

Royal College of  
Veterinary Surgeons  
**Annual Report  
& Financial  
Statements 2016**



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# Reference and administrative details: Officers and professional advisers

## Council members

### Elected members

Christopher Barker MRCVS	
David J Bartram FRCVS	
Amanda Boag MRCVS	(Treasurer)
David Catlow MRCVS	
Niall Connell MRCVS	
Jerry Davies MRCVS	
Melissa Donald MRCVS	(From 15.07.16)
Joanna Dyer MRCVS	
Lucie Goodwin MRCVS	(From 15.07.16)
Chris Gray MRCVS	
Mandisa Greene MRCVS	
Tim Greet FRCVS	
Lynne Hill MRCVS	
Peter Jinman MRCVS	
Barry Johnson MRCVS	(To 15.07.16)
Stephen May FRCVS	
Jacqui Molyneux MRCVS	
Susan Paterson MRCVS	
Kate Richards MRCVS	
Peter Robinson MRCVS	
Neil Smith FRCVS	
Richard Stephenson MRCVS	(To 15.07.16)
Christopher Sturgess FRCVS	
Chris Tufnell MRCVS	(Vice-President to 15.07.16; President from 15.07.16)
Bradley Viner MRCVS	(President to 15.07.16; Vice-President from 15.07.16.)
Thomas Witte MRCVS	

### Privy Council-appointed members

Richard Davis  
Nigel Gibbens MRCVS  
Rachel Jennings

### University-appointed members

Elaine Acaster	
David Argyle MRCVS	
Karen Braithwaite	
Ewan Cameron MRCVS	
Susan Dawson MRCVS	
Gary England FRCVS	
Richard Hammond MRCVS	(From 15.07.16)
Michael Herrtage MRCVS	
Douglas Hutchison MRCVS	
Andrea Jeffery RVN	
Timothy King MRCVS	
Joanna Price MRCVS	(To 15.07.16)
Stuart Reid MRCVS	(Vice-President to 15.07.16)
Kieron Salmon MRCVS	
James Wood MRCVS	

## Senior Team

### (key management personnel)

Nick Stace	Chief Executive and Secretary
Gordon Hockey	Registrar and Director of Legal Services (To 11.03.16)
Julie Dugmore	Veterinary Nursing Director
Lesley Evans	Human Resources Director (To 31.12.16)
Eleanor Ferguson	Registrar and Director of Legal Services (From 30.9.16)
Kim Cleland	Human Resources Director (From 3.4.17)
Lizzie Lockett	Deputy CEO (from 30.9.16) and Communications Director
Corrie McCann	Assistant Registrar (from 30.9.16) and Operations Director
Anthony Roberts	Leadership and Innovation Director (From 30.09.16)
Christine Warman	Education Director

## Audit and Risk Committee

Elizabeth Butler  
Richard Davies  
David Hughes  
Judith Rutherford  
Neil Smith

## Head office

Belgravia House  
62-64 Horseferry Road  
London  
SW1P 2AF

## Bankers

Lloyds Bank plc  
25 Gresham Street  
London  
EC2V 7HN

## Solicitors

Penningtons Manches LLP  
Abacus House  
33 Gutter Lane  
London  
EC2V 8AR

## Auditor

Deloitte LLP  
Registered Auditor  
2 New Street Square  
London  
EC4A 3BZ



# An ambitious, and challenging, future: a message from the President and CEO

For good or ill, it is fair to say that 2016 will be marked as one of the most interesting years of the past few decades so far as both domestic and international politics are concerned.

While we at the College can't claim any quite so earth-shaking events occurred in the veterinary field in this year, it certainly was a year of new beginnings as we came to the end of our 2014-16 Strategic Plan. As proof that our Strategic Plan is not just about talking, but about doing, we are very glad to report that we achieved 34 of the 35 objectives that we had set for completion over these three years. The outlier was auditing our current disciplinary rules and sanctions, which has been delayed to coincide with a larger review.

Many of these objectives came into final fruition in 2016 following years of careful research, stakeholder engagement and preparation. These are detailed in full on pages 10 to 17) of this report, but to pick out a few highlights: we started a Brexit Taskforce to look into how we can maximise the opportunities and minimise the risks from our exit from the EU; we relaunched the RCVS Fellowship with three new routes to entry in order to encourage more veterinary surgeons to attain FRCVS status; we launched our Ethics Review Panel trial to encourage more practice-based research; and we continued to maintain high levels of staff engagement.

One of the other key priorities of this year was to continue to build on our joint Vet Futures project with the British Veterinary Association. The project's initial research report was published at the end of 2015, so much of the first half of the year was looking at how we could turn its broad recommendations into specific actions. To do this we assembled an action group of prominent people in the veterinary sphere who, in a remarkably short space of time, put together a *Vet Futures Action Plan* which was launched at the very first Vet Futures Summit in July.

Parallel to this at the beginning of the year we also launched the VN Futures project with the British Veterinary Nursing Association (BVNA) to look at the specific issues affecting the veterinary nursing profession. With a great deal of hard work and dedication our Veterinary Nursing and Communications Departments carried out about a year's worth of research in a matter of months and published the excellent *VN Futures Report* also at the Vet Futures Summit in July.

Both of these documents can be downloaded on the dedicated Vet Futures website: [www.vetfutures.org](http://www.vetfutures.org)

As well as completing those final stages of the 2015-16 Strategic Plan, much of the year was spent consulting with RCVS Council and VN Council members, stakeholders and staff to develop the 2017-19 Strategic Plan. This has now been

published (it is available to download at [www.rcvs.org.uk/strategy](http://www.rcvs.org.uk/strategy)) and we feel that the priorities we have set ourselves are even more ambitious, challenging and stretching than those within its previous iteration.

If the 2014-16 plan was about getting the basics right, building on strong foundations and defining our unique identity as a Royal College that regulates, this one is about expanding beyond our core functions and leading the way in terms of innovation, culture change and leadership. That is why we are tackling tricky issues such as blame culture in the profession, encouraging and showcasing new technologies and business models, and developing a strategy to both mitigate the risks and maximise the opportunities afforded by the UK's exit from the European Union including collaborating with countries across the globe. Inevitably, there is a lot of crossover with the ambitions set out in the *Vet Futures Action Plan* and *VN Futures Report* and these have been carefully integrated into the overall plan.

But it is not all lofty things that we will be doing over the coming three years – constantly improving our core services is also high on the agenda. So, for example, we will be reviewing our current Service Charter and associated Service Standards, reviewing our concerns-handling and disciplinary processes and improving the information and advice that we offer to animal owners to ensure that they get the best from their interactions with the professions.

As always, we would like to say a big thank you to the staff at Belgravia House who keep all the various plates spinning in the present while we look to the future, to the Council and VN Council members whose knowledge, experience and wisdom inform all we do and to you members of the professions who keep us on our toes by telling us how and where we can improve and when we get things both right and wrong. ●



  
**Chris Tufnell**  
President



  
**Nick Stace**  
CEO

# Report to RCVS members

**The Council presents its report and the audited financial statements of the RCVS for the year ended 31 December 2016. Reference and administrative information set out on page 4 forms part of this report.**

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 2005), to provide a comparable framework with other organisations. The 2015 and 2016 financial statements have been prepared in accordance with 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.

