments. However, this can be accommodated within the forecasts and sensitivities. In addition, the RCVS has an unencumbered property asset. Plans for investment in a new head office building have been temporarily paused.

After considering these factors, RCVS Council has concluded that the College has a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future and have continued to prepare the financial statements on a going concern basis.

Risk management

The Organisational Risk Register sets out potential risks and the mitigating processes we have in place. Key risks in 2019 and 2020, together with their mitigations, were:

- **Brexit (ongoing):** Despite the ongoing uncertainty throughout much of 2019, the College continued to lobby to mitigate against the impact of Brexit (for example, via the Home Office's Shortage Occupation List); worked with partner organisations via the Future Veterinary Capability and Capacity Project to horizon-scan for future risks and solutions; and signed a bilateral agreement with the Veterinary Council of Ireland to maintain the close ties between the Irish and UK veterinary professions regardless of the outcome of Brexit. Our lobbying and preparatory work has continued throughout the transition period (following the UK's formal exit from the EU on 31 January 2020) and the negotiations on the terms of any future trade deal, as the final outcome of the negotiations remains uncertain.
- **Failure of budgetary and financial controls leading to loss of confidence in RCVS:** 2019 saw the institution of a new Finance & Resources Committee that has within its remit organisational and departmental budgets, IT, data and General Data Protection Regulation (GDPR) compliance,

human resources and the College estate. Continued oversight on risk and financial controls also continues via the Treasurer, Officer Team, RCVS Senior Team and the Audit & Risk Committee. These processes continue into 2020.

- **External factors including reputational damage arising from RCVS decisions:** The RCVS is committed to engagement and consultation with the public and profession over any proposed major changes. We also carry out regular horizon-scanning exercises to pick up future and potential issues and engage in communication training and strategic discussions with Officers and senior staff so that they can deal effectively with any crises.
- **COVID-19:** Following the declaration of COVID-19 as a worldwide pandemic by the World Health Organisation, we established a COVID-19 Taskforce on a temporary basis on 26 March 2020. This was to speed up decision-making in a very fast-moving environment in which the UK government was making almost daily announcements on restrictions to how we live and work. Its key function was to make decisions on temporary policy changes to how we regulate veterinary surgeons and veterinary nurses, and their education, in areas that were being impacted by the restrictions and social-distancing measures.

Public benefit

The objects of the College as set out in the Charter are 'to set, uphold and advance veterinary standards, and to promote, encourage and advance the study and practice of the art and science of veterinary surgery and medicine, in the interests of the health and welfare of animals and in the wider public interest'. The 2017-2019 Strategic Plan was developed with input from stakeholders and RCVS and VN Councils, key committees and College staff. Much of the evidence for our direction of travel came from the consultations we had with the professions as part of the Vet Futures and VN Futures projects. The College has regard to the Charity Commission guidance on public benefit and considers that the activities, achievements and new strategic plan further the College's purposes for the public benefit.

Remuneration policy

In 2017, all staff salaries, including key management personnel of the Senior Team, were benchmarked against external criteria by an independent consultant, using various external benchmarking surveys, looking at the postholder's job description and evaluating by 'Mid-market' and 'Market-leader' rates. In January, the Remuneration Subcommittee (comprising the Treasurer, President and two Vice-Presidents) agree any pay increases, effective from April of each year. Senior Team members are then asked to put forward recommendations that are considered by the CEO and HR Director.

The CEO's salary is externally benchmarked and any performance awards approved by the President and Senior Vice-President.

Responsibilities of RCVS Council statement

RCVS Council is responsible for preparing the Annual Report and Financial Statements in accordance with applicable law

and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The financial statements for each financial year have to give a true and fair view of the state of affairs of the College and of the incoming resources and application of resources of the College for that period. In preparing these financial statements, RCVS Council is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and,
- prepare the financial statements on the 'going concern' basis unless it is inappropriate to presume that the College will continue in business.

