



**pdsa**  
SAVING PETS CHANGING LIVES

**Annual Trustees'  
Report and Accounts 2020**

Year ended  
31 December 2020

# Our 2020 Covid-19 response

WE KEPT ALL  
**48**  
PET HOSPITALS  
OPEN FOR  
EMERGENCY  
TREATMENT

WE RAN AN AVERAGE OF  
**2,300**  
REMOTE  
CONSULTATIONS  
EVERY DAY

WE PROTECTED  
THE HEALTH AND  
WELLBEING OF  
OUR PEOPLE

WE PROVIDED  
**2.8**  
MILLION  
TREATMENTS

WE SAVED  
THE LIVES OF  
**120,000**  
MUCH-LOVED PETS

WE SUPPORTED  
**6.6**  
MILLION  
PEOPLE

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## CHAIR'S LETTER



John Smith  
Chair

**Sitting down to write this, I recalled the reaction of our founder, Maria Dickin, to the anguished sob of her sick pet dog. She was struck by how similar her dog's cry was to the cry of a human in pain. It was this vivid connection that inspired Maria and her legacy inspires PDSA to this day.**

2020 felt like a cry of pain from so many all around the world. Covid-19 impacted every single one of us and PDSA has seen that impact in very real terms. Increasing numbers of people turned to us due to financial hardship in the wake of the pandemic, desperate not to let their beloved pets suffer.

Just as pets have been a lifeline for many people during Covid-19, so PDSA has been a lifeline for pets and their owners in need.

Our 48 Pet Hospitals remained open throughout the pandemic. Delivering our care in a Covid-19 safe way has been challenging. Tough decisions had to be made and we prioritised emergency treatment, ensuring that immediate animal welfare needs were not compromised.

In order to focus on pets in need of urgent treatment and care, we suspended the majority of our preventive and educational work. Nevertheless, our strategy remains unchanged and we are committed to improving pet wellbeing through our holistic approach of:

- Preventing illness through vaccination and other protective measures

- Educating owners to be able to better care for their pets
- Providing free and subsidised veterinary treatment to pets in our most deprived communities
- Supporting pet owners in financial hardship to protect the companionship a pet offers those most in need.

I know how hard it is to deliver veterinary care whilst maintaining social distancing measures and keeping staff and visitors safe. My sincere and heartfelt thanks goes to all our frontline clinical and support staff, and to all the loving pet owners who brought their pets to us despite their own anxiety and concern.

Although Covid-19 forced us to adopt new ways of working, it did not stop our Animal Awards Programme which recognises the contribution of animals to the human world. Our awards attract global media attention and public interest.

In 2020, we were proud to award the first prestigious PDSA Dickin Medal for two years, to military service dog Kuno. The PDSA Dickin Medal is our highest honour and we had no hesitation in recognising the extraordinary bravery and service of Kuno. Even under enemy gunfire, Kuno never faltered in his mission. Despite sustaining severe injuries and eventual loss of his hind leg, Kuno stayed positive. Now enjoying a peaceful retirement, Kuno is an incredible example of how animals give so much.

We were also delighted to honour Cambodian landmine detection rat, Magawa. The first rat to receive a PDSA award, Magawa has discovered 39 landmines and helped clear more than 141,000m<sup>2</sup> of land to make it safe for local people. Magawa is known as a HeroRAT and for each landmine he finds, he saves a life. We can't think of a more deserving candidate for our PDSA Gold Medal.

It's right that I take this opportunity to recognise the particular contribution of many colleagues during Covid-19:

- All our vets, nurses and support staff who have risked infection daily in order to continue caring for pets in need.
- The front-line heroes across our Pet Hospitals, as seen in Channel 4's Britain's Unsung Heroes.
- Every single member of our support team who adapted, innovated and collaborated as home-working became our normal.
- Our 1,000+ colleagues placed on furlough, including our retail teams who coped with a frustrating cycle of opening and closing our shops. We understand how difficult this uncertainty has been for you all.
- Our amazing volunteers who have remained loyal to PDSA throughout. We look forward to welcoming you back as soon as it is safe to do so.

What everyone at PDSA has achieved in the face of such adversity is astonishing and you are all a credit to our organisation. Thank you.

Supporters remain the lifeblood of PDSA and this year has been no exception. With so many of our fundraising activities curtailed by Covid-19, and the closure of our charity shops during lockdown, the impact on our income has been hard.

Our total donations and income of £92.2 million have dropped 18% from a period of steady growth to 2019. At the beginning of Covid-19, we took steps to protect our financial health and minimise the impact of our sudden loss of income. We ended the year with an overall deficit of £9.1 million. Despite our swift action and support from the UK Government, a return to normality remains some distance away and the future is far from certain.

It's clear that we have further challenges ahead but our mission is strong. Going forwards, we pledge to continue treating the pets who need us and supporting the families whose lives they enrich. Together, with the help of our amazing supporters, we will continue to develop our role as the UK's first and foremost vet charity for pet owners who can't afford the care their pet needs.

John Smith  
Chair

## DIRECTOR GENERAL'S LETTER

### A message from PDSA's Director General, Jan McLoughlin



Jan McLoughlin  
Director General

**At the beginning of 2020, we were all filled with excitement at our plans to reach more pets and people in need. Three years of steady growth in income had given us the confidence for investment in owner education and preventive care programmes. We had plans for new ways to engage the public in PDSA's work and for us to become better known, loved and understood.**

However, Covid-19 changed all those plans. Thankfully, we were able to react quickly and entered the first lockdown with a detailed continuity plan across the organisation. As the year progressed, the duration and severity of the crisis threw new obstacles in our path but we never ceased to be there for struggling pet owners who needed us more than ever.

How we delivered our care was our biggest challenge. We had to review our entire veterinary service and ways of working across the organisation, guided throughout by the four areas of focus we established in March 2020:

- To reduce the risk to our people.
- To protect our front-line service.
- To closely control our cash flow.
- To communicate clearly and effectively.

By far the most significant impact of Covid-19 was the need to prioritise emergency and essential treatment of sick and injured pets through our Pet Hospitals, which remained open throughout 2020.

It has been challenging for our colleagues to continue to deliver outstanding veterinary care in a Covid-19 safe way. It has also been

challenging for owners who have not been able to be with their pets in our consultation rooms. I know how difficult and worrying this must have been and I am so grateful to everyone for their patience and resilience throughout the crisis.

We have seen first-hand the economic impact of Covid-19. Not long into the first lockdown, requests for our help increased by 81%. Without the ability to meet this increased demand face-to-face, we accelerated our digital services. We invested in technology to enable online consultations and prescribing of vital medicines, together with online triage so our clinical staff could prioritise cases. Since March 2020, we averaged 2,300 remote consultations a day and developed our online Pet Health Hub to signpost worried owners to important information.

It is inevitable that the true financial impact from 2020 will only become apparent over the coming months. Loss of income, long term unemployment, poverty and financial hardship across many sectors of society will bring an even greater need for our charitable care and support. We are committed to expanding our digital veterinary services in order to meet this increased need.

Whilst we have taken action to protect the financial health of PDSA as much as possible, we need the support of our donors and supporters now more than ever. Even in these times of hardship, we are immensely proud that our individual donation income in 2020 matched that of 2019. I am so grateful to our clients who support PDSA by contributing what they can to the cost of the care their pets need so we can be there for them and other loving pet owners. Thank you.

However, there is no avoiding the fact that Covid-19 has had a significant impact on our income and, for us to meet the increasing demands on our services, we need to attract new supporters who believe in the work that we do.

Achieving this is a focus for our incredible employees and volunteers, each of whom has had their own journey throughout Covid-19. It is testament to this wonderful team that so much has been achieved. My heartfelt thanks go to all my colleagues and my warmest wishes to those loyal PDSA colleagues who have sadly experienced redundancy.

Our vision for the future is as ambitious as ever. We want to be there for many more pets and owners when they need us. We want more people to know about us and choose to support us. Believing in a lifetime of wellbeing for every pet continues to guide and drive us, and we will achieve this through our four strategic objectives:

1. To improve pet wellbeing through an holistic approach to prevent illness, provide education and support for pet owners to give better care, and to deliver life-saving free and subsidised care for those pets whose owners can't afford the care they need.
2. To make more people aware and engaged in the work we do, and the difference we make, enabling PDSA to become better known, loved and understood.
3. To increase support and grow our income so we are able to reach more pets and people in desperate need.
4. To grow our organisational capability, investing in the skills, systems and technologies we need.

We are committed to investing in our Pet Hospitals, and I am therefore delighted to share news of our plans to build a new Pet Hospital in Nottinghamshire, beginning in 2021.

In a year like no other, I have been humbled by our loyal and dedicated colleagues, by the public for their generous support and by loving pet owners who rely on PDSA when they have nowhere else to turn.

Whilst the coming months will continue to challenge us financially and operationally, we will get through this. We hold a unique position in society as the charity that strives to relieve poverty whilst advancing animal welfare.

We are living in the most extraordinary times and whilst there are many unanswered questions, the one thing I am sure of is that we will be facing the effects of this pandemic for a protracted period of time. And when we come out of it, we will find ourselves in a period of economic turmoil, where many people will need our help.

However, PDSA is a strong organisation and it's at times like this that I draw on the strength of the past (what would Maria Dickin have done) and the hope for the future, given the phenomenal people we have in all areas of PDSA.

In 2021 and beyond, we will not cease in our efforts to help those in society most in need and hope that because of this, the kindness, support and generosity we so desperately need will be given like never before.

With my thanks to you all.

Jan McLoughlin  
Director General

# 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.

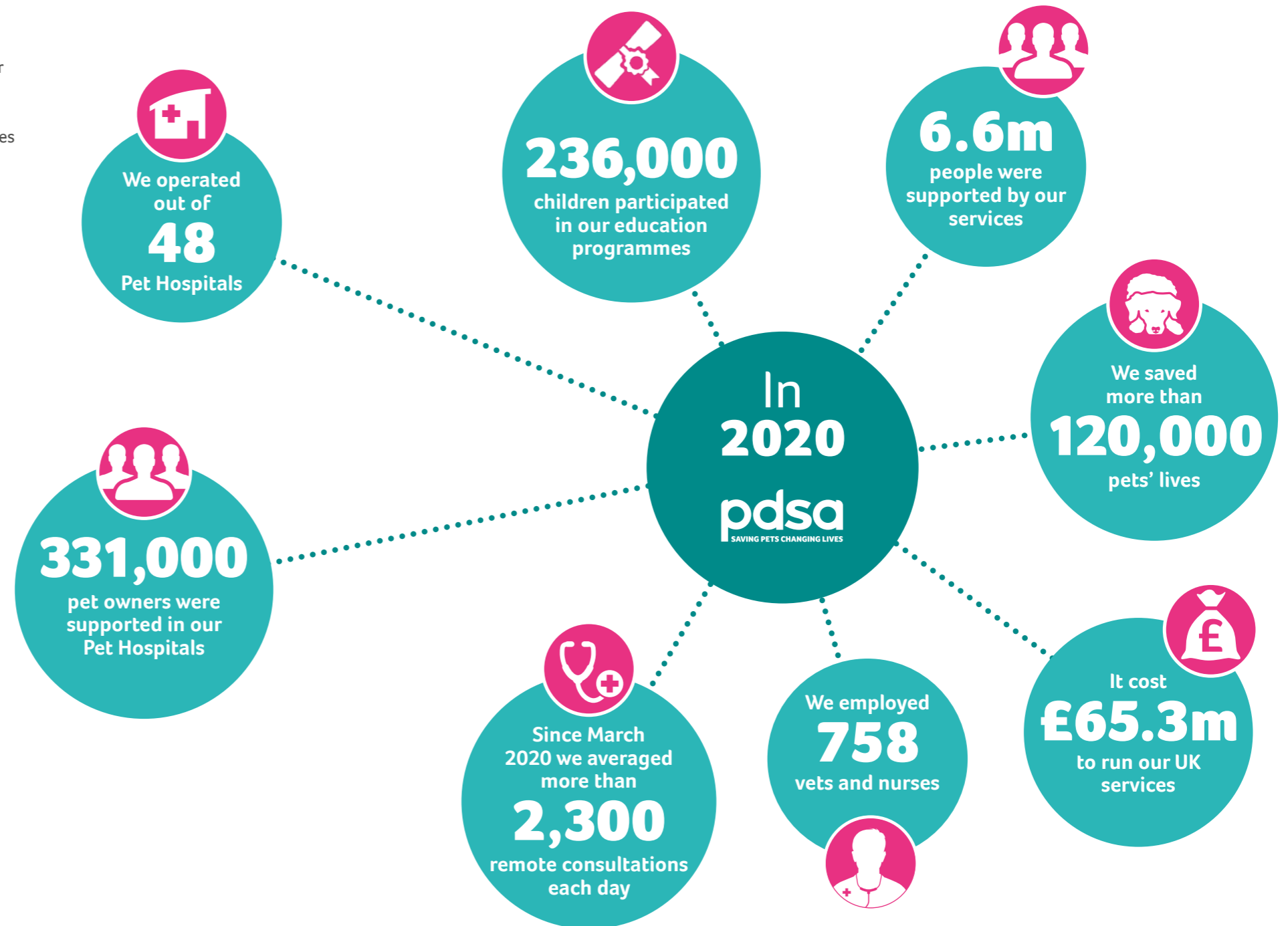
**The last year has been like no other. We entered 2020 with plans for greater education and preventive care programmes but instead, quickly faced the difficult decision to furlough many of our colleagues. As Covid-19 placed the country into lockdown, we deployed an action plan with four key areas of focus:**

- **To reduce the risk to our people**  
Volunteering was paused from March and we look forward to their return when it is safe to do so. We prioritised the mental health and wellbeing support for our employees and volunteers, all of whom are a credit to the organisation.
- **To protect our front-line service.**  
We remained open for essential and emergency care only, accelerating our digital service to reach as many pets as possible via remote consultation. We were able to transition our operational support across to working from home quickly.
- **To closely control our cash flow.**  
We took proactive steps to reduce our costs and protect our cash. Working with the support of our bank and the Government, together with landlords on our rents, we were able to protect our cashflow enough to weather the financial uncertainty and disruption caused by the pandemic.
- **To communicate clearly and effectively.**  
By introducing regular updates, improving our online platform and communicating clearly with our supporters, colleagues and volunteers, we ensured that everyone was kept informed during uncertain times.

The economic consequences of Covid-19 will be significant and long-lasting, and our focus for 2021 and beyond is on those in financial hardship and poverty. PDSA is the only national safety net and emergency service for pet owners who struggle to afford the care their pet needs.

Covid-19 has impacted our income significantly. The cashflow actions we took, along with prudent use of our reserves, gave us capacity to cope with reduced income but now we have a backlog of preventive care to address, an increased demand for our services and a need

to build greater awareness of the vital work PDSA does. As we move into 2021, our focus on treatment, support and care is greater than ever.



# 1. BEHAVIOUR

## What we do

### Animal Welfare Need #1: Behaviour The freedom for pets to behave naturally

**Saving pets. Changing lives.**  
It's what we do. It's why we exist.

The way that PDSA delivered care changed dramatically in 2020. Our 'behaviour' to deliver that care with compassion didn't. For every emergency procedure in our Pet Hospitals, and for every remote consultation, our dedicated employees worked to save pets from pain, injury and suffering while supporting pet owners in need. What's more, our teams delivered this care in the most challenging circumstances to ensure the safety of our colleagues and our clients.

Our aim is to achieve the best pet wellbeing outcomes by helping more pets and owners in need. We are here for pet owners who have nowhere else to turn for help with their sick and injured pets. Across our hospitals and digital services, we supported 6.6 million people in 2020. This comprised those in hardship seeking charitable veterinary care, together with pet owners seeking information and help during periods of lockdown.

Our mission is to work with pet owners to improve the life of their pets. We describe this as:

- Prevent
- Educate
- Treat
- Support

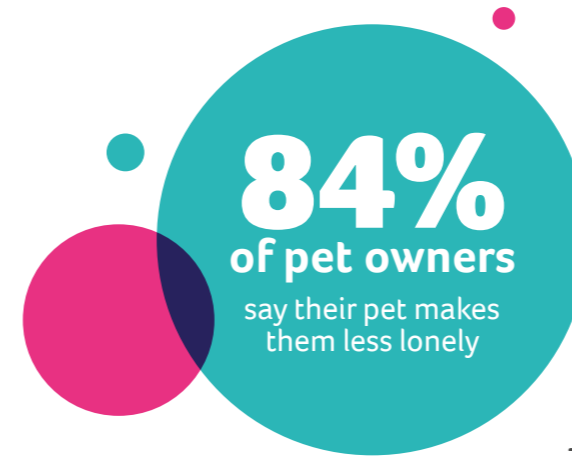
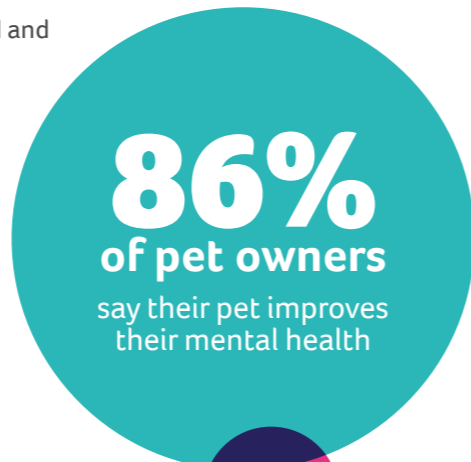
- **Preventing** illness, suffering and the unnecessary deaths of pets
- **Educating** people about the five animal welfare needs and raising the status of animals in society
- **Treating** sick and injured pets in deprived communities across the UK
- **Supporting** the bond and companionship a pet provides its owners and recognising the importance of this to those most in need.

