

# Trustees' Annual Report and Accounts 2021

Year ended 31 December 2021



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# Chair's letter

After a second year of navigating the pandemic and all the challenges that we have had to deal with, PDSA has a lot to be thankful for.



“In recognition of the crucial role that technology will play in the long-term future of PDSA, we have strengthened the Executive Leadership Team and created a new directorate to lead on our investment and focus in this area.”

We are incredibly grateful that our supporters have stood by us during these challenging times. Our staff and volunteers have worked together, focusing our efforts to allow us to continue treating pets in need, while also maintaining the charity's financial health to ensure our future.

We appreciate every donation, but the ongoing support we receive from the players of the People's Postcode Lottery, along with Mr Marian Ionescu and the late Mrs Christina Ionescu, have been particularly important through this turbulent year.

The Ionescu's have made a significant contribution to help fund our new Nottingham Pet Wellbeing Centre. Breaking ground on the new facility in June was undoubtedly one of the highlights of the year. Sadly, Mrs Ionescu passed away in late 2021, before she could see the Centre open. We hope the hospital and the incredible impact it will have on the area's poorest communities, will be a fitting tribute to their love of animals and philanthropic aims, as well as providing a significant training Centre for future generations of veterinary surgeons.

Despite the many challenges we faced this year, we are pleased to report that our financial position remains strong. We saw lower than expected operational expenditure because some of our activities were restricted. However, once re-opened, our shops bucked the high street trend and ended the year in a strong position, while our e-commerce sales continued to grow. And our teams found new and innovative ways to boost our income, focusing on more digital channels as face-to-face activity remained limited.

In fact, our Digital & Technology teams have worked hard this year to digitise areas across the charity, including giving us new and more efficient ways to reach and support our beneficiaries. By the end of 2021, our veterinary teams had conducted over 1.2 million remote consultations, in accordance with Royal College of Veterinary Surgeons guidance. For the first time ever Pet Hospital appointments and registrations can now be booked and processed online, making it easier and safer for many owners to access our services. We still have some way to go before we become a truly digital-first organisation, but we have made great strides this year to use digital technology to simplify administration, reach more pets in need and increase our income. In recognition of the crucial role that technology will play in the long-term future of PDSA, we have strengthened the Executive Leadership Team and created a new directorate to lead on our investment and focus in this area.

Of course, none of what we achieved in 2021 would have been possible without our people. Supporting our people through the pandemic has been a key

priority. We have continued to place our colleagues' personal health and wellbeing at the forefront of our decision-making and given them access to the support they need. We introduced Wellbeing Days for all employees, which enabled our teams to take additional time off so that they could focus on their personal mental health and wellbeing, and we piloted leader and manager mental health awareness training so they are better able to support their teams.

At the beginning of the year, we continued to utilise the Government's Job Retention Scheme while some of our work was suspended. We made sure we kept in regular contact with all our furloughed workers to ensure they still felt part of our team and conducted regular pulse surveys to take the temperature of our entire workforce.

Our Employee Engagement Survey, which we conducted in September, indicated that our focus on ensuring people feel valued had enabled us to retain strong levels of engagement. It was clear from the results that our people knew every decision we had made during the pandemic had been with their personal safety and wellbeing in mind. It was also encouraging to see our focus on leadership having a positive impact with our people having greater clarity of our plans and priorities whilst remaining highly engaged with PDSA's purpose. The vital insight from the survey will continue to help shape our people activities.

Last but certainly not least as I enter my last year as Chair, I would like to say that it has been my honour to work with an incredible Board of Trustees, who have all been hugely supportive throughout my 8 years in post and even more so during the unprecedented experience of the last 2 years. I have also been so fortunate to work with a Director General who has shown exceptional leadership and, together with her Executive Team, has guided PDSA through the recent difficulties without losing sight of our long-term charitable objectives. I would like to thank them and all our dedicated staff and volunteers for their hard work, and share with them my excitement that by working together we can ensure that PDSA will always be there to help as many pet owners in financial hardship as we possibly can.

John Smith  
Chair

# Director General's letter

Having navigated an immensely difficult two years dominated by the pandemic, it is wonderful to begin to see the light at the end of the tunnel as we move into 2022. Everyone at PDSA is eager to return to a more 'normal' way of life and embrace new opportunities available to us.

In March 2020, when the first UK lockdown began, we focussed on four key objectives to guide our decision-making: reducing risk to our people, protecting our front-line veterinary services, controlling our cash flow and communicating clearly and effectively. This focus has fulfilled its purpose; the charity is in a strong position to move forward to navigate the 'new normal'.

Restricting our Pet Hospital services during the pandemic allowed us to ensure our doors could remain open to treat pets most in need. But now our key priority is to expand our scope of service back to pre-pandemic levels; our remote services will continue at the same time as we welcome more owners and their pets back in to our Pet Hospitals.

We are also preparing for an increase in demand, should more households become eligible for our services, as the full financial fallout of the pandemic, and the ever-increasing cost of living, impacts pet owners across the UK. We know that our greatest impact comes from the vital role our Pet Hospitals play in the poorest of communities.

Our people are our greatest resource and competition for skills remains fierce, none more so than within the veterinary sector, and we are seeing this external challenge extend to other key skill sets. We continue our work to make PDSA an employer of choice and have embraced new models of working, including remote and hybrid options. Working with our employee representatives, who make up Our Forum, we are looking at other ways in which we can ensure PDSA continues to be a great place to work.

As well as focusing on our people, we must also continue to inspire new people to support PDSA. We are hugely grateful to our loyal supporters, who have continued to donate during this difficult time and strong legacy income demonstrates their lifetime of commitment; we are thankful for the generosity of our supporters who left us a gift in their Will.



“We are able to exit the pandemic with a sense of optimism, a strong financial position, and the strength and capability to extend our help to even more people in financial hardship.”

Finally, I could not end this letter without thanking the Chair for all his support during his tenure, and all the Trustees, whose expert governance has seen us through another very challenging year.

It is testament to the hard work of the whole PDSA team, that we are able to exit the pandemic with a sense of optimism, a strong financial position, and the strength and capability to extend our help to even more people in financial hardship, realising our Vision of:

... a society in which no pet is denied veterinary care because their owner can't afford it.

With my thanks to you all,

Jan McLoughlin BSc (Hons) FIOD  
PDSA Director General

# Our Vision & Mission

PDSA has always understood that it's often the people in society who are most in need, that need the love and companionship of a pet the most.

And no pet should have to suffer pain or ill-health, as a result of social inequality.

So every day, we work hard to keep alive the special bond that exists between pets and their owners.



## VISION

A society in which no pet is denied veterinary care, because their owner can't afford it

## MISSION

Provide compassionate veterinary **TREATMENT** for the sick and injured pets of people who otherwise couldn't afford to pay

Provide pet welfare **EDUCATION** and practical **PREVENTIVE** support to combat unnecessary illness, pain and suffering of pets in low income households

## VALUES

### HEAD & HEART

Expertise with Understanding

### PASSION WITH PURPOSE

Driven in our Dedication

### BETTER TOGETHER

Empowering through Unity

## STRATEGIC OBJECTIVES

Deliver the best possible pet **WELLBEING** outcomes for people in need in the most cost effective way

Make PDSA better known, **LOVED** and understood

Grow **INCOME** to maximise pet wellbeing outcomes

Ensure PDSA has the underlying organisational **CAPABILITY** to achieve its core objectives

# Trustees' report

## Annual review

Within sections one to five of this report, we will outline the organisation's objectives, achievements and performance. The Trustees consider that due regard has been paid to the Public Benefit Guidance published by the Charity Commission in relation to section 4 of the Charities Act 2011.

With Covid-19 still a limiting factor on our activities in 2021, we reviewed our strategic approach to achieving our objectives, guided by four 'pandemic' principles:

- Reducing risk for our people
- Protecting our front-line veterinary services
- Preserving our long-term financial stability
- Communicating effectively across stakeholder groups

In 2020, we stopped all non-essential activity and kept tight control on expenses to minimise our deficit. We continued to use these guidelines to inform our decision-making through 2021, as Covid-19 restrictions were regularly adapted to fit the ever-changing situation.

Our pre-crisis strategy had been to generate annual operating surpluses to allow reinvestment into pet wellbeing and other key areas such as digital, retail and hospital estates, brand awareness, legacy marketing and supporter acquisition.

The underlying reasons for this need have not changed – increased demand for our services – but the economic backdrop certainly has. In light of the global recession, we have altered the way in which we will achieve growth and the timescale that will be involved.

During 2021, our focus has been on providing treatment to pets whose owners need our charitable service, in circumstances that have been very challenging for our veterinary teams. Other activities, such as providing information, support and education for pet owners, were predominantly delivered through our digital platforms.

As we look ahead to 2022 and beyond, our emphasis is on strengthening our organisational health. This will enable us to respond to the increased demand for our services that we have already begun to see.

# Our year in numbers

**9.3 million**

users were supported through our services

This included:



Providing veterinary care to over **320,000 clients** who are eligible to access our veterinary services

Reaching over **8.8 million users** through digital engagement



Reaching over **164,000 children**



We have **48** Pet Hospitals and Clinics



**1.8 million**

total treatments in 2021



We saved the lives of **134,000** pets with life-threatening conditions



It cost **£69.2m** to run our UK services



In 2021, we had **828** vets and vet nurses



We treated over **370,000** pets in 2021



We provided over **1 million** consultations including **360,000 face-to-face** appointments and **660,000 remote consultations**



In 2021, we performed **25,000** surgical operations on poorly pets



# Behaviour



## 87%

of pet owners say owning a pet makes them mentally healthier\*

\* UK pet owners only. PDSA Animal Wellbeing (PAW) Report 2021

## What we do

### Animal Welfare Need #1: Behaviour

#### The freedom for pets to behave naturally

For more than a century – throughout two World Wars, numerous economic downturns, and now the Covid-19 pandemic – we have been saving pets and changing lives. We have held true to our founder's belief that pet care should not be a privilege, and that pets should not suffer because of their owners' financial difficulties or social hardship.

Pets are part of the family and for some people their only companion; they improve the health and quality of life for their owners.

Our vision is a society in which no pet is denied veterinary care because their owner can't afford it. We achieve this by treating sick and injured pets who live in some of the UK's most deprived communities and by providing pet welfare education and preventive support to combat unnecessary illness, pain and suffering.

Of course, we have had to adjust our plans to ensure we could continue to fulfil our mission over the past couple of years, with 2021 bringing many of the same challenges as 2020.

The government's Covid-19 restrictions limited our services, while we also saw increased demand from pet owners undergoing hardship, so we focused our efforts and resources on the Treat element of our mission.

#### PDSA's Strategic Objectives

We have outlined four strategic objectives which guide our activities, and we take a dynamic approach to their emphasis, dialling them up or down depending on our priorities and the pandemic-related restrictions that we face:

- Provide the best possible pet wellbeing outcomes for people in need in the most cost-effective way, so we can reach and help many more pets and their owners.
- Make PDSA better known, loved and understood to build understanding of what we do and the role we play in the lives of the poorest people in society.

- Increase support to raise the funds we need to grow our income. We rely on donations from pet lovers across the UK to fund the care we provide to those most in need.
- Ensure we have the organisational capability we need to achieve our objectives and increase our public benefit, investing in our people, processes, equipment and technology.

We believe that healthy pets make our world a better place, and that access to veterinary care and expertise should not be a privilege. We treat and care for pets, and support owners in ensuring the health and wellbeing needs of their companions are met, when they have nowhere else to turn – and, importantly, we will do so without judgement.

With Covid-19 impacting the finances of UK households, as well as the nation's mental health and wellbeing, our services have never been more important or in demand. Pets have an incredible ability to bring joy and comfort, even during the darkest of days, and we are committed to supporting these important relationships between animals and people, improving quality of life for all.

**Our strategies bring to life how we will achieve our charitable objects, as described in the two Acts of Parliament (1949 and 1956) and the Parliamentary Scheme (2015) that govern PDSA. These define our objects as:**

- The provision of free medical or surgical treatment, or such treatment at reduced charges, to animals belonging to persons who are unable to afford the services of a veterinary surgeon.
- The prevention of suffering of animals by the provision of preventive treatment, care and advice (whether free, at a reduced charge, or at full charge).
- The education of the public in matters concerning animal health and welfare in general.
- The advancement of animal welfare for the public benefit by any other means.

## How we prevent illness and suffering

Our annual PAW (PDSA Animal Wellbeing) Report data has shown that pet owners who are not aware of the 5 Animal Welfare Needs (which form the basis of the Animal Welfare Acts 2006) are less likely to provide life-saving preventive care for their pets.

By educating owners we can improve the life of every pet. Our activities focus on areas highlighted as a priority by the PAW report, helping pet owners to understand:

- Normal behaviour patterns
- The need for housing with or apart from other animals
- What constitutes a suitable environment
- A suitable diet to feed
- How to ensure protection from pain, suffering and disease

The challenges encountered during 2020 continued into 2021, so we were unable to fully re-instate our education or preventive care programmes. Instead, we focused our efforts where we could have the greatest impact on pet welfare, for as many pets as possible.



Our Pet Hospitals remained open, although the restrictions necessary to ensure Covid-safe ways of working continued to hamper our ability to deliver preventive and routine care. Instead our focus remained on ensuring pets in need received the life-saving, emergency treatment they need. A small number of Pet Hospitals were able to trial reintroducing preventive services using a mixture of digital and face-to-face appointments.

Our remote consultations continued, to enable our vets to advise worried owners on how to ensure their pets remained healthy and happy.

While our 2020 preventive statistics reflected normal service provision up until the lockdown in March, the figures for 2021 show the impact of a full year's constraint on our preventive services. But, despite a full year of restrictions, we were able to achieve:

 Over **2,800** neuters – averaging just over 55 per week (over 600 per week pre-pandemic)

 Over **1,100** vaccinations – averaging just over 20 per week (over 1,600 per week pre-pandemic)

 Nearly **1,300** microchips – averaging just over 25 per week (over 400 per week pre-pandemic)

 The dispensing of **63,000** flea and **57,000** worming products

In comparison to our 2019 figures, this means that in 2021 we missed out on neutering around 27,000 pets, vaccinating over 83,000 pets and microchipping around 20,000 pets, all due to the impact of Covid-19.

Looking ahead to 2022, we are still actively encouraging owners to register with a vet, to help them identify any problems early, as well as getting access to treatment. We are very much looking forward to resuming our preventive services as soon as we have the capacity to safely do so.

## Albert's story

One cold winter's day, eight-month-old kitten Albert found shelter under a stationary car bonnet.

The driver got into the vehicle, not realising he had a stowaway on board, and started the engine, trapping poor Albert. The car travelled around 20 minutes before the driver realised something wasn't right.

He found poor Albert terrified inside the car bonnet. The driver managed to rescue the frightened kitten, who was immediately taken to Sheffield PDSA Pet Hospital.

PDSA Vet, Jessica Stirling, said: "When Albert was rushed to the hospital we couldn't believe he had been trapped in a moving car for so long. We gave him pain relief and fluids right away to make him comfortable before he was anaesthetised so we could assess the full extent of his injuries.

"His wounds were very severe. He had lacerations over most of the left part of his body, with his front left leg almost completely severed. Astonishingly, x-rays showed no major trauma to his chest or internal organs. We had no choice but to amputate his leg and clean and repair the horrific injuries down his left side."

After surgery, Albert stayed at the Pet Hospital for four days receiving around-the-clock care, pain relief, fluids and antibiotics, before going home. However, Albert wasn't out of the woods just yet.

Unfortunately, while he was at home recovering, he developed an infection, which is a common complication during the healing of traumatic wounds. Albert needed further surgery to manage the infection.

After lots of treatment and care from the PDSA vet team, special care at home, and plenty of medications and pain relief, Albert is making a steady recovery and adapting well to life on three legs.

“Albert is doing well. Despite only having three legs now, he's running up and down the stairs and jumping on the sofa with ease. Even after his traumatic experience, he is so incredibly affectionate and loves nothing more than snuggling up on my lap. He's also very playful; he loves to play with his toys!”

Albert's owner

## Putting our policy into action

### The 11th PDSA Animal Wellbeing (PAW) Report

Our annual PAW Report, the UK's largest assessment of pet wellbeing, provides companion animal welfare surveillance to identify trends and priorities, and to promote and monitor change.

The Report allows us to gain insight into the current animal welfare situation, to estimate pet population numbers, and to understand how people are caring for their pets. This unique survey is undertaken in collaboration with YouGov, and its findings are used to stimulate collaborative working that informs government research, policy and legislation, and to inspire innovative approaches to tackling pet wellbeing issues in veterinary clinical practice.

Since 2011 we have surveyed more than 87,000 pet owners, vets, vet nurses and children to help us understand how owners are providing for the 5 Welfare Needs of dogs, cats and rabbits.

Our 2021 survey was completed in May, just as the UK was beginning to emerge from Covid-19 restrictions. We chose to build on the findings of our 2020 PAW Report, and focus on the welfare areas that it suggested would be particularly impacted by the pandemic:

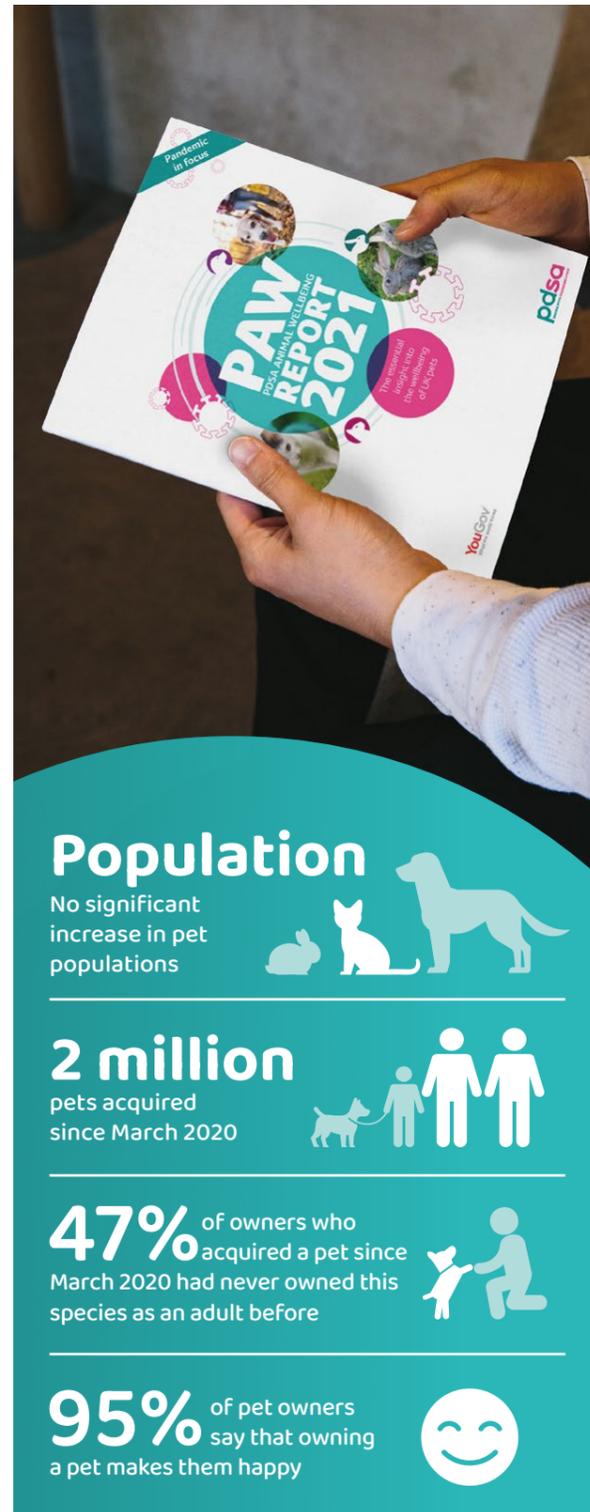
- Pet population
- Pet acquisition
- Behaviour
- Obesity
- Preventive healthcare

Despite reported concerns about the negative impact of the pandemic on our pets, our Report found that pet populations have not exploded. Owners are mainly continuing to source their pets responsibly, and levels of essential preventive healthcare have been largely maintained or have recovered from the initial impact of restrictions in many areas.

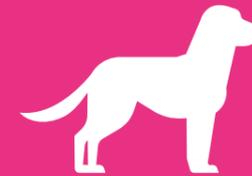
However, areas of concern remain, in particular the rising numbers of pets sourced from abroad, continued issues around pet obesity and a range of behavioural problems, many of which may be associated with a lack of socialisation and positive life experience.

In line with our ongoing shift to digital engagement, for our 11th Report we trialled an interactive digital version of the Report with a [downloadable PDF](#). This enabled us to reach more people than previously possible with our print version, with 3,500 unique visitors accessing the Report in 2021.

Our PAW Report methodology provides a robust, reputable and validated surveillance model through which we can monitor the ongoing impact of Covid-19 restrictions on the welfare of UK pets, comparing our findings with our previous results from the past decade. We will continue to use the data from the PAW Report to assess welfare impacts and guide our campaigns and activity to where they will have the most impact.