RCVS Council is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the College and enable them to ensure that the financial statements comply with the provisions of the constitutional documents and bye-laws. It is also responsible for safeguarding the assets of the College including taking reasonable steps for the prevention and detection of fraud and other irregularities.

RCVS Council is responsible for the maintenance and integrity of the College and financial information included on the College's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Investment powers and performance

The College has powers to invest monies in investments, securities or property. Limited powers of investment management have been given to the College's stockbroker Investec, who reports to the Finance & Resources Committee and also meets with the Treasurer. The investment objective is to achieve a balance between capital and income growth in a diversified portfolio of equities, bonds, cash and commercial property. UK equity exposure is mainly through direct companies but trusts are also used for exposure to UK smaller companies, overseas equities and property.

Performance in 2019 was measured against an agreed customised benchmark of holdings of 23% fixed interest, 40% UK equities, 25% overseas equities, 5% property, 5% infrastructure and 2% cash. The result for the year was a total return of 19.39%, compared to a benchmark return of 16.21%. ■

Approved by RCVS Council on 4 June 2020



Christopher Sturgess, Treasurer

Independent auditor's report to the members of the Royal College of Veterinary Surgeons

Opinion

We have audited the financial statements of the Royal College of Veterinary Surgeons for the year ended 31 December 2019, which comprise the Statement of Financial Activities, the Balance Sheet, Cashflow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 December 2019 and of its surplus for the year then ended; and,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council has not disclosed in the financial statements any identified material uncertainties that may cast

significant doubt about the College'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.

Other information

The Council is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Responsibilities of the Council

As explained more fully in the Council members' responsibilities statement set out on page 23, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council determines 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 responsibilities of RCVS Council for assessing the College'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 College either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of the College, in accordance with the bye-laws of the College as a body, in accordance with our agreed terms of engagement. Our audit work has been undertaken so that we might state to the College's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's members as a body, for our audit work, for this report, or for the opinions we have formed. ■

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London

Date: 8th June 2020



Royal College
of Veterinary
Surgeons
**Financial
Statements 2019**

Statement of Financial Activities for the year ended 31 December 2019

	Notes	2019			2018		
		General fund	Unrestricted Designated funds	Total funds	General fund	Unrestricted Designated funds	Total funds
Income							
Income from activities							
Veterinary surgeons	2	9,723,801		9,723,801	8,977,328		8,977,328
Veterinary nurses	3	1,778,375		1,778,375	1,627,462		1,627,462
RCVS examinations		172,701		172,701	143,555		143,555
Register of Veterinary Practice Premises		212,895		212,895	211,901		211,901
Practice Standards Scheme			834,324	834,324		745,810	745,810
Investment income		422,966		422,966	365,599		365,599
Income from other trading activities							
Publications and other income		92,176		92,176	43,732		43,732
Disciplinary costs recovered		16,623		16,623	6,000		6,000
Total incoming resources		12,419,537	834,324	13,253,861	11,375,577	745,810	12,121,387
Expenditure relating to activities							
Regulatory functions		8,715,959	330,494	9,046,453	7,873,351	295,110	8,168,461
Veterinary nursing		963,829		963,829	988,406	7,382	995,788
RCVS examinations		163,976		163,976	187,695		187,695
Register of Veterinary Practice Premises		152,726		152,726	256,243		256,243
Practice Standards Scheme			1,008,601	1,008,601		798,656	798,656
Investment management costs		49,766		49,766	45,922		45,922
Support for RCVS Knowledge and other trusts	4	843,246		843,246	765,198		765,198
Total expenditure	6	10,889,502	1,339,095	12,228,597	10,116,815	1,101,148	11,217,963
Net operational income/ (expenditure)		1,530,035	(504,771)	1,025,264	1,258,762	(355,338)	903,424
Net gains/(losses) on investments		1,683,491		1,683,491	(890,940)		(890,940)
Net income/(losses)		3,213,526	(504,771)	2,708,755	367,822	(355,338)	12,484
Transfers between funds		(513,034)	513,034	-	(310,530)	310,530	-
Net movement in funds		2,700,492	8,263	2,708,755	57,292	(44,808)	12,484
Reconciliation of funds							
Total funds brought forward	14	17,856,970	805,277	18,662,247	17,799,678	850,085	18,649,763
Total funds carried forward	14	20,557,462	813,540	21,371,002	17,856,970	805,277	18,662,247

