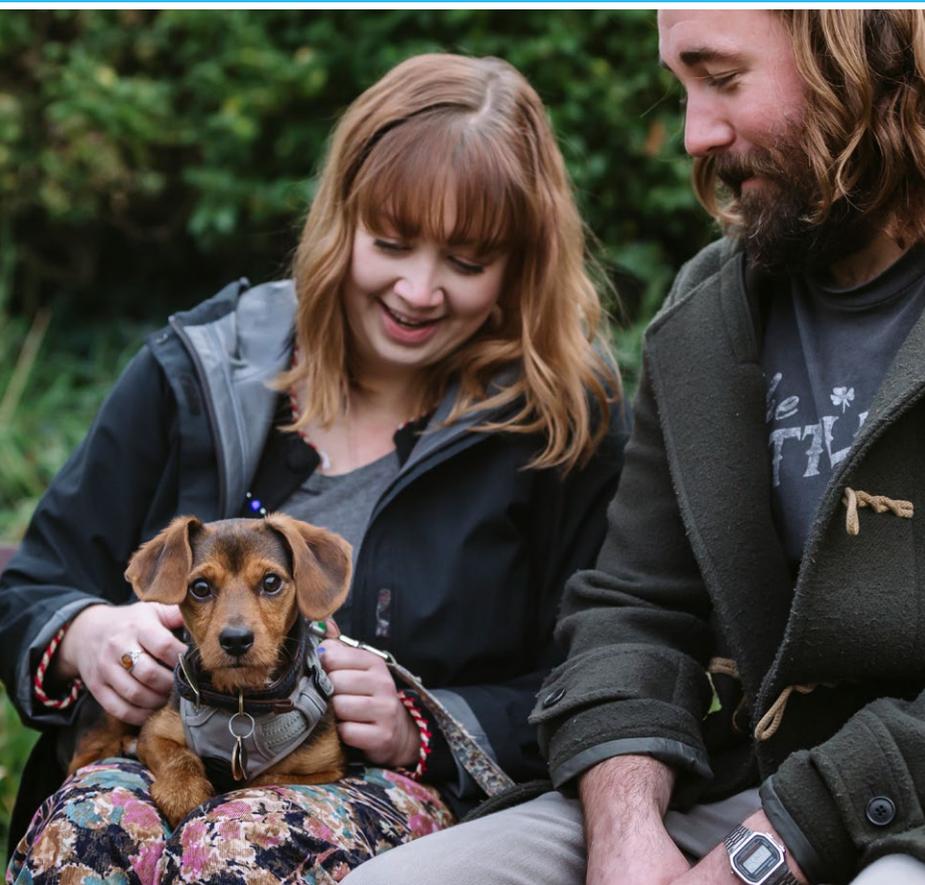




Blue Cross annual report and accounts



2021

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Who we are

Blue Cross is a charity that has been helping sick, injured and homeless pets since 1897.

Every month we help thousands of pets, and their people, with specialist care. We love the way that pets can make such an amazing difference to the people they live with. So we offer lifelong support and advice to help that unique relationship thrive.

Pets change lives. We change theirs.

Vision

Every pet will enjoy a healthy life in a happy home.

Mission

To improve the welfare and quality of life for all pets.



Welcome

from our Chair and Chief Executive

We are delighted to welcome you to the Blue Cross 2021 Annual Report.

Covid-19 has had a major impact on virtually all Blue Cross's activities over the last two years. As we noted last year, it has also accelerated major changes transforming many of our services, introducing new ways of working and this has continued apace in 2021. We are immensely proud of all our people, who have responded quite magnificently to the challenges of the pandemic through their dedication, resilience and compassion for the pets in our care. We are humbled by their response.

The board's focus in 2021 has been principally on the impact of the pandemic on Blue Cross and our people and our progress in building back better for the future through the 3-year strategy introduced in early 2021.

Our veterinary teams have worked unstintingly to provide 24/7 support mainly through emergency and essential care. As part of our plans to develop an affordable vet care model, we successfully introduced a Pay As You Go fee basis for certain categories of clients. Overall, our veterinary services helped 25,081 pets.

Our rehoming services have faced a challenging year with lower numbers of pets rehomed as a result of the lockdowns. We have also made a conscious decision to focus on prevention through advice and behaviour support so that rehoming through a centre is the last resort. We took the very sad decision to close four of our smaller centres as we restructure the physical imprint of our rehoming services. This is part of an organisational shift to focus on having fewer larger multi-species centres accompanied by agile rehoming services and fostering and locating centres without accommodation in urban areas of greatest need.

There was much to celebrate in 2021. The refurbishment of our Hertfordshire centre with purpose-built facilities was completed in August and formally reopened by the county's Lord Lieutenant in September. Once our retail shops reopened in April, we saw record levels of sales and high amounts of donated goods. Our Public Affairs team significantly raised public awareness of the health issues faced by brachycephalic breeds through an impactful campaign to encourage big brands not to use images of these breeds in their advertising. We have made excellent progress in our strategic partnerships by focussing on fewer but more in-depth relationships, in particular with the RSPCA and SSPCA. We completed a rebranding exercise integrating our services to pets and people to give a sharper underlying focus in our 125th anniversary year.

Our people are the cornerstone of all we do.

To deliver the strategic plan requires an integrated approach and we are working hard for an even more inclusive and collaborative culture where we think and act as One Blue Cross. This was exemplified by the first virtual All Team conference in September where we celebrated the achievements of our people and recognised teams and individuals who have gone above and beyond for pets and people in the Blue Cross spirit awards. We continue to focus on our values and to make Blue Cross an even more welcoming and accessible place for a wide range of people.

We have exciting plans for 2022. We will be celebrating our 125th anniversary with several special events throughout the Charity. We will also be looking to build our services back to pre-pandemic levels. During the lockdowns the number of pet owners has substantially increased, and we believe it is timely to launch our commercial behaviour service to meet this increased demand for behavioural support. We will be investing up to £2m upgrading our technology systems for our fundraising and rehoming activities.

In 2021 we have continued to focus on maintaining our financial stability to ensure future sustainable growth. It was particularly pleasing that legacy receipts at £20.2m equalled the record achieved in 2019. Before government grants of £622k, Blue Cross made an operating deficit of £459k. A strong investment performance with gains of £4.2m gave an overall surplus of £4.4m. This increased our net assets to £76.2m. This financial sustainability has also been driven by strong cash and working capital management. The cash generated enabled us to reduce our borrowings by £3m when we refinanced our loans with Barclays Bank plc in April 2021.

We were delighted that our former Chief Executive Sally de la Bedoyere was awarded the CBE in the New Year's honours awards in recognition of her wonderful service to Blue Cross and the animal welfare sector.

David Catlow resigned from the Executive Team in November to pursue other interests. We thank him for his valuable contribution and wish him well for the future. Since the year end Paul Manktelow has been appointed Director of Clinical Services.

Charmion Pears resigned from the board in early 2022 and Catherine Brown will stand down from the board at the AGM in 2022 as they both have significant other commitments. We thank them for their excellent trustee contributions, and they leave with our best wishes. Zair Berry and Fleur Roper Curzon retired as trustees at last year's AGM. Lara Dewar and Alison Forrestal who respectively bring philanthropy and commercial expertise to the Board, were appointed trustees during the year and will stand for election at this year's AGM.