## Key findings



**9.6 million**  
pet dogs are living in the UK

**26%**  
of UK adults own a dog

**14% of dogs**  
acquired since March 2020  
came from abroad

**2% of owners**  
who acquired from abroad  
said it was to get cropped ears

**22% of dogs**  
owned before March 2020 are  
showing new behaviours

**27% of dogs**  
owned since March 2020  
are showing behaviours that  
could be related to a lack of  
socialisation

**9% of owners**  
say their dog has gained  
weight since March 2020

**23% of dogs**  
have not received regular  
boosters



**10.7 million**  
pet cats are living in the UK

**24%**  
of UK adults own a cat

**17% of cats**  
owned before March 2020  
are showing new behaviours

**34% of cats**  
owned since March  
2020 are showing  
behaviours that could  
be related to a lack of  
socialisation

**5% of owners**  
say their cat has gained  
weight since March 2020

**39% of cats**  
have not received  
regular boosters

**10% of cats**  
have not been neutered



**900,000**  
pet rabbits are living in the UK

**2%**  
of UK adults own a rabbit

**48% of rabbits**  
live alone

**22% of new**  
rabbit owners say that owning  
rabbits makes them stressed

**27% of owners**  
of single rabbits don't want to  
own more than one rabbit

**6% of owners**  
say their rabbit has gained  
weight since March 2020

**50% of rabbits**  
have not received regular  
boosters

**63% of rabbits**  
have been neutered

Following on from the success of our PAW Report webinar in 2020 we repeated the event in 2021 to report the new findings.

A panel of speakers – including our Senior Veterinary Surgeon for Communication & Education Sean Wensley, and Director of Veterinary Services Richard Hooker, alongside a number of other leading veterinary experts – highlighted the key issues raised by the Report, with an engaging and lively discussion taking place afterwards.

The webinar was attended by more than 250 delegates, with over 550 additional stakeholders accessing the recording later. We had a very positive response to the event.

“Interactive and engaging.”

“Clear, evidence-based, addressed important questions.”

## External activity and public affairs

Our important work in the public affairs arena has continued – and proven effective – during 2021, despite the challenges of the pandemic.

In May 2021, we joined the More For Scotland's Animals (MFSA) coalition, working with other organisations to keep animal welfare at the top of the agenda during the Scottish elections, resulting in 176 Candidate MSPs committing to 'do more for Scotland's animals,' with 40 of those later elected.

We continued our work with the Pet Advertising Advisory Group (PAAG), tackling the problem of fraudulent and low-welfare breeders hiding behind online sales. In addition, we joined a coalition of organisations dedicated to Tackling the Puppy Trade, investigating the scale of the problem and looking at ways to make a difference.

We also joined other charities to support the first ever Guinea Pig Awareness Week (GPAW), working to highlight their welfare needs, as well as supporting the long-running Rabbit Awareness Week (RAW).

The Good Practice Code for the Welfare of Rabbits was launched in 2021, by the Rabbit Awareness Action Group (RAAG), with our support, which aims to improve the lives of the UK's pet rabbits by raising awareness of their 5 Welfare Needs among both new and established owners.

Additionally, during 2021 we have formed part of two working groups looking at the barriers to pet ownership faced by elderly people and children in care, making sure that animal welfare remains a primary consideration.

We are continuing to support and press for positive change when it comes to the health and welfare of brachycephalic (flat-faced) dogs. We are helping drive

strategy development as a founder member of the UK Brachycephalic Working Group.

These presentations have formed part of a wider set of activities in the area of One Health. Notably, our One Health project to increase uptake of NHS Health Checks amongst dog owners saw PDSA, together with our Salford City Council partner, shortlisted as a finalist for a prestigious Royal Society of Public Health (RSPH) Health and Wellbeing Award.

## PDSA Pet Health Hub

Written by PDSA vets and nurses, our online Pet Health Hub contains free, reliable information about the most common conditions in dogs, cats and rabbits.

Throughout 2021 the Hub has been part of a wider organisational project to improve our website content, functionality and user experience. We have continued to integrate the Hub into our Pet Hospitals to support our veterinary staff with client conversations, and we have begun to promote the Hub to practices participating in our Pet Care Scheme.

The Hub now reaches an average of 400,000 people per month, and in total has reached 7.7 million since its launch in September 2018. Our impact measures remain high, with 95% of the 17,500 visitors who completed our user survey giving us a 'thumbs up'.

3 most popular pages in 2021 [www.pdsa.org.uk/phh](http://www.pdsa.org.uk/phh)

**300,000** visitors:

- Seasons in Dogs
- Diarrhoea in Dogs
- Whelping




## Education

Our main focus this year has been on digital learning, as Covid restrictions prevented us doing face to face activity. In 2021 we delivered talks to more than 9,000 primary and secondary-aged children.

We also continued to deliver digital careers talks to colleges and universities, in order to promote recruitment at PDSA. In 2021, we reached almost 500 students through these live talks, and sent pre-recorded talks to more than 100 other educational establishments.

## PetWise School Award

Our PetWise School Award is a fun, free educational award, aimed at primary-aged children, although anyone is welcome to take part. It teaches children how to ensure their pets are happy and healthy, how to stay safe around dogs, and about careers working with animals.

In 2021 the Award continued to grow in popularity. By the end of the year we had gained a further 17,500 participants, meaning we now have over 185,000 children who are either actively taking part in or have completed the Award. We also translated all of our resources into the Welsh language to ensure it is accessible to all schools in Wales.

The award was shortlisted for the highly regarded 'Teach Primary Award' in the 'Free Resources' category, demonstrating its quality and value.



## Educational impact

This year we have worked on a new set of impact assessments to measure the success of our digital education resources.

We have also collaborated with other animal welfare charities – including Blue Cross, RSPCA, Cats Protection, Wood Green and Born Free – to measure our impact as a sector.

### PetWise School Award

-  **186,643** children taking part
-  **17,446** new children signed up in 2021
-  **2,024** school sign-ups
-  **222** new schools signed up in 2021

### 'Live' digital talks

-  **9,060** children
-  **480** students (college/university)
-  **50** adults

# Environment



## Who we help

### Animal Welfare Need #2: Environment

#### About our Pet Hospitals and who we help

Pets thrive when they're in the right kind of setting. Our Pet Hospitals provide a caring environment for sick and injured pets, while also offering advice to owners about creating the right home surroundings for their cherished companions.

The idea of 'environment' is also behind the various locations chosen for our network of 48 PDSA Pet Hospitals – we go where we're needed most. The communities we work with are in some of the most deprived areas of the UK, where people rely on our charitable services to help keep their pets healthy and happy.

Over the past year we have again dedicated ourselves to keeping our Pet Hospitals open for pet owners in desperate need of veterinary care, while staying within Covid-19 restrictions.

In 2021, as in 2020, we made the difficult decision to only provide essential and emergency care, forgoing routine preventive treatments so we could ensure Covid-safe ways of working. We're looking forward to a time when we can begin to expand our services again.

## Pet Hospitals

Bringing our veterinary services to the communities that need them is only made possible by our Pet Hospitals – so a long-term view on our estate is critical to ensure our ability to continue helping those people most in need and their pets.

Our estate strategy is focused on maintaining our existing Pet Hospitals (including replacing older buildings where necessary) and building new facilities in additional locations so we can grow our network to reach more of the UK's most deprived communities.

To keep energy costs low, and improve sustainability, all our new and replacement Pet Hospitals are designed to make use of the latest green building technologies, including a Variable Refrigerant Flow heating, ventilation and air conditioning system, solar panels and motion sensitive lighting.

Of course, buildings suitable for delivering specialist veterinary services don't come cheap. A PDSA Pet Hospital costs in the region of £2.5 million to build and £300,000 to equip, and this is in addition to the cost of the land.

A major focus for our fundraising going forward is to cement relationships with individuals and organisations who share our values, and who will work alongside us to help build and equip new Pet Hospitals in more deprived areas of the UK.

Once open, a Pet Hospital typically costs £1.2 million a year to run. We're very fortunate to have a community of committed supporters who generously donate – via regular giving, voluntary contributions at our Pet Hospitals and gifts in Wills – to cover our running costs. We find that beneficiaries who are later in a position to afford to 'give back' become some of our most dedicated supporters.

## Nottingham Pet Wellbeing Centre

Our current Pet Hospital project is the build of our new Nottingham PDSA Pet Wellbeing Centre, The Marian and Christina Ionescu Hospital, in association with the School of Veterinary Medicine and Science, University of Nottingham.



How our Nottingham Pet Hospital looks today



New look Nottingham Pet Wellbeing Centre

This new Pet Hospital will help us fulfil our mission in the best possible environment: to provide compassionate veterinary treatment for the sick and injured pets of people who otherwise couldn't afford to pay. It will not only help us to deliver life-saving emergency and preventive care, but it will also play an important part in the training of next-generation vets, who will go on to help thousands of pets throughout their careers.

Our new building will have a big, bright waiting area, with separate spaces for cats and dogs to help reduce the stress involved in visiting the vet. It will also have better kennel facilities, to help pets recover from surgery more speedily. Seven consulting rooms will allow our team to offer even more support to pets and owners, while increased car parking space makes it easier for owners to access our services. Other essential features include two operating theatres, a diagnostic room, and digital x-ray facilities.

We broke ground in June 2021, and the project is on track to complete later this year. The total cost, including land purchase, will be £3.7 million. We have already secured £2.5 million thanks to generous donations from Mr and Mrs Ionescu (whom the centre will be named after), players of Peoples Postcode Lottery, and our own fundraising efforts. Our team continues to actively fundraise for this project, and we will be hosting events throughout 2022 in order to boost donations and meet our target.



Total cost of land purchase, build and to equip is **£3.7 million**



To date we have raised **£2.5 million**



In 2021, our Nottingham veterinary team provided **over 19,000 consultations**

including 13,000 remote consultations to pets in need, performed over 1,200 x-rays and 500 essential surgical operations



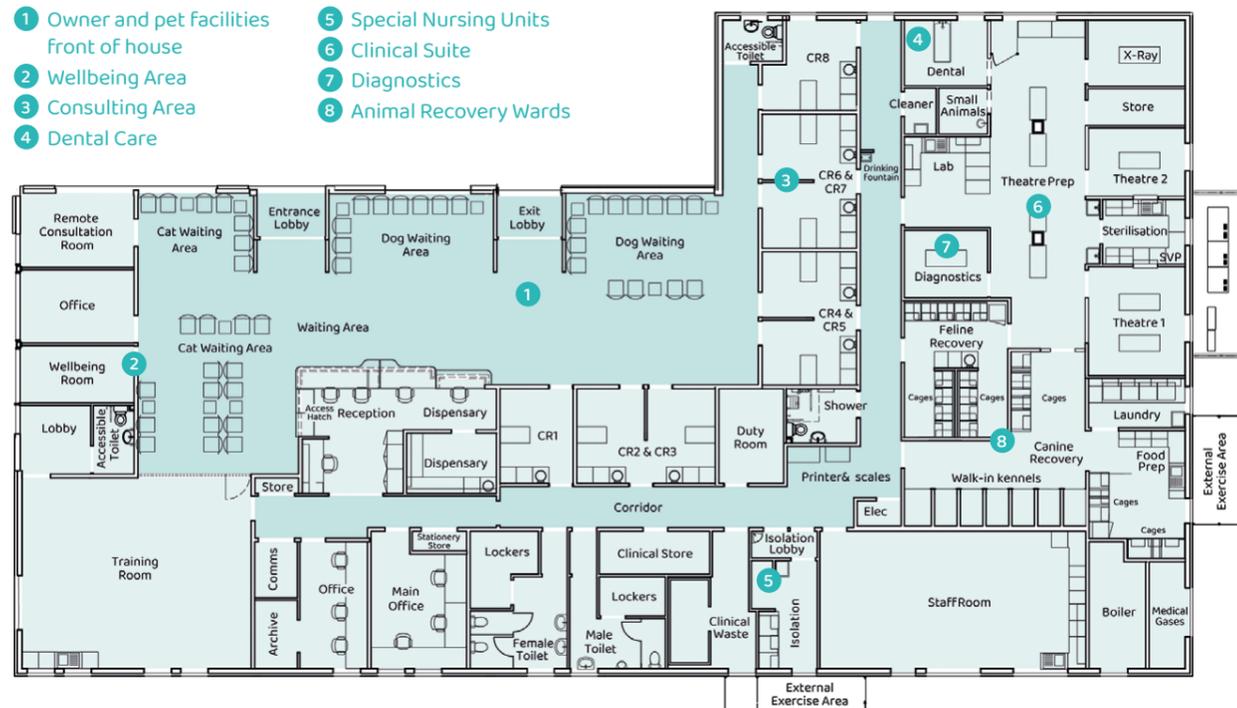
The new Centre is due to open in summer 2022, and we hope to help **over 7,000 owners** and 8,000 pets in the first year



The new Centre will be almost double the size of the current hospital, increasing from 450sqm to **892sqm**

The floor plan for the new Nottingham PDSA Pet Wellbeing Centre

- 1 Owner and pet facilities Front of house
- 2 Wellbeing Area
- 3 Consulting Area
- 4 Dental Care
- 5 Special Nursing Units
- 6 Clinical Suite
- 7 Diagnostics
- 8 Animal Recovery Wards



## Pet Care Scheme

PDSA Pet Care is a membership scheme that helps eligible pet owners who fall outside of our Pet Hospital catchment areas to access reduced cost veterinary care for their pet. This scheme is available through a network of participating private vet practices.

During 2021, the main focus for our Pet Care Scheme has been to maintain services in the areas we currently cover, in the face of the restrictions and pressures caused by the pandemic. These challenges have sadly caused a number of practices to suspend taking on any new clients due to staff shortages.

To combat some of these difficulties, we introduced online registration and remote vet access to give more owners the chance to consult a professional about their pet's health. Since this launched in August, we have seen a steady increase in new applications.

OVERVIEW	END OF 2020	END OF 2021	% INCREASE/DECREASE
Total postcodes covered	552	585	6% increase
Postcodes open to new clients	411	330	20% decrease
Postcodes closed to new (only existing clients)	141	255	81% increase
Number of participating practices	192	184	4% decrease
Eligible clients accessing online checker where service is open	7%	6%	1% decrease average over 2021

## Retail

Our charity shops were closed for the first three months of 2021 due to the pandemic, reopening in April and remaining open for the rest of the year. At the end of 2021 we had an estate of 103 shops, having closed 9 during the year due to low surplus delivery.

After re-opening sales performance was ahead of budget, and we ended the year in a strong position.

We introduced branded goods within our ladies' and men's clothing accessories range, as well as a bespoke branded core range. This has improved the visual appeal within our shops while providing another way of communicating our key messages – through the PDSA branded packaging.

We have maintained very high levels of Covid-safe working throughout the year. As restrictions eased, we kept many measures in place, such as encouraging face coverings, because we wanted to provide a safe place to volunteer, work and shop.

E-commerce sales have also been very strong, driven by shoppers converting from bricks-and-mortar to online shopping during the pandemic, delivering a growth of 656% since the onset of Covid-19. Throughout the year many new processes have been introduced to improve service and lower costs.

Donations to PDSA shops saved

**6 tonnes** of clothing going to landfill.



## Making PDSA better known, loved and understood

As further uncertainty and change dominated 2021, we continued to work hard to ensure PDSA's activities, veterinary expertise and need for support were promoted through our PR and social media activity.

We launched our Winter Appeal, and secured widespread media coverage appealing for donations, receiving celebrity endorsement to help spread the word, including support on social media from Ricky Gervais, Johnny Vegas and Alesha Dixon.

Emergency case studies, highlighting why our service is so vital to pets in need and their owners, made it into the press and social media feeds. For example, Hugo the Staffie – who needed treatment after eating six bags of chocolate coins, complete with foil wrappers – received global media attention when we shared his story over Christmas, boosting our brand awareness and helping to warn other pet owners of the dangers of some festive foods.

Our Animal Awards Programme has made headlines throughout the year, as both the media and the public engaged with the inspirational stories of amazing animals who have gone above and beyond. We also enlisted celebrity support to deliver the recognition so richly deserved, including Michaela Strachan, Ben Fogle and Naga Munchetty.

Promoting our veterinary expertise on our social media channels and through the press took place throughout 2021, ensuring millions of pet owners saw our seasonal pet health advice on a wide range of topics including pet obesity (with our #WeighUp campaign) and preparing pets ahead of Bonfire Night and New Year's Eve firework displays (with our free downloadable Fireworks guide).

During 2021, we reached more than 400,000 pet lovers on our social media channels, enabling us to share expert pet health advice, showcase amazing stories of pets that we've helped, fundraise and to assist in communicating with more of our clients and supporters.

## Brand Health Index Measure

We regularly survey public perception to understand awareness and understanding of PDSA as well as the general likelihood of making a donation. Working with research company YouGov we aggregate survey results to create a brand health index measure.

2021 target – 21  
Target achieved – 20.7

As we began 2021, we needed to ensure our brand was aligned to our purpose in a post-Covid world. This meant delaying planned external brand activity until 2022, which resulted in decreased brand awareness - meaning that we narrowly missed our brand goal for the year.

The work that has been completed in 2021 on the new, refocused vision and mission will be integral to future brand impact and messaging, to both our existing and new audiences.

## Winter Appeal - Give Pets a Fighting Chance

Our Fighting Chance Winter Appeal had a big job to do – the pandemic has left more people struggling financially and charities across the sector are having to work harder for their donations.

We launched Fighting Chance at the end of September. An initial digital warm up phase 'For Pets' highlighted the vital bond between pets and their owners, before the core appeal began - focusing on the uncertain times and how together PDSA and our supporters can be there to give desperately poorly pets a fighting chance.

We reached out to our current supporter base through traditional direct mail, email and calling, to help our valued donors understand the situation and gather even more support for our vital work. We were able to successfully shine a spotlight on the appeal to new audiences via high-profile TV coverage, celebrity endorsements and our own very active social media channels, raising over £500,000.



## PDSA Medals and Awards Programme



Our founder, Maria Dickin, not only wanted to help pets in need, she also wanted to raise the status of animals in society. With this in mind, she established the PDSA Dickin Medal in 1943. Known as 'the animals' Victoria Cross', the Medal is awarded to recognise outstanding acts of bravery or devotion to duty displayed by animals serving with the Armed Forces or Civil Defence units.

Nearly 80 years later we continue to present the PDSA Dickin Medal, and we have added further Medals to our globally recognised awards programme:

**The PDSA Gold Medal** is the animal equivalent of the George Cross. Instituted in 2001, it is awarded for saving human or animal life through civilian acts of animal bravery and exceptional devotion to duty.



**The PDSA Order of Merit** is known as 'the animals' OBE'. Introduced in 2014, it recognises those that display outstanding devotion to their owner or wider society and represents an exceptional example of the special bond between animals and humans.



**The PDSA Commendation** was first awarded in 2001 and recognises animals for their acts of devotion or bravery. For example, pets receiving this award may have supported their owners through particularly challenging times, raised the alarm in an emergency, or simply made lives better through their love and loyalty.

Our awards programme helps us highlight the valuable contribution animals make to our lives. It also enables us to attract new potential supporters to our cause, by giving us a platform for reaching and engaging with audiences of varying ages and demographics around the world.

## PDSA Animal Awards Programme 2021

With Covid-19 still having a significant impact on everyone's day-to-day lives, we took the decision to hold online presentations for our three Medal recipients in 2021.

We also implemented a full PR campaign (national, regional, print and broadcast), social media coverage on all channels, a special takeover email out to all supporters, and digital retargeting activity on Google and YouTube for each recipient.

### PDSA Order of Merit: Max

On 19 February 2021 we awarded the PDSA Order of Merit to Springer Spaniel Max, for his outstanding support to owner Kerry through challenging times and also his more widespread positive impact – inspiring and comforting thousands of people worldwide through the pair's Facebook page 'Max out in the Lake District'.

The page shares Kerry and Max's journey, both in terms of mental health and wellbeing, and their walks through the countryside, during lockdowns and beyond. Max has become an ambassador for positive impact that animals have on mental health and wellbeing, and a source of huge comfort for many people who are facing, or have gone through, difficult times. Together Max and Kerry have also raised over £300,000 for various charities, including PDSA.



**TV coverage**  
on BBC, Sky News, ITV, Channel 5  
**BBC sky NEWS itv 5**

**1,446,000**  
Total social media reach

**109,000**  
Facebook Live views

**26,000**  
Views of the online tribute film

**615,000**  
Digital retargeting impressions

**398**  
New e-newsletter sign-ups

### PDSA Dickin Medal: Leuk

On 23 April 2021 we awarded a posthumous PDSA Dickin Medal to French Navy Commando dog Leuk, for his outstanding gallantry and life-saving devotion to duty while on operation in Mali with the French Special Forces Commando Kieffer Unit. Sadly, Leuk's final mission took place on 2 May 2019, when he was killed by an enemy insurgent whose position he had single-handedly exposed.



### PDSA Order of Merit: Alfie and AJ

On 11 August 2021 we awarded the PDSA Order of Merit to English Spaniel Alfie and Labrador AJ for their careers of exemplary service to society with Number 4 RAF Police (Typhoon) Squadron. The duo worked as Arms & Explosives Search Military Working Dogs between 2011-2017 and 2014-2019 respectively.



Alfie and AJ's records were the best in their Area of Operations in terms of number of search hours, searches, and operational finds. They regularly worked in severe threat level environments, locating arms, ammunitions, explosives and bomb-making equipment that posed a serious threat to life.