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those above. Movements in funds are disclosed in note 14 to the financial statements.

Balance sheet

31 December 2019

Fixed assets	Notes	2019 £		2018 £	
Tangible fixed assets	10		2,414,549		2,525,531
Investments	11		12,795,349		11,096,696
			15,209,898		13,622,227
Current assets					
Debtors	12	359,741		330,735	
Short-term deposits and cash at bank		10,168,092		8,691,279	
		10,527,833		9,022,014	
Liabilities					
Creditors: amounts falling due within one year	13	(4,366,729)		(3,981,994)	
Net current assets			6,161,104		5,040,020
Net assets			21,371,002		18,662,247
Funds	14				
Designated funds			813,540		805,277
Unrestricted – general fund			20,557,462		17,856,970
Total funds			21,371,002		18,662,247

The financial statements were approved by RCVS Council and authorised for issue on 4 June 2020.



N Connell, President



C Sturgess, Treasurer

Cashflow statement for the year ended 31 December 2019

	2019 £	2018 £
Net operational income	1,025,264	903,424
Depreciation of tangible assets	110,982	111,009
Investment income	(422,966)	(365,599)
(Increase) in debtors	(29,006)	(92,535)
Increase in creditors	384,735	251,069
Net cash inflow/outflow from operating activities	1,069,009	807,368
Returns on investments and servicing of finance		
Investment income received	422,966	365,599
Realised gains/(losses)	37,864	(40,658)
Net cash inflow on returns on investments and servicing of finance	460,830	324,941
Capital expenditure		
Net on purchase of investments	(53,027)	40,481
Net cash outflow for capital expenditure	(53,027)	40,481
Increase/(decrease) in cash in the period	1,476,812	1,172,790
Cash brought forward	8,691,280	7,518,490
Cash carried forward	10,168,092	8,691,280
Increase in cash	1,476,812	1,172,790

Notes to the financial statements for the year ended 31 December 2019

1. Accounting policies

a) Basis of preparation and assessment of going concern

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. In 2013, the College decided to adopt the Statement of Recommended Practice, Accounting and Reporting by Charities SORP (FRS 102), to provide a comparable framework with other organisations. The financial statements have been prepared in accordance with FRS 102 and the Statement of Recommended Practice: Accounting and Reporting by Charities in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011, except that the Statement of Financial Activities headings that have been adapted to give prominence to headings more appropriate to the College.

RCVS Council has assessed the ability of the College to continue as a going concern and has considered several factors when forming its conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements. This has included looking at the impact on the accounts for 2020, identifying issues affecting the budget and cashflow forecasts to 31 December 2021, a consideration of the key risks, including the impact of COVID-19, and the latest available valuation of the investment portfolio.

The COVID-19 pandemic has not had a significant impact on the College's finances. The principal source of income for the RCVS is membership fees from veterinary surgeons and nurses. This represents over 90% of the College's income. Whilst a wider range of options for payment of membership fees are now available, which may impact the cashflow profile, overall income levels are not expected to be significantly impacted. In the current environment, forecasts for other income and expenditure have been reviewed and whilst examinations are cancelled in the short term, together with events, this represents a much smaller element of overall income. A key area of uncertainty relates to the impact of the current market turmoil on the valuation of investments. However, this can be accommodated within the forecasts and sensitivities. In addition, the RCVS has an unencumbered property asset. Plans for investment in a new head office building have been temporarily paused.