These four pillars continue to underpin how we deliver our mission.

Whilst our Pet Hospitals switched to emergency only provision, we were still able to provide essential veterinary care to owners with nowhere else to turn during 2020.

We understand that pets are part of the family. In lockdown perhaps more than ever, the unconditional love and companionship of our four-legged friends was vital. For many, pets were their only companion. They don't deserve to suffer due to financial hardship, so we are proud to continue providing the treatment and care they deserve.

For over a century, through two World Wars, the Great Depression and now Covid-19, PDSA has remained true to its purpose and mission.



### PDSA's Strategic Objectives

1. Provide the best possible pet wellbeing outcomes for people in need in the most cost-effective way, so we can reach and help more pets and their owners.
2. 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 our society.
3. 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.
4. 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

Pets enrich our lives and our wellbeing. They give companionship and love, without question. And their service to humankind strengthens our families and communities. This special bond between pets and owners is worth protecting.

### Pet care should not be a privilege

All pets deserve a happy and healthy life. We will care for them when their owner has nowhere else to turn.

### True care is unquestioning

The best way to help people is not to judge them, but to understand their unique circumstances and support them in taking better care of their pets.

These beliefs have served us well for more than one hundred years and remain relevant today as we see the financial, emotional and mental health impact of the Covid-19 pandemic. As thoughts turn towards regaining normal life, our services are needed more than ever as poverty and financial uncertainty hit the most vulnerable communities hardest.

For many pet owners, their four-legged friends were a key source of joy and comfort during the national lockdowns. They got us outdoors, providing a valuable chance to exercise and enjoy the fresh air. They gave us unquestioning love and companionship on the hardest and loneliest of days. They perhaps made us all realise how vital our pets are to making our world a better place.



# 1. BEHAVIOUR

## What we do



**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:**

- (a) 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.
- (b) 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).
- (c) The education of the public in matters concerning animal health and welfare in general.
- (d) The advancement of animal welfare for the public benefit by any other means.

### How we prevent illness and suffering

Many pet owners aren't aware of the Five Animal Welfare Needs which are enshrined in the Animal Welfare Acts. This means they are less likely to provide vital life-saving preventive care for their pets.

We are helping to drive positive change by educating owners about their pets' behaviour, environment, companionship, diet and health. That means they can identify the need for:

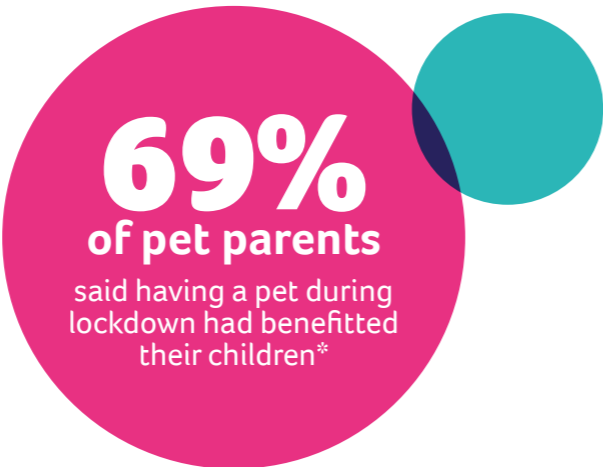
- exhibiting normal behaviour patterns
- housing with or apart from other animals
- a suitable environment
- a suitable diet
- protection from pain, suffering and disease.

Perhaps our biggest challenge during 2020 was that we were forced to halt our preventive care programme. Our Pet Hospitals remained open, but only for essential care and emergency treatments. However, our remote online consultations enabled our vets to advise worried owners on how to ensure their pets remained healthy and happy.

Despite the challenges of lockdown from March 2020 which inevitably caused our preventive care volumes to drop, we were still able to achieve:

- 9,800 neuters
- 17,300 vaccinations
- 6,245 microchips
- 115,600 flea and 77,153 worming products

In 2020, we missed out on neutering around 24,000 pets, vaccinating around 60,000 pets and microchipping around 17,000 pets compared to 2019 due to the impact of Covid-19. Looking ahead to 2021, we still encourage owners to register with a vet to ensure early detection of any potential problems and subsequent treatment. We are also looking forward to resuming our preventive services when safe to do so.



\*UK pet owners only. PDSA Animal Wellbeing (PAW) Report 2020

# CASE STUDY

## How PDSA was a Covid-19 lifeline for seriously ill Skye and her owner, Sophie

When 11-year-old rescue dog and beloved family pet, Skye, ruptured her gallbladder during lockdown, owner Sophie feared the worst. Having lost her Teaching Assistant job in March due to the pandemic, Sophie said: "I had no money left, I had borrowed all I could earlier in the year when Skye needed urgent treatment for pancreatitis. I was facing having to put her to sleep, which was heart-breaking, but then PDSA came to our rescue and offered us a lifeline."

Rhian, Vet Surgeon Team Leader at Sophie's local Pet Hospital in Hendon, said: "It was clear in this case that poor Skye was desperately in need of our help. A ruptured gallbladder can very quickly become fatal and Skye's condition was severe – it was a miracle she was still alive. She was weak and the operation was complex and risky but without it, we knew she would die."

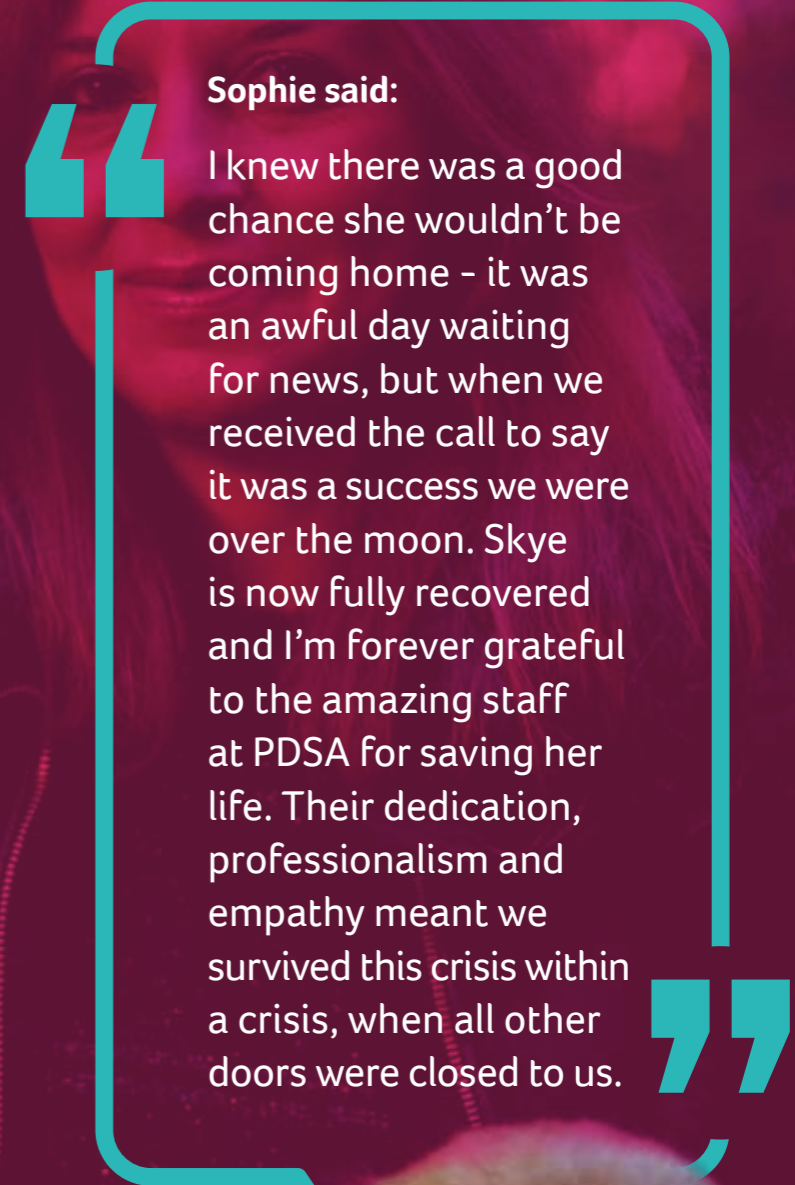
Sophie got Skye from a rescue shelter after her own mother had died suddenly. The two formed an instant bond that helped Sophie and her children cope with their grief. They were distraught at the thought of losing her too.

Vets had to drain more than three litres of fluid from Skye's swollen abdomen before they were able to go ahead with the complicated surgery to remove her gallbladder.

Sophie's experience means she is now an even more ardent supporter of the charity that saved Skye's life and that, for many pet owners, PDSA is their only emergency service.

### Sophie said:

I knew there was a good chance she wouldn't be coming home - it was an awful day waiting for news, but when we received the call to say it was a success we were over the moon. Skye is now fully recovered and I'm forever grateful to the amazing staff at PDSA for saving her life. Their dedication, professionalism and empathy meant we survived this crisis within a crisis, when all other doors were closed to us.



# 1. BEHAVIOUR

## Putting our policy into action



### The PDSA Animal Wellbeing (PAW) Report celebrates its 10th anniversary

2020 marked a milestone tenth year of our PDSA Animal Wellbeing (PAW) Report, the UK's largest assessment of pet wellbeing. Over the last decade, we have been providing UK companion animal welfare surveillance to identify trends and priorities, and to promote and monitor change.

Our annual PAW Reports have allowed us to track trends and provide insight into animal welfare issues, estimate pet population numbers and understand how people care for their pets. Produced in collaboration with YouGov, the findings are used to stimulate collaborative working, inform Government research, policy and legislation and to inspire innovative approaches in veterinary clinical practice.

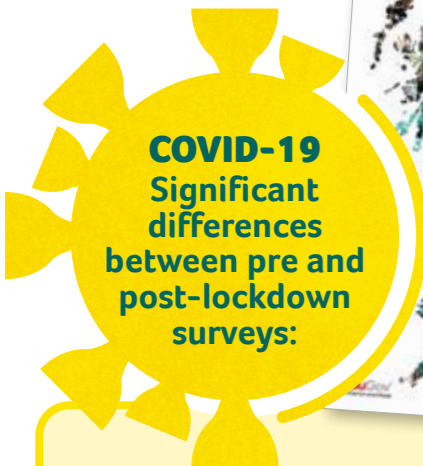
Since 2011 we have surveyed more than 83,000 pet owners, vets, vet nurses and children to

help understand how owners are providing for the Five Welfare Needs of dogs, cats and rabbits.

This project was funded by the players of the People's Postcode Lottery in 2020.

Our initial dataset was collected from both a representative sample of UK pet owners and the veterinary profession in February. However, it quickly became clear that the Covid-19 pandemic and UK-wide lockdown were likely to have an impact on the wellbeing of our nation's pets. Therefore, a second survey of pet owners was conducted in August 2020 to enable this comparison, predominantly focused on subject areas thought to be most affected by restrictions: pet population, pet acquisition, diet, preventive healthcare and behaviour.

The PAW Report methodology provided a robust, reputable and validated surveillance model through which to monitor the impact of Covid-19 restrictions on the welfare of UK pets and compare them against trends across the past decade. Thanks to the players of the People's Postcode Lottery, the funding was already in place to facilitate this project.



↑ **16% to 22%** of owners who have had their rabbit for less than a year

↓ **58% to 49%** of rabbits receiving regular booster vaccinations

↓ **72% to 66%** of rabbits currently registered with a vet

Rabbit owners say

**14%** of owners have fed more treats since the start of lockdown

**3%** of owners say their rabbit has gained weight in lockdown

↑ **36% to 41%** of cats insured

No change in number of cats neutered

Cat owners say

**6%** of cats gained weight during lockdown

**17%** of owners fed more treats during lockdown

**23%** of cats have started to show new behaviours

**15%** of cats spent more time outdoors during lockdown

↓ **20% to 11%** of dogs left for five hours or more

↓ **81% to 78%** of dogs primary vaccinations when young

↓ **82% to 77%** of dogs booster vaccinations

Dog owners say

**8%** of dogs have put on weight since the start of lockdown

**20%** of dogs have started to show new behaviours\*

**5%** of dogs have started to show signs of distress when left alone

# KEY FINDINGS:

## the wellbeing of dogs

**89%** of owners say owning their pet dog makes them mentally healthier



**13%** of dogs aren't walked every day



**12%** of owners haven't trained their dog in any way



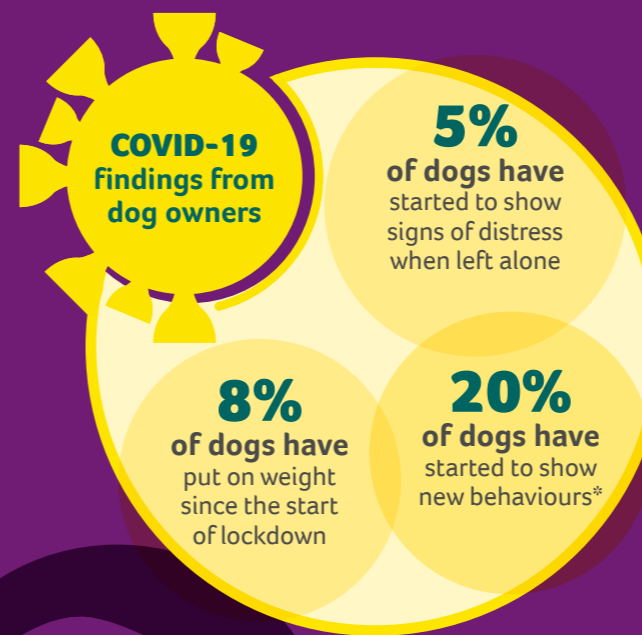
**44%** of owners weigh their dog to check they are the correct weight



**23%** of dogs are not receiving regular vaccination boosters

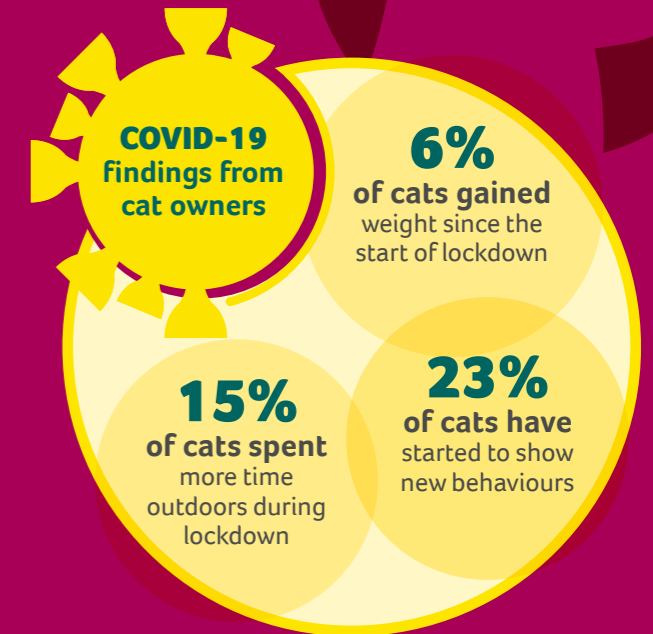


**92%** of dogs are microchipped



\*post-lockdown survey, dogs owned prior to lockdown

## the wellbeing of cats



**26%** of cats live indoors only



**64%** of owners of two or more cats provided no or just one litter tray



**73%** of owners say that their cat is an ideal weight



**77%** of owners would like to change at least one behaviour



**42%** of cats live with one or more cats



**20%** of cats live with one or more cats who they don't get on with

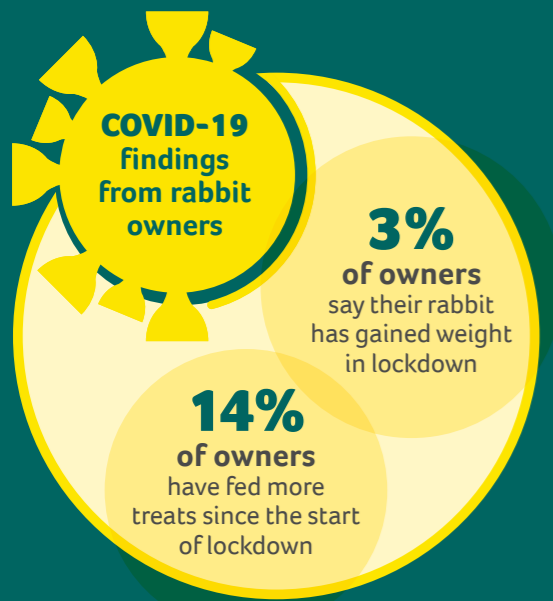


**74%** of cats are microchipped





## KEY FINDINGS: the wellbeing of rabbits



**26% of rabbits** are kept in inadequate housing conditions



**18% of rabbits** are fed muesli-type food



**42% of rabbits** live alone



**14% of rabbits** receive no preventive healthcare at all (post-lockdown research)



**56% of owners** want to change at least one of their rabbit's behaviours



**Our plans for an event to launch the 10th PAW Report were significantly affected by the pandemic, with a face-to-face launch event and follow up activity at various veterinary congresses impossible.**

However, the shift to online engagement provided us with an opportunity to trial new ways to engage with key stakeholders. We presented our PAW Report 2020 findings through an online launch event with a panel of expert speakers to discuss the key issues raised by the two 2020 research surveys, also funded by the players of the People's Postcode Lottery.

The live event was attended by over 200 delegates with nearly 200 additional stakeholders watching the recording again, and the Report being downloaded over 800 times from the website, thereby reaching far more people than we would have been able to at a physical event.



## 1. BEHAVIOUR

### Putting our policy into action

#### External activity and public affairs

Our 2020 PAW Report provides an evidence-base to use for working with partners and stakeholders across the veterinary professions, animal welfare sector and Government. Its findings address the key issues affecting pets, in particular around the impact that the Covid-19 restrictions had in 2020, and their continuing effect into 2021.