## 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 has been 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 the 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 preparation for the new Charter coming into operation the RCVS Council in November 2014 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. There are currently 41 members on RCVS Council: 24 elected members (all veterinary surgeons), two members appointed by each university with a veterinary school (Bristol, Cambridge, Edinburgh, Glasgow, Liverpool, London and Nottingham) only one of which must be an MRCVS (currently eleven MsRCVS, one RVN and two lay members) and four are appointed by the Privy Council (currently one MRCVS and two lay members, with a vacancy not yet filled due to the ongoing Governance review).

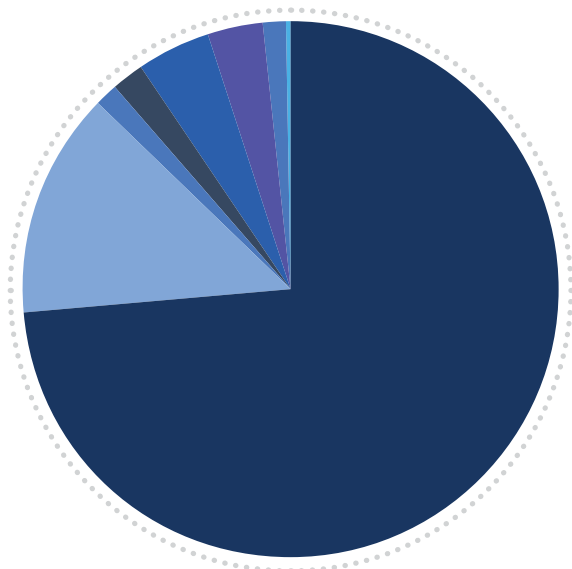
## Election and induction of Council Members

Every year, the terms of office for six elected members of Council end/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. 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 the Electoral Reform Services for collating and secure storage for six months, after which time they are destroyed. In recent years, the number of returned papers has averaged at 17.8%. Online voting is available to members.

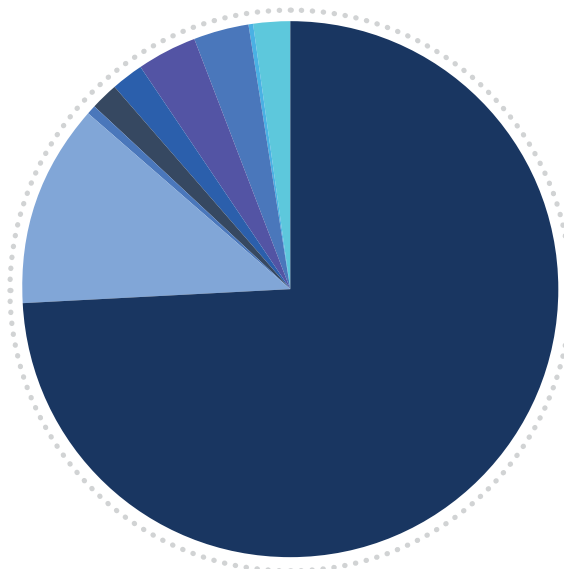
A Council member's period of office is usually four years. Newly-appointed members receive an induction with the Executive Office and Senior Team members. Council

## Income 2016



● Veterinary surgeons	£7,407,338
● Veterinary nurses	£1,342,530
● RCVS examination fees	£154,374
● Register of Veterinary Practice Premises	£178,365
● Practice Standards	£448,459
● Investment	£342,508
● Publications and other income	£146,042
● Disciplinary costs recovered	£9,776

## Income 2015



● Veterinary surgeons	£7,048,476
● Veterinary nurses	£1,177,517
● RCVS Awarding Body	£29,060
● RCVS examination fees	£165,790
● Register of Veterinary Practice Premises	£192,410
● Practice Standards	£347,837
● Investment	£312,877
● Publications and other income	£16,113
● Grant/Legacy	£203,734

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 are:

- the Audit and Risk Committee
- the Education Committee
- the Standards Committee (formerly known as Advisory Committee)
- the Veterinary Nurses Council
- PIC/DC Liaison Committee

The Audit and Risk Committee supports the Council by reviewing the comprehensiveness and reliability of assurances and internal controls in meeting the Council's oversight responsibilities.

The Veterinary Nurses Council has overall responsibility for all matters concerning veterinary nurse training, post-qualification awards and the registration of qualified veterinary nurses.

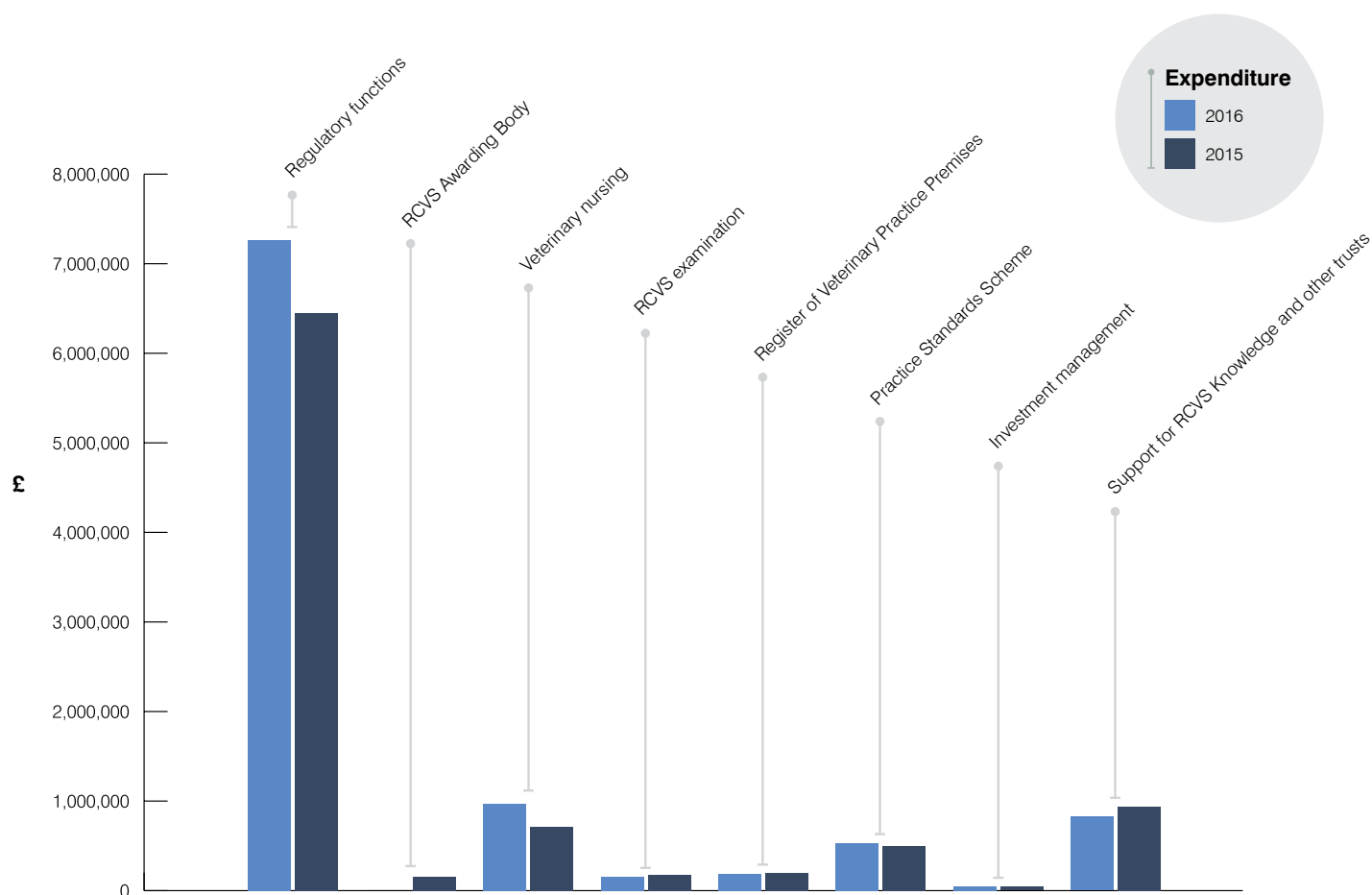
### Operational Board

The Operational Board oversees the management of all College business, governance and resources. The Operational Board reports to RCVS Council.