After considering these factors, RCVS Council has concluded that the College has a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future and have continued to prepare the financial statements on a going concern basis.

b) Income

The fee year for veterinary surgeons, the Practice Standards Scheme and the Register of Veterinary Practice Premises runs from 1 April to 31 March. Fees are apportioned over the

calendar year, with fees received for the three months after the end of the calendar year included in deferred income in creditors. The veterinary nurses' fee year runs from 1 November to 31 October and ten months' income received in the calendar year is included in deferred income in creditors.

Registration fees are recognised when received, reflecting the timing of the service.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due, which is normally upon notification by our investment advisor.

Legacy income is accounted for on the date probate is obtained, when it can be measured reliability and receipt it probable.

c) Expenditure

All expenditure is accounted for on an accruals basis. A provision is recognised when we have a present obligation (legal or constructive) as a result of a past event: it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate. No provision is made for avoidable costs to be incurred in future periods where such costs arise as a result of a disciplinary matter in hand at the period end.

Direct expenditure, including staff costs, is allocated to the applicable expenditure headings. General management, overheads (support costs) and governance costs have been allocated on the basis of headcount.

Governance costs are the costs associated with the governance of the College and associated with the constitutional requirements. These costs will normally include internal and external audit, legal advice for Council and costs associated with constitutional and statutory requirements, for example, the cost of Council meetings and preparing statutory accounts.

Included within governance costs are any costs associated with the strategic, as opposed to day-to-day, management of the College's activities. These costs include the cost of employees involved in meetings with Council and the cost of any administrative support provided to Council members. For more information, see note 5.

d) Tangible fixed assets

Assets which cost in excess of £10,000 and with an expected useful life exceeding one year are capitalised, except for computer equipment and related consultancy costs which are written off in the year of purchase.

Freehold and leasehold buildings	2% of cost
Fixtures and fittings	10-25% of cost

e) Investments

Investments are included on the balance sheet at fair value at the end of the financial period. Net gains and losses are shown in the Statement of Financial Activities in the year in which they arise and are based on brought forward values. The cash in the portfolio forms part of the long-term investments and arose due to the timing effect of managing the portfolio. Therefore it has not been classified as part of the cash balances for the cash flow statement.

f) Taxation

Income tax deducted at source from investment income is included in the income figures.

The College is a mutual organisation and is therefore taxed only on outside sources of income. Historically, this has been investment income.

Current tax for the College, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. The College is able to offset tax liabilities against gift aid payments to RCVS Knowledge and other trusts.

Deferred tax is provided in respect of all timing differences that have originated but not reversed at the balance sheet date where the transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date and those obligations are expected to crystallise. Timing differences are differences between the College's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. vDeferred tax is measured using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

g) Pension contributions

Contributions in respect of defined contribution schemes are charged to the statement of financial activities in the year payable.

h) Financial instruments

Financial assets and financial liabilities are recognised when the College becomes a party to the contractual provision of the instruments. All financial assets and liabilities are initially recognised at their settlement value.

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid. Short term investments (cash equivalents) are cash on deposit, not part of the long-term resources and considered a liquid asset as they have a maturity date of three months or less.

Cash at bank includes cash and short-term highly liquid investments with a short maturity date of three months or less from the date of acquisition.