As we celebrate our 125th anniversary, we face the future with considerable optimism, confidence and pride in everything Blue Cross has achieved for pets in need and their owners since 1897. The trustees are immensely grateful for the dedication, care and hard work of all our teams and volunteers, who have responded magnificently to the challenges of the pandemic over the last two years.



Tim Porter FCA
Chair



Chris Burghes
Chief Executive

Trustees' report

The ongoing pressures of Covid-19 impacted on most areas of our work throughout 2021. However, as a charity we evolved, adapted and found new ways to increase the impact we have on pets and people.

The pandemic has forced changes and brought major obstacles, but also presented significant opportunities, especially digitally. This report reflects the outstanding efforts made by everyone at Blue Cross to continue helping as many pets in need as possible. Our teams have certainly gone above and beyond to change lives.

We produce a separate impact report alongside our Trustees' annual report. The impact report contains more details and case studies of our work and the impact we have made in 2021. The impact report can be downloaded from bluecross.org.uk/publications.

The annual report includes the Strategic report as required by the Companies Act 2006. The Strategic report is made up of the following sections: Our achievements and progress, Our plans for the future, The challenges we face, Financial review and outturn, and Risk management.

Public benefit

As laid out in our Memorandum and Articles of Association, our charitable activities aim to ensure that knowledge and understanding of a pet's needs are widespread; that pets are valued for the benefits they bring to society; and that pets (and their owners) have access to help when they need it. The Trustees have given due regard to the Charity Commission's guidance on public benefit when exercising relevant powers and duties, and this report gives details of how we have helped pets and people during this challenging year.

Consideration of Directors' responsibilities

Under Section 172 of the Companies Act 2006 the Board of Trustees, as Company Directors, have a duty to promote the long-term success of Blue Cross. They have done that during 2021 by duly considering the impact of the decisions they make on the future of the organisation. They have taken into account the view of different stakeholder groups who will be affected by the decisions and have weighed and considered the different options that were available to the organisation on each occasion. The Board believes they have acted throughout the year in the best interests of the charity and in a manner which will bring about long-term success.

The Directors consider the key stakeholder groups for Blue Cross to be its clients (pets and owners), supporters, employees and volunteers, its partners and its suppliers. In the Structure, governance and management section of the annual report on page 26 we have included details on how we look to engage and listen to all these stakeholder groups.

During the year the Board have:

- continued to be heavily focused on understanding the ongoing impact that Covid-19 has had on the organisation.
- taken a number of steps to seek to ensure that the strategy launched at the start of 2021 will be delivered and ensure the organisation will not only survive but thrive as the peak of the Covid-19 pandemic recedes.

The Board worked with the Executive Team throughout the year to ensure the charity could mitigate the risks created by Covid-19. The financial position going into the year was more secure, due to the ongoing government support and the additional borrowings that were taken at the end of 2020. However, there was still a need to ensure that the financial position did not worsen and there were still many operational challenges that had to be dealt with in order to allow us to help pets and people, while keeping everyone safe.

Government restrictions and lockdowns meant that various sites had to be closed at points throughout 2021 and a number of our staff had to continue to work from home or be placed on furlough. Many volunteers could not carry out their normal roles, which was frustrating both for them and the charity

as a whole. The Board and the Executive Team worked together closely during 2021 to ensure the challenges created by the ongoing pandemic were overcome wherever possible.

The recruitment market for staff during 2021 was very tough, particularly for sectors such as Veterinary, Human Resources and Informational Technology professionals. This intensified towards the end of the year, with inflation pushing up wages and people moving roles again, after a downturn during 2020. The Trustees agreed to two rounds of pay rises for Blue Cross staff during 2021 to help them deal with the pressure of inflation. All staff were awarded a pay rise of 1.5 per cent in September and then a comprehensive salary benchmarking exercise was carried out for all roles in November, resulting in an average pay increase of 2.08 per cent for our employees. These pay rises were possible due to the secure financial position the charity had put itself in through its actions in 2020 and the first half of 2021.

Overall we did not help as many pets and people in 2021 as we did in 2020 and in areas such as Rehoming, Behaviour and Education we are quite a way below our pre-pandemic figures. The Trustees have made sure they have understood the specific reasons for these declines and have both supported and challenged the Executive Team to ensure that the necessary steps are taken to see the number of pets and people helped increase again in 2022.

As part of the organisation's response to the Covid-19 pandemic, and also longer term changes in the habits of society, the Trustees asked the Executive Team to look at the overall organisation design and propose a way forward that would be more aligned to how the charity should operate in the future. This work was carried out in the first half of the year and sadly resulted in the closure of four of our rehoming centres and the redundancy of 71 employees, 26 of which were voluntary, after a full consultation process. This was an incredibly sad and hard time for all involved but the Trustees do believe that it was the right decision for the charity as a whole and will enable us to invest funds in future services and new ways of working.

The four centres that were closed were Cambridge, Lewknor, Tiverton and Torbay. They were selected after a thorough evaluation was carried out of all our Rehoming Centres and they were scored against a set of criteria. The closure of these four centres will ensure that we no longer have any single species sites, that our sites do not geographically overlap and that we do not need to invest significant sums of money in any sites to ensure they meet the future welfare standards being introduced by the government for all animal rescue sites. Strong concerns were raised by a small number of

volunteers who were affected by the closures. We were thorough in our consideration and response to every complaint.

The Trustees have been heavily focused on the delivery of the three year strategy, that was launched in last year's annual report. This is based on five key objectives of:

- Increase accessible, integrated and differentiated services across the UK
- Champion a society more supportive of pets in our lives
- Enable financially sustainable growth
- Create a One Blue Cross culture
- Develop fit for the future systems and processes

The Trustees are pleased with the progress made in the first year of this strategy and the various elements of it are covered in more detail in the "Achievements and progress" section, with the next steps being included in the "Plans for the future" section. As well as attending Board and Committee meetings members of the trustee board also engaged on detailed working groups for certain projects to give the benefit of their experience in certain areas. A number of Trustees have been on the "Affordable Vet Care" working group and also on the "Brand positioning" working group and this has been beneficial to both the working groups and the Trustees, as it has allowed them to engage more closely with various members of staff from across the organisation.

Strategic report

Our achievements and progress

As noted in our 2020 annual report we will look to report our achievements and performance against the three pillars of our Impact Framework.

Improved knowledge and understanding

2021 proved to be another challenging year for our education teams due to the ongoing impact of Covid-19, and the associated restrictions, which not only limited access to schools but also resulted in a reduction in the number of volunteer speakers available. However, building on the new ways of working we introduced in 2020, we continued to improve knowledge and understanding of animal welfare through online and face to face education.

Achievements from our education and advice activity

People reached:	2021	2020	2019
through education talks and workshops	27,776	56,449	118,700
through partnership activity	21,468	2,450	14,304
through visits to our pet advice pages	8.9m	9.4m	6.9m

Talks, workshops and online resources

During 2021 we continued to ensure that children and young people had access to learning about animal welfare, care and empathy. Remaining flexible, adaptable and proactive during what has been a challenging year for our children and young people in education, we managed to reach a total of 49,244 people.

We delivered 649 talks and workshops reaching 27,776 people. The majority of these sessions (553) were online, reaching 24,248 people. On top of this we reached a further 21,468 children and young people through our partners, by collaborating on the delivery of children's educational activities.