### PR campaign impact 2021

**BBC**  
News national coverage

**73**  
Press articles

**35,000**  
Instagram TV video reach

**36,000**  
YouTube video views

**4,800**  
Webpage views

**116,300**  
Total social media reach

**195,500**  
Digital retargeting impressions

### PR campaign impact 2021

**350**  
Press articles, across 225 media outlets

**76,000**  
Organic social media reach

**1,064,000**  
Paid social media reach

**10,500**  
Webpage views

**19.15%**  
Email open rate

# Companionship

## Working with others



**2 million** owners acquired their cat, dog or rabbit between March 2020 and May 2021

**47%** of these owners had never owned this species as an adult before

### Animal Welfare Need #3: Companionship

#### Volunteers, pet owners and working together

Just like pets PDSA needs the right 'companions' to partner with. We cannot achieve our mission alone.

These partners include our supporters and donors, who provide vital funding; our staff, who work incredibly hard whether they're on the front line or carrying out their duties from home; and our volunteers, who put in many hours of work to support us in delivering our services. Last but certainly not least, we also partner with pet owners themselves, those who rely on our services, who work together with us to improve their pets' lives.

Throughout the pandemic, and despite all its challenges and restrictions, our team of partners has remained committed to striving towards our common goal.

#### People's Postcode Lottery

We're incredibly grateful for the generous support we've been receiving from players of People's Postcode Lottery since 2013 – our total funding received reached an amazing £13,655,124 in December 2021.

Thanks to this year's £1.8 million support we have been able to:

Provide life-saving medication to treat **over 9,000 pets** living with heart conditions and over 2,000 pets with diabetes, whose owners are living in financial hardship

Provide vital pain relief to over **100,000 pets**

Provide 35 different online training courses for our vets, with **2,356 courses** completed in 2021

Hit the milestone of **7.7 million** unique visitors to our Pet Health Hub since it launched in September 2018

Fund part of our new Nottingham Pet Wellbeing Centre

We were especially grateful to be the recipients of an 'Extra Award' of £2 million from People's Postcode Lottery's Postcode Animal Trust during 2021, which has been used to:



Cover the cost of screens in all of our Pet Hospitals and PPE (such as face masks) for our veterinary staff, increasing our capacity to help more pets and people while remaining safe from Covid-19.



Fund treatment for around **17,000 pets** during 2021 and the beginning of 2022, including planned surgeries, such as lump removals, and emergency surgeries such as fixing broken bones.

The continued support of players of People's Postcode Lottery made an incredible difference in 2021, and will continue to do so in 2022, enabling us to help the pets of those owners most in need.

AWARDED FUNDS FROM



SUPPORT BY PLAYERS OF



#### Volunteering

2021 was another challenging year for volunteering at PDSA. Our charity shops remained closed until April due to the pandemic and while our hospitals remained open to provide emergency and essential services, Covid-safe ways of working such as social distancing meant we were unable to accommodate volunteers within the space available.

Pet Hospital and Head Office volunteering has also been impacted as a result of the pandemic. In September 2021 we started returning hospital volunteers in restricted numbers and will continue to bring more back through 2022, depending on space and staffing numbers at different sites. Unfortunately, Head Office volunteering remains closed as most teams continue to work from home.

The situation in retail has been more positive; we were thrilled to welcome back more than 60% of our retail volunteers, who returned when our shops re-opened in April, with numbers remaining stable throughout the remainder of the year. Retail has since gone from strength to strength, with shops reporting strong trading numbers – which is in no small part due to the hard work and commitment of our volunteers.

Despite the long-term closures, challenges and uncertainty, our volunteers have still continued to show tremendous support and loyalty. We set up a private Facebook group so our valued volunteer community would be able to keep in touch, support and encourage each other. Many of them also sent messages of support to staff, especially those working in our Pet Hospitals, which boosted morale at a very challenging time.

2021 has also been a year of continuous improvement and development for volunteering. We rolled out two new and two refresher training modules for our volunteers, and have seen record completion levels well above our targets. We continue to grow and embed the Volunteer Hub, where our volunteers can access free training, health and wellbeing resources. Many more volunteers are now developing their digital skills and utilising the Hub.

Volunteering continues to be a great pipeline for developing and identifying talent, in a challenging recruitment market. We saw four previous volunteers successfully recruited into the new Cluster Manager role when we restructured retail. We also launched a new Lead Volunteer selection and training module, and now have one or two volunteers in each shop working through this development programme (which is a key stepping-stone towards taking on a paid Assistant Shop Manager role).

	Total number of volunteers during 2021	<b>2,842</b>
	How many volunteers have been with us for more than 1 year	<b>1,225</b>
	How many volunteers have been with us for more than 5 years	<b>655</b>
	How many volunteers have been with us for more than 10 years	<b>316</b>
	How many volunteers have been with us for more than 25 years	<b>20</b>
	Total volunteer numbers across PDSA on the day of providing this information	<b>1,758</b>



## Sweetie, Cupcake, Flower, Daisy, Cookie and Potato

When Lindsay Andrews grew increasingly concerned about her pet rats she turned to PDSA for help.

Her pets, Sweetie, Cupcake, Flower, Daisy, Cookie and Potato were having difficulty breathing. After a remote consult, Lindsay was advised to bring them all for a face-to-face appointment at Gillingham PDSA Pet Hospital. Once at the hospital the vet team provided treatment to help with their chests and breathing.

Lindsay said: "They're a very misunderstood species, people think they're dirty and carry disease, but they're actually really clean animals. They are all litter trained and they spend ages each day cleaning themselves, they don't smell either."

Thanks to PDSA, Lindsay's rats went on to make a full recovery.

“Sweetie is a hairless rat, so just has a couple of short, curly whiskers. Daisy and Flower are patchwork double Rex Rats, its normal for them to have bald patches and fur. The final 2, Cookie and Potato, are Rex Rats so have curly coats.”

Lindsay Andrews



# Diet

## Our fundraising



In total,  
**£2.02 million**  
was raised by donations  
in 2021, a £299,000  
increase on 2020

## Animal Welfare Need #4: Diet

### The key to pets' health and happiness

Pets need the right diet to stay healthy, and similarly PDSA needs the right funding to be fed in, to achieve the healthiest outcomes – keeping our vital services running, helping as many pets and owners in need as possible.

This year has been a difficult one for the whole charity sector, with Covid-19 restricting many traditional fundraising activities. We've had to work harder and smarter. Pivoting to match the shift in economic climate being felt by our supporters as well as ourselves, we have invested in improving awareness of our work – aiming to become better known, loved and understood – in order to attract new long-term supporters, and of course more immediately to boost fundraising for our vital work.

We are delighted that our hard work has paid off. Our growth in income since 2020 is testament to the loyalty of our supporters, the dedication of our team, and the worthiness of our cause.

### Individual Giving

Sustained investment enabled us to acquire new supporters and grow predictable income during 2021, with a focus on acquiring committed supporters donating to our Regular Giving and Weekly Lottery products.



Once acquired, our focus for all supporters has been to ensure we retain them, and encourage greater engagement with the charity, by building a mutually rewarding relationship.

Our engagement activity – including a newsletter, magazine and email programme – has successfully re-affirmed our relationship with our supporters. Making efficient use of our resources, we have shared content from these activities to further connect with other audiences, such as our mid-level donors and volunteers.

Three donation campaigns have been successfully delivered, which have all focused on our continued need for support owing to the economic constraints of the pandemic, and emphasised how both new and existing pet owners and their pets rely upon PDSA. In total, £2.02 million was raised by donations in 2021, a £299,000 increase on 2020.

Our existing gaming propositions – the Raffle and Weekly Lottery – have been promoted throughout the year. Our Raffle campaigns raised £1.34 million income in 2021, an increase of £83,000 on 2020, achieving a surplus of £1.03 million. Weekly Lottery raised £1.22 million income in 2021, an increase of £257,000 on 2020. However, we moved from a surplus of £487,000 in 2020 to a deficit of £276,000 in 2021. This was due to investment in the recruitment of players, increasing expenditure by £1 million in comparison to 2020 to support our strategy of growing future predictable income and our database of supporters.

Our new data and insight agency Adroit have been working to improve insight, reporting and campaign delivery since coming on board in April. The roadmap we have developed with them will enable us to continue to acquire, develop and steward our supporters, building upon our successful approach to individual giving in 2021 – which achieved a total income of £11.054 million, a £700,000 increase on 2020.

### Public Fundraising

PDSA only works with companies and commercial participators of repute and whose activities do not have an adverse impact on the charity's objectives, and we regularly review the relationships we have. We have policies, robust processes and monitoring in place to ensure those who fundraise on our behalf operate at the highest standards, to ensure that our fundraising is not intrusive, persistent, does not put any individual under undue pressure and protects the vulnerable.

We work with fundraising agencies who engage the public on our behalf to explain the impact and benefit of our services and ask for their support through regular donations. We place our fundraisers in sites such as shopping centres, malls and private sites. PDSA does not conduct door-to-door or street fundraising.

We have a fundraising manager dedicated to working with our partners and ensuring the public have a positive experience when engaging with a PDSA fundraiser. Our monitoring includes an active mystery shopping and sampling programme, supported by quality assurance checks such as call listening and video of live conversations. Our fundraising manager deals with any complaint or expression of dissatisfaction we receive relating to our public fundraising, working closely with our partners. During 2021 we received two complaints regarding public fundraising.

Our quality and assurance programme is monitored by the Audit and Risk Committee. We only work with agencies which fully comply with the Fundraising Code of Practice, are members of the Chartered Institute of Fundraising, and engaged with the Institute's compliance programme. We believe that engaging conversations with a fundraiser will continue to play an important part in building public understanding of, and support for, PDSA.

## Challenge and community fundraising

As in 2020, many of our challenge and individual fundraising events had to be cancelled in the first half of the year. However, following restrictions being lifted in July, we saw an increase in our supporters taking part in challenge and individual fundraising. The London Marathon went ahead in October for the first time since 2019. While many runners chose to defer their places until 2022, celebrity Gemma Merna was joined by three other runners to complete the 26.2 mile course to raise funds and awareness for PDSA.

We continue to see an upward trend in Facebook Giving fundraising, with supporters choosing to raise money by holding special events in aid of the charity (from birthday fundraisers to sponsored activities), and we plan to test our first Facebook virtual event in 2022.

Individual fundraising continues to be popular, especially as the risk of Covid-19 remains. With this in mind, we are continuously reviewing our challenge and individual fundraising in order to adapt our offering as the pandemic situation evolves.

## Legacy

Legacy continues to be PDSA's most important source of income, with two in three treatments performed at our Pet Hospitals funded by Gifts in Wills. Thankfully, for many of our loyal supporters leaving a legacy to PDSA is a natural next step, and a way for them to let their love of pets live on.

We have been fortunate over the past 30 years that we have received so many Gifts from Wills, but our supporter database is ageing, and it's vital we act now to connect with supporters and grow our legacy income for the future.

While Covid-19 has impacted our legacy stewardship programme by removing the possibility of face-to-face events, we have been working hard to prepare for accelerated legacy activity in 2022.

Thanks to our 2020 legacy research, undertaken with both current and potential supporters, we now have a clearer understanding of attitudes to legacy giving. In light of this, our legacy stewardship communication journey is currently being redesigned, new creative is being tested, a new model to predict future potential income is being built, increased tracking to better understand activity performance better is underway, and we are working to expand our Free Wills offering by introducing a new online Wills supplier.

2022 is set to be a busy year for Legacy, with continued investment, awareness raising and increased activity will drive the growth of our future legacy income, allowing us to continue providing vital treatment for pets in years to come.



## National Customer Service Centre

This year our National Customer Service Centre (NCSC) received 218,770 calls, a huge 39.5% increase from 2020.

This demand was largely driven from NCSC supporting our Pet Hospitals by diverting traffic from their reception areas. Initiatives are also underway to encourage our clients and supporters to access support through our digital channels to help decrease phone traffic, but this transformation is still in its early stages.

We know that around 72% of our calls are veterinary enquiries, with the other 28% calls from existing supporters wishing to make a donation, talk about fundraising, raise a complaint, discuss legacy information, or simply make a change to the personal details we have on file for them.

During 2021 we also handled more than 40,000 email enquiries, which again mainly related to veterinary issues. The NCSC now also handles all responses to queries raised through social media, including Facebook, Twitter, Instagram, LinkedIn and YouTube channels. In 2021 we received over 36,900 notifications, although not all of these were of the nature that required a response. Additionally, this year the team took responsibility for e-commerce admin enquiries, which totalled more than 800.

A total of 113 fundraising complaints were handled this year, compared to last year's 158. Complaints have fallen in line with the decrease in fundraising activities. As these activities increase next year, we could expect to see a small proportionate rise in complaints, although numbers remain relatively consistent in this area year to year.

## Strategic partnerships

During 2021 we secured strategic multi-year partnerships with corporate organisations aligned to the 5 Animal Welfare Needs. Our largest partnership is with Royal Canin – a global leader in tailored health and nutrition products for dogs and cats – who we are working with to improve nutrition and welfare for the UK's pets through a series of campaigns and promotions.

In 2022 we will continue to grow our various existing strategic partnerships and find new partners who align with our strategic aims, as well as work with companies that wish to support us through traditional fundraising methods.

## Vet Care

Our range of pet products, developed using our extensive veterinary expertise, continues to generate sales through our Pet Hospitals and e-commerce. The range includes shampoo, joint supplements, ear cleaners, flea spray and probiotic paste to promote digestive health. Through our online pet store, our Vet Care range experienced 11.26% growth during 2021.

## PETSURANCE from pdsa

PDSA Petsurance remains a key growth area for us. As well as aligning perfectly with our charitable activities, it helps the charity to become better known, loved and understood by introducing more pet owners to our brand. In 2021 we increased the number of live policies by 18% and the income generated grew to £2.15 million. We also concluded a strategic review of our partnership, taking into account of our organisation's business plan and strategic objectives.



## Dallace is saved from a life-threatening intestinal condition

When five-month-old Doberman Dallace went off her food, began suffering from severe, bloody diarrhoea, and was lethargic, her owner Laura began to worry.

Laura said: "Dallace was diagnosed with Haemorrhagic Gastroenteritis (HGE) at a private vet when she was passing diarrhoea containing blood after she had accidentally got her paws on a jumbo bone. She was treated and appeared to improve initially, but then suddenly deteriorated.

"I was worried about affording further vet bills but was desperate to get Dallace the help she needed, so I called PDSA for help. To my relief, I was eligible for their services. After I explained Dallace's previous diagnosis and the recurrence of worsening symptoms, the vet team at Wolverhampton PDSA asked me to bring her to the Pet Hospital."

“Dallace is doing really well thanks to PDSA. The whole team were truly phenomenal. They were caring and compassionate, which really helped. I'm so thankful to them for saving Dallace's life.”

PDSA Vet, Jane Trinder, said: "When Dallace arrived, we were concerned that her symptoms had come back despite initially effective treatment. We felt a hard mass in her tummy that wasn't there before, so we performed further tests to help us identify the cause.

"X-rays revealed a blockage, which could have been a foreign body or condition called intussusception. We needed to operate immediately to confirm the problem and fix it.

"During surgery, we found Dallace was suffering from intussusception – a life-threatening intestinal condition which can happen in young puppies as a result of diarrhoea. We needed to perform intricate surgery to remove the affected part of the intestines right away."

Laura said: "When Dallace was in surgery, the wait was agonising. It was all so daunting and worrying, but the team at PDSA let me know what was happening. They were all rooting for Dallace to pull through, which gave me hope."

Once Dallace had come around from the anaesthetic, vets explained to Laura that her beloved pup wasn't out of the woods yet. She had undergone major surgery and, due to the nature of the condition and the complex surgical procedure, there was a risk of complications. Dallace was referred for around-the-clock postoperative care at Oldbury PDSA.

Laura said: "Despite PDSA's amazing work, I was apprehensive Dallace might not make it. She'd overcome one hurdle, but vets explained there were still many more to overcome.

"Thankfully, after a night's rest and recovery at the Pet Hospital, I got the call to say I could collect Dallace! The vets were astonished at how well she was recovering after major surgery."

Dallace returned home to her loving owner with pain relief, antibiotics and probiotics. A bland diet was recommended, and she was under strict instructions to get plenty of rest.

Laura said: "Dallace is doing really well thanks to PDSA. The whole team were truly phenomenal. They were caring and compassionate, which really helped. I'm so thankful to them for saving Dallace's life; I'm hoping to take on a fundraising challenge soon to say thank you."

# Health

## Investing in our people



**73%** of our employees completed the survey – giving us a prime opportunity to build on our existing success by using data and specific feedback to help shape and inform our culture

### Animal Welfare Need #5: Health

#### Investing in our organisational capability

To help as many sick and injured pets as possible, we need to ensure PDSA is strong and healthy. Throughout the pandemic we have concentrated on pets needing emergency and essential care, but we have also put additional focus on looking after our people and our infrastructure.

This year, we have invested in making sure our people are supported in their mental wellbeing, and are well-versed in important aspects of their roles such as safety and inclusion. In addition, we have been putting in place the right technologies and processes to take our organisation forward.

With this dual focus, we have laid the groundwork for PDSA to remain a healthy and competitive workplace for years to come.

#### Our aim

##### Employee engagement

We want PDSA to be a great place to work.

We started our people-centric journey long before the pandemic, and back in 2019 we were named in The Sunday Times Top 100 Best Not-for-Profit Organisations to Work For.

In 2021 we carried out another employee engagement survey to get an insight into how our people are feeling. Despite the upheaval and change we've all experienced during the pandemic, we once again received 'One to Watch' accreditation by employee engagement experts Best Companies. This indicates that we are a good place to work and that there are further promising signs for the future of our workplace engagement. We could not have been closer to achieving 'One Star' (very good) accreditation, missing out by just 0.1 of a point!



The fact that more than 1,400 people took part in our survey this year demonstrates that employee voice is important to PDSA's people. This level of engagement – 73% of our total workforce – gives us a prime opportunity to build on our existing success by using data and specific feedback to help shape and inform our culture.

The survey results told us that our people are proud to work for PDSA and are highly engaged with the organisation, our history and our cause. It's an exciting time to be part of the PDSA team and we'll be working with colleagues from across the organisation to identify how we can continue our journey to be an even better place to work.

#### Wellbeing

Putting our employees' and volunteers' wellbeing at the heart of what we do is really important to us. After all, the wellbeing of people is a key part of our charitable activities – we support owners, as well as saving pets.

In particular, we want to create a culture and environment where 'it's okay not to be okay' and where people can feel comfortable enough to talk openly about how they feel.

For a number of years we've had a range of tools and resources in place to support our people's wellbeing, including our Employee Assistance Programme, where colleagues (and their families) can access expert support on a range of issues, at any time.

In May 2021, we signed up to Mind's Mental Health at Work Commitment, which is a public pledge that our people's mental health is important. It demonstrates that we have pledged to continually work towards creating a safe environment where people feel supported, and are able to reach out for help if they need it. This Commitment is part of an ongoing journey where we'll continue to put our people's wellbeing at the heart of the decisions we make, and try to develop a culture where people can be open and honest about how they feel.

We'll continue to measure our progress as an organisation against the voluntary framework of the Commitment.

As part of that Commitment, we are also, for the first time, publishing our sickness absence rates for mental health conditions. As at the end of 2021, average sickness days per employee, across the organisation, ran at 4 days. Of those, 1 day was, on average, due to mental health (25% of all sickness absence in total).

Evidence suggests that nearly 1 in 3 people in the UK are still unlikely to speak about their mental health at work, meaning that there is likely to be an under-reporting of mental health as a reason for sickness absence. So, whilst we've made good progress in helping to break the stigma associated with mental health in the workplace, we know there's still much work to do.

Part of our future work on this issue includes making sure our line managers are confident and equipped to have proactive wellbeing conversations with their teams. To help them do this, we've teamed up with not-for-profit mental health training experts ReThink Mental Illness to launch a pilot line manager training scheme. We hope to progress this into 2022 and beyond.

In recent years we've also looked to support people's financial wellbeing. Our employee benefits platform has so far helped colleagues collectively save more than £50,000. During the pandemic we also launched a new employee financial wellbeing benefit, through a payroll partnership with TransaveUK credit union. This partnership allows colleagues to transfer money into a savings account directly from their pay packet, as well as access ethical and affordable lending if they need to. To date, nearly 100 colleagues are now saving monthly – with more than £100,000 in total savings and around £8,000 in loans. We also teamed up with Barclays to provide online one-to-one financial awareness training for colleagues.

Of course, we've also continued to put the wellbeing of our teams, volunteers, clients and customers at the heart of our pandemic response by creating safe working spaces.

In addition, we made more than 3,000 wellbeing days available to our teams, helping them to take some time away from work to focus on their own wellbeing, after one of the most challenging years any of us have ever faced. We also introduced extended paid Dependency Leave – helping to support working parents when schools and childcare facilities were closed.

### Equity, Diversity and Inclusion

We value and respect the diversity of the world around us and, as a values-led organisation, we're committed to creating an environment where diversity and inclusion are at the heart of all we do, both as an employer and in the service we provide.

In 2021 we began work with our Trustees and our employee-led Diversity & Inclusion Working Group to define our approach to achieve our goal.

We are taking proactive steps to broaden the diversity of our Board. We've been looking to do this in 2022 when we recruit new Trustees as the terms of office for existing Trustees come to an end. By widening the pool of candidates through using effective diversity and inclusion recruitment practices, we hope to ensure that our Board becomes more representative of the communities we serve.

We have also started looking at how we can reduce subconscious bias at recruitment stage, by reviewing aspects such as the language we use in job descriptions and adverts.