Creditors and provisions are recognised where there is a present obligation resulting from a past event that will probably

result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

i) Critical accounting judgements and key sources of estimated uncertainty

In the application of the College's accounting policies, described above, the Council is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

RCVS Council does not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure.

j) Public benefit statement

As a regulator, the RCVS sets, upholds and advances veterinary standards. As a Royal College, it promotes, encourages and advances the study and practice of the art and science of veterinary surgery and medicine. The RCVS does all these things in the interests of animal health and welfare, and in the wider public interest. In so doing, the RCVS considers itself to be a public benefit entity.

k) Going concern

Council members have reviewed the reserves and cash flow forecasts for 18 months after the date of signing and consider the College to be a going concern. RCVS council are mindful of the current climate and have considered the key risks that could negatively impact on the going concern of the RCVS and have decided temporarily to pause the investment in a new head office building.

l) Fund accounting

RCVS holds unrestricted and designated funds. Funds may be designated by Council for specific purposes as described in note 14.

m) Heritage assets

No heritage assets have been purchased or disposed of during the last five years. The RCVS occasionally receives donated heritage assets, including in this accounting period, but none of the donated items received over the last five years are deemed to have an individual value greater than £1,000. No impairment in the value of the College's heritage assets has been recognised in either the current or previous four reporting periods.

No value has been attributed to the heritage assets of the RCVS in the balance sheet on the grounds that there is no reliable method of establishing historic cost information for these artefacts and that the costs of valuation would be disproportionate to the benefit of the resultant information.

2. Income from veterinary surgeons (including Specialists and Advanced Practitioners)

	2019 £	2018 £
Annual retention fees	9,065,610	8,331,436
Registration fees	455,242	469,954
Restoration fees	30,858	31,598
Fellowship annual fee	10,292	7,599
Specialist applications and fees	55,488	56,067
Advanced Practitioner applications and fees	106,311	80,674
Total	9,723,801	8,977,328

3. Income from veterinary nurses

	2019 £	2018 £
Student enrolment	383,290	396,257
Examinations	33,338	39,184
Annual retention fees	1,122,629	981,341
Registration fees	184,411	166,532
Restoration fees	19,474	14,448
Other	35,233	29,700
Total	1,778,375	1,627,462

4. Support for RCVS Knowledge and other trusts*

	2019 £	2018 £
Payments to RCVS Knowledge	440,319	440,319
Reallocation of support costs to RCVS Knowledge	282,427	241,129
	722,746	681,448
Payments to other trusts	120,500	83,750
Total	843,246	765,198

*see note 15 Related parties

5. Governance costs and Council and committee members' expenses

	2019 £	2018 £
Council and committee members' expenses	612,826	556,412
Audit	27,600	26,685
Staff costs	232,349	325,999
Total	872,775	909,096

Council and committee members' expenses relate to costs incurred attending meetings, excluding the costs of attending Preliminary Investigation, Disciplinary and Advisory/Standards Committees (these are included in regulatory costs). Payments are made for travel and subsistence and a financial loss payment to employers or practices. The total number paid was 49 (2018 – 49). The RCVS takes out indemnity insurance. The cover is taken out on behalf of all employees and all those who act on behalf of the College. As such the costs cannot reasonably be broken down between the different categories covered.

The allocation of governance costs to activities is shown in note 6.

6. Total resources expenditure 2019

	Direct costs £	Staff costs £	Reallocation support and governance costs £	2019 Total £
Regulatory functions	4,045,397	3,057,083	1,943,973	9,046,453
Veterinary nursing	229,149	497,522	237,158	963,829
RCVS examination costs	87,789	40,254	35,933	163,976
Register of Veterinary Practice Premises	56	80,804	71,866	152,726
Practice Standards Scheme	185,532	582,318	240,751	1,008,601
Investment management costs	49,766	-	-	49,766
Support for RCVS Knowledge and other trusts	560,819	-	282,427	843,246
	5,158,508	4,257,981	2,812,108	12,228,597
Governance costs	640,426	232,349	(872,775)	-
Support costs	986,909	952,424	(1,939,333)	-
Total expenditure	6,785,843	5,442,754	-	12,228,597

The methods and principles for allocation and apportionment of costs are included in the accounting policies on pages 30 and 31.