The numbers for both 2021 and 2020 are far below the numbers we were reaching before the onset of the Covid-19 pandemic and this reflects the reality of trying to deliver educational talks during this very challenging time. We don't anticipate going back

to working in the same way as before and we did reduce the number of people in our education team as part of the organisation design work in 2021, which is the reason for the further decrease in talks. We are currently producing a future strategy for our education and advice service. This will embrace new opportunities, including digital, to see our impact grow across all channels and look at particular areas of focus to reach audiences who will most benefit from our educational interventions.

We will be broadening our delivery approach and audiences to enable us to help pets and people across all areas of society and also ensure that we have the biggest impact where it is most needed.

Live super sessions

2021 saw us pilot two live online super sessions. The Pets in Spring session focussed on seasonal pet advice and the second pilot was focussed on Animals in WW1, which we ran in the run up to Remembrance Day. Almost 7,400 people took part in these interactive sessions, which included quizzes and games.

"Thank you Blue Cross for such an informative and engaging zoom workshop today. Pupils loved learning facts about the amazing contribution animals made in World War One and demonstrated great teamwork to answer the quiz questions successfully."

School feedback on Twitter

We are planning to run more live online super sessions in 2022, which will include pet welfare advice for adults and interactive sessions for children.

Responsible Dog Ownership Course

Our Responsible Dog Ownership Course, which we continued to run in 2021 with West Midlands Police, gave dog owners whose dogs had committed a lesser offence under the Dangerous Dogs Act section 3 the opportunity to complete our online workshop instead of going to court. The course provides guidance for people by looking at legislation and the legal responsibilities owners have, as well as strategies to support and enrich their dogs' care and quality of life.

Importantly, we are here to give support to people and their pets at a real crisis point, when people are often having to adjust to keeping their dog muzzled and on a lead for life.

Volunteers

Our volunteer speakers have given us amazing support throughout another challenging year. Whether it was switching the delivery of their talks to schools and groups from in-person to online at the drop of a hat, getting involved in research or testing Assemble (our new volunteer platform), we are lucky to have such a dedicated team influencing the next generation of pet lovers.

Online pet advice

Our online pet advice pages continued to be a valuable source of information for people in 2021. Views were slightly down on last year, which we think is largely due to the lifting of Covid-19 restrictions, but continue to be around 9 million views a year. During the national lockdown (Jan-Mar 2021) we saw high increases in traffic to our pet advice web pages, but numbers fell once lockdown had lifted. We also continued to provide a range of downloadable resources, including worksheets for parents and teachers.

Our Puppy and Kitten Knowhow email programmes give people essential advice focussed on the first year of their new pet's life. We continued to provide these programmes in 2021 with an additional 1,023 people signing up to these services during the year. We now have 23,977 dog owners and 7,374 cat owners who now receive our ongoing pet advice email programmes following completion of our Puppy and Kitten Knowhow emails.

Pet Bereavement Support Service (PBSS)

Our Pet Bereavement Support Service continued to provide compassionate support to people who had lost a much loved pet. The service received 8,796 telephone calls during 2021 (8,050 in 2020) and replied to 4,843 emails (6,149 in 2020). As with other areas of our work, we utilised technology in 2021 to give people other ways of receiving support. We saw a fall in emails when we introduced the Web Chat and Facebook site and people used these new platforms as their preferred point of contact for bereavement support. Our Web Chat currently has 809 users, and our Facebook Pet Loss Support Community already has over 9,000 members.

During 2021 the team have been involved in research with academic institutes and the findings will soon be published in a paper on Children and Companion Animal Bereavement, co-authored by Diane James and Exeter University. Our PBSS team also work with care professionals to help them understand how best to support people who have lost a pet or had to give up a pet. 577 people from outside the charity signed up for our online workshops and webinars to help them support bereaved pet owners in 2021, compared to 392 in 2020 with E-learning enrolment at 298 compared to 90 in 2020.

PBSS training activity			
	2021	2020	2019
Online training	577	392	639
E-learning students	298	90	140
Volunteers	154	96	103
Total trained	1,029	578	882

Help for pets in need

As Covid-19 continued to impact our services in 2021, Blue Cross teams showed great resilience and flexibility in their response to changing government guidance and corresponding protocols. They have developed new skills, introduced new services and ways of working, and gone above and beyond to support pets and people in need.

Veterinary services

The consequence of the ongoing pandemic, the challenges in recruitment being felt across the veterinary sector and an increase in pet ownership, have put significant pressure on teams taking incoming calls and providing veterinary services.

In spite of this, clinical teams at our four animal hospitals continued to provide a round-the-clock service to treat the pets of people on low incomes. We welcomed clients back into the consultation rooms mid-way through the year with precautions in place.

We continued to prioritise emergency and essential cases and were only able to offer limited routine treatments such as vaccinations and neuters. That said, we increased the number of appointments available by reintroducing 15 minute consultation times.

The numbers of pets we have helped in 2020 and 2021 are down on pre-pandemic levels for various reasons. Firstly, in response to Covid-19 in 2020, we took steps to reduce the need for clients to travel to our hospitals, such as introducing remote consultations. Unless it was an emergency, teams would initially treat remotely and non urgent procedures were postponed. The knock on effect of this was that in 2021 operation numbers increased meaning fewer vets available for consultations. In addition an improved remote consultation process, as a result of learning from the previous year, meant fewer repeat calls.

Also, a national shortage of veterinary staff has meant we have not been fully staffed at any point over the last two years, whilst introducing a new charging model, Pay As You Go, has meant additional time off rota to train teams. We are incredibly proud of our team's efforts over the last two years and the way they have adapted to the challenges to continue to help pets and people in need. We are aiming to increase our pets helped numbers back up to pre-pandemic levels by the end of 2023 and then grow them further over the following five years.

Achievements from our veterinary services

	2021	2020	2019
Pets helped overall	25,081	25,969	30,025
Consultations overall**	76,483	89,427	106,616
Hospital consultations (total)	66,456	77,055	81,916
- in person	44,122	33,134	72,759
- virtual	22,334	43,921	9,157
Operations*	10,892	5,594	10,177

*excludes Emergency Care Fund treatments

** includes consultations provided at our pet care clinics

We have restated our pets helped figures for 2019 and 2020 in this annual report. This is because we have changed our reporting methodology and our definition of pets helped as part of introducing the Power BI application (see page 16 for further information).

Pay As You Go

To contribute to the long term sustainability of our hospital services, we launched our Pay As You Go (PAYG) treatment fees in May 2021. This marked one of the most significant ever changes to our clinical service and presented an operational challenge for our clinical teams, such as explaining to clients the need to switch from a flexible, contributions based service to a paid for service.

PAYG is a means tested service, based on two tiers of pricing, with all clients paying a £10 registration fee to join. Tier 1 treatment remains free and tier 2 is paid for, but we've committed to delivering a service that is at least 30 per cent below the price at a local private practice. Within tier 2, certain procedures still remain free, such as neutering and microchipping.

The introduction of PAYG will ensure we can continue to offer support to the people and pets who need our help most, both now and in the future. Now, around 30 per cent of our hospital clients qualify for reduced cost treatment, with the remaining 70

per cent continuing to receive a free service. PAYG generated an average income of £155,000 per month in 2021 since its introduction in May. It's worth noting that during this period, the gross cost per month to the charity of operating our hospitals was on average £600,000. We will continue to monitor and evaluate PAYG throughout 2022.

PetsApp

We are always exploring innovative ways to improve our quality of patient care, and to make it easier for our clients to manage their pet's health.