### 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 & Secretary. The Senior Team comprises the following post-holders:

- Chief Executive and Secretary
- Registrar and Director of Legal Services
- Deputy CEO/Communications Director



- Operations Director/Assistant Registrar
- Education Director
- Veterinary Nursing Director
- Human Resources Director
- Leadership and Innovation Director

#### 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 Council and Operational Board in making strategic decisions; and,
- hiring staff (other than members of the Senior Team).

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

#### Financial review

##### The main activities of the College are to:

- maintain the Register of Veterinary Surgeons;
- supervise the undergraduate education of veterinary students in the UK and advise on the recognition of UK veterinary degrees;
- recognise certain veterinary qualifications awarded

- outside the EU;
- supervise the professional conduct of veterinary surgeons; and,
- keep a Register of Veterinary Nurses (the Veterinary Nurses Council is required to set standards for their education, training and conduct).

The main sources of income are the annual retention fees from veterinary surgeons and veterinary nurses.

The College's results for the year are shown in the Statement of Financial Activities (SOFA). Total incoming resources for 2016 were £10.03m (in 2015, £9.49m).

Expenditure for 2016 was £9.98m (in 2015, £9.18m). The increase in costs is largely due to expenditure on the Estate Strategy, the Mind Matters Initiative and the Professional Conduct IT system

Council approved a Strategic Development Budget (SDB) to provide for one-off projects and new initiatives, subject to a detailed approval procedure. The 2016 SDB was £300,000, all of which was approved for expenditure and the unspent balance of £134,230 has been transferred to a designated fund (see note 14). ●



## 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, including use of College premises.

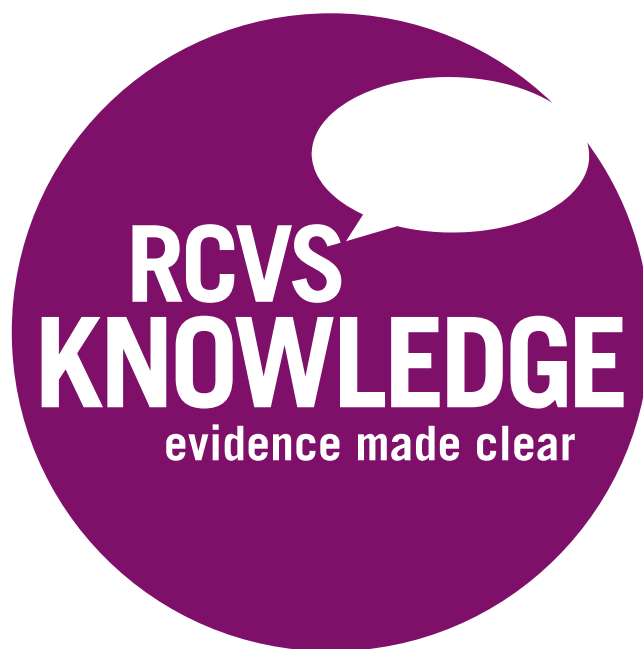
A Memorandum of Understanding is in place between the RCVS and RCVS Knowledge. The purpose of this Memorandum is to record an agreement between the College and RCVS Knowledge about the resources and services made available by one organisation to the other and the necessary arrangements for managing these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

The relationship continues to be kept under review and the contents of the Memorandum are reviewed periodically, last in 2015. Joint meetings are held between the RCVS and RCVS Knowledge to consider items of mutual interest.

RCVS Knowledge undertakes a range of activities, including the provision of a specialist library service to the veterinary community, management of historic veterinary archives, and its major project to take a lead on evidence-based veterinary medicine. These are underpinned by a well-managed grants and awards programme.

In 2016 the College calculated the cost of the support provided to RCVS Knowledge through its cost allocation process. As a result contributions (support costs) in kind of £246,639 (in 2015, £241,884) have been included in the amount given to RCVS Knowledge in 2016. The support costs were allocated on the basis of the number of staff in Knowledge. College gave RCVS Knowledge £722,373 (in 2015, £842,044), including contributions in kind.

RCVS Knowledge has ten Trustees, of which four are RCVS Council members and six are external trustees. Following the resignation of the Executive Director of Knowledge, the RCVS Director of Operations acted as interim Director until Chris Gush was appointed as the new Director on the 6 September 2016. Transactions with RCVS Knowledge are shown in notes 4 and 12 in the financial statements. ●



## Finishing what we started: achievements and performance 2016



In this third and final year of our 2014-16 Strategic Plan we successfully executed the plan's outstanding objectives and formulated our strategy and objectives for the next three years.

While this was happening we saw our Mind Matters mental health initiative go from strength-to-strength and have a real discernible impact on the conversation around mental health and wellbeing in the profession, as well as make very significant strides with the Vet Futures and VN Futures projects.

The Strategic Plan, as agreed by RCVS Council in November 2013, set out our purpose to “set, uphold and advance veterinary standards” with 35 actions under five key themes:

1. **Identity**
2. **Service**
3. **Advancing standards**
4. **Improving core functions**
5. **Strengthening the foundations**

As the year came to a close, 34 of the 35 recommendations had been met. The one Strategic Plan action that had not been met concerned a review of our disciplinary rules and sanctions – this will now be considered as part of the 2017 to 2019 plan.

Since the vote to leave the European Union on 23 June 2016, Brexit and its potential implications on areas such as education, registration and our guidance has also been at the forefront of our thinking and feeds into many of the areas discussed in greater detail below.

#### **The key work of the year is summarised below:**

##### **Identity**

For some time it has been clear that the governance structure of the College – a 42-person Council meeting three times a year – is in need of modernising to make it more efficient, accountable and flexible in terms of its decision-making processes.

Reforming this structure was a key aim of the Strategic Plan and so it was a great achievement when RCVS Council, at its March 2016 meeting, agreed proposals for a legislative reform order (LRO) that would bring about wholesale changes to Council and which would see its numbers almost halved and formalise lay and veterinary nurse membership of Council.

Under the LRO, Council would be reduced to 24 members comprising: 13 elected veterinary surgeons; six appointed lay people; three members appointed on behalf of the UK veterinary schools; and two veterinary nurses.

The approval of the LRO was the culmination of two years of debate within Council as well as consultation with the profession and other stakeholders. This included a formal consultation by the Department for Environment, Food and Rural Affairs, which garnered 52 responses, most of which were supportive of the direction of travel.

As the year came to a close, the proposals had been approved by the Cabinet Committee making it official government policy and it is expected that they will be debated in the House of Commons and House of Lords by the end of 2017, subject to the outcome of the June General Election.