Total resources expenditure 2018	Direct costs £	Staff costs £	Reallocation support and governance costs £	2018 Total £
Regulatory functions	3,738,554	2,713,238	1,716,669	8,168,461
Veterinary nursing	292,408	389,737	313,643	995,788
RCVS examination costs	95,880	56,966	34,849	187,695
Register of Veterinary Practice Premises	-	151,696	104,547	256,243
Practice Standards Scheme	163,870	390,842	243,944	798,656
Investment management costs	45,922	-	-	45,922
Support for RCVS Knowledge and other trusts	524,069	-	241,129	765,198
	4,860,703	3,702,479	2,654,781	11,217,963
Governance costs	583,097	325,999	(909,096)	-
Support costs	1,006,801	738,884	(1,745,684)	-
Total expenditure	6,450,601	4,767,362	-	11,217,963

7. Net incoming resources for the year

This is stated after charging:		
	2019	2018
	£	£
Depreciation	110,982	111,009
Auditor's remuneration:		
Audit	27,600	26,685
Other services (taxation, risk systems)	8,177	681

8. Staff costs and numbers

Staff costs were as follows:		
	2019	2018
	£	£
Salaries and wages	4,600,510	4,053,526
Social security costs	452,330	390,265
Pension contributions	389,914	323,571
Total	5,442,754	4,767,362

The average weekly number of employees (full-time equivalent) during the year was as follows:

	2019	2019	2018	2018
	No. full-time	Headcount	No. full-time	Headcount
	equivalents		equivalents	
Regulatory functions	54	64	49	56
Governance	3	3	3	3
Veterinary nursing	7	8	9	9
RCVS examination costs	1	1	1	1
Practice Standards Scheme	7	27	7	27
Register of Veterinary Practice Premises	2	2	3	3
Support	13	14	11	13
Total	87	119	83	112

Staff earning over £60K only (including employee benefits, excluding pension)	2019	2018
£60,001 – £70,000	5	3
£70,001 – £80,000	3	3
£80,001 – £90,000	1	1
£90,001 – £100,000	3	2
£110,001 – £120,000	1	1
£120,001 – £130,000	1	-
£130,001 – £140,000	1	1

The RCVS considers its key management personnel to be the Senior Team named on page 4. The total employment benefits, including employer national insurance and employer pension contributions, of the key management personnel were £1,043,025 (2018 – £913,526). Details of the remuneration policy are on page 23.

9. Taxation

No tax charge is expected to arise relating to 2019 (2018:nil) as any tax liability has been offset against Gift Aid payments to RCVS Knowledge and other trusts. There is an unrecognised deferred tax liability relating to unrealised gains and losses on investments of £275,000. The College does not expect this to become payable in the foreseeable future.

10. Tangible fixed assets

Cost	Property £	Fixtures and fittings £	Total £
At the start and end of the year	3,055,027	1,247,525	4,302,552
Depreciation			
At the start of the year	592,121	1,184,900	1,777,021
Charge for the year	61,100	49,882	110,982
At the end of the year	653,221	1,234,782	1,888,003
Net book value			
At the end of the year	2,401,806	12,743	2,414,549
At the start of the year	2,462,906	62,625	2,525,531

11. Investments

	2019 £	2018 £
Fair value at the start of the year	10,879,182	11,638,287
Additions at historic cost	1,798,557	1,628,688
Disposals at opening market value	(1,640,853)	(1,537,512)
Unrealised gain/(loss)	1,645,626	(850,281)
	12,682,512	10,879,182
Cash balance	112,837	217,514
Fair value at the end of the year	12,795,349	11,096,696
Historic cost at the end of the year	8,256,821	8,119,799

There has been a lot of turbulence in world stock markets since the start of 2020. This was mainly due to concerns about the current and potential impact on the global economy of the coronavirus outbreak. The College's portfolio was valued at £11.6 million in May 2020, down from £12.79 million on 31 December 2019.