As part of this ambition we launched PetsApp in November 2021. PetsApp is free of charge to our clients, and allows them to book appointments and chat with our hospital teams. This exciting new service enabled us to help more pets, especially those who don't have to come in for face to face appointments. Our clients find PetsApp has given them peace of mind as they know they can always talk to someone they trust. It also enabled us to improve the accessibility of vet care, particularly for those who may find it challenging to communicate over the phone, or find it difficult to travel to one of our hospitals. The number of clients using PetsApp has exceeded our expectations and we currently have 4,292 pets included. We are planning to develop PetsApp in 2022 to make it ever easier for those in need to access vet care.

The changing nature of our services

Unfortunately we weren't able to keep all our services going throughout the pandemic. We took the decision to put our mobile clinic service on hold for operational and financial reasons. However, we made sure that every client registered with our mobile clinic could be seen in our hospitals and our ambulance service remains operational.

Our Pet Care Clinics, run in partnership with private veterinary practices, have experienced multiple challenges this year as a result of Covid-19, Brexit and a veterinary professional recruitment crisis. As a result, a number of our partners have had to reduce the volume of reduced cost Blue Cross work they are able to offer.

Sadly, the Summerdale practice that hosted our Cwmbran Pet Care Clinic closed permanently in May 2021 due to operational and business pressures. Moving forward, we have five Pet Care Clinics delivered by private partners and we are supporting them to ensure the service is more sustainable to deliver.

In 2021 we increased the number of private practices participating in our Emergency Care Fund to 233 (220 in 2020). The fund provides financial support to people who can't afford the cost of emergency treatment for their pet. We helped 409 pets in this way in 2021 (622 in 2020).

Remote consultations

In 2020, our veterinary professionals adapted to Covid-19 by utilising telephone and video consultations wherever possible. This proved to be highly effective, so we continued to offer remote consultations throughout 2021, especially for follow up appointments. In spite of the easing of restrictions in April which allowed more in-person consultations, virtual appointments were still a convenient option for many clients. Of the 66,456 consultations performed at our hospitals in 2021, 22,334 were conducted remotely (43,921 in 2020).

Striving for excellence

As with other areas of our work, clinical services have needed to be streamlined to be sustainable. So in 2021 we took a number of significant steps to improve the quality of our clinical services, while minimising the cost.

We undertook a major review of our clinical guidelines, with the aim of providing evidence-based, organisation wide guidance on the treatment of a wide range of conditions.

Our hospital leadership team employed the principles of LEAN working to improve processes across all our hospitals and maximise the efficiency of our teams. This has already proved useful in reviewing our theatre workflow and we intend to use it in a number of other areas.

We reviewed our complex case management with our Rehoming and Behaviour teams to ensure we take a holistic view of complex cases.

Rehoming services

2021 was an unprecedented year for our rehoming services. In addition to the continuing impact of the pandemic from 2020, and the extraordinary demand for family pets, we restructured our physical locations and closed four sites with pet accommodation.

This combination had an impact on the pets helped numbers for 2021 as our teams went through a period of consultation which resulted in centre closures and we also saw an increased number of vacant roles across our sites. Moving forwards, our focus is on building back our teams, streamlining our admissions and adoptions processes to increase accessibility, improving customer experience, expanding our foster capability and investing in our service to drive our pets helped numbers up past pre-pandemic levels.

Our pandemic response has also accelerated some positive change, including the introduction of virtual operations and nationwide forums, with representatives from all our rehoming sites being able to meet regularly to discuss admission trends as one team responding to pets in need.

Achievements from our rehoming services			
	2021	2020	2019
Total number of pets helped	3,792	4,743	8,932
Dogs	403	687	2,272
Cats	1,847	2,707	5,055
Small animals	1,163	962	1,121
Horses	379	387	484
Pets in short term foster care	1,590	1,750	1,557
Pets in 'foster to adopt'	331	432	**
Horse welfare visits	962	1,010	**
Horse welfare visits (virtual)	271	776	**

We have restated our pets helped figures for 2019 and 2020 in this annual report. This is because we have changed our reporting methodology and our definition of pets helped as part of introducing the Power BI application (see page 16 for further information).

**Data not available

Pets helped by species

The number of dogs that moved through our rehoming services fell by 82 per cent between 2019 and 2021. In part this was due to prioritising urgent cases in lockdown¹, and a lack of skilled team members but the public marketplace for dogs also had an impact on admission requests with the Association of Dogs and Cats Homes (ADCH) members reporting a national decline in admissions of 41 per cent between 2019 and 2020 alone². The monetary value of dogs sky-rocketed during the pandemic³, which we believe meant people were either looking to sell their pets or were more reluctant to give them up, with those continuing to approach Blue Cross generally requiring the specialist behavioural or medical support offered by our teams.

The impact on cats helped was a reduction of 63 per cent between 2019 and 2021, with ADCH reporting a national admission reduction of 48 per cent between 2019 and 2020². Again we prioritised our reduced resource to help the most needy cats whilst implementing new virtual ways of matching;

delivering most cats from door to door. Cats were also subject to increased demand making previously unwanted cats and kittens a financial asset to be sold on. Between 2020 and 2021 this number decreased further due to the disbandment of our National Rehoming Network (NRN) in which our animal welfare college catteries closed as students studied remotely. These services catered for 1,970 pets pre-pandemic, but the actual reduction in cats helped numbers was limited to 860 due to the hard work and dedication of remaining rehoming sites.

The number of small animals helped fell by 14 per cent between 2019 and 2020, but has since recovered in 2021 to exceed 2019 levels. Our nationwide groups set up during the pandemic, such as Space Finders and a focus on increasing small pet foster care spaces have allowed us to respond more easily to larger hoarding and welfare cases from other partner charities. This combination has increased our capacity to help small pets.

The reduction in horses helped from 2019 to 2021 was attributable to the impact of Covid-19 on our working practices and due to an increased number of vacant positions. By filling our vacancies, using foster yards, and charity partnerships, we anticipate our horse numbers will recover over the course of 2022. Our horse welfare team continued their programme of welfare visits making use of virtual options where possible.

Using remote services

Our commitment to caring for pets in foster homes so that they can benefit from a home environment where possible has been maintained, despite the pandemic and site closures. As we seek to increase pets helped numbers moving forwards, an expansion of our foster service will be key, and as such we have brought in a National Foster Service Development role to lead on this work.

We have standardised the recruitment and training processes for foster carers as one Blue Cross team, and have now started work on our Home Direct service. Using these remote services prevents pets from having to spend time in kennels or catteries, reducing stress and improving efficiency of service. During 2021 over 40 per cent of the pets in our care have been rehomed via a foster carer or supported through Home Direct, rather than being in on-site accommodation. These remote services allow us to make use of smaller rented sites without pet accommodation and are quicker to set up, less costly to run and can be integrated into the centre of a community in need.

¹ Prioritising urgent cases was necessary to protect the health and wellbeing of staff members continuing to travel to work throughout the lockdowns.

² Data not available for variation between 2020 and 2021.

³ Pets4Homes reported a peak of 20 million visits to their website a month in 2020, doubling 2019 figures. Figures from the Pets4Homes website, based on about 150,000 adverts, showed the average price being asked from March to September was £1,883. During the same period last year the average price was £888. Available online via: [bbc.co.uk/news/uk-scotland-54115646](https://www.bbc.co.uk/news/uk-scotland-54115646).