Following on from 2015's Royal Charter, which formally recognised veterinary nurses as a regulated profession

#### **Case study: Myra Forster-van Hijfte FRCVS**

**The launch of a new Fellowship initiative, including three new routes to entry, at a special Fellowship Event at the Royal Institute in October 2016, was one of the College's key achievements of the year. Here we talk to one of the new Fellows, Myra Forster-van Hijfte, about the new initiative.**



##### **What made you want to apply to become an RCVS Fellow this year?**

The idea of the creation of a professional 'learned group', which could be of use to the veterinary profession, appealed to me. I also felt that at a personal level the Fellowship, based on the Meritorious Contribution to Clinical Practice, was a recognition of my contribution to clinical work in small animal medicine over my professional life as a veterinary surgeon and veterinary Specialist.

##### **What do you think of the new initiative and the new routes to entry?**

This initiative with the three new routes to entry (Meritorious Contribution to Clinical Practice, Knowledge or the Profession) will allow the RCVS Fellowship to grow in numbers and create a larger body with a very wide breadth of expertise in different subjects. This will make it more useful as there are more people to help and advise veterinary surgeons, using the Fellow's particular experience and expertise.

##### **Why did you choose this particular route to entry to the Fellowship?**

I chose 'Meritorious Contribution to Clinical Practice' as this was most in keeping with the route I had taken during my professional career. I am a clinician at heart!

##### **How did you find the Fellowship Day?**

I thoroughly enjoyed the Fellowship Day in October. The Royal Institute is a very special venue in itself. The thought that Michael Faraday himself lectured in that hall was inspiring and made it a very fitting venue for a scientific body.

##### **How would you like to see the new Fellowship develop?**

I realise it is very much a work in progress at the moment, and personally I would like the Fellowship to develop as a 'learned society', where veterinary surgeons can go and tap into the knowledge and experience of the Fellows. I also hope that the Fellowship encourages cross-discipline, cross-species discussions. There is also a potential mentoring role, for instance for advice on career development or research projects.

##### **What would you say to encourage other veterinary surgeons to apply for RCVS Fellowship?**

The future of the Fellowship depends on good quality candidates applying to grow numbers and also cover experience in all disciplines. So, if any veterinary surgeon has the experience and expertise and feels that they can contribute to the profession by becoming a member they should not hesitate to do so. It also makes for a nice day out and it is at a personal level nice to be recognised by your peers.

**Find out more about the RCVS Fellowship at [www.rcvs.org.uk/fellowship](http://www.rcvs.org.uk/fellowship)**





and associates of the College, and our campaign to secure protected title status for nurses, this year we concentrated on how we could bolster the role of veterinary nurses through legislative changes. To this end we set up the Schedule 3 Working Party which, in conjunction with the VN Futures project (more on that later), asked veterinary nurses and veterinary surgeons what they thought of the current rules under Schedule

3 of the Veterinary Surgeons Act and how it could be changed to better reflect the ambitions and skillsets of veterinary nurses.

Related to this we also set up an Exemption Orders and Associates Working Party in April 2016 to develop a strategy for regulating allied professionals, either via Associate status with the College or updated Exemption Orders. As the year came to a close the Working Party was near the end of its review and had consulted with stakeholders representing veterinary surgeons that work in the different species areas (for example, small animal, equine, poultry, production animal) and from the specialist divisions of the British Veterinary Association (BVA) to gain a greater understanding of allied professionals that could be welcomed to the fold.

### Service

Trying to develop an alternative dispute resolution (ADR) mechanism was a key plank of our 2014-16 strategy as a way of trying to resolve those complaints made about a veterinary surgeon or veterinary nurse that are not classed as serious professional misconduct but may fall short of expected standards. In 2014 we launched our first trial, which was run by Ombudsman Services.

This year we launched the second iteration of an ADR scheme trial with Nockolds Solicitors – a law firm with great experience in mediation and conflict resolution. The trial, known as the Veterinary Client Mediation Service (or VCMS), was approved at the June 2016 meeting of RCVS Council and launched in October 2016.

The VCMS has a much greater focus on mediation – for example, sitting the parties down and trying to arrive at some form of resolution rather than making judgements on the merits and de-merits of a particular complaint. Unlike the previous trial, the two parties are also able to go straight to the VCMS for mediation without having to have gone through our formal concerns-investigation process first. This means that it has already proven a popular route for complaints resolution and, by the end of 2016, had close to 100 ongoing inquiries.

The trial is due to finish in the summer of 2017, with the results being reported to Council in September 2017.

This year we also launched a three-month trial of a confidential reporting telephone line and email system to allow members

of the profession to have informal and confidential discussions with members of our Professional Conduct Department on potential fitness to practise issues without formally raising a concern. Although the service was used by relatively few people, at its November meeting Council decided to extend the trial on the basis that it was a useful service for the College to provide and there were no significant extra monetary or staff costs associated with running it.

### Advancing standards

Back in 2010, Sir Kenneth Calman, former Chief Medical Officer for England, was appointed to head up a Working Party for the College to look at veterinary specialist qualifications and, as part of this, was asked to look at the place of RCVS Fellowships within the framework of qualifications and whether there was a need for alternative routes to entry for prospective RCVS Fellows.

His conclusion, made in 2012, was that "Further work should be undertaken by the RCVS to develop additional routes to the Fellowship to make it an award that more practising clinicians can achieve," and this then was integrated into our Strategic Plan. We conducted a consultation with the whole profession in 2014, which found that veterinary surgeons were broadly behind opening up the Fellowship, and applications for the Fellowship under the three new routes to entry (meritorious contributions to knowledge, clinical practice and the profession) were opened in April 2016.

We are glad to report that, four years after his conclusion, we formally launched the new Fellowship at a special 'Fellowship Day' at the Royal Institution in October 2016. At that same event we welcomed 44 new RCVS Fellows, all of whom had come through the new routes to entry. The Fellowship Day is now set to become an annual event as an opportunity to bring together some of the finest minds and talents in the veterinary world and applications are still proving popular.

This year saw our newly revamped Practice Standards Scheme (launched at the London Vet Show in November 2015) go from strength-to-strength. In 2016, there was a year-on-year increase of 34% in new applications to join the Scheme and, by the close of year, RCVS-accredited practices represented 58% of all eligible practices. The new awards component of the Scheme, which allows practices to demonstrate the specific areas in which they excel, were also

### Case study: Nichi Tanner, Practice Manager, Valley Vets



**One of the main aims of the Mind Matters Initiative (MMI) when it was launched in 2015 was to provide training and guidance for those who may be working with someone who needs assistance in order to help supporters spot and understand signs of stress and mental illness, and help the person seek expert help. This has taken the form of mental health awareness training for staff and managers.**

One practice that has invested heavily in mental health awareness training is Valley Vets in Cardiff where Nichi Tanner is Practice Manager. Nichi describes how she and some colleagues went to a training session with mental health trainer, Trevor Bell: "He's just inspirational and really changed how I thought about mental health. I never expected that, I thought I would perhaps just pick up some useful tips, but he was just amazing. I learnt so much about myself and about identifying mental health issues and triggers in others."

She and her colleagues thought that everybody in the entire practice should receive the same training – at Valley Vets it's normal for everyone to report on their continuing professional development activities, but Nichi remembered thinking "How on earth do we summarise this? How do we go back and do what Trevor's just done?"

She therefore asked Trevor to come to the practice for two sessions, once during the day and once in the evening to ensure that everyone could attend. In the end nearly all of the 47 staff members turned up for the training, and she says that the feedback from the team afterwards was just fantastic.

The entire team really took the training on board, to such an extent that Trevor's vernacular has now seeped into their daily vocabulary. Trevor uses a bucket as a metaphor for mental resilience, and Nichi said that now, if a team member is feeling stressed, they can say "my bucket is just overflowing right now" and everyone understands to ease off.