We are also proactively celebrating the diversity which currently exists within the organisation by supporting campaigns around LGBT History Month, Pride, Black History Month and Disability History Month. In addition, we've supported the campaign by the British Veterinary Association to raise awareness of micro-aggressions, and the impact that the language we use can have on those around us.

Moving into 2022 we'll continue to raise awareness, educate and celebrate our diversity, as well as put into place a robust programme for change, to help us become a more diverse and inclusive organisation over the coming years.

### Our focus for the short term will be around:

- Improving our data to better understand our organisation and the progress we are making.
- Strengthening our key policies and processes.
- Continuing to refine our recruitment activities.
- Making sure our values reflect our commitment to diversity and inclusion.

### Our offices and the future of work

One of the big changes we have seen over the past two years has been that many more people have worked from home. The pandemic has transformed how and where people work; PDSA is no different.

For most of 2021, the majority of our support service teams – who would normally have been based at our main offices in Telford and Sunderland – have been working from home. This has presented brand-new opportunities for the future for many of our colleagues.

As people's approach to work has evolved, we've continued to provide flexibility to help our teams operate in a way which helps them to achieve a healthy work-life balance.

A large number of our support teams are now classed as 'hybrid' workers, which means that they have a choice as to where they work on a daily basis – they can either work in an office, or from home. Over the coming months we will continue to look at how we can provide more flexible working opportunities for teams across the organisation.

We have also been able to make sure that when teams have been able to return to our offices, Pet Hospitals and charity shops, they've been able to do so safely through a series of Covid-safe ways of working, including social distancing and enhanced cleaning schedules.

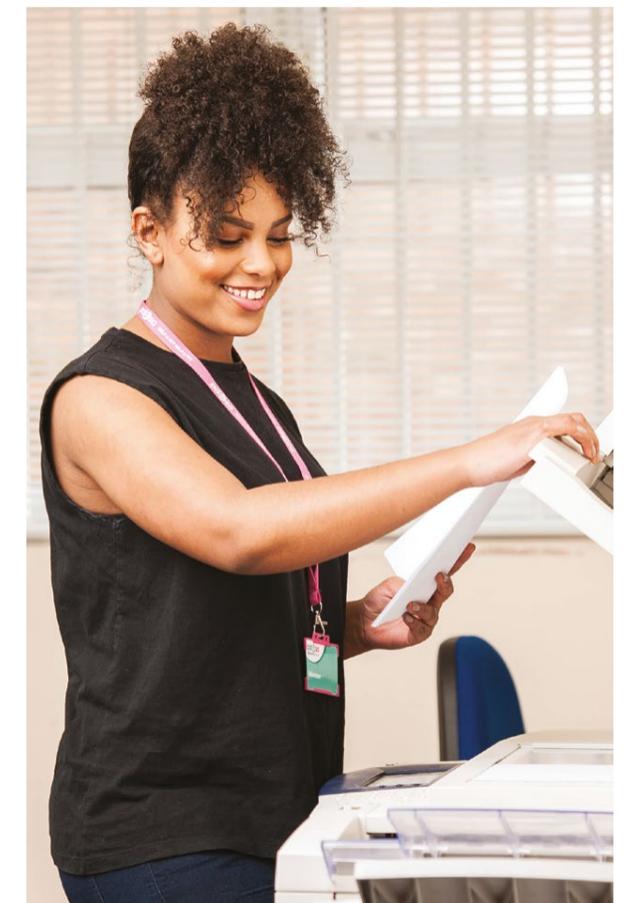
### Remote Vets

This year saw a new 'first' for PDSA, the introduction of Remote Vets. Whenever and wherever we were unable to physically treat pets because of the pandemic, we used remote consultations, predominantly via telephone, to support our clients. During 2021, we held 660,000 consultations this way.

Through this new initiative, we were able to attract a range of experienced vets otherwise not accessible to PDSA. We could offer flexible working for those with families and caring responsibilities, while also being flexible to the needs of our clients.

This addition to our service really helped us to think differently about what the future world of work might look like at PDSA.

Despite the challenging labour market we feel very much on the front foot, finishing the year with more vets in post than we had pre-pandemic.



## Introduction of Apprentice Veterinary Nurses Cohorts

Apprenticeships have always been key to our resourcing strategy, so this year we decided to strengthen this approach by introducing a new programme to support the career development of our internal nursing talent.

Launching our first two cohorts for Apprentice Veterinary Nurses (AVNs) brought a more structured approach to our internal apprenticeships. We are now able to support Pet Hospitals with the identification and selection of our Veterinary Care Assistants (VCAs) who might be ready to take the next step in their career. We are also able to choose colleges and training providers, with start dates relevant to our learners, as they move onto their apprenticeship, as well as clearly report on our AVNs' progress and development. We will also have a clearer idea of where and when we will need to recruit for the future, enabling us to achieve a consistent flow of talent through the organisation.

## Reintroduction of Graduates

2021 also saw the return of our Veterinary Graduate Programme, with 23 new graduates recruited in April for a September start date. As with our AVN cohort, our aim was to start our new graduates together, to allow them to support each other as they progress through their first year at PDSA. We also implemented some changes to how we support our graduates, with the introduction of the RCVS Vet GDP Advisor Programme. This saw 23 of our veterinary surgeons undertake CPD to become mentors and coaches to our graduates, to give them the very best start at PDSA.

## Resource Planning

In recognition of the challenging Vet Surgeon and Vet Nurse labour market, we continued to strengthen our resourcing activities in 2021. To help us be more effective in resource planning, we have developed tools which can analyse historic and current data to predict our hospitals' staffing levels, up to 12 months

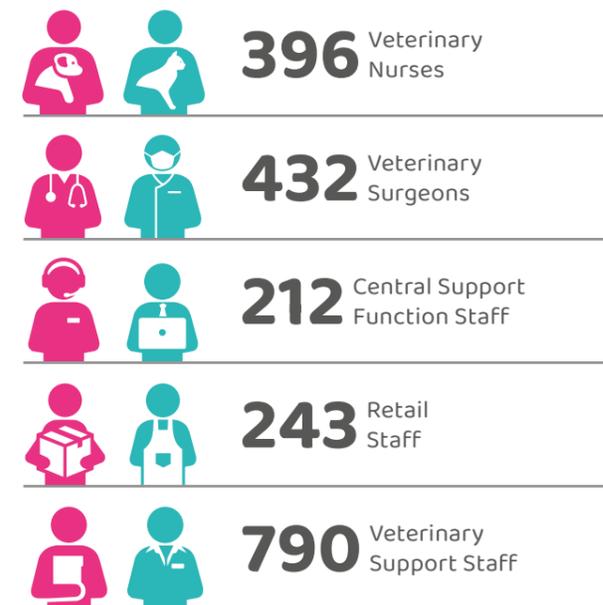


2021 saw the return of our Veterinary Graduate Programme, with 23 new graduates recruited in April

in advance. It does this by using our people data to tell us when we are likely to have leavers and new joiners, when temporary contracts will end, and when we will have maternity leavers and returners.

This technological innovation allows us to increase our efficiency in both recruitment and retention. We can also undertake better targeted early recruitment activity, which helps to increase staffing level stability within our Pet Hospitals.

Total number of PDSA staff as at 31 December 2021 **2,073**



## Safeguarding

At PDSA we are committed to creating an environment where everyone who comes into contact with us feels, and is, safe. This includes our employees and volunteers, as well as members of the public such as clients, customers and supporters.

This year we have focused on ensuring that all our people receive safeguarding induction training, covering what safeguarding is, what to do about any concerns, and how positive and appropriate behaviour creates safe workplace cultures.

We reviewed and updated our safeguarding Risk Register, which helps us to track and monitor organisational safeguarding risks and controls. We also developed practical guidance and resources to support our teams in responding to any safeguarding concerns.

During 2021 we have been supported in our safeguarding work by a volunteer social work student, who worked with us as part of her Master's placement.

Our Safeguarding Committee continues to meet quarterly, chaired by our Designated Safeguarding Officer, with input from our Safeguarding Manager. We continue to collate quarterly safeguarding reports, regularly analysing safeguarding case data. This information is reported to Trustees (which include a Trustee Safeguarding Champion) and the Executive team.

We are currently in the process of developing our Safeguarding Strategy which will be rolled out in 2022. This strategy will examine how we can build on the substantial body of work already completed, to continue to create a positive and safe workplace culture.

## Technology

Many key technology projects have been delivered by our IS team during 2021. Highlights include the migration of our core information system, 'Phoenix', from older technology to Microsoft's Cloud, which offers improved security, performance and reliability. The new finance system, built on the Microsoft Dynamics platform, not only enables better integration with existing systems and processes, but offers further flexibility in the future.

One of our key priorities is keeping our organisation safe and secure in the digital world – especially given the need for remote working – and we've made further improvements during 2021. We created a simpler process for colleagues to update their security credentials, which, coupled with the wider adoption of multi-factor authentication, makes it more difficult for unauthorised parties to access our systems and data.

Colleagues working on digital transformation have responded to the growing challenges and demands of the online world, delivering benefits and improved experiences for both clients and supporters. The introduction of simpler, more effective registration processes for pet owners and an easier-to-navigate website are just a couple of examples of the brilliant work underway.

This year we made a significant change in our mindset and strategy when it comes to digital transformation, with the appointment of our first Director of Digital, Data & Technology. With this new appointment, we seek to accelerate and widen the scope of digital transformation, unlocking the potential for data and digital technologies to better support our ambitions and objectives.

As we look to 2022, we will launch new strategies and plans for Digital, Data and Technology, to bring our vision of the future to life. We will work with clients, supporters, customers, volunteers and colleagues to better understand their worlds, and ensure our systems and processes create positive, frictionless user experiences in every way possible.

## Data Protection

The world has changed in so many ways over the last 18 months of the pandemic, but Data Protection law has remained constant. In June this year the UK successfully obtained an 'Adequacy Decision' from the European Commission, ensuring we could continue to share data with EU-based organisations without additional controls. This has meant that the UK must follow GDPR rules, at least for the time being.

Throughout 2021 we have continued to transition more of our products and services online as part of our ongoing digital transformation strategy. This is a complex area where data protection regulation, sophisticated technology, and social changes all come together. We have strived to ensure our organisation is compliant with online marketing laws, and the use of the telephone for marketing purposes. This is an area where we see the most regulatory fines implemented, and it pays to keep on top of compliance – recent proposals from the government suggest that these types of breaches may attract much larger fines in the future.

## Environmental Statement

PDSA is still committed to reducing the charity's impact on the environment. We are dedicated to reducing our energy, water and fuel use, as well as waste.

The Covid-19 pandemic changed the way that many of our staff work, and carbon emissions from business travel and commuting were significantly reduced. In 2021 we decided that we wanted to support our staff, where appropriate, to adopt hybrid or remote working in the longer term. This has enabled us to achieve a continued reduction in carbon emissions associated with a daily commute.



The need for a pandemic response meant that we had to shift some of our focus away from our sustainability-related ambitions. We haven't yet set targets with regards to environment, as a result, but we are planning to do so in 2022/23. This is something that our people fully support, and we are looking forward to re-igniting our efforts towards becoming a more environmentally friendly organisation.

We have been able to continue embedding good environmental practice in all our built environment design. Any new boilers we install are energy efficient, and we are gearing up to deliver an energy efficient lighting project across our estate.

Our methodology for calculating our greenhouse gas impact takes our total energy usage – including electric, gas and bottled gas use, as well as transport – and converts this into our organisation-wide carbon footprint. This figure can then be divided by our total head count for the same period, giving us our intensity ratio.

### Energy Use and GHG (KgCO<sub>2</sub>e) emissions:

Site	2021				2020			
	kWh	%	Kg CO <sub>2</sub> e	%	kWh	%	Kg CO <sub>2</sub> e	%
Electricity	4,586,602	87%	973,873	87%	4,048,896	81%	943,960	81%
Gas	453,264	9%	94,638	8%	376,616	8%	77,970	7%
Transport	224,840	4%	56,515	5%	565,795	11%	142,215	12%
<b>Total</b>	<b>5,264,706</b>		<b>1,125,026</b>		<b>4,991,307</b>		<b>1,164,145</b>	
<b>Total Kg CO<sub>2</sub>e</b>	<b>1,125,026</b>				<b>1,164,145</b>			
	The total carbon is 1,125,026 Kg CO <sub>2</sub> e divided by the business metric 2,058 staff.				The total carbon is 1,164,145 Kg CO <sub>2</sub> e divided by the business metric 2,233 staff.			
<b>Intensity ratio</b>	<b>546.66 Kg CO<sub>2</sub>e / staff</b>				<b>521.34 Kg CO<sub>2</sub>e / staff</b>			



“I thought we were going to lose him, so to have him home for Christmas was a miracle.”  
Amie, Hugo's owner

## Hugo's story

Six-year-old Staffordshire Bull Terrier from Plymouth called Hugo narrowly avoided a Christmas catastrophe after eating six packets of milk chocolate coins, including their foil wrappers.

Hugo's owner, Amie, said: "I'd only been to the shops briefly and came back to find torn up packets and bits of foil all over the floor, with the chocolate gone! At first, Hugo seemed fine, but I felt sick with worry when he began vomiting blood. He then had a seizure which was terrifying, so I called PDSA immediately."

Amie contacted the Plymouth PDSA Pet Hospital, The Gwen Rees Centre and PDSA vets advised her to bring Hugo in. She rushed Hugo to the Pet Hospital where he was assessed, sedated and x-rayed. X-rays revealed his stomach was full of foil, and the decision was made that he needed emergency surgery. An intricate and lengthy operation confirmed his stomach was full of foil wrappers, which were causing severe damage and had to be removed.

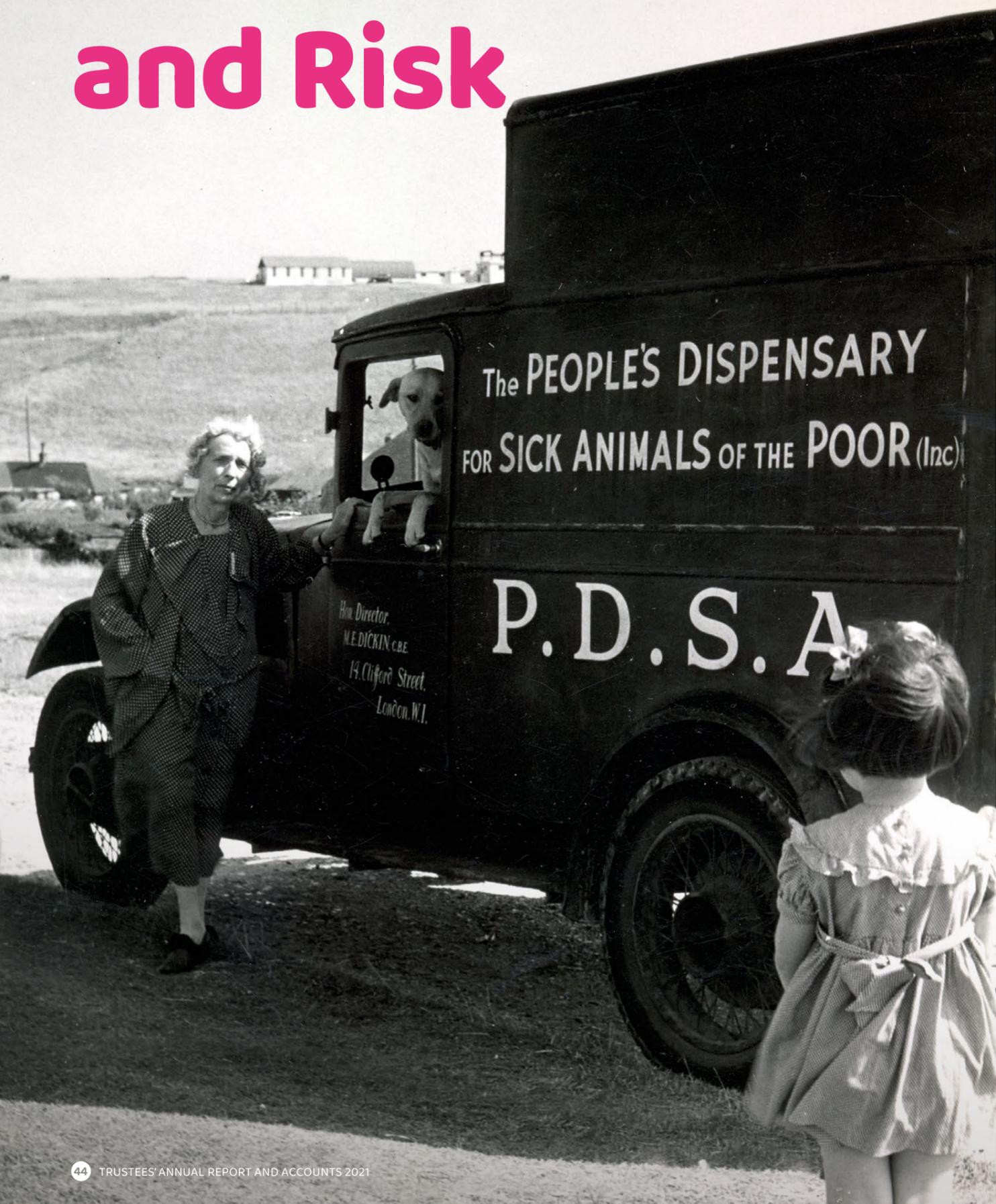
PDSA Vet Nurse Donna Southwould, who helped look after Hugo, said: "Hugo was kept in overnight after his major surgery. He needed an intravenous fluid drip, medication and intensive nursing care to aid his recovery. He was very lucky and could have died without PDSA."

"Many of us have treats, sweets and chocolates in the house, and while the festive period can be a time for indulgence, it's important to remember that some of these foods are very harmful to our pets."

Amie said: "I don't know what I would have done without the incredibly kind and caring staff at PDSA – they were amazing. I honestly don't think Hugo would be here without them."

They went above and beyond for him, and I will be forever grateful. There were a number of times I thought we were going to lose him, so to have him home for Christmas was a miracle."

# Governance and Risk



## Administrative Details

The People's Dispensary for Sick Animals (PDSA)   Founded in 1917 by Maria Dickin, CBE		
Incorporated by Acts of Parliament	Head Office	Patron
(PDSA Act 1949, 12 & 13 Geo. 6, Ch. xv) (PDSA Act 1956, 4 & 5 Eliz. 2, Ch.1xvii)  (as amended by the Scheme set out in the Schedule to the Charities (People's Dispensary for Sick Animals) Order 2015)  Registered charity nos. 208217 & SC037585	Whitechapel Way, Priorslee, Telford, Shropshire TF2 9PQ  Telephone: 01952 290999  Website: www.pdsa.org.uk	HRH Princess Alexandra, the Hon. Lady Ogilvy, KG, GCVO

Principal professional advisors	
<b>Bankers</b>	Lloyds Bank plc, 25 Gresham Street, London EC2V 7AE
<b>Investment Managers</b>	Schroder Unit Trusts Limited, 1 London Wall Place, London EC2Y 5AU Ninety One, 55 Gresham Street, London C2V 7EL Partners Group (UK) Limited, 14th Floor, 110 Bishopsgate, London EC2N 4AY
<b>External Auditor</b>	BDO LLP, Two Snowhill, Birmingham B4 6GA
<b>Actuaries</b>	Iseran Bidco Ltd t/a Isio, One Snowhill Queensway, Birmingham, B4 6GH
<b>Solicitors</b>	Sacker & Partners LLP, 20 Gresham Street, London, EC2V 7JE Bates Wells London LLP, 10 Queen Street Place, London EC4R 1BE Brabners LLP, Horton House, Exchange Flags, Liverpool L2 3YL Wright Hassall LLP, Olympus Avenue, Leamington Spa, Warwickshire, CV34 6BF Addleshaw Goddard LLP, Cornerstone, 107 West Regent Street, Glasgow G2 2BA Wilsons Solicitors LLP, Alexandra House, St. Johns Street, Salisbury, SP1 2SB DLA Piper UK LLP, Two Chamberlain Square Paradise, Birmingham, B3 3AX
<b>Trustees</b>	Details in Governance section overleaf.

## Governance

### Governing documents and registration

The charity is incorporated under The People's Dispensary for Sick Animals Acts 1949 and 1956 as amended by a Parliamentary Scheme and set out in the Schedule to the Charities (People's Dispensary for Sick Animals) Order 2015. Its constitution comprises the detailed clauses of these two Acts of Parliament plus supplementary Byelaws, which have been subsequently revised by the governing body. The charity is registered with both the Charity Commission in England & Wales and the Office of the Scottish Charity Regulator.

### Governing body – Council

The Trustees form the governing body of the charity, known collectively as Council and are legally responsible for the overall management and control of PDSA. Council sets the strategic direction, shapes policies and approves major expenditure programmes but delegates certain decisions to Committees.

Maria Dickin by 1st horse-drawn caravan 1923 - Mr Dickin is on the left



The total number of Trustees is currently 12 and they are listed below along with their committee membership.