New ways of working

As well as being part of a local community, our sites are also connected nationwide as part of one Blue Cross Team. In 2020 we introduced a centralised process called Space Finders to enable us to manage our intake of urgent pet cases nationally, rather than at a local centre level. This process now ensures that if an individual centre does not have space for a pet in urgent need, our national list of all centre and foster spaces can be used to ensure the pet is admitted where we have space. Space Finders has gone from strength to strength in 2021 and 461 pets have been admitted via this approach.

We will always be on hand to help where pets need to come into our care to prevent homelessness. Our admissions pilot during 2021 has also demonstrated that we can have a positive impact to prevent relinquishment, by providing tailored advice or behaviour support. Initial data suggests that 36 per cent of those currently approaching us can be helped other than by traditional pet admission. Moving forwards this will be an expansion area for our rehoming service, as we introduce dedicated resource to understand and respond to the needs of people reaching out for help in a non-judgemental way.

Upgrading facilities

August 2021 saw the formal launch of our redeveloped Hertfordshire site, with an increased number of improved, welfare sensitive, pet accommodation facilities to maximise pet wellbeing during their stay with us. During the rebuild, our Hertfordshire team continued to help vulnerable pets and managed to find new homes for hundreds of pets by running a Home Direct Scheme from a temporary office, and will continue to use foster and Home Direct to complement their on-site service.

We were also able to redeploy some of the team from our closed Tiverton site to operate both a foster and Home Direct scheme from a temporary office in Devon whilst we find a permanent space in line with the approach at our Newport, Manchester and Sheffield sites.

Partner charities

Our pandemic response has increased communication with fellow animal welfare charities, and has accelerated the creation of mutually beneficial partnerships where we share expertise. Our sites are in regular contact with RSPCA counterparts to help one another with pets in need, and our Sheffield site has used RSPCA accommodation at times to enable a quick response to an urgent request.

We have also worked extensively with the SSPCA on a joint research project on animal welfare needs in Scotland. We were then able to step in and help

rehome several dogs that had been smuggled into Scotland from Ireland with individual care plans at each Blue Cross site prior to rehoming. We have also helped groups of cats and rabbits with our Thirsk site acting as a transfer hub temporarily caring for the pets before our other sites took them on for rehoming. Our behaviour team has also been able to support the SSPCA with their longer term cases to help mitigate the impact of kennel and cattery accommodation on pet wellbeing.

Behaviour services

In 2021 the Behaviour Team continued to offer ongoing support to people struggling with their pets' behaviour. In total we conducted 512 advice sessions, including many where owners had reluctantly asked for their pets to be rehomed. In a number of cases our behaviour specialists were able to prevent that worst case scenario and keep pets and their people together through improved behaviour.

Virtual consultations proved to be very popular with people and an excellent way to deliver help and advice to them. The fact that we continued receiving donations from grateful pet owners as a result of this advice reconfirmed our belief that we can develop an income stream from our behaviour work.

During 2021 we have been working on designing a paid for but affordable service that will support owners struggling with their pets' behaviour. This project has reached the stage where we are ready to conduct a 12-month pilot to provide the service to an increasing number of customers, with a view towards rolling it out across the United Kingdom.

Throughout the year our Behaviour Team have assisted our rehoming teams to recover from the impact of the pandemic, enabling them to start admitting and rehabilitating pets that need loving new homes. In total we have carried out 1,021 behaviour interventions during 2021. During this time our behaviourists experienced an unprecedented number of complex cases as a result of the pandemic, predominantly as a consequence of missing essential socialisation due to lockdown restrictions.

Achievements from our behaviour services	2021	2020	2019
Behaviour interventions	1,021	1,248	3,036
Calls to behaviour helpline	512	428	Not active

We have restated our pets helped figures for 2019 and 2020 in this annual report. This is because we have changed our reporting methodology and our definition of pets helped as part of introducing the Power BI application (see page 16 for further information).

Pets are a valued part of society

Pets played a very important role in people's lives during another turbulent year. The joy pets provide helped to curb feelings of isolation and anxiety during lockdown. And the companionship of a pet was also incredibly beneficial for people struggling with poor mental health.

In 2021 we continued to fight for greater recognition of the importance of pets, by campaigning on pet welfare issues and fighting for changes to laws in order to protect more pets and their people.

How we address key issues

In 2021 we completely changed the way we create policies on a range of pet welfare issues. The new process gathers evidence from frontline teams and animal welfare experts, internally and externally. The evidence is pulled together and discussed in working group meetings at the welfare board in order to agree positioning statements for Blue Cross on key pet welfare topics. We have already agreed our top 20 issues, which will feed into our big campaigns for the year. Two key topics we will be focussing on during 2022 are brachycephalic breeds and inappropriate housing for small pets.

'End the Trend' campaign

Our #endthetrend campaign aims to raise awareness of the significant health issues faced by brachycephalic breeds and encourage big brands to pledge to stop using images of brachycephalic breeds in advertising.

To support the campaign we started a petition in 2021 which currently has over 27,000 signatures. We also created awareness and PR coverage with a fictional advertising campaign featuring brachycephalic pets. So far six companies have signed our 'End the Trend' pledge and the campaign is ongoing.

30 years of the Dangerous Dogs Act 1991

Blue Cross has campaigned against this legislation for many years and we continued to call for a repeal of this outdated law in 2021. The Dangerous Dogs Act (DDA) as it stands not only fails to protect public safety, but also forces rescue organisations like ourselves to put healthy animals to sleep. The Law doesn't allow us to legally rehome Section 1 dogs (pitbull terrier, Japanese tosa, dogo Argentino, and fila Brasileiro) when in many cases that could be possible with the support of our behaviour specialists.

Our campaign has been supported by Anita Mehdi whose dog Lola was seized under the DDA. Anita fought to gain exemption for Lola, albeit facing a life with restrictions, such as wearing a muzzle. Our behaviour team helped Lola recover from her time in kennels and adjust to wearing a muzzle. Anita has partnered with us to run a radio day and deliver a House of Commons petition, which currently has over

10,000 signatures. This opened the door to a face-to-face meeting with the Government on the issue and further work is planned on the campaign for 2022.

Pet food banks

Blue Cross research, highlighted in our 2019 Link in the Chain report, showed that existing food banks don't supply pet food and other pet products for their clients. To address this need, we began a three-month pet food bank pilot scheme in November 2020 in Sheffield, with initial food distribution starting in December. The pet food bank in Sheffield gave out over 900kg of dry food and 570 cans/pouches of wet pet food in 2021.

Building on our learning from this pilot, we launched a pet food bank in Manchester during 2021 and we plan to roll out the scheme to other UK food bank sites in 2022.

The knowledge we gained in Sheffield helped us create a toolkit to help our rehoming sites and hospital teams set up pet food banks in their local areas to respond to the need of pet owners who are struggling to feed their pets.

Adoptions research

Our adoptions research has helped to identify the wide range of motivations and views held by those seeking to adopt a pet from Blue Cross. It has also enabled us to better understand our adoption process from a user perspective and going forward we will be working to improve the customer experience. This will help start to challenge the perception that it's hard to adopt and provide an adoptions service that is a viable, welfare-assured alternative to buying or selling pets online.

Behind the scenes

Adapting to Covid-19

Managing the third lockdown and adapting to working in a Covid-19 environment was a top priority during 2021. We worked hard to ensure that our people were kept up to date and supported on topics such as vaccinations, lateral flow testing and childcare challenges.