Examples of this include:

- Our work with the Pet Advertising Advisory Group (PAAG), the Dog Breeding Reform Group (DBRG), and the Brachycephalic Working Group (BWG). This focused on tackling the surge in people breeding and selling 'pandemic puppies', especially the 'popular' flat-faced breeds such as Pugs and French Bulldogs who are most likely to fetch a high price, but suffer health issues due to their exaggerated looks.
- Our ongoing work with The Links Group, which raises awareness of the link between abuse of animals and abuse of people. This included chairing an online expert panel in July to discuss the impact of the Covid-19 lockdown on increasing levels of reports of domestic abuse, and how vet teams can recognise and act on concerns about non-accidental injuries in pets. This webinar has now been accessed by over 1,000 attendees, demonstrating the concern about this issue across the profession.

We also had to work reactively, as press stories raising concerns about the potential role of pets in the spread of Covid-19, based on early speculative research released without proper academic scrutiny, caused much alarm in the media and online.

Members of the Canine and Feline Sector Group (CFSG), Companion Animal Welfare Group for Wales (CAWGW) and PDSA were able to work with Defra to counter this misinformation and produce advice for owners and pet care businesses during the pandemic.

In addition to this, we've used our policy framework and PAW Report data to respond to Government consultations and requests for evidence, which have included:

- Defra Call for Evidence regarding microchipping in cats
- The Scottish Government's consultation on the Control of Dogs (Scotland) Act
- The Animal Welfare Committee's (AWC) First and Second Reports on the Impact of Covid-19 on animal welfare
- Providing feedback to the Scottish Government on proposed legislation on the breeding of pet dogs, cats and rabbits
- The Welsh Government's consultation on Third Party Sales of Puppies and Kittens, which included a Youth Report.
- The UK Government's Petfished campaign to support the ban on third party sale of puppies and kittens

- The Scottish Government's Buy a Puppy Safely campaign.

Other key joint sector campaigns such as Rabbit Awareness Week and the work of the Cat Population Control Group, which rely heavily on frontline support of the veterinary profession, switched to be run via digital channels in 2020.

We had two research papers accepted for peer-reviewed publication in the leading veterinary journal, Vet Record. The first reported the work of our Pet Wellbeing Task Force and how it has demonstrably helped advance animal welfare and ethics in our Pet Hospitals since 2013. The second conveyed how the PAW Report has helped drive evidence-based improvements for the UK's companion animals. Further publishing activity included chapters in two forthcoming books on the health and welfare of brachycephalic (flat-faced) companion animals and on sustainable companion animal ownership.

As the UK's leading veterinary charity, we can make a positive difference to animal welfare generally through working with others.

# 1. BEHAVIOUR

## Putting our policy into action

**Pet Health Hub**  
had over  
**3 million**  
users by the end  
of 2020

### PDSA Pet Health Hub

Written by PDSA vets and vet nurses, our online PDSA Pet Health Hub contains free, reliable, easy-to-read information supported by photographs, illustrations and videos covering the most common clinical conditions and symptoms in dogs, cats and rabbits.

New information specific to Covid-19 was rapidly created and regularly updated, while existing pages were reviewed and amended to ensure we were providing advice suitable to 'the new normal', including when owners should visit their vet and what constituted an 'emergency'

The number of users has continued to grow month on month and passed 3 million in total at the end of Quarter 4 since launch in September 2018. Our 'Coronavirus and Covid-19 in pets' page has been the fourth most popular page in 2020 with 94,000 visitors in total, and our impact measures across the Hub remain high with 94% of the 13,000 visitors who completed our user survey giving us a 'thumbs up'.

**You can access our Pet Health Hub at [pdsa.org.uk/phh](https://pdsa.org.uk/phh)**

### Education

Prior to the pandemic, our face-to-face schools programme reached in excess of 26,000 children across 131 schools.

In February 2020, we reached a further 1,229 children through our new Pet First Aid for Kids programme, delivered sessions at KidZania and attended the hugely successful 'Celebrate' Girl Guiding event at the NEC, where we delivered almost 3,000 activities.

### PetWise School Award

The PetWise School Award programme comprises an initial launch day and three main levels: Bronze, Silver and Gold. To pass each level, participants need to earn 1,000 points through presentations, activities and worksheets.

Each stage of the award is packed with curriculum-linked resources; from card games and quizzes to newspaper reports and diary entries covering topics such as The History of PDSA, A Day in a PDSA Pet Hospital, The 5 Welfare Needs, Careers, Stereotypes and Canine Communication.

In March 2020, we were able to respond to the announcement of school closures quickly and adapt our award to make it available for parents who

found that they had become educators overnight.

During the first lockdown, our normal school audience could be categorised into three areas:

- Teachers working remotely, educating children from their own homes via an online system
- Teachers continuing to work in schools with the children of key workers and children from disadvantaged backgrounds or with special educational needs
- Parents who were looking for educational resources that they could deliver themselves at home.

The number of sign-ups achieved in 2020 was almost three times that of the previous year (2020: 1,315, 2019: 441) and our content was used by more than 1,000 homeschooling families all over the country.

### Educational impact

Prior to the onset of the pandemic, we measured children's learning using our newly developed C.A.K.E. acronym (confidence, attitude, knowledge and empathy). Measurements from our Canine Communication session showed that every child had gained knowledge during our interventions, with 82% scoring 100% in the post test, a rise of 47%.



# CASE STUDY

## Ralph's lucky escape after eating a face mask

**When owner Julie noticed that her one-year-old Cocker Spaniel Ralph had been sick overnight, she kept an eye on him. After he refused his favourite treat and was unable to keep water down, Julie knew something was wrong so she contacted PDSA and arranged to take him straight to her local Pet Hospital.**

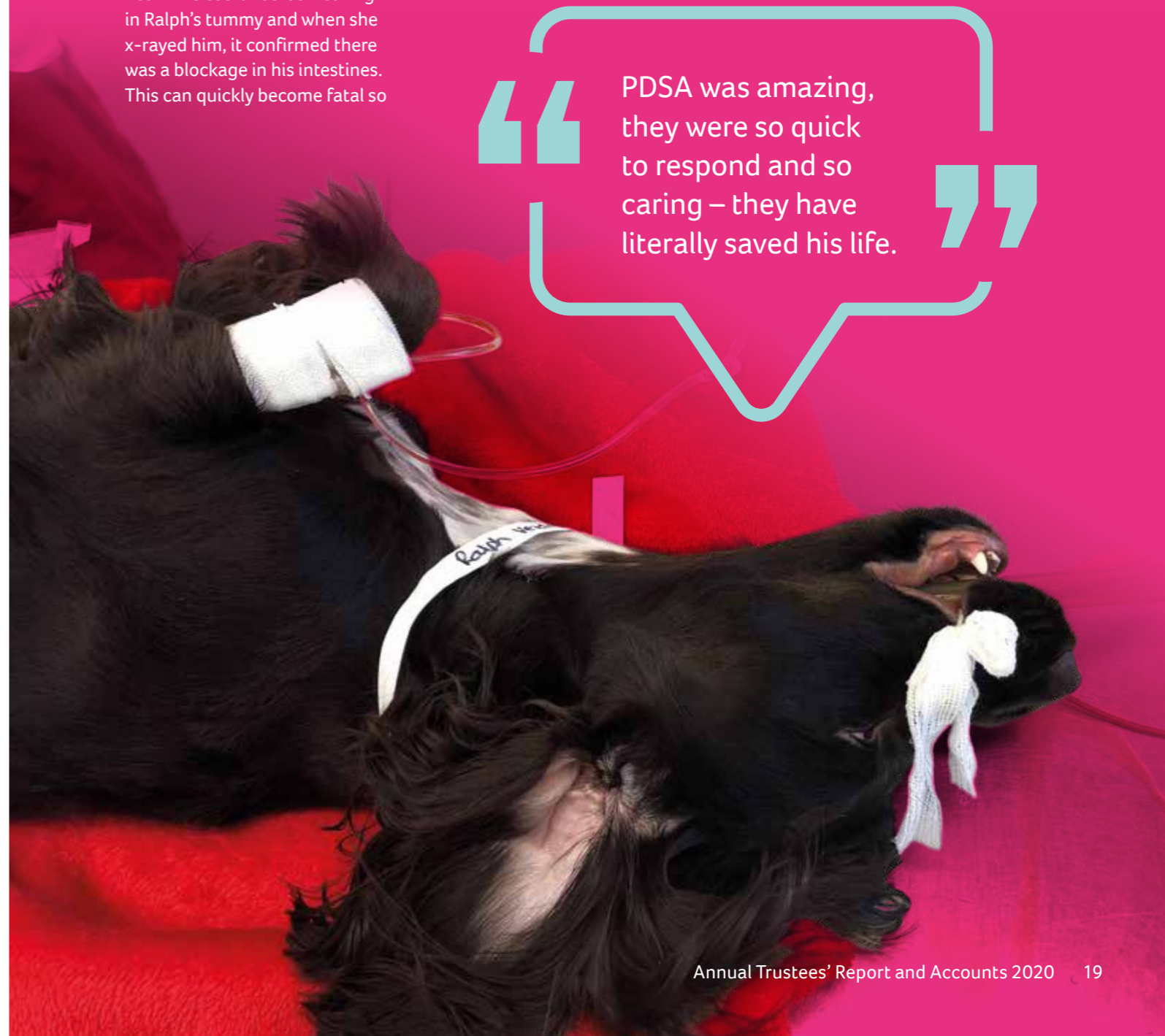
Vet Lizzie could feel something in Ralph's tummy and when she x-rayed him, it confirmed there was a blockage in his intestines. This can quickly become fatal so

Lizzie and the team took Ralph in for emergency surgery. Lizzie said: "Thankfully Ralph's operation went very well. However, we were all shocked when we removed a face mask from inside him!"

Julie couldn't believe what had happened and thinks Ralph must have stolen the face mask from her

handbag. He'd always liked chewing socks but no-one thought he'd go this far!

Thankfully, Ralph is now fully recovered from his ordeal and back home with Julie who says: "PDSA was amazing, they were so quick to respond and so caring – they have literally saved his life."



## 2. ENVIRONMENT

### About our Pet Hospitals and who we help

#### Animal Welfare Need #2: Environment

**Pets need a suitable environment to live in. This should include the right type of housing with a comfortable place to rest and hide as well as appropriate space to exercise and explore.**

Our 'environment' is spread across the UK through our network of 48 PDSA Pet Hospitals. We go where we're needed most and that means being in communities where deprivation levels are at their highest and the need for our charitable services is greatest.

It was a particularly difficult decision to only provide essential and emergency care at our Pet Hospitals due to the

safe working practices and social distancing restrictions required but we are proud that we managed to keep Pet Hospitals open for pet owners in desperate need of veterinary care.

#### Pet Hospitals

Maintaining and replacing existing, and building new, Pet Hospitals is a core part of our wider estate strategy. Currently, we have 48 Pet Hospitals located in some of the most deprived communities across the UK. The new and replacement Pet Hospitals we build are designed to make use of the latest technologies in heat exchange, solar power and insulation, thereby reducing the energy we use.

A PDSA Pet Hospital currently costs in the region of £2.5 million to build



and £300,000 to equip, in addition to the cost of purchasing land. Once up and running, a Pet Hospital typically costs £1.2 million a year to run.

Running costs are generously gifted through a community of committed supporters. This includes individual regular giving, voluntary donations from hospital users and from gifts in Wills. Much of the income comes from people who have had times in their lives when they have needed and used PDSA. When they are able to, they 'give back'. What these core supporters lack is the money to build new Pet Hospitals so we are looking for people who might share our values, work alongside us in our community and help to build and equip new Pet Hospitals.

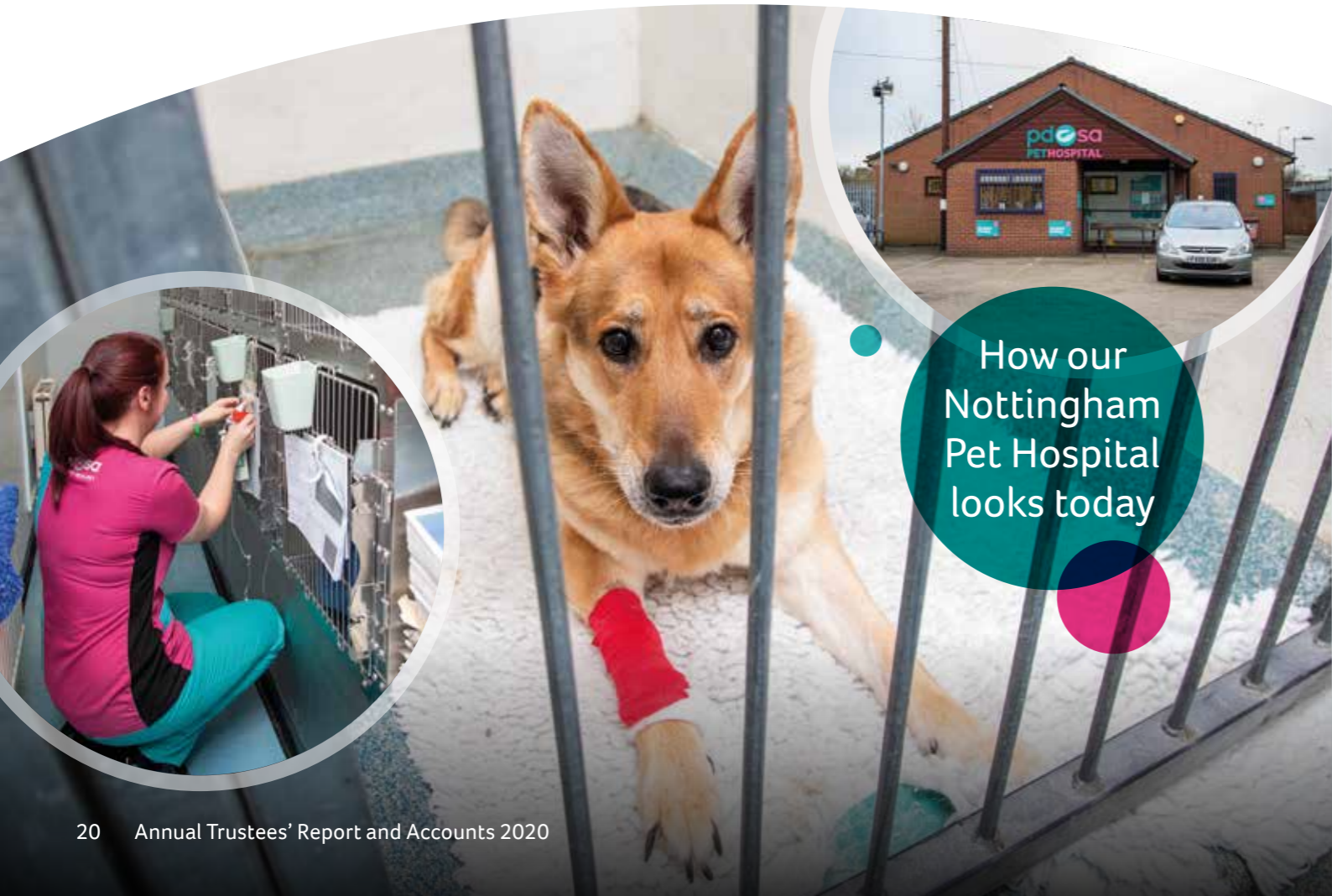


**Our next significant Pet Hospital project will be to build and equip a new Nottingham PDSA Pet Wellbeing Centre, The Marian and Christina Ionescu Hospital, in association with the School of Veterinary Medicine and Science, University of Nottingham. Not only will it deliver life-saving emergency and preventive care to sick and injured pets but it will also be unique in providing training facilities for the vets of the future.**

This is a true embodiment of our mission for a lifetime of wellbeing for every pet. It will help us to reach out to many people in the city who may not be able to afford veterinary care for their pet. It will have a big, bright waiting area, with separate areas for cats and dogs to help make visiting the vet stress free. It also houses improved kennel facilities to allow pets a speedier recovery from surgery. Nine consulting rooms allow our team to give more support, preventive care and education to pets and owners and more car parking allows easier access for clients bringing their sick and injured pets. Other features include two theatres, a diagnostic

room and digital x-ray facilities and the entire Pet Hospital provides a tailor-made environment to allow vet students to experience first-hand delivery of prevention, education and treatment services.

We have recently secured the land and plan to begin building in Spring 2021. The project will cost £3.7 million and we have allocated £1.2 million from PDSA funds to kick start this project. We are also grateful for the generous financial support of Mr & Mrs Ionescu whom the centre will be named after. We are actively fundraising for this project.