<b>Chair</b>	
Mr John Smith, FCA	F G
<b>Deputy Chair</b>	
Mr John Miller, BSc, MCIPD, AFBPSS	G
Professor Gary England, BVetMed, PhD, DVetMed, CertVA, DVR, DVRRep, DipECAR, DipACT, FHEA, FRCVS	A
Mr Gordon Hockey	A
Mr David Lister, BA (Hons), Solicitor	F
Ms Laurie Mayers, BA, MA (to 9 June 2022)	F G
Mr David Morgan, BSc (Hons)	F
Mr Ian Phoenix	A
Mrs Carole Pomfret, MA, ACA	F
Mrs Mary Reilly, BA (Hons), FCA	A G
Mrs Alison Tattersall, BA (Hons), Postgrad Diploma in Marketing	A
Ms Alison Ross-Green, BA (Hons), Fellow of the Chartered Institute of Personnel Management (from 8 July 2022)	
Ms Elizabeth Hutchinson, BA (Hons) (from 8 July 2022)	
F – Member of the Finance & Investment Committee	
A – Member of the Audit & Risk Committee	
G – Member of the Governance & Remuneration Committee	

Trustees are experienced leaders from a range of professional backgrounds who provide valuable experience to guide the charity.

Council approves new Trustees whose appointment is then ratified at a General Meeting. All Trustee recruitment is subject to a rigorous and transparent process. Qualifications for Trusteeship include commitment to the relief of poverty and to animal welfare, plus specialist expertise or knowledge considered to be of benefit to PDSA. It is Council's policy for the governing body to consist of ten to twelve Trustees. However, Council may plan to increase this number to take account of planned retirements while maintaining an appropriate range of skills and expertise.

### Committees

There are four Committees and each has specific terms of reference.

**The Finance & Investment Committee** reviews the Fund Managers' performance, the budget and most other financial matters.

**The Audit & Risk Committee** considers risk and internal and external audit matters. It looks at health and safety management and all aspects of our clinical governance framework, thereby giving a holistic view as to the quality assurance of the veterinary service. It also receives regular updates on compliance in respect of our fundraising governance framework. This Committee also provides oversight of the Risk Management approach at PDSA.

**The role of the Governance & Remuneration Committee** includes determining the Remuneration Policy for the whole organisation and in particular, the total remuneration packages of senior executives which it recommends to Council. It also provides oversight of governance, for example monitoring changes in external codes of good practice and considering PDSA's response, advising on the approach to reviews of Board effectiveness, Trustee appointment and succession, and diversity & inclusion.

**The Special Purposes Committee** approves items relating to property transactions, lease agreements, certain legacy matters and approval of contracts and other specific items as defined in the Terms of Reference. Membership is made up of the Directors. The Chair of Council, the Deputy Chair, the Chair of the Finance & Investment Committee and the Chair of the Audit & Risk Committee receive the agenda and summary of items in advance and can request papers or elect to attend if they wish. Members of Council receive copies of minutes from all meetings of the Committee.

Oversight of the Charity's safeguarding policies, activities and incidents is provided by Trustees. A quarterly safeguarding report is reviewed at each Council meeting.

In addition to the Committees in operation, during 2020 a number of Working Groups were established in order to provide oversight and guidance on the response to the pandemic. These included groups considering impacts of the pandemic on our Veterinary service provision, our People, Financial Resilience, Brand and Digital Working. The Working Groups included senior managers and Trustees with expertise in each of these areas. These Working Groups have remained in place during 2021, so that the relevant expertise can be called upon at short notice if required, although the Groups no longer meet regularly.

### Charity Governance Code

PDSA remains committed to good governance.

Although the impact of Covid-19 continued to affect our ways of working in 2021, we had updated our Byelaws and Scheme of Delegation in 2020 and were therefore able to maintain governance over decision-making, approvals and execution of transactions.

Some of the pre-existing arrangements in place to meet the Code requirements are:

- There are established processes for Board recruitment, induction, Trustee appraisal and Trustee training. Due to a number of Trustee retirements due to take place in 2022, we will be carrying out a programme to recruit new Trustees during the year.
- New Trustees are familiarised with the workings of PDSA, Council Policies & Procedures and Governance. We have a comprehensive Trustee induction programme which includes visits to Head Office, PDSA Pet Hospitals and our retail shops, along with meetings with Directors and key members of staff. No new Trustees joined Council during the year.
- A skills audit is carried out every three years to identify potential gaps in the Trustee Board's collective skills, competencies and experience. This was last carried out in 2017 and was updated in 2021. The results of the skills audit in 2021 will be used to inform our recruitment needs for new Trustees.
- Trustees normally undertake a regular programme of visits to 'front-line' locations enabling them to lead by example in demonstrating PDSA's values. Site visits were not possible during 2021 due to restrictions on movement and social distancing requirements during the Covid-19 pandemic.
- Third parties are selected to provide specialist seminars and lectures when required, which Trustees attend as appropriate. Subjects covered in the past include: charity law and governance, pension law and administration, investment practice and safeguarding. No specific training had been arranged for Trustees during 2021, where necessary and appropriate, individual Trustees have continued to maintain their own professional development as required. The Trustee skills audit carried out in 2021 will also be used to identify areas where further training or information may be useful for Trustees.

- Registers of interests are maintained for Trustees and senior members of staff to identify possible conflicts and there are processes in place to manage such conflicts.
- Council holds an annual strategy review to consider short, medium and long-term strategies for effective delivery of our charitable purposes.
- Council receives regular performance reports indicating the extent to which strategies are being achieved and the extent to which they are having the desired / expected outcomes.
- A governance guide is provided to all Trustees, which sets out the key governance arrangements that are in place. This includes details of matters reserved for Council, and terms of reference for all Committees.
- Minutes are maintained of all meetings of Council and Committees.
- Responsibility for ensuring there are succession plans for key leadership roles is clearly defined.
- The purpose and objectives of subsidiaries and their relationship to the parent charity are set out in their articles of association.
- Key policies are in place and are reviewed regularly, including the Reserves Policy. The Reserves Policy was reviewed and updated during 2020 and is regularly reviewed.
- Trustees carry out a review of Board effectiveness every two years under the coordination of the Deputy Chair. This review was last conducted in January 2020 and the results were reported to Council. The next review is planned for completion in early 2022. Results will again be shared with Council and, if necessary, actions will be put in place to address any items identified as requiring improvement.
- There is a risk management process in place, which is regularly reviewed by Audit & Risk Committee. The Audit & Risk Committee normally reviews significant risks twice per year. During 2021, the regular cycle of Risk Deep Dives was re-commenced (with these Deep Dives having focused on risks associated with the pandemic and recovery from the pandemic during 2020 and the first part of 2021). The Audit & Risk Committee also agrees the Trustees' Risk Appetite statements, which are reviewed and approved by Council.

- Council appoints independent auditors and their work is overseen by the Audit & Risk Committee, who have an opportunity for closed meetings with the auditors twice a year.
- There is a process for ensuring all colleagues have agreed objectives which are cascaded down the organisation and that performance against these objectives is reviewed.
- The Executive Leadership Team Governance Committee has continued meeting, to provide oversight of Governance matters at a Directorate level.
- There is a Whistleblowing Policy and procedure in place, processes for investigating whistleblowing complaints have been established and any whistleblowing incidents are reported to Audit & Risk Committee.
- We have an extensive suite of policies, procedures and controls designed to protect the health and wellbeing of all people who come into contact with PDSA, including safeguarding of young people and adults at risk. These are continuously reviewed and updated as necessary. (See Health Section for further details).

As a values-led organisation, we are committed to creating an environment where diversity and inclusion are at the heart of all we do both as an employer and in the service we provide.

Our Trustees are committed to ensuring equity in the accessibility, delivery and outcomes of our public benefit. All eligible pet owners regardless of their backgrounds should be aware of and feel able to access our services.

Equally, we embrace the different skills and experiences our Trustees, employees and volunteers bring to the charity recognising the positive benefits that a diverse and inclusive workforce has on PDSA's performance and public benefit impact. We want to cultivate a culture where people feel they belong, where they can be authentic and bring their whole self to work.

In 2021, we worked with Trustees and a Diversity & Inclusion Working Group, made up of representatives from across the organisation, to define our approach in realising this ambition. This included a review of the Trustees' own practice, which identified a need to broaden the diversity of the Board so that it is more representative of the communities we serve. In 2022,

we are undertaking recruitment activity for new Trustees to replace those whose terms of office is expiring. Proactive action will be taken to widen the talent pool of candidates and we will deploy recognised diversity and inclusion recruitment best practices.

We do not tolerate any form of discrimination in our recruitment or employment practices. We recognise all employees, volunteers and applicants as individuals and they are valued for the contribution they make. They have fair access to training, development, reward and progression opportunities.

Trustees have also committed to carrying out a biennial self-assessment of compliance with the Charity Governance Code and the first of these was carried out in early 2021, under the coordination of the Deputy Chair. Going forward, these reviews will be carried out in alternate years to the current evaluation of Board effectiveness. The results of the review undertaken in 2021 were reported to Council. Members of the Governance & Remuneration Committee receive information on the requirements of the Charity Governance Code including briefings on consultations or changes in relation to the Code and will use the results of the biennial survey to help develop action plans where necessary.

One area where PDSA does not apply the guidance contained in the Charity Governance Code is in relation to Trustee terms of office. The terms of office for Trustees are three terms of four years. After each term of four years, individual Trustees discuss with the Chair whether they should continue.

Factors taken into account include: skills requirements, whether the Trustee wishes to and is able to continue to commit to time requirements and whether the Trustee and Chair believe they are still adding value to the Board. In exceptional circumstances, at the request of the Chair and Deputy Chair, Trustees may be asked to stay on beyond the maximum term of 12 years, to provide continuity.

PDSA considers that these terms of office are appropriate to provide a balance of experience, and to allow Trustees to gain the depth of understanding of the charity which is needed, whilst still ensuring that Trustee tenure is limited.

At present none of the Trustees have served more than the maximum 12 years of office.

## Remuneration Statement

Council has overall responsibility for determining the Remuneration Policy for the whole organisation and, in particular, the total remuneration packages of senior executives. It delegates this responsibility to the Governance & Remuneration Committee, which makes recommendations to Council.

PDSA is a large organisation with over 2,000 employees and the support of over 1,700 volunteers. Working together, it is the combined effort of all our people that delivers our mission of providing compassionate veterinary care in the communities we serve for pet owners who can't afford the care their pets need.

The nature of our public benefit means that we are one of the UK's largest employers of veterinary professionals and, as a complex and diverse organisation, we compete in different job markets for a wide range of skills and experience. Our Pay Policy must therefore be sufficiently flexible to ensure we can attract and retain the right people with the right skills to be able to deliver our vital services whilst meeting our supporters' expectations that the money they entrust to us will be used wisely.

The Governance & Remuneration Committee has established the following guiding principles that underpin our approach to reward and recognition. The same guiding principles underpin its approach to senior executive remuneration.

- To have understandable, equitable and transparent reward policies that enable our strategy and reflect our culture
- To apply a common framework for managing reward decisions, whilst providing flexibility to meet differing organisational needs within PDSA
- To provide a competitive and market responsive total reward package that enables PDSA to attract, recruit and retain employees from the not-for-profit or private sector as appropriate
- To apply a robust system for comparing jobs internally, which can be used to clarify career paths and support career development discussions
- To value the contribution that an individual makes in their job and recognise that experience can enhance this contribution
- To provide a comprehensive core set of benefits for all employees whilst giving some flexibility within the total reward package to enable employees to meet their differing personal needs and preferences

- To ensure we meet our legal obligations and that all employees receive fair pay.

In determining overall pay levels for all our staff including senior executives, we take account of pay practice in other similarly sized charities and, where appropriate, private sector organisations. Benchmarking activity takes place on an annual basis. Annual pay reviews take into consideration affordability, economic trends and external market movements. It is the view of the Governance & Remuneration Committee supported by Council, that, given the size, complexity and substantial public benefit provided by PDSA on a national scale, the remuneration of its senior executives is fair and proportionate.

In 2019, we made changes to PDSA's pay, defined contribution pension and benefits arrangements following consultation with all staff members including senior executives. The organisational focus required to deal with the impact of the pandemic meant that changes scheduled for implementation in 2020 were deferred and not implemented until 2021. The Governance & Remuneration Committee continues to preside over this work and reports progress to Council.

Alongside the national shortage of veterinary surgeons and veterinary nurses, the pandemic has also led to changes in the wider employment market, which is driving strong competition for talent. We have implemented a wide range of measures to enable us to attract, engage and retain the key skills we need to deliver our public benefit including closely monitoring pay levels to ensure we remain competitive in a range of challenging, dynamic labour markets.

We continued to navigate the pandemic in 2021, following Government and regulatory body guidance and putting arrangements in place to keep our colleagues safe. We furloughed colleagues where we had no work for them and accessed the Government's Coronavirus Job Retention Scheme. We continually reviewed and revised our pay and benefit arrangements to ensure they remained fit for purpose balancing the need to support our colleagues and protect the resources required to deliver our public benefit. The Governance & Remuneration Committee had oversight of these activities and provided updates to Council.

Our Gender Pay Report is available on our website in line with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. The overall difference between men's and women's earnings is 28.6% (mean) or 36.4% (median) based on hourly rates of pay at the snapshot date of 2021. Research suggests that fewer men in the lower pay quartiles drive our gender pay gap, this is likely to worsen due to removal of some

lower paid roles which were predominantly held by men. We are proud to share that our female employees are well represented across all pay quartiles.

### Group structure

PDSA undertakes charitable service delivery and fundraising. Trading activities are carried out through three wholly owned subsidiary companies: PDSA Trading Limited, PDSA PetAid Enterprises Limited and PDSA Property Services Limited.

### Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice. Under charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and charity, and of the incoming resources and application of resources, including the income and expenditure, of the Group and charity for that period.

In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, to disclose with reasonable accuracy at any time the financial position of the charity, and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of The People's Dispensary for Sick Animals Acts 1949 and 1956 as amended by a Parliamentary Scheme and set out in the Schedule to the Charities (People's

Dispensary for Sick Animals) Order 2015. The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that the financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

### Executive Staff

Council delegates policy and strategy implementation to the Director General. The Director General manages PDSA through the Executive Leadership Team. The Director General and Directors together constitute the Special Purposes Committee.

<b>Director General</b>	Jan McLoughlin, MSc, CBiol, MSB, FIoD
<b>Director of Veterinary Services</b>	Richard Hooker, BVMS (Hons), MRCVS
<b>Director of Finance &amp; Resources</b>	Andrew Willetts, BA, ACA
<b>Director of People</b>	Karen Hailes, FCIPD
<b>Director of Fundraising &amp; Engagement</b>	Nigel Spencer, ACIB, MCIM, MInstF (to 31 March 2022)
<b>Director of Digital, Data &amp; Technology</b>	Matthew Green (from 18 October 2021)
<b>Director of Income &amp; Engagement</b>	Claire Rowcliffe (from 6 December 2021)

During 2021, a new Director of Digital, Data & Technology was appointed in recognition of the crucial role that technology will play in the long-term future of PDSA.

A new Director of Income & Engagement was also appointed which combines the roles of Commercial Director and Director of Fundraising & Engagement following the decision of our existing Director of Fundraising & Engagement to retire in March 2022. The role brings together all income-generating activities and will be critical in shaping our income generation, brand position and marketing strategies.

## Risk

PDSA has established management processes to mitigate risks that would prevent us from fulfilling our strategic goals. In particular, the Trustees seek to ensure that:

- Risks are identified, assessed and controls established to mitigate them;
- The risk exposure profile is acceptable at all levels; and
- The risk management process is embedded in operational and management procedures.

The Audit & Risk Committee, assisted by the Executive Leadership Team and Internal Audit department, considers risk in detail. Key risks are considered at each meeting of the Audit & Risk Committee. Audit & Risk Committee ordinarily also conducts a Deep Dive into one or two of the risks. During 2021, the regular cycle of Deep Dives recommenced. Trustees' Risk Appetite is considered and updated annually. The Committee regularly reviews the Risk Management processes in place.

Council considers its key risk factors to be those identified below:

Area of risk	How the risk might affect PDSA	Key mitigation plans and strategies
<b>Recovery from Coronavirus Covid-19 pandemic</b>	The pandemic continues to affect our ability to deliver services and to generate income. For example, during 2021 increased sickness absence in our Pet Hospitals affected ability to deliver services, whilst shop closures and restrictions on in-person activity affected income. We expect some risk to remain in 2022, for example, changes to remote prescribing rules for vets which will impact our ability to continue to offer some services remotely. At the same time additional pressures may be placed on our services as clients request more non-urgent cases to be seen which were not brought to us during the pandemic, and a shortage of clinical skills across the UK may continue to impact our ability to expand the scope of services offered to clients.	<p>We have continued to adapt our ways of working throughout the year in response to the changing situation. We have continued to use remote consults where possible in line with RCVS regulations in order to maximise the provision of services available and we are slowly opening up more in-person services at our Pet Hospitals, ensuring that an incremental approach is taken to keep both our clients and our colleagues safe at all times.</p> <p>The pandemic impacted on our volunteer resources, this continued in 2021 and is likely to continue to affect resourcing, particularly in our retail shops during 2022. We have identified this as one of our organisational priorities and are changing our systems and processes to streamline the application process for volunteers and providing more training to our shop managers to help them find and recruit volunteer resources.</p>
<b>Skills shortages</b>	There is a shortage of certain roles and types of roles across the UK. This is particularly impacting our clinical resources where registrations with RCVS are decreasing while at the same time we could still see an increased demand for our services.	<p>We anticipate that there will be an increasingly competitive market for certain types of skills and our HR team are proactively taking action to address this. We have already introduced more flexible (hybrid) working for our office-based colleagues.</p> <p>We develop resourcing plans for each clinical vacancy and deploy a range of methods to attract candidates.</p> <p>We anticipate that as our scope of services increases, the mix of work carried out in our Pet Hospitals will help retention and attraction.</p>

Area of risk	How the risk might affect PDSA	Key mitigation plans and strategies
<b>Employee wellbeing issues</b>	The pandemic has affected everyone's wellbeing, but particularly for our Veterinary teams who have remained in the 'front line' supporting in person services whilst managing resource constraints, for example absences due to illness or self-isolation.	We have developed a Wellbeing Strategy. In 2021 this focussed on mental health and we ran a number of internal communications campaigns highlighting that "It's OK not to be OK" and encouraging colleagues to seek help if they need it. We already had an Employee Assistance Programme in place, which provides free confidential counselling and advice on a wide range of work and personal issues for employees and their families. We have also made additional resources available to support colleagues' emotional, physical and financial wellbeing.
<b>Legacy income</b>	This represents approximately 55.7% of our total income and there is a risk that reductions in this income source could materially affect PDSA's financial position.	We monitor the legacy pipeline and continue to receive regular updates from an external agency to help us predict potential future income. We are maintaining both acquisition and retention campaigns for legacy gifts and we will continue to seek to diversify and strengthen our income base, and to periodically take expert guidance on the legacy environment from an external consultancy.
<b>Investment Portfolio</b>	This can be subject to volatility from time to time which can impact the value of PDSA's Reserves.	Our investment strategy is overseen by the Finance & Investment Committee. Details of our Investment Strategy are set out in the 'Investment' section in our Financial Review below. We also have a £10m unsecured bank overdraft facility, which we extended in June 2022, that reduces the risk of having to draw down on investments at times of market volatility.
<b>Fundraising</b>	Our ability to raise the funds we need to continue our work can be affected by many factors including the impacts of the Covid-19 pandemic, but also by more general factors such as our ability to respond to changing supporters' expectations and preferences, activities of other charities, regulatory changes and economic conditions, all of which can lead to reductions in income or increased costs.	<p>We have a three-year Business Plan in place that outlines the investment in growing our supporter base, and we are continuing with our strategy to target audiences who are likely to have a higher interest in our cause. We have a broad range of fundraising campaigns, and during the year we have continued with our programme to grow the strength of our digital fundraising activities, which we will continue to strengthen in future years.</p> <p>We have regular monitoring in place both of individual campaign results and of the overall strength of our brand and overall position of our supporter database. We are continuing to evolve our Brand working with external partners and focus groups, to increase the number of people who know about PDSA and understand the impact of our work.</p>

Area of risk	How the risk might affect PDSA	Key mitigation plans and strategies
<b>Number of pets</b>	Demand for our services can fluctuate over short periods of time and in line with general economic conditions. This can result in significant cost increases.	We monitor demand for our service, including considering which areas of the country have greatest demand so that we can address our resources to the areas of greatest need. For example, during the year we started to build our new Nottingham Pet Hospital, which will provide greater capacity and an improved environment for our clients and their pets. As noted above, clinical skills shortages may impact our ability to provide services in some places and at some times. Our business plans have been developed including these additional costs and we monitor both income and expenditure in order that we can ensure the ongoing sustainability of services.
<b>Service infrastructure</b>	PDSA is a large and complex service operation over a wide geographical area. Risk factors include cost increases due to service growth and inflation, the PDSA Pet Hospital replacement programme, the national distribution of services and retaining/recruiting qualified veterinary staff. Service provisions need a long turnaround period in order to downsize operations should financial constraints require and this ought to be reflected in the Reserves Policy.	The Reserves Policy was reviewed in 2020 in light of our experience during the Covid-19 pandemic. Further details are included in the section on Reserves in our Financial Review below.  Where service delivery involves external costs, we carry out competitive tendering and where possible we seek to avoid fixed costs, for example by sourcing some services externally, in order to allow greater control over our spending.
<b>Pensions</b>	Although we have closed our defined benefit scheme to new members and to future accrual, the requirement to fund pension promises could impact our financial position.	There are regular actuarial reviews of scheme performance and following the completion of the 2020 triennial pension review, we have agreed with the pension scheme Trustee the revised Schedule of Contributions and Recovery Plan. Independent professional advice is taken in respect of pensions funding requirements. Further details are set out below in our Financial Review.
<b>IT Security</b>	We depend upon the integrity and availability of our systems and the accuracy of our databases to operate the charity effectively.	We recognise this is a complex and rapidly changing environment and we commission regular penetration tests to check our security controls. We have technical controls in place including firewalls, anti-virus, multi-factor authentication for remote access and patch management to ensure vendor security updates are applied. During 2021, we implemented an improved threat detection and response platform to enhance our protection from external attacks. We also include mandatory training on information security as part of our annual data protection refresher training which must be completed by all colleagues.