Nichi said the training has also helped to really bring the practice's branches together: "Mental health issues can be really lonely, and you can feel really isolated. Now that we've all talked about it together in the training session, we're much more likely in the future to chat about it."

The training undertaken by Valley Vets has clearly paid off as the practice recently won the Society of Practising Veterinary Surgeons (SPVS)/MMI Wellbeing Award in the medium-sized category.

well-received, with 46 RCVS-accredited practices achieving a total of 77 awards. Eighteen of these award-winning practices were celebrated at a special ceremony hosted by our President Chris Tufnell in October 2016.

This year, following a recommendation by a joint RCVS/BVA working party on clinical research, we launched an Ethics



Review Panel on a one-year trial basis to provide an ethical review mechanism for practice-based researchers who may not otherwise have access to this. Headed by veterinary ethicist Professor David Morton CBE, the panel had received around eight applications by the end of February 2017.

Finally, as the year came to a close, we were in the process of formulating a new consultation with the profession and public on the role of new, remote technologies (collectively known as telemedicine) in clinical practice. Our current Code of Professional Conduct and supporting guidance largely assumes that the interactions between professional, animal and client take place on a face-to-face basis and yet telemedicine technologies (including video conferencing, wearable technologies, website-based interfaces and so

on) are clearly challenging these assumptions. So it was decided that we needed to ask members of the professions and the public about their views and experiences of using telemedicine with a view to incorporating this into our current advice and guidance. The six-week consultation was approved by the Standards Committee in 2016 and launched in February 2017.

#### Improving our core functions

While we have many ambitious plans about how to widen the remit of the College and remain at the forefront of leadership and innovation, a lot of our effort is focused on how we can improve the day-to-day interactions we have with the profession through our core functions, such as registration, concerns-investigation and processing payments.



On the registration side, this year we started to send the majority of our fee notices to veterinary surgeons by email rather than by post, also making use of regular email reminders for those who had not yet paid. The same method was used during this year's veterinary nurse renewal period (which included using text message reminders) with the result that fewer veterinary nurses were removed for non-payment of their fees at the beginning of 2017 than had been removed the previous year.

This year we also invested an extra £225,000 in our concerns-investigation process to increase the speed at which concerns were either closed or referred and ensure that our Service Standards were met. This investment was made in response to a steadily increasing amount of concerns that are raised with us and involved the hiring of five additional paralegals to assist the existing case managers. Furthermore, we also increased the frequency with which our Preliminary Investigation Committee meets, from once to twice a month, to ensure that a greater volume of cases could be dealt with in a shorter space of time.

### Strengthening the foundations

This year we continued to strengthen our foundations as an organisation looking at a wide range of areas, including staff, and our physical environment and IT/information systems. All of this has the ultimate aim of improving the service we offer the profession and the public, by improving aspects such as facilities and staff morale.

On the staff side, we continued to maintain very high levels of staff engagement, coming in at number 23 in the medium-sized business category in this year's Great Place to Work awards. We also redoubled our focus on human resources by offering a greater diversity of learning and development opportunities and also, through our Mind Matters Initiative, making sure that we properly supported the mental health and wellbeing of our staff.

We continued to make progress in our Estate Strategy, which aims to improve the working space at Belgravia House by providing an environment that is fit for purpose, with greater capacity for expansion and more meeting rooms and other facilities. By the end of the year, the initial planning application had been drawn up and architects instructed with a space audit also being conducted in conjunction with staff. The architects drew up formal plans for adding an additional floor and, subject to approval from the local authority, it is hoped that planning

### Case study: Angela Pinkney, Complaints Resolution Manager, Veterinary Client Mediation Service



**The Veterinary Client Mediation Service (VCMS) was launched in October 2016 as a nine-month alternative dispute resolution (ADR) trial, funded by the College but run independently by Nockolds Solicitors. The aim of the trial is to resolve those complaints that do not meet the College's threshold of serious professional misconduct by using mediation to come to solutions that satisfy both the client and the professional. Here Angela Pinkney, one of the VCMS case managers, describes a case where mediation was successfully used.**

"This complaint related to a misdiagnosis of cancer in a nine-year-old German Shepherd Dog, which was later found to be suffering from arthritis. The client was upset that at the point of diagnosis the vet had discussed euthanasia, having concluded the condition was terminal, and that they had also paid for a consultation which had given an incorrect diagnosis.

"The client lodged a formal complaint and requested a refund of the consultation fees and an apology for the distress caused. The practice provided a written response which explained that the veterinary surgeon attending the dog on that day had thought she had mentioned the option of a further referral to confirm or further investigate the condition, but this was not recorded in the notes.

"The response from the practice indicated that further information could have been provided but did not respond to the client's request for a refund or apology. Communication had become strained and both parties were determined to maintain their positions. The client explained to the VCMS that she had every confidence in one of the vets at the practice and really wanted to continue to attend the practice.

"The VCMS contacted the practice and received a copy of the clinical notes. The mediation discussions then began. The mediation focused on the strength of the relationship between the client and the practice and sought to regain the trust and reinstate effective communication.

"During the discussions, the practice agreed to the refund and the client was willing to forgo a formal apology. Importantly it was agreed that the client would be seen by her chosen vet in future. The client provided feedback showing she was entirely satisfied with the process and the outcome of mediation. She was pleased the complaint could be resolved whilst preserving her relationship with the practice."

permission will be gained in time for the November 2017 meeting of RCVS Council.

The redevelopment of a new IT system for our Professional Conduct Department also continues apace, with a developer appointed this year. The aim is to improve the way in which queries and cases are logged and tracked.



#### Additional projects

Around half of new registrants every year and over one-fifth of UK-practising veterinary surgeons have graduated from an EU country and so, following the vote on 23 June 2016, the potential impact of Brexit on the UK veterinary industry, as well as the opportunities offered, has been at the forefront of our minds. From the very outset we provided reassurance to veterinary surgeons from EU countries that, as things stood, their registration status was safe, and set up a Brexit

Taskforce, headed by our President, to look at maximising the opportunities and minimising the risks of Brexit.

Working closely with our colleagues in the BVA this Taskforce had several meetings over the course of the latter half of 2016 to consider the impact of Brexit and draw up a 'Brexit Principles' document to outline the issues and opportunities raised by Brexit and how the RCVS should meet the challenges.

In the light of the Brexit vote and the changing international order that came with it, this year we made a conscious effort to develop our international strategy and therefore expand our horizons and look at new international partners, while retaining close ties with our European neighbours. The overall aim is to expand and support our global membership and influence and, to this end, over the course of the year we helped to develop the Vet Futures Europe project; signed a mutual recognition agreement with the South African Veterinary Council; travelled to North America to speak at the Association of American Veterinary Medical Colleges Wellness Summit and attended the North American Veterinary Community Congress. To top it off, in December our CEO and President visited the Veterinary Council of India (our equivalent in that country) in order to better understand the veterinary industry and regulatory system there and build links.

Vet Futures, our joint initiative with the BVA, also went into action this year as we considered how to turn the recommendations of the 2015 Vet Futures Report into tangible, practicable steps. To this end early in 2016 we conducted interviews for and appointed a Vet Futures Action Group comprising members of the profession with areas of specialism who could come up with suggestions on how to take the project forward. In July 2016 this culminated in the launch of the Vet Futures Action Plan at the Vet Futures Summit where we and the BVA explained how we would help meet the Vet Futures ambitions by 2030. Already this has had a tangible impact – for example, one of the actions was to develop a biennial Innovation Symposium to showcase new technologies, educational and business models – the first one will take place on 20 September 2017 at the Shard.