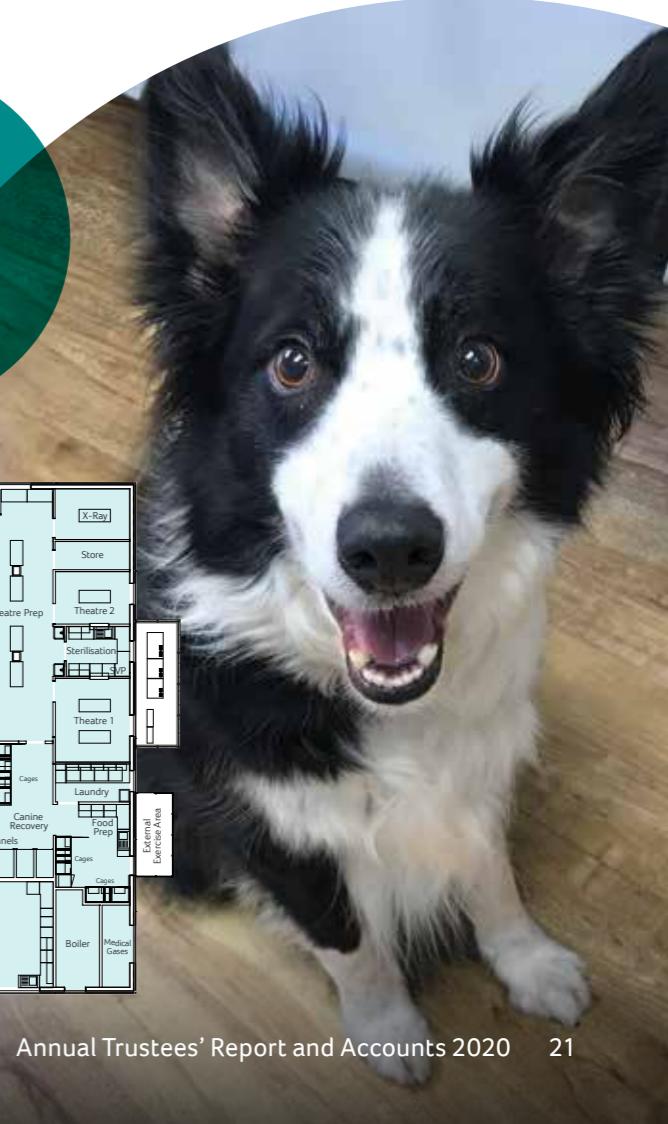


How our Nottingham Pet Hospital looks today

Total cost of land purchase, build and to equip is  
**£3.6 million**

Public fundraising target is  
**£1.3 million**

To date we have raised  
**£2.3 million**



## 2. ENVIRONMENT

### 2020 Pet Care



**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 vet practices.**

During 2020 our goal was to expand the number of private practices participating in our Pet Care Scheme. We now support around 2,500 clients through the Pet Care scheme in partnership with 192 participating veterinary practices.

**Chronic Voucher Scheme**

In addition to the PDSA Pet Care Scheme, we offer support to previous Pet Practice clients with pets that have long-term health conditions. Each client is provided with an annual book of vouchers, worth £25 per month, for use in their practice towards the ongoing care of the chronic condition of their pet.

In 2019 we supported a total number of 663 clients who redeemed 4,563 vouchers. By the end of 2020 we had supported a total number of 508 clients who redeemed 3,397 vouchers. This 23% decrease in clients accessing the scheme is sadly due to their pets passing away.



**Retail**

**Our key measure of success for our charity shops is the income raised through selling donated and new goods. Our income targets for 2020 were suspended as the UK endured national and local lockdowns.**



PDSA has 113 high street shops throughout the UK along with a donation centre and fulfilment centres that are supplying new goods to our shops and managing our eBay operations. During 2020, we closed nine shops as we reacted to the impact of Covid-19 on PDSA and the high street. To keep our shops stocked and open required one million charity bags in 2020.

These pop-up shops were opened at a very low cost, allowing us to exit at short notice should market conditions change.

Our high street presence allows us to engage with local communities across the country, raising our profile and delivering income and surplus. We had planned to open six additional shops during 2020 but this expansion was cancelled with the onset of Covid-19.

As we reopened our high street shops after lockdown, we also opened five 'pop-ups' in large cities.

March 2020. Since then, we have had to adapt to different rules across the four nations, regional tiering and further lockdowns. This has reduced our income and surplus from our shops and has been operationally challenging.

Within the digital arena, we are active on eBay and also with our growing online shop. Online sales have seen significant growth during 2020 and we have reacted and invested in this area, outsourcing our online fulfilment operation and expanding our product range to meet customer demand.

Donating goods to charity shops remains a very popular way of supporting good causes, particularly as people become more aware of the need to reduce waste and recycle more. Donations to PDSA shops in 2020 saw eight tonnes of goods coming to PDSA rather than going to landfill sites.

### Making PDSA better known, loved and understood

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.

**2020 brand index target = 20.6**  
**2020 brand index achieved = 20.6**  
**2021 brand index target = 21**

As we entered 2020, our plans to engage the public and make PDSA better known, loved and understood were defined. However, as Covid-19 gathered pace, we quickly pivoted our campaigns in response and switched to focus on an emergency appeal. Over the second half of 2020, our entire focus was on the growing pet health emergency in the wake of the Covid-19 human health crisis. This activity culminated in our winter fundraising appeal, firmly securing PDSA as the only national charity for pet owners who are unable to afford the care their pets need.

**Crufts**

We attended Crufts, giving us a great opportunity to talk to pet owners and help share our veterinary expertise.

PDSA had a stand at the event and there were numerous features during the live TV coverage with PDSA Vet and guest presenter Paul Manktelow. The stand ran pet first aid demos, encouraged people to support PDSA, and had expert vets and nurses on hand to talk to pet owners.



**Their Only Emergency Service and Pet Care Crisis Appeal**

We launched our Pet Care Crisis Winter Appeal at the end of September, highlighting that for our clients, we are often their only emergency service. We were able to shine a spotlight on our cause through securing high profile TV coverage and on our social media channels, helping people understand the situation and support our vital work. The appeal then supported our fundraising activity, having built increased awareness of PDSA.



**Britain's Unsung Heroes**

Aired on primetime Channel 4 in May, the programme followed a day in the life of PDSA vet Hermione Hillen from our Croydon PDSA Pet Hospital. Hermione highlighted the vital role vets play and how PDSA was still there to provide life-saving treatment for our clients' much-loved pets.

## 2. ENVIRONMENT

### PDSA Medals and Awards Programme

PDSA's internationally acclaimed awards programme attracts global interest. Through our animal awards, we showcase the valuable contribution animals make to human life and bring PDSA to the attention of millions of people.

Our programme of medal presentations was inevitably impacted by the Covid-19

pandemic. With four medal presentations planned, an early decision was taken to postpone all scheduled awards.

At the end of July 2020, we decided to move our awards online and set a goal to deliver two high profile awards before the year-end. We wanted to use these two virtual medal presentations to help drive awareness of PDSA.

The virtual presentations were hosted on PDSA's website, allowing more people than ever before to be involved.





**The PDSA Gold Medal,** is the non-military counterpart to the PDSA Dickin Medal and is known as the animals' George Cross. Instituted in 2001, it rewards saving human or animal life through civilian acts of animal bravery and exceptional devotion to duty.



**The PDSA Dickin Medal** is the highest award any animal can receive in recognition of outstanding courage in saving life whilst serving in military conflict. It is recognised worldwide as the animals' Victoria Cross.



**The PDSA Order of Merit** is known as the animals' OBE. It recognises animals that display outstanding devotion to their owner or wider society and represents an exceptional example of the special relationship between animals and humans.

PDSA Order of Merit recipient Max with owner Kerry Irving





**In September 2020, we awarded the PDSA Gold Medal to landmine detection rat, Magawa.**

In September 2020, we awarded the PDSA Gold Medal to landmine detection rat, Magawa. Trained by the charity APOPO, Magawa is their most successful 'HeroRAT', having found over 60 pieces of ordnance in Cambodia preventing death or serious injury to local people. Magawa is the first ever rat to receive a PDSA Medal and his incredible story captured the imagination of the world's media, with coverage spanning 55 countries. Over 130,000 people watched our tribute film, making our first ever virtual presentation one of the most successful medal campaigns to date.





**In November 2020, we honoured the devotion to duty of British Military Working Dog, Kuno**

In November 2020, we honoured the devotion to duty of British Military Working Dog, Kuno, who played a key role protecting the lives of British Troops on a mission in Afghanistan. While performing his duties, Kuno was shot multiple times in his back legs, requiring extensive surgery and removal of his paw. Kuno became the first British Military Working Dog to be fitted with a prosthetic foot and his story was covered across every major news bulletin on the BBC and ITV on presentation day.





**Our first award in 2021 is the PDSA Order of Merit to Max the miracle dog**

The delivery of these important stories about animal bravery, devotion and positive impact on human life came during a time when the public were in need of hope. We will continue to present PDSA medals and recognise the multitude of ways that animals enrich our lives and play a vital role in our society.

Our first award in 2021 is an Order of Merit to Max the miracle dog, recognising his contribution as a therapy dog to human mental health and wellbeing.

### 3. COMPANIONSHIP

Volunteers, pet owners and working together



#### Animal Welfare Need #3: Companionship

Our two key measures of companionship are:

1. The number of pet owners who benefit from PDSA services where our goal is to reach more people and pets.
2. The number of volunteers and volunteering hours given.

We suspended these goals for 2020 as we responded to the Covid-19 crisis with restricted clinical services and charity shops closing due to local and national lockdowns.

Just as pets should be housed with, or apart from, other animals as appropriate for the species, we too need 'companionship'.

By working together with our companions – volunteers, colleagues, pet owners and supporters, we share a drive and dedication to help sick and injured pets.

Our vision is to achieve a lifetime of wellbeing for every pet by working in partnership with pet owners, supporters and partners. And for PDSA to be the best place to volunteer. We can only achieve our vision of a lifetime of wellbeing for every pet by working in partnership with others who share our beliefs.

#### Pet owners

PDSA provides charitable veterinary care for hundreds of thousands of loving pet owners who struggle to pay for the care their pet needs. Additionally, we provide education and advice to all pet owners to help them take better care of their pet.

We rely on the support and donations of pet lovers across the UK, without which we couldn't deliver our vital services.

The importance of the bond between pet and owner was highlighted like never before in 2020. Through lockdown, we saw how much pets enrich our lives and are good for our health and wellbeing. In particular, those who were shielding, isolating, sick or alone often became entirely reliant on the companionship of their pet.

As our Winter Appeal, 'Their Only Emergency Service' highlighted, increased uncertainty and hardship meant that PDSA's essential services and support were vital to the many that desperately needed our help.



#### People's Postcode Lottery

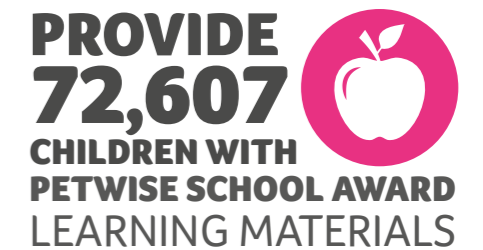
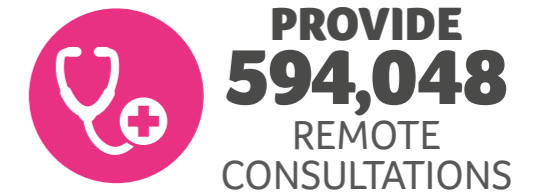
Since 2013 we've been incredibly grateful for the generous support we've received from players of People's Postcode Lottery.

In March 2020 we passed the significant milestone of £10 million raised by players and, by the end of 2020, the total raised by players had reached £11,655,124. This incredible amount has enabled PDSA to do so much to improve

pet wellbeing. Thanks to this year's £1.9 million support from players of People's Postcode Lottery, we have been able to adapt to national and local lockdowns, and the ongoing impacts and restrictions of the pandemic.

The support of players of People's Postcode Lottery made an incredible difference in 2020, helping us to continue reaching the pets of those most in need during the pandemic.

Players of People's Postcode Lottery have enabled us to:



### 3. COMPANIONSHIP

#### Volunteering



2020 was an unprecedented year for volunteering at PDSA – as it was for so many other charities.

Throughout the global pandemic, the safety of our volunteers has been our priority and we have had to make some difficult decisions.

In March, we stopped all volunteering at events, hospitals, offices, warehouse, call centre and in our community education and community fundraising teams.

As the country went into the first lockdown, we closed our retail shops and stopped all volunteering. Throughout the rest of the year, we have followed Government

advice and our retail volunteers have returned when we have been allowed to re-open with extensive Covid-19 safety training and new ways of working. Volunteering in all other areas remained closed for the rest of 2020 and we anticipate it remaining closed for much of 2021.

As well as additional training and safe working measures, we have introduced a number of new communication channels for our volunteers and also launched a new online 'Volunteer Hub' where volunteers can access training as

well as a wide range of health and wellbeing resources to help support them through these difficult times.

Although it has been a difficult year for volunteering and our total number of volunteer hours have dropped hugely, while sites and shops are closed, we are incredibly proud and grateful that during 2020, we had 3,311 volunteers. Moving into 2021, we still have 2,329 registered volunteers who are keen to return as soon as possible. Their support is vital and we look forward to welcoming them back.



**3,311**  
total number of volunteers during 2020

**1,174**  
volunteers have been with us for more than **five** years

**32**  
volunteers have been with us for more than **25** years

**79%**  
of volunteers have been with us for more than a year

**550**  
volunteers have been with us for more than **ten** years



# 4. DIET

## Diet – The key to pets’ health and happiness

### Welfare Need #4: Diet

Pets need a suitable diet. This can include feeding appropriately for the pet’s life stage and feeding a suitable amount to prevent obesity or malnourishment, as well as providing access to fresh, clean water.

We too need the right ‘diet’ to survive, the funds needed to fuel our services. Without the generosity and kindness of our supporters, we would not be able to provide our vital veterinary service that so many struggling pet owners depend on.

Our aim is to be better known, loved and understood. We will invest in building public awareness of our impact and the need for our services by informing the general public, engaging pet owners and getting the attention of new supporters and donors. With a growing pet care crisis due to the hardship, poverty and uncertainty following Covid-19, we will inspire people to strengthen their relationship with us and the charitable work we do. We know the importance of our public perception and will inspire people by the difference we make.

Our key non-financial measure of support is the change in the number of active donors, people who have made a contribution to PDSA. **At the end of 2020 we had benefitted from the generous support of nearly 200,000 people.**



While we have benefited from Government support to alleviate the impact of Covid-19, PDSA receives no ongoing Government support or local authority funding. We depend entirely on donations. It costs around £250,000 per working day to keep our services running, mostly spent keeping our 48 Pet Hospitals open. Fundraising is vital to gain the public support that maintains our charitable service. We invest around 13p in every pound donated to generate this income and future support.

### Public Fundraising

**In March, as the nation entered national lockdown, we suspended all of our public fundraising for the safety of our third party fundraisers, supporters and the wider general public.**

As lockdown measures were eased and non-essential businesses began to reopen, we started to scope out a return to public fundraising that was safe and secure. We took learnings from other charities, including organisations from overseas where restrictions had already eased significantly.

Confident we could have these fundraising conversations safely, we restarted in October where local tiering rules allowed. However, this was paused again in November as we went into a second national lockdown and recommenced with our full set of measures for the duration of December, until the third national lockdown was brought in. As we prepare for lockdown to be eased, our measures remain in place to ensure consistent safety and security.

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 and robust processes 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 enjoy a great experience when engaging with a PDSA fundraiser. This monitoring includes an active mystery shopping and sampling programme, supported by quality assurance checks such as call listening and video of live conversations. Any complaint or expression of dissatisfaction relating to our Public Fundraising is dealt with personally by our fundraising manager working closely with our partners. During 2020 we received five 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 Institute of Fundraising, and engaged with the Institute’s accreditation and 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. We plan to restart our public fundraising as soon as it is legal and safe to do so.

### Challenge and community fundraising

**The majority of our challenge and community fundraising events were cancelled in 2020 due to the impact of Covid-19 and are not expected to restart until later in 2021.** However, 2020 saw an increase in supporters raising funds via methods such as Facebook giving and individual fundraising events. Facebook giving was the main income stream with more than £85,000 of income raised.





## 4. DIET

### Individual Giving

We started 2020 with clear plans to invest in marketing and fundraising to increase awareness and understanding of PDSA, and in turn to recruit new donors. However, when Covid-19 hit we had to make rapid adjustments to this plan. We removed much activity to save cash and switched to an emergency appeal focused on our need for funds today. We reviewed our different communications to see where we could be more effective and efficient.

Our fundraising and communications were refocused around two key themes. First, to use our vet and pet health expertise to support, educate and engage pet owners experiencing lockdown. Secondly, to use this engagement to grow understanding of PDSA and invite a donation.

Our pandemic based Emergency Appeal was a great success, as was our Winter Appeal which focused on the crisis the nation's pets are facing as more people fall into financial difficulty due to the impact of Covid-19. This approach was successful and, despite a difficult year for the UK, individual donations to PDSA matched the level seen in 2019.

### Legacy

Gifts in Wills continue to be PDSA's most important source of income and have been a lifeline in keeping the doors of our Pet Hospitals open for those who needed us most in 2020. Almost two thirds of the 384,972 pets treated in Pet Hospitals by our vets and nurses are funded by gifts in Wills. This very special way of giving to PDSA ensures our supporters' love of animals lives on through our work.

In order to continue providing our vital services, PDSA must inspire new generations of legacy givers to include a gift in their Will. 2020 began with us embarking on a new legacy strategy with an objective of raising the profile of legacies at PDSA, thereby increasing legacy giving from supporters, clients and the general public.

Whilst Covid-19 and the initial lockdown period delayed our plans with our focus switching to our emergency appeal, we were able to begin working on projects to underpin our strategy.

Research was undertaken with current and potential supporters to help understand attitudes towards leaving a gift to PDSA. This work will help shape our future legacy communications.

Due to Covid-19 our legacy event programme was cancelled. We are developing an online event in 2021 and hope to open our doors virtually to those who want to learn more about our work and leave a gift in their Will to support us in the future.

### National Customer Service Centre

During 2020, our National Customer Service Centre (NCSC) in Sunderland handled over 157,000 inbound phone calls and 35,000 emails, covering a wide range of topics. From November 2020, our Customer Service team also started to respond to messages received through social media. This is an increasingly popular way for clients and supporters to contact us, with around 2,000 messages received each month.

Overall, telephone call numbers were lower than 2019 due to the end of a trial in March of centralising calls for appointment booking in our Pet Hospitals.