Understandably, an element of Covid fatigue is being seen across the charity and in order to support both managers and employees, we carried out regular Covid Workplace assessments and ran surveys to ensure we understood how people are feeling, raise any concerns about returning to the workplace, to flag any mental health difficulties and signpost appropriate support resources.

The results of our surveys showed that staying safe was of paramount importance to our people and two thirds of respondents stated they were feeling well supported and communicated with. 92 per cent of people who responded knew where to go for support for their mental health, safety and wellbeing.

Hybrid working

As the restrictions relaxed in July, we consulted with employees to establish a hybrid working model to help our people return safely to the workplace. This was introduced in September, which allows support staff to work 2 or 3 days in the office and the remainder from home. This is a trial which will last for approximately 12 months. Thus far the transition to hybrid working has been very smooth with no significant issues and people managing their working patterns effectively.

Organisational design

To help us deliver our new three-year strategy, a review of the organisation and its structure was undertaken at the beginning of the year. We established an employee consultation forum and we chose to adopt a Collective consultation approach, as this enabled us to maximise the redeployment opportunities available to any employee who was at risk of redundancy.

In order to negate the number of redundancies, we implemented a recruitment freeze and offered voluntary redundancies for those people at risk. A key focus of the consultation was to ensure that anyone affected had a full understanding of the changes and the necessary support, which included a comprehensive Employee Assistance Programme, outplacement training and interview skills training.

As a result of the consultation, we took the difficult decision to close four of our rehoming centres. In total

71 people, across the charity were made redundant, 26 of which were voluntary. The process was completed on 30 June 2021.

One Blue Cross

A fundamental part of our three-year strategy is the creation of a One Blue Cross culture with engaged and accountable people who can make an impact in their roles. The key cultural shifts we are looking to achieve include increased collaboration and empowerment, flexible and agile ways of working and more inclusivity where we truly reflect the diversity of the communities we serve.

As part of this work, we have updated our organisational values and in 2022 will be developing appropriate competencies to build the right skills and knowledge to deliver our three-year strategy.

Our work on equality, diversity and inclusion (EDI) is a key part of the One Blue Cross initiative and has been a key focus for the charity during 2021.

One of the issues we tackled is the challenges some of our people experienced balancing working from home with home schooling responsibilities. We devised resources to help people affected and also gave a very clear message to our people that the Executive Team and Leadership Team were supportive in enabling flexible arrangements on an individual and temporary basis for anyone who was struggling.

In January we also introduced interest free loans for employees who needed to buy equipment such as laptops or tablets for their children to home school.

Other changes that have taken place as a result of our EDI work include:

- Revised EDI job statements in all adverts
- The use of diversity job boards when recruiting
- Promoting the optional use of gender pronouns on our e-signatures
- Menopause and carers policies have been developed
- Production of regular EDI newsletters throughout 2021
- Asking all our people to complete mandatory EDI training in 2022

In October we launched our second EDI survey, with 240 (35 per cent) of employees and 129 (6 per cent) of volunteers responding. The employee completion rate was in line with the 2019 Diversity Survey. From those who completed the survey, the majority of our people remain white, heterosexual females. The results

showed that the majority of our people feel they are valued and respected by the charity and most people feel they are treated equally, irrespective of ethnicity, gender, disability, age, sexual orientation or religion. The results also showed that as a charity we should communicate our diversity goals and plans to improve EDI more widely, both internally and externally.

Virtual conference

In September we held our first virtual Blue Cross All Team Conference which was attended by approximately 400 colleagues. The conference featured an update on the Blue Cross' three-year Strategy and getting our people's input into the future of our public affairs campaigning activities and organisational values. There were also detailed updates on our brand positioning, Affordable Veterinary Care and animal welfare policies. The Blue Cross Spirit Awards were also presented in recognition of the contribution made by individuals and teams, and we were delighted to have over 100 nominations for these prestigious awards.

- Michelle Moore won employee of the year
- Juliet Chelton won volunteer of the year
- David Palmer won biggest impact or innovation
- Merton animal hospital won team of the year

Other awards received by employees in 2021 were:

- Olivia Wassell – RCVS Compassion Award Winner 2021
- Tracey Salmon – Petplan & ADCH Animal Charity Awards Winner 2021

Volunteering

In 2021 our volunteers gave us an incredible 194,197 hours of their time (73,332 down on 2020). This equates to 16.6 per cent of the total hours worked at Blue Cross.

Volunteers have continued to be an integral part of our team during 2021 and it has been fantastic to see so many returning to their site-based roles as pandemic restrictions eased. Alongside traditional roles we continued to develop our digital volunteering offer including, for the first time, culture creators who inspired our online community of fundraisers to complete their challenges.

Organisational changes unfortunately necessitated the closure of four Blue Cross sites as well as changes to some services, but we worked hard to support over 500 volunteers whose roles were affected. A large percentage of volunteers from the two Devon centres which closed in June changed roles to support the new Exeter rehoming, advice and behaviour unit, forming a solid foundation for their community-based fosterers and fundraising

team. The reason for the overall decrease in number of hours given by volunteers was due to Covid-19 forcing us to change our ways of working in 2021. We expect that in our volunteer hours will increase again in 2022.

Our new strategy has brought changes in the way we want to support pets in our care. We have created 11 new fostering roles which were piloted in two centres in October and November. This is the first step on our journey towards a more integrated National Foster Service. Work has already started on advanced fostering roles to provide support for both pets and people in crisis.

2021 saw us involve volunteers far more in project groups and working parties across the organisation. Fosterers contributed to the development of the new fostering roles and we have seen volunteers play a key part on our EDI workstreams, our new brand and values development and, most recently, our 125th anniversary celebration teams.

Workplace, our online communication platform for volunteers, continued to develop into a thriving digital community with 54 groups and over 4,000 people registered, and was used to support the roll out of Assemble, the new volunteer management system, which began in May.

Moving forward we will be developing new volunteer roles to support our Behaviour Team. We will also be working to integrate Assemble with other systems to enable us to provide a 'people picture' for all our teams and further ensure volunteers are at the heart of all we do.

Technology, digital and data

Our IT team have put technology solutions in place to enable long term and sustainable working from home as part of hybrid working. More Blue Cross staff now have laptops and smartphones than ever before, and those in appropriate roles are now equipped to work anywhere, as long as they have an internet connection.

For those in rehoming centres, hospitals and retail stores, a network and internet connection improvement project has been successfully completed giving our people greater reliability when accessing the technology services they are dependent on.

Information security and protecting Blue Cross from cyber-threats has also continued to be a priority in 2021. We have been successful for the third year running in obtaining our Cyber Essentials Certification, a UK government run scheme to demonstrate that organisations have the necessary controls in place to protect against common threats from the internet.

We have put in place additional security measures to protect ourselves from hackers and also introduced Mobile Device Management on all of our smartphones, so we can track and remotely wipe any devices that are lost or stolen.

We have reviewed our key technology applications to identify where we need to invest and will be moving forwards with a number of significant application replacement programmes in the next few years.

We also took a number of steps to improve our digital channels, particularly our website. We selected a new development agency to partner with us on upgrading and redesigning our website. We took a number of steps to make our website more secure and user focused, so that we are delivering the content that pets owners want. We also improved our moderation processes around our other digital channels, such as social media, to ensure we are listening to our followers.