Area of risk	How the risk might affect PDSA	Key mitigation plans and strategies
<b>Potential failure to update processes and systems to keep pace with changing needs and expectations</b>	We operate in an environment where stakeholder and regulatory expectations are constantly evolving and we must ensure that our processes remain in step with these requirements in order to avoid client, supporter or customer dissatisfaction, regulatory censure or action or possible damage to the reputation of the charity.	We recognise that we need to ensure processes and systems remain in step with requirements and we monitor the external environment including for regulatory changes. For example, during the year we have been progressing our digital fundraising capability and our Data Protection Officer is closely involved to ensure we comply with rules on digital marketing and use of cookies. We also recognise that we must continue to provide training to our colleagues to ensure everyone is aware of what is expected of them. For example, all colleagues must complete annual data protection training, as well as regular updates in relation to Health & Safety and regular safeguarding training, which is required learning for all colleagues. We have a matrix of required learning in place based on job role to ensure that all colleagues complete their regular refreshers as they become due.
		We monitor the external regulatory environment in order to identify where changes may impact on our processes and ways of working and take the necessary action. We also consider how compliance requirements may impact on new projects and processes.

Council is satisfied that controls and actions have been put in place to mitigate the major risks identified. However, it recognises that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

# Financial review

## Headlines

As discussed earlier in the Trustees' Report, 2021 continued the extraordinary circumstances of the pandemic. At the end of the year PDSA's finances remain stable, however, we are anticipating a tougher financial outlook for 2022 which is discussed in our going concern assessment.

We have continued to bear the effects of the pandemic and with it a further year of financial uncertainty and volatility. We had expected another year of reduced income, while planning to increase charitable activity spending and investing to drive future income. In reality, our income significantly exceeded expectations, while the scale of our charitable activities was constrained by pandemic restrictions and challenges to recruit and retain clinical staff. Similarly, investment in face-to-face donor recruitment was limited by the effects of the pandemic; we also paused work on brand development. The combined effect of this was to produce a large and unexpected net income of £18.7 million (£3.7 million in 2020).

Our total income increased substantially: by 14.3% to £105.4 million (2020: £92.2 million) following on from a significant reduction in the severely pandemic-constrained 2020. Legacy income, our largest single source, remained strong. It was 46.3% above 2020, despite some continued disruption in legacy estate settlements, which in part were due to probate administrative changes. Our trading income has continued to be disrupted by shops being closed, but was helped by £1.8 million of government support (from both the Job Retention Scheme and various Retail-related grants) compared to £5.1m of total support in 2020.

We spent £69.2 million on public benefit in the areas of prevention, education and treatment which was £4.0 million (6.1%) higher than in 2020 (£65.3 million). Operating circumstances have remained difficult, and we have maintained treatment as our priority area. This has meant we have continued to restrict the number of pets being offered preventive services. Unfortunately, in these challenging times we have not achieved our ambitions for reach in 2021. However, utilising technology helps us to provide online consultations which were able to replace some hospital consultations. We maintain our aim to increase our public benefit in 2022.

Investment markets were much more favourable in 2021, though still showed some volatility. There was a gain of £5.1 million in 2021 with a total return on the managed portfolio of approximately 8.8%, compared to a gain of £2.9 million in 2020. Positive returns across all funds can be considered in the context of wider financial market performance, with returns of

18% and 15% in the year for the FTSE 100 and 250 indices respectively, and an average return for the Diversified Growth Funds sector of 4.8% over the 12-month period. Our targeted return is RPI + 3.0%, and the 12-month increase in the RPI index was 7.5%.

Overall, there was a large increase in our operating results: a net income of £18.7 million this year compared to £3.7 million in 2020.

## Net Income deficit 2014 - 2021 £m



The accounting for our defined benefit pension scheme always has a material effect on our results. This year there was an actuarial loss of £1.8 million (2020: loss of £12.8 million) and the deficit decreased from £47.1 million to £41.1 million. Actuarial assumptions can vary from year-to-year and the main reasons for this year's loss were improved corporate bond yields, partially offset by increased inflation assumptions. Over five years (2017-21) there has been some volatility in actuarial gains and losses, but these have broadly balanced out.

## Income and costs in more detail

We receive no ongoing HM Government or National Lottery funding for our veterinary services and therefore we rely on generating our income from our supporters by voluntary donations and trading activities. In the table below, we present the financial results in a different way, which we believe gives more clarity on the sources of net income. In 2021 and for a second year, we benefitted from grants received from national and local government to support organisations during the pandemic, though at a lower level than previously. In 2021 the income primarily helped to mitigate losses in our trading activities.

	2021		2020	
	£ MILLION	COST/£	£ MILLION	COST/£
Donations and legacy net income	71.5	0.10	50.1	0.13
Other trading net income	(0.4)	1.03	(2.2)	1.13
Asset-related net income	1.3	0.06	4.0	0.01
Grant Income	1.8		5.1	
Charitable trading gross income	8.7		9.1	
Net income available for charitable activities	82.9	0.23	66.1	0.31

The income we receive from donations and legacies forms the largest portion of our overall income and we need to spend on marketing and management in this area to attract supporters and protect future revenue. We must ensure that we invest carefully and cost-effectively to generate awareness and income both in the short and long-term. The table above shows that the cost of raising donations and legacy income overall from our supporters was reduced from 13p per pound in 2020 to 10p per pound (£).

Legacies continue to be our most important source of income, generating £58.7million. This income grew substantially after experiencing a 20% fall in 2020. Legacies provided 69.1% of our net income available for charitable activities (2020: 58.8%). We aim to invest in growing our legacy donations while also seeking to broaden income from other sources. We plan to do this by growing our supporter base, through promotion and using innovative approaches to generate donations; we also aim to grow trading income in retail as we emerge from the pandemic.

Our supporters have continued to respond to our appeals and with regular gifts. As we were able to reopen our Pet Hospitals donations increased by 13.7% in the year, though this was from a reduced base in 2020. Overall, donations were 20.3% higher than in 2020, which now includes a generous donation from the players of People's Postcode Lottery (see below).

We offer services to our clients in addition to free treatment, and this charitable trading is an important income stream and one we aim to grow. This year, our concessionary (low-cost) service sales were £6.2 million compared to £5.3 million in 2020, 17% higher. As described above, we deprioritised our preventive services and so income was 33% lower at £2.5m.

Other trading net income includes gaming products, sales from our retail division (donated and new goods) and miscellaneous sales, commissions and licensing income. PDSA Trading Limited provide almost all trading income, excluding donated goods, which are sold by the charity; this subsidiary's full results can be seen in the notes to the financial statements.

Our retail activities provide the largest proportion of trading income. Despite some shop closures in recent years, we remain one of the largest retailers in the very competitive charity retail sector; we have continued to ensure we manage shops profitably and in 2021 closed 9 sites with a poor financial outlook and relocated one other. It is our intention to seek to open new shops where commercial opportunities are attractive and are targeting 15 openings in 2022. In 2021, our shops were not open for the full year due to pandemic lockdowns, however, we continued to grow our online sales during the year and put in place more efficient logistics arrangements to improve profitability.

Our shops were open for a longer period than in 2020 and donated goods sales increased by 41% year on year, but note still this did not recover the previous year decline of 58%. New goods sales increased by 25% over 2020, boosted by online sales. The costs of generating income in retail are high with much fixed cost. In 2021, some of these fixed costs were mitigated by negotiated rent holidays, business rates reductions and by Government grant support. Nonetheless, retail was the key factor in the trading losses shown in the table above, though these were at a much lower level than in 2020.

Our Pet insurance products are providing an increased net income source. We have engaged a new partner for 2022 to develop this income stream further.

Trading income for 2021 no longer includes income from the players of People's Postcode Lottery; in 2020 we had a gross income of £5.9 million (£1.9 million net after cost to run and prizes). In 2021 we instead

benefitted from a donation of £2.0m. This income has funded PPE, screens in Pet Hospitals, expanding our scope of service and emergency surgeries. Our partnership with the players of People's Postcode Lottery continues in 2022 and we are grateful for their ongoing support.

Asset-related net income is investment income and gains on disposals of fixed assets.

We organise our public benefit expenditure into three areas. The largest is for treatment at Pet Hospitals and contracted services that increased to £66.2 million (2020: £61.0 million), which includes substantial fixed costs. We reduced spending in preventive services to £1.9 million, as explained above (2020: £2.5 million). The amount we spend on education and responsible pet ownership can vary based on the specific activities we undertake and was £1.1 million (2020: £1.8 million).

### Investments

At the end of 2021 our investments totalled £77.4 million (2020: £71.7 million). This is primarily an investment portfolio of externally managed investment funds, along with some investment properties managed by the charity.

We delegate day-to-day management of the investment portfolio to professional fund managers. We have an Ethical Investment Policy that precludes investing directly in those organisations involved in testing on animals for cosmetic and other non-medical purposes.

Performance is measured on a total return basis and the Finance & Investment Committee regularly reviews the fund managers' performance.

The Society's investment strategy focuses on capital preservation, while providing opportunities for increased returns through diversification of the asset base, without a significant increase in risk; the strategy remains subject to the Society's Ethical Investment Policy. It was our intention to review our investment principles during 2021, but this has been deferred until 2022.

We spread our investment holdings across three investment managers and invest in funds rather than direct investments. Broadly, our intention is to hold 37.5% each in both Schroder Unit Trusts and Ninety One, and the remaining 25% in Partners Group (UK). Funds provide greater stability than direct market investments and are sufficiently liquid to meet any short-term operational cash needs as well as supporting the Business Plan to maintain and expand the delivery of our charitable services.

Overall, there was a gain of £5.1 million on our investment portfolio (2020: £2.9 million gain).

The Society and its investment managers have been closely monitoring developments in the Ukraine since

the year-end, and the level of exposure to Russian investments in each of the three funds is nil or negligible.

Investment properties are revalued each year. The value at 31 December 2021 was £6.2 million (2020: £6.3 million).

### Reserves

Council considers reserves regularly as part of its business planning process. It seeks to ensure that sufficient reserves are available to fund planned activity and public benefit levels agreed in the Business Plan, to be responsive to unforeseen and unplanned activity and to protect PDSA from unexpected events, such as fluctuations in income and costs not anticipated in the Business Plan.

The policy reflects the Charity Commission's guidance on Reserves Policies in its publication CC19.

Our Reserves Policy is supported by scenario and contingency planning to determine the potential impact on the level of reserves of defined risk factors. Our contingency strategic planning determines the level of reserves that we consider necessary to protect us from any prolonged financial risks and considers any measures that may need to be addressed should reserves fall below agreed levels.

Council has determined that the level of free reserves needed should fall within the range £45 million to £60 million. The policy should allow continuity for a minimum period of 18 months and for a maximum of three years. During this period the charity would aim to stabilise itself and become sustainable for the future.

### Free Reserves

£ millions	2021	2020
Total charity funds	95.1	78.1
Pension reserve	41.1	47.1
Endowment funds	(0.9)	(0.9)
Restricted funds	(4.0)	(2.4)
<b>Unrestricted funds</b>	<b>131.3</b>	<b>121.9</b>
Pension funding commitments	(36.3)	(27.6)
Carrying value of functional assets	(21.5)	(21.5)
Legacy contingent asset	11.3	13.0
<b>Free reserves</b>	<b>84.8</b>	<b>85.8</b>

At 31 December 2021 the charity had free reserves of £84.8 million (2020: £85.8 million), as calculated in the table above which shows that reserves have decreased by £1.0 million. We have had better than expected financial results - income was not as severely affected by the coronavirus pandemic as anticipated and we have lower than planned levels of expenditure in part due to pandemic restrictions. Furthermore, our results have been enhanced by strong investment returns and Government support. However, our legacy contingent asset has reduced by £1.7 million and there is an increased pension deficit funding plan. In combination, these factors have meant that free reserves reduced, but have ended the year beyond the range set by Council.

In considering the reserves level, Council recognises that our final projections for 2022 and 2023 (detailed below in Going Concern) mean that reserves will reduce as the charity recovers from the pandemic and seeks to increase its spending on public benefit from this year's reduced level in the face of anticipated significant additional demand for its services. Furthermore, some of the income we raise in each year is earmarked for future spending, though it is not formally restricted, for example the net surpluses from the People's Postcode Lottery which we agree to spend on specific projects in the subsequent year. We forecast that free reserves will fall to be closer to the range set by Trustees by the end of 2023.

The pension funding commitment represents the cash value of payments scheduled to August 2032 for the defined benefit pension scheme; the legacy contingent asset represents 80% of the value of the legacy pipeline.

The total funds of the Group at the end of 2021 were £95.1 million (2020: £78.1 million). Of these funds, £4.9 million were restricted income funds or endowments (2020: £3.4 million).

Our investment funds have sufficient liquidity to provide the flexibility to manage any potential downturn in income: access to the two larger funds is a matter of days and for the other within two to three months.

During the year, the charity has renewed its £10 million unsecured overdraft with Lloyds Bank plc as a precaution and this was only partially used towards the end of the year. This facility was renewed in June 2022.

At the date of signing, our most recent calculation of free reserves stood at £81.8m. We have considered future activities and outlook and have created financial projections accordingly. Our current view is that our free reserves could reduce to £79.0 million by December 2023, which is above the upper end of the Reserves Policy range set by Trustees. Accordingly, Trustees will be considering future investment opportunities at the next business planning round.



## Going Concern

Council regularly reviews financial performance, forecasts and projections, taking account of the potential impact on future public benefit and this is an important element of Group financial management.

In the first few months of 2022, operational disruption from the Covid-19 pandemic has been significantly reduced and progressively we are returning to 'business as usual'. Our operating results in the first three months of 2022 showed an approximately break-even financial position which was better than budgeted, though we saw investment losses of around 3% as a result of the market reactions to the Ukraine crisis.

The investment portfolio formed approximately 75% of the charity's net assets at the end of 2021. The charity recognises that relatively small movements in the investment markets can create significant movements in its net assets and so its free reserves.

Legacies, our largest source of income, have proved to be resilient – we have seen our pipeline reach an even higher level at June 2022 than at year end and cash receipts are close to budget levels. Our external expert advisors have given us comfort for our legacy income projections.

Trustees have reviewed projections of cash flow and profitability for the period to December 2023 considering sensitivities to income and costs and how much it wishes to spend in discretionary areas.

The Group has renewed its overdraft facility, which is a precaution to maintain liquidity. This level of overdraft facility (£10m) is assessed sufficient for 2022 and 2023.

Our latest expectation is that the Group will produce a total surplus of £1.3m in 2022 and a £1.7m total deficit in 2023, which our strong level of free reserves would be able to withstand. In cash terms, we expect to have a net overdraft of £4.8m at the end of December 2022 and of £1.2m at the end of 2023. However, we intend to withdraw £5m in 2022 and £16m in 2023 from our investment portfolio to support our cash needs for planned capital and other investments.

The Trustees recognise that there remains a degree of uncertainty as a result of the pandemic and the current economic environment, however this does not pose a material uncertainty that would cast doubt on the charity's ability to continue as a going concern.

After considering the projections of cash flow and profitability and the ability to liquidate the investment portfolio to support cash balances, the Trustees have a reasonable expectation that

the charity has adequate resources to continue in operational existence for the foreseeable future, which is a period of at least 12 months from the signing of the accounts and audit report. They therefore consider that it is appropriate for the financial statements to be prepared on the going concern basis.

## Pension Plans

PDSA has a defined benefit pension scheme, The People's Dispensary for Sick Animals Retirement Benefits Plan (RBP) (1978) and a Group Personal Pension (GPP) Plan.

The defined benefit pension scheme has been closed to new employees since 2006 and since April 2019 has been closed to future accrual. The GPP Plan was opened in January 2008 for new and existing employees. The charity is committed to ensuring it will continue to offer suitable pension benefits for employees.

The RBP scheme had a deficit, as calculated under the provisions of FRS 102, of £41.1 million at 31 December 2021 (2020: £47.1 million). The latest triennial actuarial valuation was carried out as at 31 December 2020 and this showed a deficit of £55.4 million. Revised deficit funding contributions were agreed between PDSA and the RBP Trustee in December 2021.

These liabilities have been revised to reflect some key assumption changes: increased bond yields, which were partially offset by an increase in inflation expectations. The next triennial valuation of the Scheme is due at 31 December 2023.

The Plan held a number of investments at 31 December 2021 at fair value. As a result of economic uncertainty due to current geopolitical uncertainties, we would expect the value of the Plan's assets to have reduced since the balance sheet date. Similarly, since the balance sheet date, the Plan's liabilities would be expected to reduce due to an increase in corporate bond yields over the period, although this reduction has been offset to an extent by a rise in inflation expectations since the balance sheet date.

Approved by Council and signed on its behalf by:

John Smith, Chair  
21 July 2022

# Independent Auditor's Report to the Trustees of the People's Dispensary for Sick Animals

## Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 31 December 2021 and of the Group and Parent Charity's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 as amended, and the People's Dispensary for Sick Animals Acts 1949 and 1956.

We have audited the financial statements of The People's Dispensary for Sick Animals ("the Parent Charity") and its subsidiaries ("the Group") for the year ended 31 December 2021 which comprise the consolidated and parent statement of financial activities, the consolidated and parent balance sheet, the consolidated cash flow 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).

## 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We remain independent of the Group and the Parent Charity in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

## Other information

The Trustees are 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 themselves. 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.

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

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion;

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is inconsistent in any material respect with the financial statements; or
- adequate and proper accounting records have not been kept by the Parent Charity; or
- the Parent Charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees are 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 Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the parent Charity or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and section 44(1)(c) of

the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

## *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We made enquiries of management, and the Audit and Risk Committee. This included the following:

- how they have identified, evaluated and complied with laws and regulations and whether they were aware of any instances of non-compliance;
- their process for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- which internal controls have been established to mitigate risks related to fraud or non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Charity. These include, but are not limited to, compliance with, Charities Act 2011, Charities and

Trustee Investment (Scotland) Act 2005, regulation 6 and 8 of the Charities Accounts (Scotland) Regulations 2006, as amended, People's Dispensary for Sick Animals Acts 1949 and 1956, UK GAAP, Charities SORP, Fundraising regulations and tax legislation.

In addition, the Charity is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation.

We identified the following areas as those most likely to have such an effect: employment law and data protection. In order to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, we made enquiries of management and those charged with Governance about whether the entity is in compliance with such laws and regulations and we inspected any relevant regulatory and legal correspondence.

We considered management's incentives and opportunities for fraudulent manipulation of the financial statements (including revenue recognition and the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

#### Audit response to risks identified

- We reviewed the financial statement disclosures and sample tested to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- We made enquiries of the Audit and Risk Committee, management and internal audit;
- We reviewed the Fraud log and Serious incident log submitted to the Audit and Risk Committee which includes instances of fraud and non-compliance with laws and regulations and we read minutes of meetings of those charged with governance;
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; considered completeness of related party transactions; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and

- We challenged assumptions made by management in their significant accounting estimates in particular in relation to the assumptions related to, the defined benefit scheme valuation (FRS 102 Section 28), accrued legacy income and provisions.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://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 Charity's trustees, as a body, in accordance with the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charity's trustees 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 Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*Kyla Bellingall*

Kyla Bellingall  
BDO LLP, statutory auditor  
Birmingham  
25 July 2022

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Consolidated Statement of Financial Activities (incorporating an income and expenditure account)

For the years ended 31 December	Note	Group £'000			Group £'000		
		Unrestricted Funds	Restricted Funds and endowments	Total 2021	Unrestricted Funds	Restricted Funds and endowments	Total 2020
<b>Income and endowments from</b>							
Donations and legacies	2	73,832	5,940	79,772	53,207	4,415	57,622
Grant income	2	1,826	-	1,826	5,081	-	5,081
Other trading activities	2	13,674	-	13,674	16,385	-	16,385
Charitable trading activities	2	8,741	-	8,741	9,060	-	9,060
Investments	2	1,063	-	1,063	1,206	-	1,206
Net gain on disposal of fixed assets		305	-	305	2,814	-	2,814
<b>Total income</b>		99,441	5,940	105,381	87,753	4,415	92,168
<b>Expenditure on raising funds</b>							
Donations and legacies	3	8,321	-	8,321	7,472	-	7,472
Other trading activities	3	14,073	1	14,074	18,576	1	18,577
Investments	3	82	-	82	41	-	41
<b>Total expenditure on raising funds</b>		22,476	1	22,477	26,089	1	26,090
<b>Net income available for charitable activities</b>		76,965	5,939	82,904	61,664	4,414	66,078
<b>Charitable activities</b>							
Treatment at Pet Hospitals and by contracted services	3	61,805	4,424	66,229	56,461	4,498	60,959
Education: responsible pet ownership	3	1,106	-	1,106	1,755	-	1,755
Preventive services	3	1,902	-	1,902	2,539	-	2,539
<b>Total expenditure on charitable activities</b>		64,813	4,424	69,237	60,755	4,498	65,253
<b>Total expenditure</b>		87,289	4,425	91,714	86,844	4,499	91,343
Net gains on investments	7	5,058	-	5,058	2,902	-	2,902
<b>Net income/(deficit)</b>		17,210	1,515	18,725	3,811	(84)	3,727
Transfers between funds	12	2	(2)	-	16	(16)	-
Actuarial loss on defined benefit pension Scheme	17	(1,800)	-	(1,800)	(12,800)	-	(12,800)
<b>Net movement in funds</b>		15,412	1,513	16,925	(8,973)	(100)	(9,073)
<b>Reconciliation of funds</b>							
Total funds brought forward		74,785	3,350	78,135	83,758	3,450	87,208
<b>Total funds carried forward</b>	12	90,197	4,863	95,060	74,785	3,350	78,135

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.