We have seen average call duration extend to eight minutes (from 3.5 minutes) as Covid-19 restrictions impacted on our services.

We recorded 574 fundraising complaints during 2019, we have seen that number reduce to 158 during 2020. The reason for this drop is two-fold. First, as explained in last year's report, there was an oversight in reporting methodology which saw 2019 numbers inflated by around 300. Second, fundraising complaints have also decreased proportionately in line with the reduction in fundraising activity due to the pandemic.

## Strategic partnerships

During 2020, we secured strategic multi-year partnerships with corporate organisations aligned to the Five Animal Welfare Needs, including Vax and Krka. We will continue this work in 2021, finding partners who align to our strategic aims, as well as companies that wish to support us through more traditional fundraising practices, such as employee fundraising.

policies increased by **35%** during the year

income increased to almost **£1.4 million**

### PETSURANCE from pdsa

Pet insurance remains a key product for PDSA. As well as providing a vital revenue stream to fund our charitable activities, it also closely aligns to our vision of a lifetime of wellbeing for every pet – not only those belonging to our clients. We began 2020 with ambitious plans in place to grow our customer base during the year. Despite the challenges and financial pressures caused by Covid-19, the number of live policies increased by 35% during the year and income increased to almost £1.4 million.



### Vet Care range

We offer a range of products, developed using our extensive veterinary expertise.

The range includes joint supplements, ear cleaners, probiotic products for good digestive health, flea spray and a selection of dog shampoos. Our probiotic paste and joint care for dogs are some of the most advanced products in the marketplace.

We generate sales through our PDSA Pet Hospital network and online pet store.



### Our relationship with KidZania, an 'edutainment' centre for children in London continued in 2020.

With the centre closed for the majority of the year, in line with Government Covid-19 restrictions, we were not able to reach as many children as hoped but we are continuing to work closely with KidZania in 2021 to re-establish the activity when the attraction can be reopened safely and in accordance with Government guidelines.



# 5. HEALTH

## Health – Investing in our organisational capability



### Animal Welfare Need #5: Health

Every day in our Pet Hospitals, we see pets in desperate need, suffering from pain, injury and disease. It is only by having a 'healthy' organisation that we can ensure the pets who need us most are treated with the utmost care.

The health of our organisation relies on our organisational capability. By continually improving our effectiveness through new ways of working, updating our technologies, simplifying processes and investing

in our people, we can achieve more with the investments we make.

#### Our aim

We want PDSA to be a great and enjoyable place to work where we attract, develop and keep talented people.

We depend on the commitment and energy of our people alongside the effectiveness of our technology and processes to help us achieve those ambitions.

By utilising the data and digital technologies we have, we're always striving to be more efficient and improve what

we offer to our people, volunteers, supporters and pet owners.

Yet it's fair to say that 2020 proved to be one of, if not the, most challenging year for our people.

Almost overnight, Covid-19 forced us to rapidly adapt to new ways of working.

We use Net Promoter Score as the key indicator of how our colleagues feel about working at PDSA. We seek this feedback through quarterly surveys.

**2020 to 2021 target range +10 to -20**

**2020 achieved range +16 to -3**

### Our people and culture

In 2020, our values continued to guide how we went about our work:

#### Head and Heart

We combine expertise with understanding to help keep owners and their pets together.

#### Better Together

We can achieve more if we work in partnership with everyone who touches the life of a pet.

#### Passion with Purpose

Our dedication to creating a world where no pet suffers drives us to deliver more for every pound we are given.

Total number of PDSA staff as at 31 December 2020: **1,978**

- 366** Veterinary Nurses
- 392** Veterinary Surgeons
- 207** Central Support Function Staff
- 245** Retail Staff
- 768** Veterinary Support Staff

### Our support services were forced to work from home.

Our clinical teams adapted to remote consultations whilst continuing to provide emergency and essential treatment from our Pet Hospitals at a time when the country was being told to stay at home.

Our shops were forced to close and, at its peak, more than 1,000 people were placed on furlough.

Wherever our people were based, they had to get to grips with new ways of working, rapidly deployed new technologies and overcome the challenges of things like social distancing to help keep them, and our clients, safe.

From the outset of the pandemic, one of our key principles was to make sure that the decisions we made would help keep our people safe and put our teams' wellbeing at the forefront of our plans and ways of working.

#### Safe ways of working

Like many other charities, the UK Government's response to this pandemic has had a significant effect on PDSA's operations and people. Within days of the initial lockdown in March 2020, guidance and advice was being implemented across our organisation. We introduced Covid-19 risk assessments and new ways of Covid-secure working, we further risk assessed those who were deemed more vulnerable to

the virus and put in place further measures to ensure their safety.

Our front-line veterinary staff continued to deliver essential services, dealing with emergencies, while following social distancing and other measures to protect themselves and our clients. In addition, we required many of our Pet Hospital teams to work from home, answering the telephone and conducting remote consultations.

Our retail staff had to overcome lots of challenges; shop closures, reopening closed shops, furloughing staff, shielding volunteers and keeping our customers and teams safe and happy.

Overnight, we had to shift our support services and central operations to remote home working with teams dispersed. For those who had to work from home, we gave advice and guidance on not only how to make their home workspace safe, but also to ensure that they kept physically and mentally fit during this time.

We created working groups to give continuity across all areas of PDSA, we consulted and engaged with our people at all levels throughout this process, making sure their voice was heard and concerns addressed. We revised our Health and Safety policies in line with Government guidelines. The fluid nature of Governmental advice on Covid-19 has meant lots of changes along the way and these will continue to be monitored as we work into 2021.

## 5. HEALTH



**We have an established consultative, communications group called Our Forum which provides representatives elected by our employees and Senior Leaders with the opportunity to discuss strategic matters. Listening to our employees' voice is an integral part of our vision to make PDSA a great place to work.**

We're well on our way to achieving that vision and in February 2020 we were named as one of the best not-for-profit companies to work for in the UK. We were placed 85th in the prestigious Sunday Times Best 100 Not-for-Profit Companies list for 2020.

However, the pandemic forced us to find new and innovative ways to engage and communicate with our people. With teams forced to work remotely and large numbers of people placed on furlough, the established ways of engaging with our people became much more challenging.

From the outset of the pandemic, one of our guiding principles was to ensure we continued to provide timely and effective communication. Hundreds of colleagues dialled in via Microsoft Teams to regular Live Q&As with our senior leaders, giving our people the opportunity to ask questions and provide feedback. Our Covid-19 intranet page was viewed more than 10,000 times and the webpage which was set up to support our colleagues on furlough had more than 6,000 visits. We also sent more than 13,000 text messages to our teams on furlough to keep them updated and engaged whilst they were away from work.

And whilst the pandemic has given us a number of communication challenges, we have continued to listen to our people through regular pulse surveys to help us better understand how our teams are feeling.

The surveys have helped provide invaluable insight into how our people are coping with the ongoing disruption caused by Covid-19 and what steps we can take to help support them more.

In our most recent survey, nearly three-quarters of our people said that we were communicating well whilst a similar number said that they were proud to work for PDSA.

However, the surveys do also indicate that people are increasingly concerned about their mental wellbeing and this is an area we're continuing to develop so that we can support our people in the best possible way.

The pandemic and the restrictions put in place to protect the public have had a significant effect on our operations and our income. As we have responded to this to reduce costs and prioritise our activity, we have had to reorganise many of our teams and sadly have made 99 roles redundant. We understand that this has been a difficult time for colleagues and we wish those that had to leave PDSA as a result the very best for the future.

### Keeping our people safe

In recent years we've made huge strides to put our people's health and wellbeing at the forefront of our culture.

Throughout 2020, we've continued to encourage colleagues to share their stories and experiences of mental health as we strive to create an environment where anyone at PDSA is comfortable to talk openly about how they feel, with no shame or stigma to say 'It's OK not to be OK'.

Our people can access our free and confidential Employee Assistance Programme 24/7 where they can speak to trained counsellors and get more information and advice about a range of issues which might affect their wellbeing. Our teams are continuing to use this support, with our usage being well above the industry benchmark.

We've also continued to roll-out new wellbeing resources and support throughout 2020.

For example, more than 1,000 people accessed our new 'It's OK not to be OK' webinar which outlines all of the wellbeing support we offer as an employer.

We've continued to support our people's wellbeing through our employee benefits platform, called Fetch. Fetch hosts all of our employee benefits as well as a Wellbeing Centre which offers support on a range of mental, physical and financial wellbeing issues. In 2020, that information was accessed more than 4,000 times.

The ongoing pandemic has impacted everyone's wellbeing in some shape or form. We recognise this and were pleased to announce that in 2021, all of our colleagues will be entitled to at least one 'Wellbeing Day'. By releasing more than 3,000 Wellbeing Days, our teams will have the opportunity to take some time away from work to concentrate on their own wellbeing after what was an emotionally draining year.

In 2020 we introduced our wellbeing strategy which, in 2021, will focus on how we can better equip our managers to support their team members with their mental wellbeing.

We understand that the social distancing and isolation required to address the Covid-19 pandemic will continue to impact on the mental health of our staff, especially those dealing with the emotional demands of delivering veterinary services on the frontline, and those who find themselves on extended furlough. We will continue to support our staff at this extremely challenging time.

### Safeguarding

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

The impact of Covid-19 on the lives of vulnerable people makes good safeguarding practice at PDSA even more important. We have therefore reviewed and reinforced our Safeguarding Policy and developed a Code of Conduct to outline expected behaviours that keep us all safe.

An internal safeguarding hub has been established (on our intranet, Pawtal), containing useful resources and documents, and a safeguarding induction course has been developed for all colleagues to understand how to recognise, respond to and report concerns. Safeguarding incidents are now collated into a quarterly Dashboard which is reported to Trustees (including to the Trustee Safeguarding Champion) and the Executive team along with a quarterly report of safeguarding activity at PDSA and external updates.

Our Safeguarding Committee continues to meet quarterly, chaired by our Designated Safeguarding Officer with input from our Safeguarding Manager. The Committee regularly reviews the Safeguarding Risk Register to track and monitor

organisational safeguarding risks and review controls.

### Equality, Diversity & Inclusion

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. We are currently working with Trustees and a Diversity & Inclusion Working Group made up of representatives from across the organisation to define our approach in realising this ambition.

The Diversity & Inclusion Working Group are helping us to better understand what we do well and what we need to improve. They are working with us to identify priority areas of focus and are helping to raise awareness of diversity and inclusion across the organisation by encouraging involvement and experience sharing.

Early in 2021, Trustees will be assessing their compliance against the new Charity Governance Code and in particular the new principle relating to Equality, Diversity & Inclusion. Exploration of the outcomes of this assessment will provide a useful platform for work that, together with the outputs of the Diversity & Inclusion Working Group, will inform our approach to supporting equality, diversity and inclusion throughout the organisation. The Trustees will also be considering the board's own practice.

**More than 1,000 people accessed our new webinar 'It's OK not to be OK'**

# 5. HEALTH



### Technology

We continue to keep a close eye on developments in the wider technical and digital arenas with a view to taking advantage of those we feel will allow us to deliver better services and greater public benefit to our customers, clients and supporters.

During 2020, we further progressed developments in our strategic approach to use Cloud services with initial moves made to migrate our core data systems to the Microsoft Azure Cloud. After some significant challenges, particularly relating to data migration, we are now very close to finalising the migration of our Finance System to the Microsoft Dynamics Software as a Service (SaaS) platform.

Due to the Covid-19 pandemic, many of our projects were put on hold and this included the migration of our key network and security infrastructure to a new platform with our partner Maintel. However, we were able to recommence this project towards the end of 2020 and have made significant progress with completion now expected in Quarter 2 of 2021.

The implementation of new collaboration software in the form of Microsoft Teams (building on our continued upgrade to Windows 10 and expanded use of tools as part of Office 365) across our sites enabled remote working and the ability to access systems and services from any location and at any time. This enabled us to achieve a remarkable transformation in record time, immediately meeting the need to work from home during lockdown.

Our digital transformation plans to deliver services to our clients and customers in different and more mobile ways has also been fast-tracked, automating many of our previously manual processes.

In March 2020, we saw PDSA move from a mainly office-based workforce to one that was dispersed, working remotely from home. This has tested our technology infrastructure which has proved its resilience and the benefits from the changes we began in 2019. In many ways, the processes we have developed due to this enforced working pattern will benefit the organisation in the future.

### Data Protection

The global pandemic introduced many new challenges. We have seen the development of new business processes, an increase in home working, and a rapid shift in the use of new technology. Our clients, donors, and customers have moved quickly to online channels and we have had to adapt.

Throughout 2020, we developed new business practices, moved clients and supporters to online channels while maintaining high levels of legal and regulatory compliance. We adopted the principle of privacy by design to ensure that new products and services include privacy at their design stage, and also extended the scope of our data protection training.

### Environmental Statement

PDSA recognises the challenges presented by climate change and is keen to reduce the charity's impact on the environment. We are committed to reducing our energy, water and fuel use as well as waste.

The Covid-19 pandemic has changed the way that many of our staff work; carbon emissions from business travel and commuting have significantly reduced. Going forward we'll look to understand those impacts and where possible maintain new working practices so as to continue to lessen our impact on the environment.

We're going to set some new targets which will be continually monitored. We will be:

- Working to increase colleague awareness of environmental good practice

- Identifying opportunities for reduced environmental impact
- Rolling out sustainable lighting, heating and other solutions.

Over the last 10 years, we have included the following initiatives in a number of our new build Pet Hospitals:

- Solar heating panels
- Rainwater harvesting
- Heating and cooling systems with heat recovery
- Building Management Systems

We will continue to embed good environmental practice in all of our built environment design going forward.

### SECR (Streamlined Energy and Carbon Reporting) Report

While PDSA is not required by SECR to report we have decided to do so as it helps us understand our emissions and take actions

### to improve our commitment to helping the environment.

During 2020 our energy efficiency has improved with regards to the running of our vehicle fleet. The Covid-19 pandemic has changed the way that many of our colleagues work; carbon emissions from business travel and commuting have significantly reduced. We will aim to maintain these new working practices where it is reasonable to do so, so as to lessen our fuel consumption.

In addition, where boilers have failed they have been replaced with new A-rated boilers.

Our methodology for calculating Greenhouse Gases takes our total energy usage including electric, gas, bottled gas, transport and converts this to carbon used. This figure was then divided by the total head count for the same period giving us our intensity ratio.



Energy Use and GHG (KgCO2e) emissions:				
Site	kWh	%	kg CO2e	%
Electricity	4,048,896	81%	943,960	81%
Gas	376,616	8%	77,970	7%
Transport	565,795	11%	142,215	12%
<b>Total</b>	<b>4,991,307</b>		<b>1,164,145</b>	
<b>Total kg CO2e for 2020</b>			<b>1,164,145</b>	
<b>Intensity Ratio:</b>				
2020	2,233 Number of staff			
<b>Intensity ratio</b>			<b>521.34 Kg CO2e / staff</b>	

The period covered is 1 January to 31 December 2020. It is total energy usage across our entire estate.

# GOVERNANCE AND RISK STATEMENTS

## 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					
Bankers	Investment Managers	External Auditor	Actuaries	Solicitors	Trustees
Lloyds Bank plc, 25 Gresham Street, London EC2V 7AE	Schroder Unit, Trusts Limited, 1 London Wall Place, London EC2Y 5AU  Investec Asset Management Limited, Woolgate Exchange, 25 Basinghall Street, London EC2V 5HA (until 15 March 2020)  Ninety One Woolgate Exchange, 25 Basinghall Street London EC2V 5HA (from 16 March 2020)  Partners Group (UK) Limited, 14th Floor, 110 Bishopsgate, London EC2N 4AY	BDO LLP, Two Snowhill, Birmingham B4 6GA	KPMG LLP, One Snowhill Queensway, Birmingham B4 6GH (until 1 March 2020)  Iseran Bidco Ltd t/a Isio, One Snowhill Queensway, Birmingham B4 6GH (from 2 March 2020)	Sacker & Partners LLP, 20 Gresham Street, London, EC2V JE  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  Wilsons Solicitors LLP, Alexandra House, St. Johns Street, Salisbury SP1 2SB	Details in Governance section overleaf.

## 1. 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.

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.

The total number of Trustees is currently 11 and they are listed below along with their committee membership.

<b>Chair</b> Mr John Smith FCA	<b>F G</b>
<b>Deputy Chair</b> Mr John Miller BSc, MCIPD, AFBPsS	<b>G</b>
<b>Professor Gary England</b> BVetMed PhD DVetMed CertVA DVR DVRRep DipECAR DipACT FHEA FRCVS	<b>A</b>
<b>Mr Gordon Hockey</b>	<b>A</b>
<b>Mr David Lister BA (Hons) Solicitor</b>	<b>F</b>
<b>Ms Laurie Mayers BA, MA</b>	<b>F G</b>
<b>Mr David Morgan BSC Hons</b>	<b>F</b>
<b>Mr Ian Phoenix</b>	
<b>Mrs Carole Pomfret MA ACA</b>	<b>F</b>
<b>Mrs Mary Reilly BA (Hons), FCA</b>	<b>A G</b>
<b>Mrs Alison Tattersall BA (Hons), Postgrad Diploma in Marketing</b>	<b>A</b>

**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 diverse backgrounds who provide valuable experience to guide the charity.

# GOVERNANCE AND RISK STATEMENTS

## Administrative Details

### Committees

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

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

**2 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. The Committee also provides oversight to the Risk Management approach at PDSA.

**3 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 issues.

**4 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. 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 and incidents is provided by the Trustees.

During 2020, in addition to the Committees in operation, a number of Trustee Working Groups were established in order to provide oversight and guidance to the pandemic response. 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.