Equally as impressive is the progress made by the VN Futures project, a parallel initiative launched to focus on specific veterinary nursing issues with a timeframe of helping the profession meet its ambitions by 2020. The project was launched in January 2016 and, within just six months, it had

formulated its own report and action plan following several intense months of research and consultation. The Action Plan has 31 actions grouped under six key ambitions: creating a sustainable workforce; structured and rewarding career paths; a confident, resilient, healthy and well-supported workforce; a proactive role in One Health; maximising the potential of veterinary nurses; and a clarified and bolstered VN role via a reformed Schedule 3. As the year closed, a number of Working Groups had formed, tasked with bringing the actions into fruition.

And finally, our Mind Matters Initiative (MMI), a pan-professional project driven and funded by us, really lifted off and started to have a tangible impact on the way that the profession discusses and deals with mental health and wellbeing. This year alone under the MMI umbrella we: organised a series of mindfulness-based webinars with The Webinar Vet; promoted the initiative at several events and congresses; joined forces with the Society of Practising Veterinary Surgeons (SPVS) to develop a practice-based wellbeing award; organised an MMI-themed stream of events at SPVS/Veterinary Practice Management Association Congress; and organised a Mind Matters Research Symposium at the University of Edinburgh in January 2017. Meanwhile the project is starting to have an impact beyond our shores, with interest coming from America, France and Australia, among other countries.

### Risks mitigation

Alongside the Strategic Plan, we also work with our Audit and Risk Committee to develop a Risk Register, a document that outlines risks and the efforts we are taking as an organisation to mitigate them. This year we have kept in focus the risks around three key areas:

- **Brexit**  
*Formation of Presidential Taskforce to consider issues around how Brexit will affect RCVS and its members and developing an international strategy*
- **Relevance to the profession and public**  
*Mind Matters Initiative, Vet Futures, VN Futures, greater public and lay involvement in College activities*
- **Governance**  
*Legislative reform order to change the College's governance arrangements to improve the efficiency and accountability of its decision-making processes adopted as official government policy* ●

## What next?

**In January 2017 we published our Strategic Plan for 2017-19, which has 39 operational objectives grouped under five headings: learning culture; leadership and innovation; continuing to be a First-rate Regulator; global reach; and, our service agenda.**

### Out of these, our priority objectives for 2017 will be:

1. Develop a strategy to make sure that the profession is in charge of its future by maximising the opportunities and minimising the risks of Brexit
2. Establish the extent to which blame culture is present within the veterinary and veterinary nurse professions and set a baseline against which any change can be measured
3. Review the impact of our concerns-handling and disciplinary framework on the mental health and wellbeing of the veterinary professions and take appropriate actions
4. Review our concerns-handling and disciplinary processes, the standard of proof that we set and our sanctions
5. Continue to review the way we work, with particular emphasis on cross-departmental working, involving Council members where appropriate
6. Continue to review our Estates Strategy so that we have appropriate spaces in which to work effectively and creatively and a building that reflects the status of the Royal College
7. Introduce an alternative dispute resolution scheme, if appropriate following completion of trials
8. Review the regulatory framework surrounding new technologies
9. Complete our review of governance and provide coaching for RCVS Council members who take, or are considering taking, leadership roles
10. Develop a biennial Innovation Symposium to showcase new technologies, educational and business models
11. Identify and support the next generation of veterinary leaders and develop leadership opportunities
12. Help to change public expectations around their interactions with veterinary professionals
13. Support the Federation of Veterinarians of Europe's Vet Futures Europe project
14. Improve communication with veterinary and veterinary nursing students to clarify our role and function
15. Develop a strategy for regulating allied professionals

**The new Strategy Plan can be downloaded from [www.rcvs.org.uk/strategy](http://www.rcvs.org.uk/strategy)**



# Financial management policies

## Risk management

The College maintains a Risk Register, approved by Council in June 2014 and accepted as a 'living' document to be consulted regularly and updated as items are completed. It is reviewed regularly by the Operational Board and Senior Team, and at the June meeting of Council each year.

The Risk Register is a standing item on the Audit and Risk Committee agenda and a risk on the register is reviewed at each meeting (see page 7).

## Public benefit

The objects of the College as set out in the new 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 College has regard to the Charity Commission guidance on public benefit and considers that the activities and achievements described above further the College's purposes for the public benefit.

## Reserves policy and going concern

### Reserves level

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 unrestricted reserves was reviewed in 2016. It was agreed to undesignate the unspent balance of the contingency and disciplinary reserves and include them in the general reserves. The revised reserves calculation is now 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 £7.8m and the College currently exceeds this target.

## Strategic Development Budget

The Strategic Development Budget 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.

## 2016 Project Fund

Provision was made in 2016 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.

## Unrealised gains

The unrealised gains in 2016 are being held in a separate fund and in future years unrealised losses or gains will be set against this fund.

At 31 December 2016 the College held total reserves, less Belgravia House (our operational centre) of £14.7m including investments at market value. This is higher than the reserves calculation, per the formula, of £7.8m.

Council members have reviewed the reserves and cash flow forecasts for 12 months after the date of signing and consider the College to be a going concern.

## Remuneration policy

All staff salaries, including key management personnel of the Senior Team are benchmarked against external criteria by an independent consultant, using various external benchmarking surveys, looking at the post holder's job description and evaluating by 'Mid-market' and 'Market-leader' rates. In January each year, the Remuneration

Subcommittee (a subcommittee of the Operational Board, comprising the Treasurer, President and two Vice-Presidents) agrees 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, and final approval is given by the Remuneration Subcommittee and the Operational Board. The CEO's salary is externally benchmarked and any performance awards approved by the President and Senior Vice-President.

#### **Council members' responsibilities statement**

The Council members 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), 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, Council members are 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.

Council members are 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. They are also responsible for safeguarding the assets of the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Council members are 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 Operational Board 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 is measured against an agreed customised benchmark of holdings of 13% fixed interest, 55% UK equities, 25% overseas equities, 5% property and 2% cash. The result for the year was a total return of 15.35%, compared to a benchmark return of 18.13 %. ●

**Approved by the Council on 15 June 2017**



**Amanda Boag, Treasurer**

# Independent auditor's report to the members of the RCVS

We have audited the financial statements of the Royal College of Veterinary Surgeons for the year ended 31 December 2016, which comprise the Statement of Financial Activities, the balance sheet cashflow statement and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the members of the College in accordance with the bye-laws of the College and our engagement letter dated 24 February 2016. Our audit work has been undertaken so that we might state to the members of the College those matters we are required to state to them in an independent 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 members of the College, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of Council members and auditor

As explained more fully in the Council members' responsibilities statement, the Council members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and, the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 December 2016 and of its surplus for the year then ended; and,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice. ●

**Deloitte LLP**  
**Statutory Auditor**

15 June 2017



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Royal College of  
Veterinary Surgeons  
**Financial  
Statements 2016**

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# Statement of Financial Activities year ended 31 December 2016