Improving our data strategy

Blue Cross has made significant progress in how we approach and use our data. A new data strategy is being drawn up, which has been informed by identifying our data maturity against a framework for the not for profit sector, as well as having discussions across the charity to understand our data requirements. We also have 120 people using 30 new reports developed in our Power BI visualisation tool. This allows us to make better data driven operational decisions. Beyond the front line, we have also designed Strategic Key Performance Indicators to help us measure and monitor progress against our strategy. These have been agreed and approved by the Board of Trustees and we will be moving forwards with measuring and reporting on them in early 2022.

During 2021 we focussed our efforts on getting more value from our Data. We updated our data retention schedule and policy to support our adherence to the general data protection regulations (GDPR) so that we are not creating internal challenges by either holding on to or deleting data. We have carried out a comprehensive data requirements exercise to establish our varying data needs across the organisation and can now build on this work to establish how we meet these needs.

Reporting improvements

Throughout 2020 a major project was delivered to provide a significant uplift in reporting capability for Blue Cross and to make the production of regular reporting and Key Performance Indicators (KPIs) more efficient and more accurate. The project implemented market leading business intelligence software Microsoft Power BI.

As part of the project, definitions for pet metrics and calculations were reviewed and updated to ensure

they reflected activity on the ground. The overall impact of these improvements is an update to figures for most KPIs. For the purpose of this annual report, Power BI figures have been provided for 2020 and 2021 to enable like for like comparison. The only significant change to our previously stated figures was within veterinary services.

Improving and integrating our contact handling

We have taken the first steps in improving and integrating our contact handling. The appointment of a specific role to start to bring together our different contact handling teams has started to achieve progress in areas such as consistent data and reporting. They have also been instrumental in setting up a small, dedicated contact handling team in Manchester, where we will trial a new approach.

Raising awareness and funds

2021 was another challenging year for most charities, particularly in the first part of the year when the country faced another lockdown and this meant there was no face-to-face fundraising activity possible until April. However, like most charities, we were able to benefit from furlough and government grants to make up some of this shortfall, together with making savings where possible. That said, we were more reliant than ever on the continued generosity of our supporters and we thank each and every person who made a donation during 2021, whatever its size.

Spreading the word

Spreading the word continues to be a key objective, to ensure that more people know we are here to help them and their pets every step of the way. We want people to see us as the charity to come to for anything pet-related, whether it be advice, clinical help, to give up or adopt a pet, education for future generations, support for when it comes to coping with the loss of a much-loved pet or working to improve pet welfare.

In 2021, we generated great awareness via our website and on Facebook, Twitter and Instagram platforms, earned media coverage through the sharing of newsworthy content and stories as well as paid digital marketing campaigns. We also continued to send our bi-annual printed magazine, fundraising appeals and updates on our work via email newsletters to our supporters.

Website and social media

Our social media followers were up 6 per cent on 2020 but we saw less people on our pet advice pages. This is because we saw a high level of people seeking out pet advice at the start of the pandemic in 2020. Our most popular social media post of the year was our post celebrating increased sentences for animal cruelty - a campaigning success.

In 2021 we saw:

10.2m users on our website
(11.7M in 2020, 9.2M in 2019)

14.8m website sessions
(17.1M in 2020, 14.4M in 2019)

388K users looked at our pet advice pages for 3 minutes or more, (619K in 2020, not measured in 2019)

500K total followers on Twitter, Instagram and Facebook
(477K in 2020, not measured in 2019)

Media coverage

In 2021, we achieved 7,568 pieces of news coverage that featured or mentioned Blue Cross and our services. This covered a variety of pet welfare issues and expert advice, with links to our website. Topics included: puppy scams and sales, aversive training methods, the 30th anniversary of the Dangerous Dogs Act and the welfare crisis affecting brachycephalic breeds.

Support from our ambassadors, celebrities and influencers continued to grow and they provided invaluable help with achieving coverage and sharing our stories on their own social media pages. We appreciate this enormously and thank each and every one of them for their contribution.

We ran the third series of our podcast "PetCast", hosted by our celebrity supporter EastEnder actress Emma Barton with Poppy the dog. They were joined by other famous faces as well as Blue Cross vets and behaviourists, discussing a range of topics from puppy socialisation to pet theft. This achieved the Number One slot on the Apple Pets and Animals chart for several weeks and two weeks on the Apple Kids and Families 'Top Show' reel. Series three attracted 4,346 listeners.

Fundraising

We relaunched our Pet Peace of Mind service for people who are concerned about who will care for their pet if their pet outlives them. By signing up to our service, they can be reassured that their pet (or pets) will be taken care of (125 people signed up to Pet Peace of Mind in 2021, against 77 in 2020).

Our Christmas campaign focused on helping to change the fate of vulnerable pets, using posters at all our shops, centres and hospitals as well as direct mail to our supporters and via digital marketing to reach pet lovers across the country. It achieved campaign recognition of 27 per cent (as compared to 22 per cent in the Christmas campaign in both 2020 and 2019), generated 350 pieces of media coverage and raised a net income of £432,000.

As in 2020, Covid-19 impacted many of our planned fundraising events, but once again our fundraising team rose to the challenge and came up with an exciting range of new virtual challenges and digital activities for new and existing supporters.

£4.5m was generated through supporters making regular gifts to us. However, the most significant source of income continued to be from gifts in Wills, where we received £20.2m and saw a five per cent increase in the number of bequests made against 2020.

We are also proud to have committed teams of volunteer fundraisers based around our Blue Cross rehoming centre and animal hospital sites who engage in raising funds within the local community. In spite of the challenges they faced in 2021, they made a valuable contribution to generating income for our charity.

Our full supporter charter, complaints procedure and fundraising policies can be read on our website: bluecross.org.uk/supportercharter

Our shops

2021 was another challenging time for our shops, which were closed in England until 12 April to comply with UK government guidelines to protect our volunteers, staff and the general public due to the heightened risk of Covid-19. Our two Welsh shops re-opened in late April. During this time, we made use of the UK government pandemic support package and furloughed most retail staff for most of this period whilst continuing to run our online shop. Despite this welcome assistance however, we still saw a £385,000 loss in net income during this closure period.

Upon re-opening, it was wonderful to see our loyal customers flocking back and donating large amounts of preloved items to us. Indeed, in our first week back we saw record-breaking sales up 30 per cent on comparable 2019 figures (in 2020 the shops were closed, again due to Covid). This trend continued and sales for the rest of the year exceeded expectations in part buoyed by the record-breaking quantity of donated stock received.

At year end, six of our shops had achieved their annual sales targets for the entire year despite the 16 week closure period and sales income achieved (excluding the government grants) was £4.3m for the full year.

We were able to keep our online shop on eBay open all year and this continued to grow by 38 per cent year on year (£115k 2021, £83k 2020). With successful trials of other online retail sites such as Vinted and Depop, we expect this growth to continue into next year.

Our heartfelt thanks to all our retail volunteers and shop teams for their fantastic efforts during another exceptionally challenging year and of course to all our customers.