### Charity Governance Code

PDSA remains committed to good governance.

The impact of the Covid-19 pandemic affected the way in which we work, and we therefore reviewed and updated our Byelaws to ensure they reflect the needs of the organisation in holding meetings remotely, and the constraints on people coming together to formally execute transactions. We also updated our Scheme of Delegation which sets out all matters where Council have delegated authority for decision-making to reflect the needs of remote working and increased levels of absences.

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.
- 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 refreshed in early 2020. Following the Covid-19 pandemic, the skills audit will be refreshed again in 2021.
- 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 have not been possible during 2020 due to national restrictions.
- 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. Whilst no specific training was arranged for Trustees during 2020, individual Trustees have maintained their own professional development as required.
- 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 the year to provide additional clarity on actions to be taken when reserves fall below or exceed certain thresholds.
- Trustees carry out a review of Board effectiveness every two years under the coordination of the Deputy Chair. This review was conducted in January 2020 and the results were reported to Council.
- 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 2020, risk updates to the Audit & Risk Committee focused on risks associated with the unfolding response to the pandemic and the actions being taken to mitigate the effects on PDSA. 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.

# GOVERNANCE AND RISK STATEMENTS

## Administrative Details

- 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.
- During the year the Executive-level Governance 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).

PDSA remains committed to encouraging equality, diversity and inclusion across the organisation, including encouraging diversity in applications for new roles or Trustee positions.

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.

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. We want to cultivate a culture where people feel they belong, where they can be authentic and bring their whole self to work. We are currently working with Trustees and representatives from across the organisation to define our approach in realising this ambition.

PDSA is committed to employment policies, which follow best practice and are based on equal opportunity for all. We believe that every person has the right to be treated fairly and with dignity and respect irrespective of sexuality, gender, disability, race, religion and belief, gender reassignment, age, pregnancy or maternity, marriage and civil partnerships, or socio-economic background. 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. This will commence in 2021 and will be carried out in alternate years to the current evaluation of Board effectiveness. The review will be carried out under the coordination of the Deputy Chair and will take into account the recent changes to the Code. The results will be reported to Council and any improvement actions identified will be monitored

through the Governance & Remuneration Committee. 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 requisite depth of understanding of the charity, whilst still ensuring that Trustee tenure is limited.

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

## Annual 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 1,900 employees and the support of over 2,300 volunteers. Working together, it is the combined effort of all our people that delivers the impact of our mission for the communities within which we work that enables us to provide compassionate vet care for pet owners who can't afford the care their pets need. We are here for the person and their pet, as a family, delivering our mission of improving the life of every pet in the communities within which we serve.

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 closed PDSA's defined benefit pension scheme to future accrual. We also 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 until 2021. The Governance & Remuneration Committee continues to preside over this work and report progress to Council.

The review of our pay, pension and benefits' arrangements took into consideration the fact that there is a national shortage of veterinary surgeons and veterinary nurses. 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 this challenging, dynamic labour market.

In navigating the pandemic, we followed Government and regulatory body guidance. We closed our shops, helped our clinically vulnerable colleagues to shield and reviewed our ways of working so that, where possible, colleagues could work remotely. 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. Included in this were arrangements such as 'top-

up' pay for furloughed colleagues, sick pay, dependents leave and holiday. We established a People Trustee Working Group, which acted as a sounding board, had oversight of these activities and provided updates to the Governance & Remuneration Committee and 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 26.5% (mean) or 32.8% (median) based on hourly rates of pay at the snapshot date of 2020. Research suggests that fewer men in the lower pay quartiles drive the gender pay gap. We are proud to share that our female employees are well represented across all pay quartiles and we are encouraged to see that our median pay gap has reduced by 3.5% since April 2019.

**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 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, FloD
<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
<b>Commercial Director</b>	Annette Spindler (to 27 April 2020)



## 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 2020, Deep Dives have focused on risks associated with the pandemic and PDSA's response to these risks. 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: Coronavirus Covid-19 pandemic

#### How the risk might affect PDSA:

The pandemic significantly disrupted both our service delivery and our income-generating activities in 2020, and the impact of restrictions at national and local level is likely to continue throughout much of 2021. The pandemic may also impact on resourcing if colleagues are ill or self-isolating for example. This could restrict the services we are able to offer to our beneficiaries and could have a significant impact on our financial position.

#### Key mitigation plans and strategies:

As outlined in our Governance section, we have adapted our ways of working where required and have set up a number of new working groups to help to shape our response to the pandemic.

We have restricted the provision of services in person at our Pet Hospitals, but have introduced new digital consults. Facilitated by an interim change in RCVS prescribing regulations. However we keep our service provision under regular review, and will open up more in-person services as Government restrictions ease and as our on-site capacity allows. Aligning with RCVS regulations.

One area where the pandemic has particularly impacted on resources is in relation to volunteers who are essential to the work of PDSA, particularly in running our retail

shops. A volunteering strategy is in place and we have an ongoing communication programme with our volunteers and strong Covid-secure ways of working in our shops to keep everyone safe when shops re-open.

We have also focused on the wellbeing of our people during this time and we have a Wellbeing Strategy in place, which in its first year is focusing on mental health issues.

### Area of risk: Legacy income

#### How the risk might affect PDSA:

This represents approximately 44% of our total income and there is a risk that reductions in this income source could materially affect PDSA's financial position.

#### Key mitigation plans and strategies:

We monitor the legacy pipeline and periodically undertake reviews to forecast future income. We are maintaining both acquisition and retention campaigns for legacy gifts and we have a legacy growth group who are looking at recommendations from a recently commissioned review by an external agency. We are continuing to seek to diversify and strengthen our income base, and we periodically take expert guidance on the legacy environment from an external consultancy.

### Area of risk: Investment Portfolio

#### How the risk might affect PDSA:

This can be subject to volatility from time to time which can impact the value of PDSA's Reserves.

#### Key mitigation plans and strategies:

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 will seek to extend in June 2021, that reduces the risk of having to draw down on investments at times of market volatility.

### Area of risk: Number of pets

#### How the risk might affect PDSA:

Demand for our services can fluctuate over short periods of time and in line with general economic conditions, including the impacts of the Covid-19 pandemic which is forecast to result in increased unemployment. This can result in significant cost increases.

#### Key mitigation plans and strategies:

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. Following the coronavirus pandemic, we are recruiting additional veterinary staff in anticipation of increased demand. 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.

### Area of risk: Service infrastructure

#### How the risk might affect PDSA:

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.

#### Key mitigation plans and strategies:

The Reserves Policy has been reviewed in light of our experience during the coronavirus 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.

### Area of risk: Fundraising

#### How the risk might affect PDSA:

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.

#### Key mitigation plans and strategies:

We have a business plan in place that outlines the investment in growing our supporter base, and a strategy has been agreed to continue to target audiences who are likely to have a higher interest in our cause. We have a broad range of fundraising campaigns, and we have a programme in place to grow the strength of our digital fundraising activities.

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 also planning to further strengthen our brand in the second half of 2021 to increase the number of people who know about PDSA and understand the impact of our work.

### Area of risk: Pensions

#### How the risk might affect PDSA:

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.

#### Key mitigation plans and strategies:

There are regular actuarial reviews of scheme performance and 2021 will be the point of the triennial pension review. An agreed recovery plan is in place, and independent professional advice is taken in respect of pensions funding requirements. Further details are set out below in our Financial Review.

## Risk

### Area of risk: IT Security

#### How the risk might affect PDSA:

We depend upon the integrity and availability of our systems and the accuracy of our databases to operate the charity effectively.

#### Key mitigation plans and strategies:

We recognise this is a complex and rapidly changing environment and we therefore have a small team in place dedicated to Information Security whose role includes continuous improvement of our controls. We commission regular penetration tests to check our security controls and 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. 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: Potential failure to update processes and systems to keep pace with changing needs and expectations

#### How the risk might affect PDSA:

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.

#### Key mitigation plans and strategies:

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. 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 we have introduced mandatory safeguarding training for all colleagues. We are reviewing our matrix of mandatory training 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.

For example, we are carrying out a digital transformation process to increase our use of digital tools and ways of working, and as part of this programme we will conduct a compliance review on use of cookies and digital marketing as part of our wider digital transformation programme to ensure that all new activities remain compliant.

### Area of risk: Leaving the European Union

#### How the risk might affect PDSA:

Although the outcome of trade negotiations is now known, there remains a risk of economic effects constricting legacy income, and operational continuity in the form of pharmaceutical supplies from the EU and veterinary staff from the EU (although this risk may be reduced by the inclusion of veterinary staff on the list of skills shortages for the UK).

#### Key mitigation plans and strategies:

We continue to monitor emerging risks arising from leaving the European Union, and we worked with other employers to have veterinary staff added to the list of UK skills shortages. However, we continue to monitor recruitment activity to identify whether Britain's departure from the European Union is having an impact on our ability to recruit and retain key skills.

We have established relationships with our key pharmaceutical suppliers which include regular meetings to discuss performance and issues, and we have established contingency plans in place for provision of drugs to allow for treatment of pets.

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, 2020 was an extraordinary period for the charity. At the end of the year PDSA's finances remain stable, however, we are anticipating a tougher financial outlook for 2021 which is discussed in our going concern assessment.

We had expected a year choosing between options for further spending on charitable activities and investment to drive future income, as we have had several years of favourable net income and have grown our free reserves (Figure 1).

Unfortunately, the pandemic has meant the opposite has been true: we have had to reduce activities and spending; our income generation has been severely reduced in trading and charitable areas and we reduced discretionary spending to conserve resources. So far during the pandemic, we have managed to weather the storm - helped by £5.1 million of Government support (from both the Coronavirus Job Retention Scheme and various Retail-related grants),

re-prioritising our expenditure and benefiting from the sale of a property asset.

Our total income reduced by 18% to £92.2 million (2019: £112.7 million). Legacy income, our largest single source, continued to see disruption in legacy estate settlements, in part due to probate administrative changes, and was 20% below that of 2019. Our trading income has been severely disrupted by shops being closed and reduced by 34%.

We spent £65.3 million on prevention, education and treatment which was £5.8 million (8.2%) lower than in 2019 (£71.1 million). We have had to re-prioritise our public benefit spending in difficult operating circumstances and have given priority to treatment activities. Consequently, we have reduced the number of pets being offered preventive services. In 2020 our aim was to increase the number of pets we reach and reduce the average cost per pet, with effective management of costs and the use of digital technology. Unfortunately, we have not achieved these ambitions and the number of pets we reached declined by 11%; however, we have

harnessed digital technology to allow us to provide online consultations for the first time to replace some hospital consultations. We maintain our aim to reduce average costs per pet and increase our reach in 2021.

During the year we considered our costs in depth. We reduced spending in support areas by £0.5 million during the year (6%) and restructured our support teams to focus on revised priorities and reduce costs.

Despite market turbulence during the year, our investments still showed a gain of £2.9 million in 2020, whereas in 2019 we saw a gain of £6.7 million. The total return on the managed portfolio element was around 6%. Positive returns across all funds contrast with negative returns of 14% and 6% in the year for the FTSE 100 and 250 indices respectively. Our targeted return is RPI + 0.5% and the average return for the Diversified Growth Funds sector was 5.6%.

During the year we sold the freehold of our Thamesmead PDSA Pet Hospital, The Freda Powell Centre and this produced a large gain - the most part of the £2.8m total gains on disposal of fixed assets for the year. As part of the arrangement the developer will be building a new hospital at the site during 2021/2.

Overall, there was a large decrease in our operating results: a net income of £3.7 million this year compared to £17.4 million in 2019. It is important to note that without Government support, unexpected investments gains and a large gain from the disposal this year we would have shown a substantial loss of around £7.1 million.

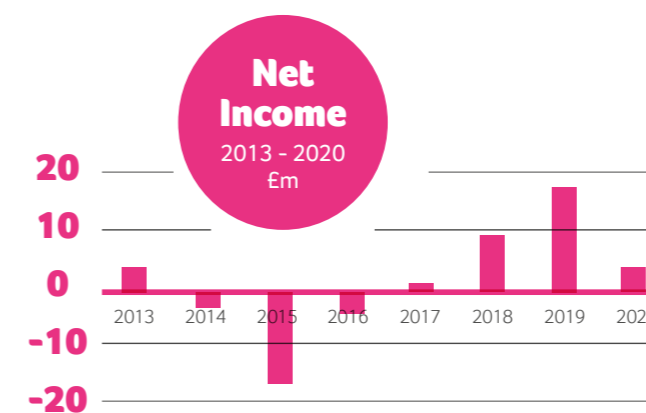


Figure 1

Finally, our defined benefit pension scheme had an actuarial loss of £12.8 million (2019: loss of £3.8 million) and the deficit increased from £35.7 million to £47.1 million. Actuarial assumptions can vary from year-to-year and this is discussed in more detail below.

**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 2020 we benefitted from grants received from national and local Government to support organisations during the pandemic

Other trading net income includes gaming products, sales from our retail division (donated and new goods) and miscellaneous sales, commissions and licensing income. Asset-related net income is investment income and gains on disposals of fixed assets. PDSA Trading Limited provides 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.

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 below shows that the cost of raising donations and legacy income overall from our supporters was maintained in 2020 at 13p per pound (£).

Legacies continue to be our most important source of income, generating £40.1 million. Unfortunately, this income was 20% lower than in 2019, though it still provided 59% of our net income available for charitable activities (2019: 59%). 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 re-establish and grow trading income in retail and veterinary commercial activities as the pandemic period recedes.

Our supporters continued to be generous during the year and responded to our appeals and continued with regular gifts, though donations at our hospitals declined as a result of reduced operating activity. Overall, donations were 22% lower than in 2019, which had also benefited from a notable one-off gift.

Charitable trading, in which we offer services to our clients in addition

to free treatment, has become an important income stream. This year, our concessionary (low-cost) service sales were £5.3 million compared to £5.6 million in 2019, 7% lower. As described above, we deprioritised our preventive services and so income was 57% lower at £3.8m.

We are one of the largest retailers in the very competitive charity retail sector and usually the largest share of our trading income comes from our retail division. However in 2020, our shops were only open for part of the year due to various phases of pandemic lockdown. We focused attention to grow our online offering during the year and also considered the future estate: we have closed 17 sites with a poor financial outlook.

The scale of our retail operation is large and costs of generating income in this area are high with much fixed cost. In 2020, some of these fixed costs were mitigated by negotiated rent holidays, business rates reductions and by substantial Government grant support. We also mitigated costs by restructuring our Retail teams. However, the effect of lockdown was considerable: our donated goods sales declined by 58% year-on-year and our new goods sales were 25% lower than 2019, helped by online sales. This meant that Retail was the key factor in the trading losses shown in the table.

In our trading income, we have continued to enjoy support from the players of the People's Postcode Lottery. We had a gross income of £5.9 million (£1.9 million net after cost to run and prizes) - though this was lower than last year's £7.2 million gross (£2.3 million net). This income will fund treatment costs for certain clinical conditions at our hospitals (such as diabetes) and towards the new Nottingham PDSA Pet Wellbeing Centre The Marian and Christina Ionescu Hospital. Our partnership with the People's Postcode Lottery continues in 2021 and we are so very grateful for the ongoing support of players. Also within trading, we have grown income from our Pet Insurance products from £1.1 million to £1.4 million.

We organise our public benefit expenditure into three areas. The largest is for treatment at Pet Hospitals and contracted services that decreased slightly to £61.0 million (2019: £63.1 million), which includes substantial fixed costs. We reduced spending in preventive services to £2.5 million (2019: £5.4 million). The amount we spend on education and responsible pet ownership can vary based on the specific activities we undertake and was £1.8 million (2019: £2.6 million).

There was an actuarial loss of £12.8 million in our defined benefit pension scheme, The People's Dispensary for Sick Animals Retirement Benefits Plan (1978) (RBP). This compared to the 2019 loss of £3.8 million. The main reasons for this year's loss were assumptions relating to liabilities following reduced corporate bond yields. Over three years (2018-20) there has been some volatility in actuarial gains and losses but these have broadly balanced out.

2020

2019

	£ millions	Cost / £	£ millions	Cost / £
Donations and legacy net income	50.1	0.13	63.2	0.13
Other trading net income	(2.2)	1.13	3.2	0.87
Asset-related net income	4.0	0.01	0.9	0.05
Grant Income	5.1		0.0	
Charitable trading gross income	9.1		14.5	
Net income available for charitable activities	66.1	0.31	81.8	0.32

**Investments**

At the end of 2020 our investments totalled £71.7 million (2019: £68.3 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 2020 but this has been deferred until 2021.

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 £2.9 million on our investment portfolio (2019: £6.1 million gain).

Investment properties are re-valued each year. The value at 31 December 2020 was £6.3 million (2019: £6.6 million). There was one property sold within the year.

**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 has been reviewed and revised during 2020. It 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. Amongst other factors, Council has noted the importance of reserves covering at least a year’s expenditure in our veterinary areas and supporting costs, which, based on our original 2020 plans, would amount to approximately £48 million. It 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 restabilise itself and become sustainable for the future.

At 31 December 2020 the charity had free reserves of £85.8 million (2019: £79.7 million), as calculated in the table below. This year reserves have increased - we have had better than expected financial results and have not been as severely affected by the coronavirus pandemic in the short-term as initially anticipated. As discussed above, our results have been enhanced by strong investment returns, disposal of assets and Government support. Furthermore, our legacy contingent asset has grown by £2.3 million (see table below). These factors have meant that free reserves have ended the year beyond the range set by Council.

However, in considering the reserves level, Council recognises that our final projections for 2021 and 2022 (detailed below in Going Concern) mean that reserves will significantly 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 much closer to the range set by Trustees by the end of 2022.