# Charity Statement of Financial Activities

(incorporating an income and expenditure account)

For the years ended 31 December	Note	Charity £'000			Charity £'000		
		Unrestricted Funds	Restricted Funds and endowments	Total 2021	Unrestricted Funds	Restricted Funds and endowments	Total 2020
<b>Income and endowments from</b>							
Donations and legacies	2	76,760	5,940	82,700	57,173	4,415	61,588
Grant income	2	1,826	-	1,826	5,081	-	5,081
Other trading activities	2	9,769	-	9,769	7,970	-	7,970
Charitable trading activities	2	8,741	-	8,741	9,060	-	9,060
Investments	2	1,057	-	1,057	1,196	-	1,196
Net gain on disposal of fixed assets		305	-	305	2,814	-	2,814
<b>Total income</b>		98,458	5,940	104,398	83,294	4,415	87,709
<b>Expenditure on raising funds</b>							
Donations and legacies	3	8,319	-	8,319	7,470	-	7,470
Other trading activities	3	13,053	1	13,054	14,248	1	14,249
Investments	3	82	-	82	41	-	41
<b>Total expenditure on raising funds</b>		21,454	1	21,455	21,759	1	21,760
<b>Net income available for charitable activities</b>		77,004	5,939	82,943	61,535	4,414	65,949
<b>Charitable activities</b>							
Treatment at Pet Hospitals and by contracted services	3	61,797	4,424	66,221	56,452	4,498	60,950
Education: responsible pet ownership	3	1,106	-	1,106	1,755	-	1,755
Preventive services	3	1,902	-	1,902	2,418	-	2,418
<b>Total expenditure on charitable activities</b>		64,805	4,424	69,229	60,625	4,498	65,123
<b>Total expenditure</b>		86,259	4,425	90,684	82,384	4,499	86,883
Net gains on investments	7	5,058	-	5,058	2,902	-	2,902
<b>Net income/(deficit)</b>		17,257	1,515	18,772	3,812	(84)	3,728
Transfers between funds	12	2	(2)	-	16	(16)	-
Actuarial loss on defined benefit pension Scheme	17	(1,800)	-	(1,800)	(12,800)	-	(12,800)
<b>Net movement in Funds</b>		15,459	1,513	16,972	(8,972)	(100)	(9,072)
<b>Reconciliation of funds</b>							
Total Funds brought forward		76,298	3,350	79,648	85,270	3,450	88,720
<b>Total Funds carried forward</b>		91,757	4,863	96,620	76,298	3,350	79,648

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.

# Balance Sheets

At 31 December	Note	Group		Charity	
		2021	2020	2021	2020
<b>Fixed assets</b>					
Tangible assets	6	21,552	21,468	23,103	22,972
Investments	7	77,354	71,676	77,354	71,676
<b>Total fixed assets</b>		98,906	93,144	100,457	94,648
<b>Current assets</b>					
Stocks - finished goods and goods for resale		2,238	2,431	1,913	2,042
Debtors	8	40,085	29,675	43,640	34,084
Cash at bank and in hand		3,385	7,919	72	3,767
<b>Total current assets</b>		45,708	40,025	45,625	39,893
Creditors - amounts falling due within one year	9	(6,219)	(6,001)	(6,127)	(5,860)
<b>Net current assets</b>		39,489	34,024	39,498	34,033
<b>Total assets less current liabilities</b>		138,395	127,168	139,955	128,681
Provisions for liabilities	10	(2,235)	(1,933)	(2,235)	(1,933)
<b>Net assets excluding pension liability</b>		136,160	125,235	137,720	126,748
<b>Defined benefit pension scheme liability</b>	17	(41,100)	(47,100)	(41,100)	(47,100)
<b>Total net assets</b>		95,060	78,135	96,620	79,648
<b>The funds of the charity</b>					
Endowment funds	12	933	933	933	933
Restricted income funds	12	3,930	2,417	3,930	2,417
Unrestricted funds	12	131,297	121,885	132,857	123,398
Pension reserve	12	(41,100)	(47,100)	(41,100)	(47,100)
<b>Total unrestricted funds</b>		90,197	74,785	91,757	76,298
<b>Total charity funds</b>		95,060	78,135	96,620	79,648

Approved by Council and signed on its behalf on

*John Smith*

John Smith  
Chair  
21 July 2022

## Consolidated Statement of Cash Flows

		£'000	
For the year ended 31 December		Group	
	Note	2021	2020
Net cash (used in) operating activities	a	(4,005)	(3,182)
<b>Cash Flows from investing activities</b>			
Dividends, interest and rents from investments		1,063	1,206
Purchase of property, plant and equipment		(1,757)	(668)
Proceeds from the sale of property, plant and equipment		357	3,161
Purchase of investments		(620)	(777)
Proceeds from the sale of investments		-	295
<b>Net cash (used in) / provided by investing activities</b>		<b>(957)</b>	<b>3,217</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(4,962)</b>	<b>35</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	b	<b>7,919</b>	<b>7,884</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	b	<b>2,957</b>	<b>7,919</b>

### Note a. Reconciliation of net income to net cash (used in) operating activities

Net income for the reporting period	18,725	3,727
Adjustments for:		
Investment income	(1,063)	(1,206)
Net (gain) on disposal of tangible Fixed assets	(305)	(2,814)
Depreciation	1,621	1,743
Movements on investments	(5,058)	(2,902)
Increase in pension provision excluding actuarial loss	700	1,100
Pension deficit contributions	(8,500)	(2,500)
Decrease/(Increase) in stocks	193	(98)
(Increase)/decrease in debtors	(10,410)	1,032
(Decrease) in creditors	(210)	(726)
Increase/(decrease) in provisions	302	(538)
<b>Net cash (used in) operating activities</b>	<b>(4,005)</b>	<b>(3,182)</b>

### Note b. Analysis of cash and cash equivalents

Cash at bank and in hand	3,385	7,919
Overdraft	(428)	-
<b>Total</b>	<b>2,957</b>	<b>7,919</b>

As the group has no external debt a net debt reconciliation is not required.

## Notes to the financial statements for the year ended 31 December 2021

### 1. Accounting policies

#### a) Accounting basis

The financial statements have been prepared under the historical cost convention, with the exception of investments that are included at market value.

The financial statements have been prepared in accordance with the Charities Act 2011, the Charities and Trustees Investment (Scotland) Act 2005, the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective 1 January 2019.

Trustees have reviewed projections of cash flow and profitability for the period to 31 December 2023 considering sensitivities to income and costs and how much they wish to spend in discretionary areas.

We expect that the Group will produce a total surplus of £1.3m in 2022 and a £1.7m total deficit in 2023. Based on this forecast we anticipate holding cash and liquid investments of £53.9m at 31 December 2023.

The Group had investments with a value of £69.4m at 31 March 2022 that are sufficiently liquid to be realised quickly (two funds have daily access, the third within a month). This gives the Group significant headroom in the cash flow forecasts. As a precaution the Group has also renewed its overdraft facility from 1 July 2022.

The Trustees recognise that there remains a degree of uncertainty as a result of the pandemic, however this does not pose a material uncertainty that would cast doubt on the charity's ability to continue as a going concern.

After considering the projections of cash flow and profitability and the ability to liquidate the investment portfolio to support cash balances the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, which is a period of at least 12 months from the signing of the accounts and audit report. For this reason, it continues to adopt the going concern basis in the financial statements.

#### b) Fund accounting

General funds are unrestricted funds that are available for use at the discretion of Council in furtherance of the general objectives of the charity, which have not been designated for other purposes.

Restricted funds are funds that are used in accordance with specific restrictions imposed by donors.

The aim and use of each restricted fund is set out in Note 12 to the financial statements. Income received less than £15,000, unless part of a larger project, is reported in aggregate.

Investment income and gains are allocated to the appropriate fund.

#### c) Income

Income is recognised in the SOFA when the charity has evidence of entitlement, receipt is probable and its amount can be measured reliably.

#### Legacies

Both pecuniary and residuary legacies are recognised at the earlier of probate being granted or the charity being advised, in writing, by the personal representative of an estate that payment will be made or assets transferred and when, in the opinion of management, the amount can be quantified with reasonable accuracy and will probably be received.

This estimate includes a reduction to reflect the proportion of the prior year opening debtors not received in subsequent years and so allows for the potential variation in settlement values and the risk of a Will being contested.

Where part or all of a legacy has a claim against it, the disputed amount is not recognised as income, but is included as a contingent asset.

Reversionary interests involving a life tenant are not recognised.

#### Other income

Income from charitable trading, sales of new goods and other sales income are recognised when the goods or services are sold. The value recognised excludes VAT.

Donated goods are included in income when received and are measured at sales value, which is considered fair value.

Donation income is credited when received, except where fundraising campaigns are based around a specific event date, in which case the accruals basis is used.

Grants and donations in respect of capital expenditure are credited to restricted income at the point of recognition and are released to unrestricted funds on the later date of completion of the fixed asset, or the obligation being met.

Income from Government grants is recognised when a claim has been made and entitlement is confirmed.

Gross proceeds from the People's Postcode Lottery are recorded as income in the SOFA.

Investment income is accounted for when receivable.

#### d) Recognition of expenditure

All expenditure is accounted for on an accruals basis and has been listed under the headings that aggregate all costs related to the category.

Costs of generating funds relate to those costs incurred to encourage donations and legacies and raise public awareness of the charity; those costs that enable us to trade goods and services; and those that relate to generating investment income.

Costs of charitable activities relate to those costs incurred in meeting the objectives of the charity and providing its public benefit.

Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of the resources. Overheads in support areas have been allocated to activities as outlined in Note 3 to the financial statements.

Costs for future property dilapidations, in our estimate and judgement, are estimated based on the number of properties rented subject to dilapidation clauses, each having an expected future cost based on the average expected spends per property incurred in earlier years and the results of condition survey samples. Where the particular condition of an individual property means the use of an average spend would not be appropriate, the provision is estimated with reference to property survey information.

Donations and gifts costs are those incurred in seeking voluntary contributions for the charity. Governance costs are those incurred by Trustees, internal audit and fees charged by external auditors. Irrecoverable VAT is charged as a cost to the individual activity.

#### e) Tangible fixed assets and depreciation

Tangible fixed assets costing more than £5,000 are

capitalised and accounted for at cost, inclusive of any incidental expenses of acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight-line basis over their expected useful economic lives as follows:

Assets under course of construction	nil
Freehold land	nil
Freehold buildings	25-50 years
Long leasehold buildings	25 years
Short leasehold buildings	Remainder of lease
Pet Hospital buildings, freehold and leasehold	25 years
Furniture, fittings and equipment	3-8 years
Motor vehicles	5 years

The charity has a policy to conduct impairment reviews in accordance with the requirements of FRS 102.

#### f) Investment properties

In accordance with FRS 102 these properties are held for capital appreciation, initially recorded at cost and then subsequently at fair value. Revaluations are undertaken periodically by professionally qualified surveyors on the basis of open market value, which represents fair value. In our estimate and judgement these are revised in subsequent years by reference to published indices or comparative evidence and assessment of the circumstances of each property by PDSA's professional qualified surveyors.

#### g) Investments

Listed and other investments are initially shown at cost and then subsequently at fair value to reflect the market valuation as at the balance sheet date. The SOFA includes the net gains and losses arising on revaluation and disposals throughout the year.

Investments in subsidiaries are initially shown at cost and subsequently net of any impairment.

#### h) Stocks

Stocks are stated at the lower of cost and net realisable value. Donated goods are included at fair value on receipt, and the stock of donated goods represents the amount of goods donated by the

general public which we hold at our shops at year-end. In our estimate and judgement, the value is calculated by applying an average sales value, adjusted for Gift Aided sales, to the volume of goods we have unsold at year-end.

#### i) Financial instruments

The PDSA Group only holds basic financial instruments. Investments are initially shown at cost and then measured at fair value and shown in Note 7 to the accounts. Financial instruments held within current assets and current liabilities are measured at the cash expected to be paid or received which is considered to be amortised cost and is shown in Notes 8 and 9.

The Group balances included in the accounts are as follows:

	2021 £'000	2020 £'000
Fixed Asset Investments	77,354	71,676
Debtors	40,085	29,675
Creditors: amounts falling due within one year	6,219	6,001

#### j) Taxation

As a registered charity PDSA is exempt from taxation of income and gains falling within Chapter Three of Part II to the Corporation Tax Act 2010 or Section 256 Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charge has arisen in the year. No tax charge has arisen in any of its subsidiaries since they gift all taxable profits to PDSA.

#### k) Pension costs

For the defined benefit pension scheme, the amounts charged in resources expended are the current service costs and gains and losses on settlements and curtailments; these are included as part of staff costs. Past service costs are recognised immediately if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs.

The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately and are shown separately in the SOFA. Defined benefit pension schemes are funded with the assets of the scheme held separately from those of the Group, in Trustee-administered funds.

These assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The valuation is obtained triennially but is updated each year and the resulting asset or liability is shown on the balance sheet.

#### l) Operating leases

Rentals paid under operating leases are charged to the SOFA on a straight-line basis over the lease-term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are credited to the SOFA over the period of the lease. Rentals receivable under operating leases are credited to the SOFA in the periods in which they become receivable. When a rental holiday has been granted, or rentals temporarily reduced, the reduction is accounted to that period of the reduction and is not spread over the lease-term.

#### m) Basis of consolidation

PDSA Group's financial statements consolidate the financial statements of the charity and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated on a line-by-line basis for the periods from or to the date on which control passed.

PDSA Trading Limited, PDSA PetAid Enterprises Limited and PDSA Property Services Limited are consolidated within these accounts as PDSA holds 100% of the issued share capital of each company.

#### n) Provisions

Provisions for future liabilities are recognised when PDSA has a legal or constructive financial obligation that can be reliably estimated and for which there is an expectation that payment will be made. Estimation techniques involve assumptions, which are based on experience.

#### o) Accounting estimates and judgements

In preparing the financial statements, the Trustees are required to make estimates and judgements. The matters below are considered to be the most important in understanding the judgements that are involved in preparing the financial statements and the uncertainties that could impact the amounts reported.

#### Cost allocation

Support costs not attributable to a single activity are allocated or apportioned on a basis consistent with identified cost drivers for that cost category and can be seen in more detail in note 3.

### Legacy income accrual and contingent asset

Legacy income is recognised in accordance with the income recognition policy detailed in (c) above. In calculating the level of legacy accrual, management is required to exercise estimation and judgement, particularly in determining the amount and probability of receipt.

A contingent asset is identified for legacies notified to the charity when the inflow of economic benefit is probable, but does not yet meet the criteria for income recognition identified in (c) above.

### Investment Properties

These are valued by professionally qualified surveyors, using estimation techniques identified in (f) above.

### Stocks

Goods donated by the public for us to resell are valued using estimates identified in (h) above.

### Actuarial assumptions for the defined benefit pension scheme

These are incorporated in the financial statements in accordance with FRS 102 using advice from independent qualified actuaries. Significant judgement is exercised in a number of areas, including future changes in salaries and inflation, mortality rates and the selection of appropriate discount rates. These are detailed in (k) above and note 17.

### Provisions

We hold specific provisions for several matters and these are individually described in note 10. We recognise a provision when it meets the tests identified in the policy in (n); the estimation techniques used are particular to each provision. The charity leases a large number of properties and our assumptions for property dilapidations are described above in (d).



## 2. Income and endowments

	Group		Charity		£'000
	2021	2020	2021	2020	
<b>Donations and legacies</b>					
Legacies receivable	58,731	40,135	58,731	40,135	
Donations and gifts	21,041	17,487	21,041	17,487	
Gift Aid donation from subsidiaries	–	–	2,928	3,966	
	<b>79,772</b>	<b>57,622</b>	<b>82,700</b>	<b>61,588</b>	
<b>Grant income</b>					
Government Job Retention Scheme	619	4,373	619	4,373	
Local Council Business Grants	1,207	708	1,207	708	
	<b>1,826</b>	<b>5,081</b>	<b>1,826</b>	<b>5,081</b>	
<b>Other trading activities</b>					
Lottery and similar income*	2,083	7,710	–	–	
Sales of donated goods**	7,034	4,973	7,034	4,973	
Sale of new goods	1,736	1,389	–	–	
Other income***	2,821	2,313	2,735	2,997	
	<b>13,674</b>	<b>16,385</b>	<b>9,769</b>	<b>7,970</b>	
<b>Charitable trading activities</b>					
Preventive services	2,549	3,789	2,549	3,789	
Concessionary and other paid for services	6,192	5,271	6,192	5,271	
	<b>8,741</b>	<b>9,060</b>	<b>8,741</b>	<b>9,060</b>	
<b>Investments</b>					
Listed securities - dividends	620	777	620	777	
Bank and other interest	58	14	52	4	
Rents receivable	385	415	385	415	
	<b>1,063</b>	<b>1,206</b>	<b>1,057</b>	<b>1,196</b>	

\* 2020 Lottery income includes £5,879,000 received from players of the People's Postcode Lottery for lotteries drawn in 2020.

\*\* 2021 includes income of £2,519,000 of donations from supporters resulting from sale of their goods through PDSA's Retail Gift Aid programme (2020: £1,734,000)

\*\*\* 2021 Other income (Charity only) includes £2,658,000 for the allocation of retail costs from the Charity to its subsidiary, PDSA Trading Limited. These costs relate to the running of the Retail Gift Aid Scheme, which is administered by the subsidiary. In previous years, this allocation was incorrectly shown as a cost reduction in the Charity. 2020 Charity only income and costs have been restated, each being adjusted by £2,749,000.

## 3. Expenditure

	Group			2021	2020
	Activities undertaken directly	Support costs allocated	Total	Total	Total
<b>Expenditure raising funds</b>					
Legacies receivable	1,291	112	1,403	1,311	
Donations and gifts	5,367	237	5,604	4,671	
Raising public perception and awareness	1,231	83	1,314	1,490	
	7,889	432	8,321	7,472	
<b>Expenditure on other trading activities</b>					
Merchandising, charity shop and other trading	12,188	1,193	13,381	13,847	
Lottery ticket sales	668	25	693	4,730	
	12,856	1,218	14,074	18,577	
<b>Expenditure on investments</b>					
	76	6	82	41	
<b>Expenditure on charitable activities</b>					
Treatment at Pet Hospitals and by contracted services	59,362	6,867	66,229	60,959	
Education: responsible pet ownership	1,020	86	1,106	1,755	
Preventive services	1,828	74	1,902	2,539	
	62,210	7,027	69,237	65,253	
	83,031	8,683	91,714	91,343	

Support costs breakdown by activity	Group				2021	2020
	Human Resources	Property Services	Finance and Management	Information Technology	Total	Total
<b>Expenditure raising funds</b>						
Legacies receivable	23	-	44	45	112	122
Donations and gifts	17	-	182	38	237	210
Raising public perception and awareness	20	-	42	21	83	90
<b>Expenditure on other trading activities</b>						
Merchandising, charity shop and other trading	205	224	398	366	1,193	1,194
Lottery ticket sales	2	-	23	-	25	149
<b>Expenditure on Investments</b>						
	-	3	3	-	6	2
<b>Expenditure on charitable activities</b>						
Treatment at Pet Hospitals and by contracted services	1,974	394	2,017	2,482	6,867	6,228
Education: responsible pet ownership	31	-	34	21	86	128
Preventive services	12	-	62	-	74	108
<b>Total support costs</b>	2,284	621	2,805	2,973	8,683	8,231

Governance costs in the year of £342,000 (2020: £364,000) are included within Finance and Management support costs

**Bases of allocation**

Human Resources - staff costs  
Property Services - property costs, excluding rent  
Finance and Management - expenditure  
Information Technology - number of IT devices

	Charity			2021	2020
	Activities undertaken directly	Support costs allocated	Total	Total	Total
<b>Expenditure raising funds</b>					
Legacies receivable	1,291	111	1,402	1,310	
Donations and gifts	5,367	237	5,604	4,670	
Raising public perception and awareness	1,231	82	1,313	1,490	
	7,889	430	8,319	7,470	
<b>Expenditure on other trading activities</b>					
Merchandising, charity shop and other trading***	11,863	1,191	13,054	14,249	
	11,863	1,191	13,054	14,249	
<b>Expenditure on investments</b>					
	76	6	82	41	
<b>Expenditure on charitable activities</b>					
Treatment at Pet Hospitals and by contracted services	59,362	6,859	66,221	60,950	
Education: responsible pet ownership	1,020	86	1,106	1,755	
Preventive services	1,828	74	1,902	2,418	
	62,210	7,019	69,229	65,123	
	82,038	8,646	90,684	86,883	

\*\*\* see note 2 regarding adjustment to 2020 costs

Support costs breakdown by activity	Charity				2021	2020
	Human Resources	Property Services	Finance and Management	Information Technology	Total	Total
<b>Expenditure raising funds</b>						
Legacies receivable	23	-	43	45	111	122
Donations and gifts	17	-	181	39	237	209
Raising public perception and awareness	20	-	41	21	82	90
<b>Expenditure on other trading activities</b>						
Merchandising, charity shop and other trading	205	224	396	366	1,191	1,193
<b>Expenditure on Investments</b>						
	-	3	3	-	6	2
<b>Expenditure on charitable activities</b>						
Treatment at Pet Hospitals and by contracted services	1,974	394	2,009	2,482	6,859	6,219
Education: responsible pet ownership	31	-	34	21	86	127
Preventive services	12	-	62	-	74	108
<b>Total support costs</b>	2,282	621	2,769	2,974	8,646	8,070

Governance costs in the year of £331,000 (2020: £352,000) are included within Finance and Management support costs

**Bases of allocation**

Human Resources - staff costs  
Property Services - property costs, excluding rent  
Finance and Management - expenditure  
Information Technology - number of IT devices

## 4. Net income before other recognised gains and losses

		2021	2020
<b>These are stated after charging:</b>			
Auditor's remuneration	audit fees charity	72	73
	audit fees subsidiaries	7	7
	non-audit fees charity	1	2
	- tax services	-	5
	- other consultancy services	-	5
	non-audit fees subsidiaries	4	5
	- tax services	-	-
Operating leases		2,520	2,970

## 5. Employees

	2021	2020
<b>Employment costs</b>		
Salaries	44,897	44,944
Social security costs	4,043	4,015
Defined benefit pension costs	1,533	1,499
Other employer pension costs	4,071	4,012
Redundancy and termination payments	93	410
Other staff costs	224	215
Apprentice Levy	215	217
<b>Total</b>	<b>55,076</b>	<b>55,312</b>

During 2021, 29 employees were made redundant (99 in 2020), this was as a result of shop closures, a restructure at a Pet Hospital and within some of our support functions. In addition, one individual received a termination payment through a settlement agreement (2020: four).