The portfolio consists of the following:	Fair value 2019 £	Per cent of 2019 portfolio	Fair value 2018 £	Per cent of 2018 portfolio
UK equities	5,500,163	43.37%	5,142,831	47.27%
Overseas equities	3,908,926	30.82%	3,149,049	28.95%
UK fixed income	1,924,626	15.18%	1,325,164	12.18%
Overseas fixed income	357,338	2.82%	358,697	3.30%
Property	237,352	1.86%	491,152	4.51%
Alternative assets	754,106	5.95%	412,289	3.79%
Total (excluding cash)	12,682,511	100.00%	10,879,182	100%

12. Debtors: amounts falling due within one year

	2019 £	2018 £
RCVS Knowledge	28,648	6,748
Prepayments and other debtors	331,093	323,987
	359,741	330,735

13. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	379,137	270,080
Other creditors	206,254	201,284
Accruals	222,670	256,228
Deferred income	3,558,668	3,254,402
	4,366,729	3,981,994

Deferred income	2019 £	2018 £
Brought forward	3,254,402	2,922,210
Released in the year	(3,254,402)	(2,922,210)
Deferred in the year	3,558,668	3,254,402
	3,558,668	3,254,402

14. Movements in funds

Movements in funds during the year						
	Balance as at 01.1.19 £	Incoming resources £	Outgoing resources £	Gains in investments £	Transfer £	Balance as at 31.12.19 £
Unrestricted funds						
Designated funds						
Discretionary Fund	373,332		(158,090)		184,736	399,978
2016 + 2017 Project Fund	431,945		(172,404)		150,000	409,541
Practice Standards Scheme		834,324	(1,008,601)		178,298	4,021
Total designated funds	805,277	834,324	(1,339,095)		513,034	813,540
General funds	17,856,970	12,419,537	(10,889,502)	1,683,491	(513,034)	20,557,462
Total unrestricted funds	18,662,247	13,253,861	(12,228,597)	1,683,491	-	21,371,002

Movements in funds during the year						
	Balance as at 01.1.18 £	Incoming resources £	Outgoing resources £	(Losses) in investments £	Transfer £	Balance as at 31.12.18 £
Unrestricted funds						
Designated funds						
Discretionary Fund	357,350		(134,702)		150,684	373,332
2016 + 2017 Project Fund	492,735		(167,790)		107,000	431,945
Practice Standards Scheme		745,810	(798,656)		52,846	-
Total designated funds	850,085	745,810	(1,101,148)		310,530	805,277
General funds	17,799,678	11,375,577	(10,116,815)	(890,940)	(310,530)	17,856,970
Total unrestricted funds	18,649,763	12,121,387	(11,217,963)	(890,940)	-	18,662,247

Designated funds are backed by cash reserves.

General Funds

The College holds reserves to ensure its continuity, to enable its ability to discharge its statutory obligations, to cover liabilities that cannot be covered by insurance, to bridge cash flow problems and to fund long-term projects which cannot be quantified, such as introducing new legislation.

Discretionary Fund

The Discretionary Fund provides for one-off projects and new initiatives not provided for in the annual budget.

2016 + 2017 Project Fund

This fund is one balance of specific projects provided for in the annual budget but where expenditure has not been incurred by the year end. A further amount was approved by RCVS Council in 2018 and shown as a transfer in.

15. Related parties

RCVS Charitable Trust ("RCVS Knowledge"), is an independent charity, registered in the UK (charity number:230886) that has a close relationship with the College, which is its major funder and provides a range of services, including the use of the College premises. Total donations of £440,319 (2018: £440,319) were made to RCVS Knowledge in the period. Support costs of £282,427 were gifted to RCVS Knowledge in the period. £28,648 (2018: £6,748) remains outstanding from RCVS Knowledge at the year end. All transactions were made at arm's length. There were no other related party transactions in the year.

Four of the ten RCVS Knowledge Trustees are RCVS Council members (see page 13). One member of RCVS Council is a trustee of the Veterinary Benevolent Fund, to which RCVS made a donation in 2019.





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