The pension funding commitment represents the cash value of 10 years of future funding commitments to the defined benefit pension scheme - The People’s Dispensary for Sick Animals Retirement Benefits Plan (1978); the legacy contingent asset represents 80% of the value of the legacy pipeline.

The total funds of the Group at the end of 2020 were £78.1 million (2019: £87.2 million). Of these funds, £3.4 million were restricted income funds or endowments (2019: £3.4 million).

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

During the year, the charity has increased its unsecured overdraft with Lloyds Bank plc to £10 million as a precaution. The bank has indicated that further funding will be available, if necessary, and we anticipate this facility will be renewed in July 2021.

At the date of signing, our most recent calculation of free reserves stood at £88.8m. We have considered future activities and outlook and have created financial projections accordingly. Our current view is that our free reserves could reduce to £69.5m by December 2022, 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.

Free reserves at 31 December 2020

	2020	2019
<b>£ millions</b>		
Total charity funds	78.1	87.2
Pension reserve	47.1	35.7
Endowment funds	(0.9)	(0.9)
Restricted income funds	(2.4)	(2.5)
<b>Unrestricted funds</b>	<b>121.9</b>	<b>119.5</b>
Pension funding commitments	(27.6)	(27.6)
Carrying value of functional assets	(21.5)	(22.9)
Legacy contingent asset	13.0	10.7
<b>Free reserves</b>	<b>85.8</b>	<b>79.7</b>

### 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.

Clearly the Covid-19 pandemic continues to be a significant disruptive factor. Since the end of 2020, PDSA has followed UK Government guidelines: our Retail operations were mainly closed during Quarter 1 and the narrowed focus of Veterinary operations has been maintained.

Despite the pandemic affecting trading performance and public benefit delivery, our operating results in the first three months of 2021 showed a surplus and were better than budgeted. This was in part due to further Government financial assistance. The charity has continued to utilise the Government's Coronavirus Job Retention Scheme during 2021; in addition, our trading activities have been supported by further non-domestic rates reductions and grants through local Government – cumulatively, we have now claimed the maximum amount we consider that we are eligible for under revised state-aid

rules (£1.9m). Most of these claims had been paid by mid-April 2021.

Legacies, our largest source of income, have proved to be resilient in terms of cash received and new notifications. Legacy cash income exceeded expectations for Quarter 1 of 2021 and at the end of March our legacy pipeline stood at a record value. Our external expert advisors have given us comfort for our legacy income projections.

Since the year-end, the investment portfolio valuation has increased by 1%. The portfolio formed 84% of the charity's net assets at the end of 2020. The charity recognises that relatively small movements in the investment markets can create significant movements in its net assets and so its free reserves.

Trustees have reviewed projections of cash flow and profitability for the period to December 2022 considering sensitivities to income, cost reductions and Government support and how much it wishes to spend in discretionary areas. The Group has applied to renew its overdraft facility, which is a precaution to maintain liquidity and an alternative to partial liquidation of our investments at a time of potential market volatility. This level of overdraft (£10m) should meet our cash requirements during 2021 and 2022.

Our latest expectation is that the Group will produce net deficits of £0.6m in 2021 and £4.2m in 2022, which our strong level of free reserves would be able to withstand. In cash terms, we expect to have an overdraft of £9.7m at the end of December 2022 and to draw down £2.8m from our investment portfolio to support cash balances.

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. 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 £47.5 million at 31 December 2020 (2019: £35.7 million). The latest triennial actuarial valuation was carried out as at 31 December 2017 and this showed a deficit of £46.2 million. Revised deficit funding

contributions were agreed between PDSA and the RBP Trustee in December 2018 and further contributions were agreed in December 2019.

The liabilities of the RBP have been adversely impacted by falling yields and by stock market volatility in the face of the Covid-19 pandemic (see note 19). The next triennial valuation of the Scheme is due at 31 December 2020. Any increase in the funding deficit as a result of this will be taken into account in the agreement of a revised schedule of contributions between the RBP Trustee and the Society, which is anticipated will take place during 2021.

Approved by Council and signed on its behalf by:



John Smith Chair  
7 June 2021



# Independent Auditor's Report to Council

## 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 2020 and of the Group'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 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006, as amended in 2010 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 2020 which comprise the consolidated 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 are 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 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. The other information comprises: The Chair's letter, the Director General's letter and the Annual Report. 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 or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### 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 Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 requires us to report to you if, in our opinion;

- the information contained in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- adequate/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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 144 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 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006, as amended in 2010, 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. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Those Charged with Governance and other management and inspection of regulatory and legal correspondence if any.

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

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

BDO LLP, statutory auditor  
Birmingham, UK

### 8 June 2021

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).

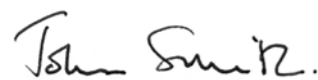
For the years ended 31 December	Unrestricted funds	Restricted funds and endowments	£'000			Total 2019	
			Total 2020	Unrestricted funds	Restricted funds and endowments		
<b>Income and endowments from</b>							
Donations and legacies	1,2	53,207	4,415	57,622	65,234	7,412	72,646
Grant income	2	5,081	-	5,081	-	-	-
Other trading activities	2	16,385	-	16,385	24,641	-	24,641
Charitable trading activities	2	9,060	-	9,060	14,469	-	14,469
Investments	2	1,206	-	1,206	935	-	935
Net gain/(loss) on disposal of fixed assets		2,814	-	2,814	(2)	-	(2)
<b>Total income</b>		<b>87,753</b>	<b>4,415</b>	<b>92,168</b>	<b>105,277</b>	<b>7,412</b>	<b>112,689</b>
<b>Expenditure on raising funds</b>							
Donations and legacies	3	7,472	-	7,472	9,475	-	9,475
Other trading activities	3	18,576	1	18,577	21,402	6	21,408
Investments	3	41	-	41	51	-	51
<b>Total expenditure on raising funds</b>		<b>26,089</b>	<b>1</b>	<b>26,090</b>	<b>30,928</b>	<b>6</b>	<b>30,934</b>
<b>Net income available for charitable activities</b>		<b>61,664</b>	<b>4,414</b>	<b>66,078</b>	<b>74,349</b>	<b>7,406</b>	<b>81,755</b>
<b>Charitable activities</b>							
Treatment at Pet Hospitals and by contracted services	3	56,461	4,498	60,959	56,785	6,291	63,076
Education: responsible pet ownership	3	1,755	-	1,755	2,530	89	2,619
Preventive services	3	2,539	-	2,539	5,395	-	5,395
<b>Total expenditure on charitable activities</b>		<b>60,755</b>	<b>4,498</b>	<b>65,253</b>	<b>64,710</b>	<b>6,380</b>	<b>71,090</b>
<b>Total expenditure</b>		<b>86,844</b>	<b>4,499</b>	<b>91,343</b>	<b>95,638</b>	<b>6,386</b>	<b>102,024</b>
Net gains on investments	7	2,902	-	2,902	6,707	-	6,707
<b>Net income/(deficit)</b>		<b>3,811</b>	<b>(84)</b>	<b>3,727</b>	<b>16,346</b>	<b>1,026</b>	<b>17,372</b>
Transfers between funds	14	16	(16)	-	1,645	(1,645)	-
Actuarial loss on defined benefit pension Scheme	19	(12,800)	-	(12,800)	(3,800)	-	(3,800)
<b>Net movement in funds</b>		<b>(8,973)</b>	<b>(100)</b>	<b>(9,073)</b>	<b>14,191</b>	<b>(619)</b>	<b>13,572</b>
<b>Reconciliation of funds</b>							
Total funds brought forward		83,758	3,450	87,208	69,567	4,069	73,636
<b>Total funds carried forward</b>	<b>14</b>	<b>74,785</b>	<b>3,350</b>	<b>78,135</b>	<b>83,758</b>	<b>3,450</b>	<b>87,208</b>

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

## Balance Sheets

		£'000			
At 31 December		Group	Group	Charity	Charity
	Note	2020	2019	2020	2019
<b>Fixed assets</b>					
Tangible assets	6	21,468	22,890	22,972	24,394
Investments	7	71,676	68,292	71,676	68,292
<b>Total fixed assets</b>		<b>93,144</b>	<b>91,182</b>	<b>94,648</b>	<b>92,686</b>
<b>Current assets</b>					
Stocks – finished goods and goods for resale		2,431	2,333	2,042	1,919
Debtors	8	29,675	30,707	34,084	34,968
Investments	9	-	19	-	19
Cash at bank and in hand		7,919	7,865	3,767	3,908
<b>Total current assets</b>		<b>40,025</b>	<b>40,924</b>	<b>39,893</b>	<b>40,814</b>
Creditors – amounts falling due within one year	10	(6,001)	(6,609)	(5,860)	(6,491)
<b>Net current assets</b>		<b>34,024</b>	<b>34,315</b>	<b>34,033</b>	<b>34,323</b>
<b>Total assets less current liabilities</b>		<b>127,168</b>	<b>125,497</b>	<b>128,681</b>	<b>127,009</b>
Creditors – amounts falling due after more than one year	11	-	(118)	-	(118)
Provisions for liabilities	12	(1,933)	(2,471)	(1,933)	(2,471)
<b>Net assets excluding pension liability</b>		<b>125,235</b>	<b>122,908</b>	<b>126,748</b>	<b>124,420</b>
Defined benefit pension Scheme liability	19	(47,100)	(35,700)	(47,100)	(35,700)
<b>Total net assets</b>		<b>78,135</b>	<b>87,208</b>	<b>79,648</b>	<b>88,720</b>
<b>The funds of the charity</b>					
Endowment funds	14	933	933	933	933
Restricted income funds	14	2,417	2,517	2,417	2,517
<b>Unrestricted income funds</b>					
Unrestricted funds	14	121,885	119,458	123,398	120,970
Pension reserve	14	(47,100)	(35,700)	(47,100)	(35,700)
<b>Total unrestricted funds</b>		<b>74,785</b>	<b>83,758</b>	<b>76,298</b>	<b>85,270</b>
<b>Total charity funds</b>		<b>78,135</b>	<b>87,208</b>	<b>79,648</b>	<b>88,720</b>

Approved by Council and signed on its behalf on 7 June 2021



**John Smith,**  
Chair

## Consolidated Statement of Cash Flows

		£'000	
For the year ended 31 December		2020	2019
	Note		
Net cash (used in) / provided by operating activities	a	(3,182)	4,037
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		1,206	935
Purchase of property, plant and equipment		(668)	(2,827)
Proceeds from the sale of property, plant and equipment		3,161	-
Purchase of investments		(777)	(450)
Proceeds from the sale of investments		295	-
<b>Net provided by / (used in) cash used in investing activities</b>		<b>3,217</b>	<b>(2,342)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>35</b>	<b>1,695</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	b	<b>7,884</b>	<b>6,189</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	b	<b>7,919</b>	<b>7,884</b>

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

	2020	2019
Net income for the reporting period	3,727	17,372
<b>Adjustments for:</b>		
Investment income	(1,206)	(935)
Net (gain)/ loss on disposal of tangible fixed assets	(2,814)	2
Depreciation	1,743	1,965
Movements on investments	(2,902)	(6,707)
Pension deficit contributions	(2,500)	(2,700)
Increase in pension provision excluding actuarial loss	1,100	2,500
Increase in stocks	(98)	(466)
Decrease/(Increase) in debtors	1,032	(6,574)
Decrease in creditors	(726)	(441)
(Decrease)/Increase in provisions	(538)	21
<b>Net cash (used in) / provided by operating activities</b>	<b>(3,182)</b>	<b>4,037</b>

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

	2020	2019
Current asset investments	-	19
Cash at bank and in hand	7,919	7,865
<b>Total</b>	<b>7,919</b>	<b>7,884</b>

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

A prior period adjustment has been made to the cashflow statement to reclassify £2.7m of voluntary pension contributions from investing activities to operating activities.



# Notes to the financial statements for the year ended 31 December 2020

## 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.

Trustees have reviewed projections of cash flow and profitability for the period to 31 December 2022 considering sensitivities to income, cost reductions and Government support and how much it wishes to spend in discretionary areas.

We expect that the Group will produce a net deficit of £0.6m in 2021 and a further net deficit in 2022 of £4.2m. Based on this forecast we anticipate holding cash and liquid investments of £58.8m at 31 December 2022.

The Group had investments with a value of £65.9m at 31 March 2021 that are sufficiently liquid to be realized 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 applied to renew its overdraft facility from 1 July 2021, and Lloyds Bank has confirmed its intention to renew.

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 14 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.

## Accounting policies

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 based on the number of properties rented subject to dilapidation clauses, each having an expected future cost based on the actual average spends per property incurred in earlier years. 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 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.

## Accounting policies

### 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, 9 and 10.

The Group balances included in the accounts are as follows:

	2020 £'000	2019 £'000
Fixed Asset Investments	71,676	68,292
Debtors	29,675	30,707
Current Asset Investments	nil	19
Creditors: amounts falling due within one year	6,001	6,909

### 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 19.

### Provisions

We hold specific provisions for several matters and these are individually described in note 12. 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).

	£'000	
2. Income and endowments	2020	2019
<b>Donations and legacies</b>		
Legacies receivable	40,135	50,215
Donations and gifts	17,487	22,431
	<b>57,622</b>	<b>72,646</b>
<b>Grant income</b>		
Government Job Retention Scheme	4,373	-
Local Council Business Grants	708	-
	<b>5,081</b>	<b>-</b>
<b>Other trading activities</b>		
Lottery and similar income*	7,710	8,987
Sales of donated goods**	4,973	11,758
Sale of new goods	1,389	1,862
Other sales income	2,313	2,034
	<b>16,385</b>	<b>24,641</b>
<b>Charitable trading activities</b>		
Preventive services	3,789	8,824
Concessionary and other paid for services	5,271	5,645
	<b>9,060</b>	<b>14,469</b>
<b>Investments</b>		
Listed securities – dividends	777	450
Bank and other interest	14	38
Rents receivable	415	447
	<b>1,206</b>	<b>935</b>

\* 2020 lottery income includes £5,879,000 received from players of the People's Postcode Lottery for lotteries drawn in 2020 (2019: £7,181,000)

\*\* 2020 includes income of £1,734,000 of donations from supporters resulting from sale of their goods through PDSA's Retail Gift Aid programme (2019: £3,444,000)

	£'000				
3. Expenditure				2020	2019
	Activities undertaken directly	Support costs allocated	Total	Total	
<b>Expenditure raising funds</b>					
Legacies receivable	1,189	122	1,311	1,763	
Donations and gifts	4,461	210	4,671	5,768	
Raising public perception and awareness	1,400	90	1,490	1,944	
	<b>7,050</b>	<b>422</b>	<b>7,472</b>	<b>9,475</b>	
<b>Expenditure on other trading activities</b>					
Merchandising, charity shop and other trading	12,653	1,194	13,847	15,118	
Lottery ticket sales	4,581	149	4,730	6,290	
	<b>17,234</b>	<b>1,343</b>	<b>18,577</b>	<b>21,408</b>	
<b>Expenditure on investments</b>	39	2	41	51	
<b>Expenditure on charitable activities</b>					
Treatment at Pet Hospitals and by contracted services	54,731	6,228	60,959	63,076	
Education: responsible pet ownership	1,627	128	1,755	2,619	
Preventive services	2,431	108	2,539	5,395	
	<b>58,789</b>	<b>6,464</b>	<b>65,253</b>	<b>71,090</b>	
	<b>83,112</b>	<b>8,231</b>	<b>91,343</b>	<b>102,024</b>	

						£'000	
Support costs breakdown by activity	Human Resources	Property Services	Finance and Management	Information Technology	2020	2019	
<b>Expenditure raising funds</b>							
Legacies receivable	25	-	38	59	122	143	
Donations and gifts	34	-	144	32	210	241	
Raising public perception and awareness	26	-	45	19	90	122	
<b>Expenditure on other trading activities</b>							
Merchandising, charity shop and other trading	255	201	400	338	1,194	1,301	
Lottery ticket sales	2	-	147	-	149	180	
<b>Expenditure on Investments</b>	-	1	1	-	2	3	
<b>Expenditure on charitable activities:</b>							
Treatment at Pet Hospitals and by contracted services	1,969	296	1,766	2,197	6,228	6,308	
Education: responsible pet ownership	54	-	53	21	128	166	
Preventive services	30	-	78	-	108	262	
<b>Total support costs</b>	<b>2,395</b>	<b>498</b>	<b>2,672</b>	<b>2,666</b>	<b>8,231</b>	<b>8,726</b>	

Governance costs in the year of £364,000 (2019: £222,000) are included within Finance and Management support costs

#### Bases of allocation

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

4. Net income before other recognised gains and losses	2020	2019
<b>These are stated after charging</b>		
Auditor's remuneration		
audit fees charity	73	62
audit fees subsidiaries	7	6
non-audit fees charity	2	1
- tax services	5	10
- other consultancy services	5	3
non-audit fees subsidiaries	5	3
- tax services	5	3
Operating leases	<b>2,970</b>	<b>3,074</b>

	£'000	
5. Employees	2020	2019
<b>Employment costs</b>		
Salaries	44,944	45,109
Social security costs	4,015	4,013
Defined benefit pension costs	1,499	3,556
Other employer pension costs	4,012	3,741
Redundancy and termination payments	410	33
Other staff costs	215	204
Apprentice Levy	217	217
	<b>55,312</b>	<b>56,873</b>

During 2020, 99 employees were made redundant (17 in 2019), this was as a result of 26 shop closures and a restructure across our support functions.

In addition, four individuals received termination payments through settlement agreements.