## Average number of employees, calculated on a full-time equivalent basis

	2021	2020
Veterinary	1,162	1,156
Retail	199	229
Marketing and Fundraising	139	116
Other	163	161
<b>Total</b>	<b>1,663</b>	<b>1,662</b>

	2021	2020
<b>Employment costs</b>		
The number of higher-paid employees whose emoluments were within the following scales was as follows:		
£60,001–£70,000	21	20
£70,001–£80,000	7	10
£80,001–£90,000	5	6
£90,001–£100,000	1	2
£100,001–£110,000	1	-
£110,001–£120,000	-	1
£120,001–£130,000	1	-
£130,001–£140,000	-	1
£140,001–£150,000	1	1
£150,001–£160,000	1	-
£180,001–£190,000	-	1
£190,001–£200,000	1	-

Emoluments include salary, allowances and benefits in kind, but exclude pension scheme contributions.

Thirty of the higher paid staff are members of the Group Personal Pension (GPP) Plan (2020: thirty-nine). Six of these staff members contribute to the Auto Enrolment section of the GPP (2020: seven). Twenty-four of the staff members contribute to the GPP by paying contributions in excess of the Auto Enrolment minimum contribution rates (2020: thirty-two). Twenty-seven of the higher paid staff members are employed in our Veterinary Services team (69%).

The Director General and Directors elected to have a 10% reduction in their basic salaries for six months during 2020 in recognition of the impact of the pandemic on our people. The total compensation paid to the Executive team in 2021 (seven Directors) was £819,000 (2020: six Directors, £778,000). Of the seven Directors who served during 2021,

Five served throughout the year, and two joined in the last quarter of the year. One Director retired from PDSA in March 2022.

The basic salary of the Director General, who is the highest paid employee, was £158,576 as at 31 December 2021 (£155,468 as at 31 December 2020). The Director General has elected to receive an additional cash payment in lieu of employer pension contributions.

The ratio between the highest and median contracted salary is 7:1 (2020: 7:1).

Members of Council do not receive any remuneration. They made donations to PDSA in 2021 totalling £2,561 (2020: £1,732).

Travel, accommodation, telecommunications, entertainment and training costs incurred by Council members on charity business are reimbursed or are paid directly by the charity. This amounted to £341 during the year for two Council members (2020: £500 for two).

## 6. Fixed assets

	Assets under course of construction	Freehold land and buildings	Leasehold buildings Long lease	Leasehold buildings Short lease	Pet Hospital land and buildings Freehold	Pet Hospital land and buildings Long lease	Furniture fittings and equipment	Motor vehicles	Total
<b>Cost</b>									
At 1 January 2021	225	3,875	400	4,517	33,854	5,087	15,591	366	63,915
Additions	1,303	-	-	21	51	-	382	-	1,757
Disposals	-	(44)	-	(244)	(380)	-	(104)	-	(772)
<b>At 31 December 2021</b>	<b>1,528</b>	<b>3,831</b>	<b>400</b>	<b>4,294</b>	<b>33,525</b>	<b>5,087</b>	<b>15,869</b>	<b>366</b>	<b>64,900</b>
<b>Depreciation</b>									
At 1 January 2021	-	1,635	165	4,219	18,962	3,063	14,167	236	42,447
Charge for the year	-	85	14	124	937	127	285	49	1,621
Disposals	-	(37)	-	(244)	(335)	-	(104)	-	(720)
<b>At 31 December 2021</b>	<b>-</b>	<b>1,683</b>	<b>179</b>	<b>4,099</b>	<b>19,564</b>	<b>3,190</b>	<b>14,348</b>	<b>285</b>	<b>43,348</b>
<b>Net book value</b>									
<b>At 31 December 2021</b>	<b>1,528</b>	<b>2,148</b>	<b>221</b>	<b>195</b>	<b>13,961</b>	<b>1,897</b>	<b>1,521</b>	<b>81</b>	<b>21,552</b>
At 31 December 2020	225	2,240	235	298	14,892	2,024	1,424	130	21,468

The difference between the Group and charity fixed assets is the exclusion of the intra-group profit of £1,551,000. The intra-group profit arose from the construction and sale of PDSA Pet Hospital buildings by subsidiaries of the charity. Certain freehold assets are charged to provide security against specific liabilities. The net book value of these assets at 31 December 2021 is £6,316,000 (2020: £6,657,000)

## 7. Fixed asset investments

Group and charity	Listed investments	Other investments	Freehold investment properties	Total
At 1 January 2021	48,959	16,427	6,290	71,676
Additions	620	-	-	620
Net gains/(losses) on revaluations and disposals	2,082	3,046	(70)	5,058
<b>At 31 December 2021</b>	<b>51,661</b>	<b>19,473</b>	<b>6,220</b>	<b>77,354</b>

At 31 December 2021 and 2020 the charity had the following holdings constituting more than 5% of the portfolio market value:

	2021	2020
The Partners Fund	19,472	16,427
Schroders Diversified Growth Fund	26,624	24,844
Ninety One Diversified Growth Fund	25,038	24,115
<b>The total of UK listed and other investments</b>	<b>71,134</b>	<b>65,386</b>

Within fixed asset investments, investment properties are valued as at 31 December 2021 at £6,220,000. This represents four properties, all of which were valued by external RICS Registered Valuers. Properties are valued at fair value with reference to condition, location and market data. The charity is not aware of any material restrictions that might affect the realisation of any of its investment properties.

## 8. Debtors

	Group		Charity	
	2021	2020	2021	2020
<b>Due within one year</b>				
Accrued legacies	36,485	26,085	36,485	26,085
Amounts due from subsidiary undertakings	-	-	3,795	4,824
Income tax recoverable	557	331	557	331
Sundry debtors	1,907	2,051	1,668	1,882
Prepayments	1,136	962	1,135	962
	<b>40,085</b>	<b>29,429</b>	<b>43,640</b>	<b>34,084</b>
<b>Due after more than one year</b>				
Other loans	-	246	-	-
<b>Total</b>	<b>40,085</b>	<b>29,675</b>	<b>43,640</b>	<b>34,084</b>

The charity has received notification of legacies amounting to approximately £14,149,000 (2020: £16,216,000). This total has not been recognised as income at 31 December 2021, but represents a contingent asset that will be recognised in future years. The charity has entered into indemnities with executors of Wills which allow repayment of legacy income in particular circumstances. These total £1,090,000 at the end of 2021 (2020: £1,360,000) and represent a contingent liability.

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

	Group		Charity	
	2021	2020	2021	2020
Bank overdraft	428	-	428	-
Trade creditors	1,542	1,818	1,542	1,818
Taxation and social security	1,088	1,093	1,087	1,093
Sundry creditors	915	913	915	865
Deferred income	80	82	-	-
Accruals	2,166	2,095	2,155	2,084
	<b>6,219</b>	<b>6,001</b>	<b>6,127</b>	<b>5,860</b>

## 10. Provisions for liabilities

	2021	2020
<b>Group and charity</b>		
<b>Obligations for dilapidations in respect of leased properties</b>		
At the beginning of the year	1,809	1,903
Charged against provision in the year	(149)	(122)
Change in the year resulting from the number of properties and estimated cost per property	568	28
<b>At the end of the year</b>	<b>2,228</b>	<b>1,809</b>
<b>Obligations for costs following closure of the Pet Practice Scheme</b>		
At the beginning of the year	38	79
Charged against provision in the year	(31)	(63)
Extended duration of provision / (unused amounts released in the year)	-	22
<b>At the end of the year</b>	<b>7</b>	<b>38</b>
<b>Provision for future marketing and professional costs</b>		
At the beginning of the year	86	489
Charged against provision in the year	(81)	(91)
Released in the year	(5)	(312)
Additions during the year	-	-
<b>At the end of the year</b>	<b>-</b>	<b>86</b>

## 11. Analysis of Group net assets between funds

Fund balances at 31 December are represented by:	2021			2020		
	Restricted	General	Total	Restricted	General	Total
Tangible fixed assets	1,920	19,632	21,552	1,431	20,037	21,468
Investments	-	77,354	77,354	-	71,676	71,676
Current assets	2,943	42,765	45,708	1,919	38,106	40,025
Creditors – amounts falling due within one year	-	(6,219)	(6,219)	-	(6,001)	(6,001)
Creditors – amounts falling due after more than one year	-	-	-	-	-	-
Provisions for liabilities	-	(2,235)	(2,235)	-	(1,933)	(1,933)
<b>Net assets excluding pension liability</b>	<b>4,863</b>	<b>131,297</b>	<b>136,160</b>	<b>3,350</b>	<b>121,885</b>	<b>125,235</b>
<b>Defined benefit pension Scheme liability</b>	<b>-</b>	<b>(41,100)</b>	<b>(41,100)</b>	<b>-</b>	<b>(47,100)</b>	<b>(47,100)</b>
<b>Net assets including pension liability</b>	<b>4,863</b>	<b>90,197</b>	<b>95,060</b>	<b>3,350</b>	<b>74,785</b>	<b>78,135</b>

## 12. Statement of group funds

	At 1 January 2021	Income	Expenditure	Actuarial / investment gains	Transfers	At 31 December 2021
<b>General fund</b>	121,885	99,441	(87,289)	3,258	(5,998)	131,297
<b>Unrestricted funds excluding pension reserve</b>	<b>121,885</b>	<b>99,441</b>	<b>(87,289)</b>	<b>3,258</b>	<b>(5,998)</b>	<b>131,297</b>
<b>Pension reserve</b>	(47,100)	-	-	-	6,000	(41,100)
<b>Total unrestricted funds</b>	<b>785</b>	<b>99,441</b>	<b>(87,289)</b>	<b>3,258</b>	<b>2</b>	<b>90,197</b>
<b>Restricted funds</b>						
<b>Permanent endowment</b>						
AW Blackwell bequest	933	2	-	-	(2)	933
<b>Total permanent endowment funds</b>	<b>933</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>(2)</b>	<b>933</b>

	2021	2020
<b>Income funds</b>		
Restricted legacies	1,826	5,261
Digital x-ray – appeal	56	4
Nottingham PDSA Pet Hospital – capital appeal	420	385
Homeless project – Manchester	22	(19)
Homeless project – UK	29	(9)
PetCheck Vehicle – general expenditure	2	-
Miscellaneous restricted donations less than £15,000	62	288
<b>Total restricted income funds</b>	<b>2,417</b>	<b>5,938</b>
<b>Total restricted funds</b>	<b>3,350</b>	<b>5,940</b>
<b>Total funds excluding pension reserve</b>	<b>125,235</b>	<b>105,381</b>
<b>Total funds</b>	<b>78,135</b>	<b>105,381</b>

The general fund represents the free funds of the group that are not designated for particular purposes.

The movement on the pension reserve represents the difference between the payments in the year by the employer towards the liabilities and the actuarial calculations of liabilities under FRS102.

Further information about the nature of some of the other restricted funds above is

- The AW Blackwell endowment provided interest benefit of £2,000 to PDSA in 2021; the income is unrestricted and so is transferred.

- Some legators have specified restrictions for use within a specific geographical location or application. The balance carried forward comprises: PetCheck vehicle in the West Midlands £25,000, Helmsley/Kirbymoorside £333,000, Llanelli £355,000, Aberdeen £23,000, Isle of Wight £14,000, Swansea £896,000, Plymouth £293,000 and other restricted legacies individually below £10,000.

Also included in restricted legacies is a gift of £1,030,000 from the Estate of E Hallam which will contribute towards the building of a new Pet Hospital in Nottingham.

## 13. Related parties

	2021	2020
<b>Sales from PDSA to PDSA Trading Limited</b>		
Allocation of shared staff and overhead costs	3,531	3,820
	<b>3,531</b>	<b>3,820</b>
<b>Sales from PDSA to PDSA PetAid Enterprises Limited</b>		
Allocation of shared staff and overhead costs	252	244
	<b>252</b>	<b>244</b>
<b>Sales from PDSA Trading Limited to PDSA</b>		
Acquisition of donors and administration of the Retail Gift Aid sales Scheme	2,735	2,828
	<b>2,735</b>	<b>2,828</b>
<b>Amounts owed to PDSA by subsidiary undertakings</b>		
PDSA Trading Limited	3,715	4,780
PDSA PetAid Enterprises Limited	54	18
PDSA Property Services Limited	26	26
	<b>3,795</b>	<b>4,824</b>

## 14. Capital commitments

	2021	2020
<b>Group and charity</b>		
Contractually committed purchases of tangible fixed assets	1,549	-
Purchases of tangible fixed assets authorised but not contracted for	2,670	5,704
	<b>4,219</b>	<b>5,704</b>

## 15. Operating lease commitments

	2021	2020
<b>Group and charity</b>		
Total commitments not provided for in these financial statements under non-cancellable* operating leases are as follows:		
Amounts payable		
Within one year	1,860	2,102
After one year but within five years	2,690	3,401
After more than five years	761	936
	<b>5,311</b>	<b>6,439</b>

For retail shops occupied at year end, where the lease has gone beyond renewal date but a new lease has not been formally signed, the lease is assumed to be cancellable with three months' notice, rather than at the next renewal date.

## 16. Subsidiary undertakings

The charity holds 100% of the issued share capital of each of the following companies, all of which are registered in England

	Company number	
<b>PDSA Trading Limited</b>	1595637	Principal activities are the operation of lotteries, sale of financial services and sale of new goods through PDSA's chain of shops and online.
<b>PDSA Property Services Limited</b>	2340793	The company is currently not trading but is intended for reactivation in 2022
<b>PDSA PetAid Enterprises Limited</b>	4374375	Principal activity is the provision of commercial veterinary services

The total taxable profits of the subsidiary undertakings are gifted to the charity. No loans are advanced by the charity to its subsidiaries.

## A summary of the results of the subsidiaries

For the year ended 31 December	PDSA Trading Limited		PDSA Property Services Limited		PDSA PetAid Enterprises Limited	
	2021	2020	2021	2020	2021	2020
Income	9,026	13,741	-	-	277	261
Expenditure	(6,165)	(9,785)	-	(1)	(210)	(250)
Profit/(loss) for the year	2,861	3,956	-	(1)	67	11
Gifted to The People's Dispensary for Sick Animals	(2,861)	(3,956)	-	-	(67)	(11)
<b>Retained loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>-</b>

## Aggregate of the assets and liabilities

	PDSA Trading Limited		PDSA Property Services Limited		PDSA PetAid Enterprises Limited	
	2021	2020	2021	2020	2021	2020
Assets	3,808	4,876	10	11	58	68
Liabilities	(3,801)	(4,869)	(26)	(27)	(58)	(68)
<b>Net assets/(liabilities)</b>	<b>7</b>	<b>7</b>	<b>(16)</b>	<b>(16)</b>	<b>-</b>	<b>-</b>

## 17. Defined benefit pension Scheme

The Society operates a defined benefit pension Scheme that pays out pensions at retirement based on service and final pay. It has applied Section 28 of FRS102 and the following disclosures relate to this standard. It recognises any gains and losses in each period within the Consolidated Statement of Financial Activities under the heading of 'Actuarial loss on defined benefit pension Scheme'. The funding policy is agreed between the Retirement Benefit Plan (1978) (RBP) trustee and the Society and is formally set out in a Statement of Funding Principles, Schedule of Contributions and Recovery Plan following each full actuarial valuation. The latest such valuation was carried out as at 31 December 2020 and showed a deficit of £55.4 million. A future funding schedule has been agreed with the trustee of the RBP

to eliminate the deficit by 31 August 2032. An independent qualified actuary has calculated the RBP liabilities from data provided by the RBP administrators as at 31 December 2020.

Following a period of consultation with the active members over proposals to close the RBP Scheme to future accrual, the proposals were accepted on 30 June 2016 and the Scheme was closed to future accrual with effect from 5 April 2019.

In respect of the deficit arising from the 31 December 2020 Triennial Valuation of the RBP Scheme, the Society has entered into security arrangements with the RBP trustee to support the deficit recovery plan agreed from the 2020 Triennial Valuation.

The amounts recognised in the balance sheet are as follows:

	£ millions	
	2021	2020
Present value of funded obligations	(191.5)	(187.3)
Fair value of Scheme assets	150.4	140.2
<b>Deficit recognised in scheme</b>	<b>(41.1)</b>	<b>(47.1)</b>

The amounts recognised in the Consolidated Statement of Financial Activities as income and expenditure are as follows

	2021	2020
Past service cost	-	0.1
Scheme administration expenses	0.7	0.7
Net interest on the defined benefit liability	0.5	0.7
<b>Total cost</b>	<b>1.2</b>	<b>1.5</b>

The amounts recognised in the Consolidated Statement of Financial Activities as actuarial gains are as follows

	2021	2020
Actuarial losses	(4.8)	(27.5)
Return on Scheme assets in excess of interest income	3.0	14.7
<b>Total loss</b>	<b>(1.8)</b>	<b>(12.8)</b>

### Sensitivity Analysis

At the reporting date, reasonable possible changes to one of the relevant actuarial assumptions, with the other assumptions held constant, would have affected the defined benefit obligation by the amounts shown below.

	31 December 2021 Increase in DBO (£m)
Discount rate +0.10%	(4.1)
Inflation +0.10%	2.8
Mortality +1 year life expectancy	8.6

The change to the inflation sensitivity allows for changes to pension increases in deferment and in payment. Although the analysis does not take account of the full distribution of cash flows expected, it does provide an approximation of the sensitivity of the assumptions shown.

Changes in defined benefit obligation during the year

	2021	2020
Opening defined benefit obligation at 1 January	187.3	159.8
Past service cost	-	0.1
Interest cost	2.4	3.2
Actuarial losses	4.8	27.5
Benefit payments	(3.0)	(3.3)
<b>Closing defined benefit obligation</b>	<b>191.5</b>	<b>187.3</b>

Changes in fair value of scheme assets during the year

	£ millions	
	2021	2020
Opening assets at 1 January	140.2	124.1
Interest income	1.9	2.5
Return on scheme assets in excess of interest income	3.0	14.7
Expenses paid	(0.7)	(0.7)
Employer contributions	9.0	2.9
Benefit payments	(3.0)	(3.3)
<b>Closing assets</b>	<b>150.4</b>	<b>140.2</b>

Projected income and expenditure

	2021	2020
Interest cost	3.5	2.4
Interest income	(2.7)	(1.8)
Administration expenses	0.7	0.7
<b>Total</b>	<b>1.5</b>	<b>1.3</b>

Fair value of scheme assets in each category

	2021	2020
Equities and property	58.6	57.0
Gilts	50.9	49.9
Insurance policy	25.2	27.0
Other credit	9.4	5.9
Cash	6.3	0.4

For the purposes of FRS102 Section 28 the asset values stated are at the balance sheet date. Market values of the Plan's assets, which are not intended to be realised in the short-term, may be subject to significant changes before they are realised.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2021		2020	
	Pensioner	Non Pensioner	Pensioner	Non Pensioner
Discount rate	1.85%	1.80%	1.25%	1.30%
Price inflation RPI	3.55%	3.25%	3.05%	2.90%
Price inflation CPI	3.05%	2.75%	2.45%	2.30%
Future pension increases RPI 5%	3.45%	3.15%	3.00%	2.85%
Future pension increases RPI 2.5%	2.30%	2.25%	2.15%	2.10%

Life Expectancy

	Years	Years
Male (current age 45)	22.7	23.0
Male (current age 65)	21.4	21.6
Female (current age 45)	25.0	25.1
Female (current age 65)	23.5	23.5



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