	Notes	2016				2015		
		Unrestricted		Restrict- ed funds	Total funds	Unrestricted		Total funds
		General fund	Designated funds			General fund	Designated funds	
		£	£	£	£	£	£	£
<b>Income</b>								
<b>Income from activities</b>								
Veterinary surgeons	2	7,407,338	-	-	7,407,338	7,048,476	-	7,048,476
Veterinary nurses		1,342,530	-	-	1,342,530	1,177,517	-	1,177,517
RCVS Awarding Body		-	-	-	-	29,060	-	29,060
RCVS examination fees		154,374	-	-	154,374	165,790	-	165,790
Register of Veterinary Practice Premises		178,365	-	-	178,365	192,410	-	192,410
Practice Standards		-	-	448,459	448,459	347,837	-	347,837
Investment		342,508	-	-	342,508	312,877	-	312,877
<b>Income from other activities</b>								
Publications and other income		146,042	-	-	146,042	16,113	-	16,113
Grant/Legacy income	3	-	-	-	-	203,734	-	203,734
Disciplinary costs recovered		9,776	-	-	9,776	-	-	-
<b>Total incoming resources</b>		<b>9,580,933</b>		<b>448,459</b>	<b>10,029,392</b>	<b>9,493,814</b>		<b>9,493,814</b>
<b>Expenditure Relating to activities</b>								
Regulatory functions		7,115,759	146,056	-	7,261,815	6,401,963	48,271	6,450,234
RCVS Awarding Body		-	-	-	-	153,758	-	153,758
Veterinary nursing		968,228	-	-	968,228	715,452	-	715,452
RCVS examination costs		158,867	-	-	158,867	172,774	-	172,774
Register of Veterinary Practice Premises		191,061	-	-	191,061	201,632	-	201,632
Practice Standards Scheme		105,502	11,175	418,208	534,885	502,460	-	502,460
Investment management costs		43,761	-	-	43,761	42,303	-	42,303
Support for RCVS Knowledge and other trusts	4	825,373	-	-	825,373	936,924	-	936,924
<b>Total expenditure</b>	6	<b>9,408,551</b>	<b>157,231</b>	<b>418,208</b>	<b>9,983,990</b>	<b>9,127,266</b>	<b>48,271</b>	<b>9,175,537</b>
		172,382	(157,231)	30,251	45,402	366,548	(48,271)	318,277
Net gains on investments		1,166,978			1,166,978	42,803		42,803
<b>Net income/(expenditure)</b>		<b>1,339,360</b>	<b>(157,231)</b>	<b>30,251</b>	<b>1,212,380</b>	<b>409,351</b>	<b>(48,271)</b>	<b>361,080</b>
Transfer to general reserves		(1,261,445)	1,261,445		-	(178,719)	178,719	
<b>Net movement in funds</b>		<b>77,915</b>	<b>1,104,214</b>	<b>30,251</b>	<b>1,212,380</b>	<b>230,632</b>	<b>130,448</b>	<b>361,080</b>
<b>Reconciliation of funds</b>								
Total funds brought forward	14	14,610,531	943,985		15,554,516	14,379,899	813,537	15,193,436
<b>Total funds carried forward</b>	14	<b>14,688,446</b>	<b>2,048,199</b>	<b>30,251</b>	<b>16,766,896</b>	<b>14,610,531</b>	<b>943,985</b>	<b>15,554,516</b>

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 2016

Fixed assets	Notes		2016 £		2015 £
Tangible fixed assets	10		2,753,452		2,849,108
Investments	11		10,923,198		9,718,131
			13,676,650		12,567,239
<b>Current assets</b>					
Debtors	12	284,874		524,239	
Short-term deposits		5,959,407		5,454,810	
Cash at bank		594,408		305,275	
		6,838,689		6,284,324	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	13	(3,748,443)		(3,297,047)	
<b>Net current assets</b>			3,090,246		2,987,277
<b>Net assets</b>			16,766,896		15,554,516
<b>Funds</b>	14				
Designated funds			2,048,199		943,985
Unrestricted funds - general fund			14,688,446		14,610,531
Restricted funds			30,251		-
<b>Total funds</b>			16,766,896		15,554,516

The financial statements were approved by RCVS Council and authorised for issue on 15 June 2017.

C W Tufnell, President  
A K Boag, Treasurer



# Cashflow statement

## year ended

## 31 December 2016

	2016 £	2015 £
Net cashflows from operating activities	489,311	295,222
Cash flows from investing activities	304,419	297,275
	793,730	592,497
Cash and cash equivalents at 31 December 2015	5,760,085	5,167,588
Cash and cash equivalents at 31 December 2016	6,553,815	5,760,085
<b>Notes to the Cashflow statement</b>		
<b>1. Net cash used in operating activities</b>	<b>2016 £</b>	<b>2015 £</b>
Net incoming resources for the year	1,212,380	361,080
Investment income	(342,508)	(312,877)
Net gains on investments	(1,166,978)	(42,803)
Depreciation	95,656	111,819
(Increase)/Decrease in debtors	239,365	(76,147)
Increase in creditors	451,396	254,150
Net cash used in operating activities	489,311	295,222
<b>2. Cashflows from investing activities</b>	<b>2016 £</b>	<b>2015 £</b>
Investment income	342,508	312,877
Payments to acquire investments	(1,007,618)	(1,229,618)
Proceeds from sale of investments	908,405	1,253,496
Movement in cash balances held in investment portfolio	61,124	(39,480)
	304,419	297,275
<b>3. Reconciliation to cash at bank</b>	<b>2016 £</b>	<b>2015 £</b>
Investments – cash equivalents	5,959,407	5,454,810
Cash at bank	594,408	305,275
Cash and cash equivalents	6,553,815	5,760,085

# Notes to the financial statements for the year ended 31 December 2016

## 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 2005), to provide a comparable framework with other organisations. (In 2015 the College adopted the Statement of Recommended Practice (SORP 2015).) 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.

### b) Income

The fee year for veterinary surgeons, the Practice Standard Scheme and the Register of Veterinary Practice Premises runs from the 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.

### 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 (central 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 cashflow 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 substantively 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 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.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively 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 and cash in hand 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**

RCVS considers itself to be a public benefit entity.

#### **k) Fund accounting**

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



## 2. Income from veterinary surgeons (including Specialists)

	2016 £	2015 £
Annual retention fees	6,897,668	6,496,022
Registration fees	349,130	389,413
Restoration fees	34,917	51,690
Specialist applications and fees	57,297	54,451
Advanced Practitioner applications and fees	68,326	56,900
<b>Total</b>	<b>7,407,338</b>	<b>7,048,476</b>

## 3. Legacy/grant income

In 2015, Mrs Norah Miller left the RCVS a legacy of £203,734 , which was donated to RCVS Knowledge.

## 4. Support for RCVS Knowledge and other trusts

	2016 £	2015 £
Payments to RCVS Knowledge	475,734	600,160
Reallocation of support costs to RCVS Knowledge	246,639	241,884
	722,373	842,044
Payments to other trusts	103,000	94,880
<b>Total</b>	<b>825,373</b>	<b>936,924</b>

The calculation for the reallocation of support costs for RCVS Knowledge was based on headcount.