Average number of employees, calculated on a full-time equivalent basis		
Veterinary	1,156	1,150
Retail	229	239
Marketing and fundraising	116	120
Other	161	161
<b>Total</b>	<b>1,662</b>	<b>1,670</b>

Employment costs	2020	2019
The number of higher-paid employees whose emoluments were within the following scales was as follows:		
£60,001–£70,000	20	15
£70,001–£80,000	10	10
£80,001–£90,000	6	9
£90,001–£100,000	2	3
£100,001–£110,000	-	1
£110,001–£120,000	1	-
£130,001–£140,000	1	-
£140,001–£150,000	1	1
£170,001–£180,000	-	1
£180,001–£190,000	1	-

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

Thirty-nine of the higher paid staff are members of the Group Personal Pension (GPP) Plan (2019: thirty-seven). Seven of these staff members contribute to the Auto Enrolment section of the GPP (2019: eight). Thirty-two of the staff members contribute to the GPP by paying contributions in excess of the Auto Enrolment minimum contribution rates (2019: twenty-nine). Twenty-nine of the higher paid staff members are employed in our Veterinary Services team (69%).

The total compensation paid to the Executive team in 2020 (6 Directors) was £778,000 (2019: 6 Directors, £914,000). One of the six directors left service part-way through 2020 as their fixed-term contract came to an end. 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 basic salary of the Director General, who is the highest paid employee, was £155,468 as at 31 December 2020 (£155,468 as at 31 December 2019). 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 (2019: 7:1).

Members of Council do not receive any remuneration. They made donations to PDSA in 2020 totalling £1,732 (2019: £1,464)

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 £500 during the year for two Council members (2019: £9,750 for eleven).

	£'000								
	Assets under course of construction	Freehold land and buildings	Leasehold buildings		Pet Hospital land and buildings		Furniture fittings and equipment	Motor vehicles	Total
			Long lease	Short lease	Freehold	Long lease			
<b>Cost</b>									
At 1 January 2020	95	3,853	400	5,101	34,891	5,087	15,505	366	65,298
Additions	130	22	-	71	-	-	445	-	668
Disposals	-	-	-	(655)	(1,037)	-	(359)	-	(2,051)
<b>At 31 December 2020</b>	<b>225</b>	<b>3,875</b>	<b>400</b>	<b>4,517</b>	<b>33,854</b>	<b>5,087</b>	<b>15,591</b>	<b>366</b>	<b>63,915</b>
<b>Depreciation</b>									
At 1 January 2020	-	1,549	151	4,730	18,659	2,936	14,195	188	42,408
Charge for the year	-	86	14	144	994	127	330	48	1,743
Disposals	-	-	-	(655)	(691)	-	(358)	-	(1,704)
<b>At 31 December 2020</b>	<b>-</b>	<b>1,635</b>	<b>165</b>	<b>4,219</b>	<b>18,962</b>	<b>3,063</b>	<b>14,167</b>	<b>236</b>	<b>42,447</b>
<b>Net book value</b>									
<b>At 31 December 2020</b>	<b>225</b>	<b>2,240</b>	<b>235</b>	<b>298</b>	<b>14,892</b>	<b>2,024</b>	<b>1,424</b>	<b>130</b>	<b>21,468</b>
At 31 December 2019	95	2,304	249	371	16,232	2,151	1,310	178	22,890

The difference between the Group and charity fixed assets is the exclusion of the intra-group profit of £1,504,000. 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 2020 is £6,657,000 (2019: £6,997,000)

	£'000			
7. Fixed asset investments Group and charity	Listed investments	Other investments	Freehold Investment Properties	Total
Additions	777	-	-	777
Disposals	-	-	(295)	(295)
Net gains/(losses) on revaluations and disposals	1,669	1,248	(15)	2,902
<b>At 31 December 2020</b>	<b>48,959</b>	<b>16,427</b>	<b>6,290</b>	<b>71,676</b>
<b>At 31 December 2020 and 2019 the charity had the following holdings constituting more than 5% of the portfolio market value:</b>			<b>2020</b>	<b>2019</b>
The Partners Fund			16,427	15,179
Schroders Diversified Growth Fund			24,844	23,164
Ninety One (formerly Investec) Diversified Growth Fund			24,115	23,349
<b>The total of UK listed and other investments</b>			<b>65,386</b>	<b>61,692</b>

Within fixed asset investments, investment properties are valued as at 31 December 2020 at £6,290,000. 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	£'000			
	Group	Group	Charity	Charity
	2020	2019	2020	2019
<b>Due within one year</b>				
Accrued legacies	26,085	28,062	26,085	28,062
Amounts due from subsidiary undertakings	-	-	4,824	4,723
Income tax recoverable	331	455	331	455
Sundry debtors	2,051	834	1,882	531
Prepayments	962	1,197	962	1,197
	<b>29,429</b>	<b>30,548</b>	<b>34,084</b>	<b>34,968</b>
<b>Due after more than one year</b>				
Other loans	246	159	-	-
<b>Total</b>	<b>29,675</b>	<b>30,707</b>	<b>34,084</b>	<b>34,968</b>

The charity has received notification of legacies amounting to approximately £16,216,000 (2019: £13,386,000).

This total has not been recognised as income at 31 December 2020, 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 £1,360,000 at the end of 2020 (2019: £1,390,000) and represent a contingent liability.

9. Current asset investments	Interest bearing
Group and charity	deposit accounts
At 1 January 2020	19
Amounts withdrawn in the year	(19)
<b>At 31 December 2020</b>	<b>-</b>

10. Creditors: amounts falling due within one year	£'000			
	Group	Group	Charity	Charity
	2020	2019	2020	2019
Trade creditors	1,818	2,080	1,818	2,079
Taxation and social security	1,093	1,561	1,093	1,561
Sundry creditors	913	732	865	684
Deferred income	82	60	-	-
Accruals	2,095	2,176	2,084	2,167
<b>Total</b>	<b>6,001</b>	<b>6,609</b>	<b>5,860</b>	<b>6,491</b>

11. Creditors: amounts falling due after more than one year	£'000	
	2020	2019
	Group and charity	
Sundry creditors	-	118
	<b>-</b>	<b>118</b>

12. Provisions for liabilities	£'000	
	2020	2019
	Group and charity	
<b>Obligations for dilapidations in respect of leased properties</b>		
At the beginning of the year	1,903	946
Charged against provision in the year	(122)	(12)
Change in the year resulting from the number of properties and estimated cost per property	28	969
<b>At the end of the year</b>	<b>1,809</b>	<b>1,903</b>

Obligations for costs following closure of the Pet Practice Scheme	£'000	
	2020	2019
	Group and charity	
At the beginning of the year	79	304
Charged against provision in the year	(63)	(126)
Extended duration of provision / (unused amounts released in the year)	22	(99)
<b>At the end of the year</b>	<b>38</b>	<b>79</b>

Provision for future marketing and professional costs	£'000	
	2020	2019
	Group and charity	
At the beginning of the year	489	977
Charged against provision in the year	(91)	(977)
Released in the year	(312)	-
Additions during the year	-	489
<b>At the end of the year</b>	<b>86</b>	<b>489</b>

13. Analysis of Group net assets between funds	£'000					
	2020			2019		
	Restricted	General	Total	Restricted	General	Total
<b>Fund balances at 31 December are represented by</b>						
Tangible fixed assets	1,431	20,037	21,468	443	22,447	22,890
Investments	-	71,676	71,676	-	68,292	68,292
Current assets	1,919	38,106	40,025	3,007	37,917	40,924
Creditors – amounts falling due within one year	-	(6,001)	(6,001)	-	(6,609)	(6,609)
Creditors – amounts falling due after more than one year	-	-	-	-	(118)	(118)
Provisions for liabilities	-	(1,933)	(1,933)	-	(2,471)	(2,471)
<b>Net assets excluding pension liability</b>	<b>3,350</b>	<b>121,885</b>	<b>125,235</b>	<b>3,450</b>	<b>119,458</b>	<b>122,908</b>
<b>Defined benefit pension Scheme liability</b>	<b>-</b>	<b>(47,100)</b>	<b>(47,100)</b>	<b>-</b>	<b>(35,700)</b>	<b>(35,700)</b>
<b>Net assets including pension liability</b>	<b>3,350</b>	<b>74,785</b>	<b>78,135</b>	<b>3,450</b>	<b>83,758</b>	<b>87,208</b>

14. Statement of funds						£'000
	At 1 January 2020	Income	Expenditure	Actuarial/ investment gains	Transfers	At 31 December 2020
General fund	119,458	87,753	(86,844)	(9,898)	11,416	121,885
Pension reserve	(35,700)	-	-	-	(11,400)	(47,100)
<b>Total unrestricted funds</b>	<b>83,758</b>	<b>87,753</b>	<b>(86,844)</b>	<b>(9,898)</b>	<b>16</b>	<b>74,785</b>
<b>Restricted funds</b>						
<b>Permanent endowment</b>						
A.W. Blackwell bequest	933	1	-	-	(1)	933
<b>Total permanent endowment funds</b>	<b>933</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>933</b>
<b>Income funds</b>						
Restricted legacies	1,984	4,000	(4,158)	-	-	1,826
Digital x-ray – appeal	61	10	-	-	(15)	56
Nottingham PDSA Pet Hospital - capital appeal	357	63	-	-	-	420
Homeless project - Manchester	24	-	(2)	-	-	22
Homeless project - UK	31	-	(2)	-	-	29
PetCheck Vehicle - general expenditure	2	-	-	-	-	2
Miscellaneous restricted donations less than £15,000	58	341	(337)	-	-	62
<b>Total restricted income funds</b>	<b>2,517</b>	<b>4,414</b>	<b>(4,499)</b>	<b>-</b>	<b>(15)</b>	<b>2,417</b>
<b>Total restricted funds</b>	<b>3,450</b>	<b>4,415</b>	<b>(4,499)</b>	<b>-</b>	<b>(16)</b>	<b>3,350</b>
<b>Total funds excluding pension reserve</b>	<b>122,908</b>	<b>92,168</b>	<b>(91,343)</b>	<b>(9,898)</b>	<b>11,400</b>	<b>125,235</b>
<b>Total funds</b>	<b>87,208</b>	<b>92,168</b>	<b>(91,343)</b>	<b>(9,898)</b>	<b>-</b>	<b>78,135</b>

The general fund represents the free funds of the charity 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 £1,000 to PDSA in 2020; 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 £446,000, Aberdeen £65,000, Isle of Wight £12,000, Wilshire £10,000, and other restricted legacies individually below £10,000.

Also included in restricted legacies is a gift of £930,000 from the Estate of E Hallam which will contribute towards the building of a new Pet Hospital in Nottingham.

15. Related parties		2020	2019
<b>Sales from PDSA to PDSA Trading Limited</b>			
Allocation of shared staff and overhead costs		3,820	5,501
		<b>3,820</b>	<b>5,501</b>
<b>Sales from PDSA to PDSA PetAid Enterprises Limited</b>			
Allocation of shared staff and overhead costs		244	303
		<b>244</b>	<b>303</b>
<b>Sales from PDSA Trading Limited to PDSA</b>			
Acquisition of donors and administration of the Retail Gift Aid sales Scheme		2,828	3,450
		<b>2,828</b>	<b>3,450</b>
<b>Amounts owed to PDSA by subsidiary undertakings</b>			
PDSA Trading Limited		4,780	4,472
PDSA PetAid Enterprises Limited		18	225
PDSA Property Services Limited		26	26
		<b>4,824</b>	<b>4,723</b>
<b>16. Capital commitments</b>		2020	2019
<b>Group and charity</b>			
Contractually committed purchases of tangible fixed assets		-	-
Purchases of tangible fixed assets authorised but not contracted for		5,704	4,320
		<b>5,704</b>	<b>4,320</b>
<b>17. Operating lease commitments</b>		2020	2019
<b>Group and charity</b>			
Total commitments not provided for in these financial statements under non-cancellable operating leases are as follows:			
<b>Amounts payable</b>			
Within one year		2,102	2,390
After one year but within five years		3,401	4,732
After more than five years		936	1,096
		<b>6,439</b>	<b>8,218</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.

## 18. Charity and 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 Name	Company number	Activity
PDSA Trading Limited	1595637	Principal activities are the operation of lotteries, mail order catalogues, sale of financial services and new goods through PDSA's chain of shops.
PDSA Property Services Limited	2340793	The company is currently not trading but is intended for reactivation in 2021
PDSA PetAid Enterprises Limited	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 Statement of Financial Activities for the charity only (presented in summary form to aid the understanding of the reader).

	£'000					
	Unrestricted funds	Restricted funds and endowments	Total 2020	Unrestricted funds	Restricted funds and endowments	Total 2019
Total income	80,545	4,415	84,960	96,078	7,412	103,490
Total expenditure	(79,635)	(4,499)	(84,134)	(86,439)	(6,386)	(92,825)
Net gain on investments	2,902	-	2,902	6,708	-	6,708
<b>Net income / (expenditure)</b>	<b>3,812</b>	<b>(84)</b>	<b>3,728</b>	<b>16,347</b>	<b>1,026</b>	<b>17,373</b>
Transfers between funds	16	(16)	-	1,645	(1,645)	-
Actuarial loss on defined benefit pension Scheme	(12,800)	-	(12,800)	(3,800)	-	(3,800)
<b>Net movement in funds</b>	<b>(8,972)</b>	<b>(100)</b>	<b>(9,072)</b>	<b>14,192</b>	<b>(619)</b>	<b>13,573</b>
<b>Reconciliation of funds</b>						
Total funds brought forward	85,270	3,450	88,720	71,078	4,069	75,147
<b>Total funds carried forward</b>	<b>76,298</b>	<b>3,350</b>	<b>79,648</b>	<b>85,270</b>	<b>3,450</b>	<b>88,720</b>

### 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	
	2020	2019	2020	2019	2020	2019
Income	13,741	15,773	-	-	261	574
Expenditure	(9,785)	(12,178)	(1)	(1)	(250)	(469)
<b>Profit/(loss) for the year</b>	<b>3,956</b>	<b>3,595</b>	<b>(1)</b>	<b>(1)</b>	<b>11</b>	<b>105</b>
Gifted to The People's Dispensary for Sick Animals	(3,956)	(3,595)	-	-	(11)	(105)
<b>Retained loss</b>	<b>-</b>	<b>-</b>	<b>(1)</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	
	2020	2019	2020	2019	2020	2019
Assets	4,876	4,544	11	12	68	276
Liabilities	(4,869)	(4,537)	(27)	(27)	(68)	(276)
<b>Net assets/(liabilities)</b>	<b>7</b>	<b>7</b>	<b>(16)</b>	<b>(15)</b>	<b>-</b>	<b>-</b>

## 19. 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) trustees 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 2017 and showed a deficit of £46.2 million. A future funding schedule has been agreed with the trustee of the RBP to eliminate the deficit by 31 December 2032. An independent qualified actuary has calculated the RBP liabilities from data provided by the RBP administrators as at 31 December 2018.

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 2017 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 2017 Triennial Valuation.

	£ millions	
The amounts recognised in the balance sheet are as follows:	2020	2019
Present value of funded obligations	(187.3)	(159.8)
Fair value of Scheme assets	140.2	124.1
<b>Deficit recognised in scheme</b>	<b>(47.1)</b>	<b>(35.7)</b>

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

	2020	2019
Current service cost	-	0.2
Past service cost	0.1	1.4
Scheme administration expenses	0.7	0.6
Net interest on the defined benefit liability	0.7	0.9
<b>Total cost</b>	<b>1.5</b>	<b>3.1</b>

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

	2020	2019
Actuarial losses	(27.5)	(15.0)
Return on Scheme assets in excess of interest income	14.7	11.2
<b>Total loss</b>	<b>(12.8)</b>	<b>(3.8)</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 2020 Increase in DBO (£m)
Discount rate +0.10%	(4.0)
Inflation +0.10%	3.3
Mortality +1 year life expectancy	7.5

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.

	£ millions	
Changes in defined benefit obligation during the year	2020	2019
Opening defined benefit obligation at 1 January	159.8	142.9
Total current service cost	-	0.2
Past service cost	0.1	1.4
Interest cost	3.2	4.0
Actuarial losses	27.5	15.0
Benefit payments	(3.3)	(3.7)
<b>Closing defined benefit obligation</b>	<b>187.3</b>	<b>159.8</b>
<b>Changes in fair value of scheme assets during the year</b>		
Opening assets at 1 January	124.1	110.8
Interest income	2.5	3.1
Return on scheme assets in excess of interest income	14.7	11.2
Expenses paid	(0.7)	(0.6)
Employer contributions	2.9	3.3
Benefit payments	(3.3)	(3.7)
<b>Closing assets</b>	<b>140.2</b>	<b>124.1</b>
<b>Projected income and expenditure</b>		
Interest cost	2.4	3.2
Interest income	(1.8)	(2.5)
Administration expenses	0.7	0.4
<b>Total</b>	<b>1.3</b>	<b>1.1</b>
<b>Fair value of scheme assets in each category</b>		
Equities and property	57.0	57.2
Gilts	49.9	35.3
Insurance policy	27.0	26.2
Other credit	5.9	4.6
Cash	0.4	0.8

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)

	2020		2019	
	Pensioner	Non Pensioner	Pensioner	Non Pensioner
Discount rate (pre-retirement)		1.30%		2.05%
Discount rate (post-retirement)	1.25%	1.30%	1.95%	2.05%
Price inflation	RPI	3.05%	2.90%	3.10%
	CPI	2.45%	2.30%	2.10%
Future salary increases		0.00%		0.00%
Future pension increases	RPI max 5%	3.00%	2.85%	3.05%
	RPI max 2.5%	2.15%	2.10%	2.20%
<b>Life Expectancy</b>				
		Years		Years
Male (current age 45)		22.9		22.8
Male (current age 65)		21.6		21.5
Female (current age 45)		25.1		24.9
Female (current age 65)		23.5		23.4