## 5. Governance costs and Council and committee members' expenses

	2016 £	2015 £
Council and committee members' expenses	533,432	488,817
Audit	30,000	27,000
Staff costs	172,913	220,266
Balance of direct and apportioned costs	45,634	61,621
<b>Total</b>	<b>781,979</b>	<b>797,704</b>

Council and committee members' expenses relate to costs incurred attending meetings, excluding the costs of attending Preliminary Investigation, Disciplinary and Advisory/Standards Committees. Payments are made for travel and subsistence and a financial loss payment to employers or practices. The total number paid was 43 (in 2015, 45). 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 2016

	Direct costs £	Staff costs £	Reallocation support and governance costs £	2016 Total £
Regulatory functions	2,674,562	2,743,344	1,843,909	7,261,815
Veterinary nursing	340,620	359,110	268,498	968,228
RCVS examination costs	94,714	34,518	29,635	158,867
Register of Veterinary Practice Premises	869	116,930	73,262	191,061
Practice Standards Scheme	204,170	209,957	120,758	534,885
Investment management costs	43,761	-	-	43,761
Support for RCVS Knowledge and other trusts	578,734	-	246,639	825,373
	3,937,430	3,463,859	2,582,701	9,983,990
Governance costs	609,066	172,913	(781,979)	
Support costs	1,222,671	578,051	(1,800,722)	
<b>Total expenditure</b>	<b>5,769,167</b>	<b>4,214,823</b>	<b>-</b>	<b>9,983,990</b>
The methods and principles for allocation and apportionment of costs are included in the accounting policies on page 18-19 and 25.				
	Direct costs £	Staff costs £	Reallocation support and governance costs £	Restated 2015 Total £
Regulatory functions	2,597,458	2,345,964	1,506,811	6,450,233
RCVS Awarding Body	44,616	54,726	54,417	153,758
Veterinary nursing	219,776	308,259	187,417	715,452
RCVS examination costs	103,167	37,252	32,355	172,774
Register of Veterinary Practice Premises	42	133,372	68,218	201,632
Practice Standards Scheme	212,581	170,470	119,409	502,460
Investment management costs	42,303			42,303
Support for RCVS Knowledge and other trusts	695,040		241,884	936,924
	3,914,983	3,050,043	2,210,511	9,175,537
Governance costs	577,438	220,266	(797,704)	-
Support costs	867,993	544,814	(1,412,807)	-
<b>Total expenditure</b>	<b>5,360,414</b>	<b>3,815,123</b>	<b>-</b>	<b>9,175,537</b>

## 7. Net incoming resources for the year

This is stated after charging:		
	2016 £	2015 £
Depreciation	95,656	11,819
<b>Auditor's remuneration:</b>		
Audit	30,000	27,000
Other services (taxation)	1,800	1,800

## 8. Staff costs and numbers

Staff costs were as follows:		
	2016 £	2015 £
Salaries and wages	3,592,139	3,242,722
Social security costs	348,745	317,064
Pension contributions	273,939	255,337
<b>Total</b>	<b>4,214,823</b>	<b>3,815,123</b>

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

	2016 No.	2015 No.
Regulatory functions	48	45
Governance	3	3
RCVS Awarding Body	0	2
Veterinary nursing	8	6
RCVS examination costs	1	1
Practice Standards Scheme	4	4
Register of Veterinary Practice Premises	2	2
Support	11	11
<b>Total</b>	<b>76</b>	<b>74</b>

Staff earning over £60K only (including employee benefits, excluding pension)	2016	2015
£60,001-£70,000	4	3
£80,001-£90,000	2	2
£90,001-£100,001	2	1
£110,001-£120,000	-	1
£140,001-£150,000	-	1
£160,001-£170,001	1	-

The RCVS considers its key management personnel to be the Senior Team named on page 4. The total employment benefits including employer pension contributions of the key management personnel were £749,392 (in 2015, £822,983).



## 9. Taxation

No tax charge is expected to arise relating to 2017 (2016: 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	<b>4,302,552</b>
<b>Depreciation</b>			
At the start of the year	428,821	1,024,623	<b>1,453,444</b>
Charge for the year	41,100	54,556	<b>95,656</b>
At the end of the year	469,921	1,079,179	<b>1,549,100</b>
<b>Net book value</b>			
<b>At the end of the year</b>	2,585,106	168,346	<b>2,753,452</b>
<b>At the start of the year</b>	2,626,206	222,902	<b>2,849,108</b>

## 11. Investments

	2016 £	2015 £
Fair value at the start of the year	<b>9,448,851</b>	9,429,926
Additions at historic cost	<b>1,007,618</b>	1,229,618
Disposals at opening market value	<b>(878,814)</b>	(1,273,354)
Unrealised gain	<b>1,137,386</b>	62,661
	<b>10,715,042</b>	9,448,851
Cash balance	<b>208,156</b>	269,280
Fair value at the end of the year	<b>10,923,198</b>	9,718,131
Historic cost at the end of the year	<b>7,554,184</b>	7,310,536

The portfolio consists of the following:	Fair value 2016 £	Per cent of 2016 portfolio	Fair value 2015 £	Per cent of 2015 portfolio
UK equities	<b>5,771,982</b>	<b>53.87%</b>	5,324,815	56.35%
Overseas equities	<b>3,147,522</b>	<b>29.37%</b>	2,582,439	27.33%
UK fixed income	<b>818,195</b>	<b>7.64%</b>	877,899	9.29%
Property	<b>348,763</b>	<b>3.25%</b>	356,118	3.77%
Alternative assets	<b>628,580</b>	<b>5.87%</b>	307,580	3.26%
	<b>10,715,042</b>	<b>100.00%</b>	9,448,851	100.00%

All investments are managed by Investec Wealth and Investment Ltd.

## 12. Debtors: amounts falling due within one year

	2016 £	2015 £
RCVS Knowledge	1,960	134,067
Prepayments and other debtors	282,915	390,172
	<b>284,874</b>	524,239

## 13. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	621,137	303,886
Other creditors	76,197	167,781
Accruals	379,442	479,364
Deferred income	2,671,667	2,346,016
	<b>3,748,443</b>	3,297,047

Deferred income	2016 £	2015 £
Brought forward	2,346,016	2,180,894
Released in the year	(2,346,016)	(2,180,894)
Deferred in the year	2,671,667	2,346,016
	<b>2,671,667</b>	2,346,016

## 14. Movements in funds

Movements in funds during the year						
	Balance as at 01.1.16 £	Incoming resources £	Outgoing resources £	Gains in investments £	Transfers £	Balance as at 31.12.16 £
<b>Unrestricted funds</b>						
<b>Designated funds</b>						
Disciplinary reserve	430,000	-	-	-	(430,000)	-
Strategic Development Budget	353,985	-	(157,231)	-	134,230	330,984
2016 Project Fund	-	-	-	-	579,829	579,829
Contingency reserve	160,000	-	-	-	(160,000)	-
Unrealised gains on investments			-		1,137,386	1,137,386
<b>Total designated funds</b>	943,985	-	(157,231)	-	1,261,445	2,048,199
<b>Unrestricted general funds</b>	14,610,531	9,580,933	(9,408,551)	1,166,978	(1,261,445)	14,688,446
<b>Restricted fund</b>		448,459	(418,208)			30,251
<b>Total funds</b>	15,554,516	10,029,392	(9,983,990)	1,166,978	-	16,766,896

The only asset in the restricted fund is cash of £30,251.

In 2015 all assets and liabilities were related to unrestricted funds.

**Designated and restricted funds are backed by cash reserves.** The disciplinary and contingency reserves have been released in line with the reserves policy.

### 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 cashflow problems and to fund long-term projects which cannot be quantified, such as introducing new legislation.

### Strategic Development Budget

The Strategic Development Budget provides for one-off projects and new initiatives not provided for in the annual budget.

### 2016 Project Fund

This Fund is a balance of specific projects provided for in the annual budget but where expenditure has not been incurred by the year end.

### Unrealised gains on investments

The unrealised gains in 2016 are being held in a separate fund and in future years unrealised gains will be set against this fund.

### Restricted Fund

The Restricted Fund comprises the income and expenditure of the relaunched Practice Standards Scheme from 1 April 2016.