Streamlined energy and carbon reporting

Blue Cross is reporting energy and carbon emissions in compliance with The Companies (Director's Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

		2021	2020
Energy consumption (kWh)	Gas	1,743,695	1,806,863
	Electricity	2,115,331	2,139,787
	Heating oil and LPG	1,140,871	1,224,999
	Transport fuel	676,215	793,473
	Total	5,676,112	5,965,222
Emissions (tCO₂e)	Gas	319	332
	Electricity	449	499
	Heating Oil and LPG	245	293
	Transport fuel	168	201
	Total	1,181	1,325
Intensity ratio (tCO₂e/FTE)	Emissions per FTE	1.83	2.03

Methodology

Methodology follows best practice and is based on HM Government Environmental Reporting Guidelines, 2019. All emissions factors are taken from the latest 2020 and 2021 versions of the UK Government GHG Conversion Factors for Company Reporting. Scope 1 and Scope 2 consumption data (gas LPG, heating oil and electricity) is taken from validated and verified utility supplier invoices. Scope 1 and Scope 3 data for transport fuel is taken from Blue Cross internal systems which record mileage driven by fleet vehicles and the grey fleet (which relates to mileage driven in private vehicles by employees on company business). Mileage driven in company fleet vehicles are classed as Scope 1 while the grey fleet is classed as Scope 3. This is in line with HM Government Guidelines.

Energy saving actions taken in 2021

Our emissions have stayed relatively low in 2021. This is partly due to the impact of Covid-19 on our ways of working, but we did also take the following positive steps to reduce our emissions:

- We continued with our goal to make the transition to energy efficient LED lighting and heating systems, in addition to increasing our use of renewable energy. We installed LED efficient bulbs at a number of our sites and also agreed new energy supply contracts where 100 per cent of our electricity should come from renewable sources and 25 per cent of our gas should come from renewable green gas sources
- We continued to partner with the Wychwood tree project to plant thousands of new trees and around our Burford rehoming and office site. These should

help offset the impact of our activities by removing CO₂ from the atmosphere and locking away carbon.

- We continue to have a values based investment policy and to track the environmental impact of our portfolio as well as the financial performance. We are delighted that our portfolio had an estimated Weighted Average Carbon Intensity (WACI) of 116.61. This measure refers to CO₂ emissions per million pounds of sales and is 43.6 per cent lower than the MSCI All Countries World Index of 206.75. However, it is still slightly higher than the MSCI World Low Carbon Level WACI of 87.5 and so we will look to work with our investment advisors to improve it further in future years.
- We have undertaken specific measures at a number of our sites in order to reduce energy usage and also to improve waste recycling. We can now monitor the percentage of our waste that is being recycled and what is going to landfill. Since we implemented this reporting with our new waste partner we have sent 30 per cent of our waste to recycling and zero to landfill. We intend to implement further measures in 2022 to get the percentage being sent to recycling higher.

We acknowledge that Covid-19 has continued to be a primary driver for the lower levels of carbon and energy usage but we are focused on trying to keep our emissions lower in future years by both adopting new environmentally friendly technologies at our sites and also new ways of working. We have at the end of 2021 formed a new Net Zero working group which is bringing together people from across the organisation to discuss and agree our sustainability targets and our strategy for achieving them.

Our plans for the future

In 2022 we will be focused on moving further forwards with our current strategy, as published last year to increase the number of pets and people helped. As noted in this report our pets and people helped numbers have been lower in the last two years and our absolute priority going forward is to rebuild and go beyond the 2019 levels. To that end we will be aiming to make good progress with all areas of the strategy but we are aware that there may well be challenges and a need to prioritise at points.

We know the last two years have been very tough for everyone and we are very clear we need to make sure that we are not asking our people to do too much.

With that in mind we have identified the following five key areas as our 2022 priorities.

Celebrate our 125th anniversary

In 2022 Blue Cross will be 125 years old. We will celebrate this tremendous milestone internally and externally with an exciting programme of events throughout the year. We will raise awareness of all the work we have done in the last 125 years and what we hope to do in the future. Our new brand positioning will be central to everything we do, to spread the message that we work for the benefit of all pets and the people who love them. We will also use the awareness generated by this anniversary to raise funds to help more pets and people.

Develop in four key areas of our services:

As part of rebuilding the number of pets and people helped, in 2022 we intend to:

- Launch a pilot of our new behaviour service and feedback on the outcomes
- Further research and develop our new rehoming approach so that we are ready to expand rapidly in the future
- We will support our Clinical teams by creating an environment where the team feel valued and empowered as they continue to develop Clinical Guidelines, embed efficient ways of working and refine and improve the new 'Pay As You Go' model.
- Invest in our market leading Pet Bereavement Support Service so that we can grow our impact and ensure we are leading the field

Invest in our people and culture

We know we are nothing without our amazing people. The last two years have been very challenging and tiring for all who work and volunteer at Blue Cross; we have had to make some tough decisions and the charity has lost some great employees and volunteers for a range of reasons. In 2022 we need to make sure that our people are feeling happy, well supported and not being over worked. We know we need a collaborative, inclusive and empowered environment where people thrive; 2022 is the year where we create that environment.

Improve our processes and systems

In order to increase our impact and grow the number of pets and people we help, we need to make sure there are easy, efficient processes for our people, our customers and supporters and that these are supported by modern technology platforms, with data as a key enabler. We will be starting a multi year project to review our processes and replace a number of key information systems that we use in areas such as Fundraising and Rehoming. This work will mean we are ready to grow and expand our services rapidly in future years.

Grow our number of supporters and our awareness

To carry on doing the great work that we do every year we need to ensure we are growing our income. To achieve this, we need to, at the very least, maintain our current levels of brand awareness and improve understanding of who we are and what we stand for. So in 2022 we will be looking to grow our supporter base and, through relevant and compelling communications with them, build engagement and loyalty. This will be informed by a greater understanding of why they support us and clearly demonstrating the impact of that support. This will be achieved both through a wide range of marketing and public relations activities as well as also through our political campaigning and public affairs work across the United Kingdom, which will be targeted on issues where we believe we can have the most impact in benefiting pet welfare.

Challenges we face

Recruitment of necessary roles in a challenging market

Similar to other organisations, our biggest challenge currently is recruiting and retaining key people. We have seen a decrease in the number of suitable candidates applying for roles.

To respond to the very challenging external recruitment market, we developed a range of initiatives to attract and retain staff. These included rewarding employees for their hard work with a salary increase of 1.5 per cent and an additional day's holiday. We supported people's development by including coaching and sponsorship for relevant courses and qualifications. We also introduced hybrid working, allowing support staff to work two or three days in the office and the remainder from home.

We have also registered with the Government to take part in the Kickstart initiative, which will allow us to offer roles to 16–24-year-old people. We currently have 78 roles approved under this scheme and are actively recruiting for 44 of them.

Ensuring we stay financially stable in an inflationary environment

As we hopefully emerge from the worst stages of the pandemic, costs are increasing dramatically due to supply challenges and increased demand. This is now being made even worse by the developing situation in Ukraine. We expect this rapidly increasing cost environment to continue, with inflation expected to be well above the Bank of England target for the next year at least. We want to be able to continue to deliver our services in this environment and will look to manage the pressure of rising costs. However, we cannot allow ourselves to become financially unsustainable and so we may at points need to make hard decisions about how we balance our costs and income.

Dealing with increased demand for services

As people return to more normal ways of working and living as we learn to live with Covid-19, combined with inflationary pressure pushing up living costs, we expect to see demand for all of our services increase in the next few years. We are also aware that the Covid-19 pandemic will be ongoing and could continue at certain times of the year to put pressure on our own ways of working and leave us short of staff and resources.

We are preparing ourselves to deal with this challenge by making sure all our services are ready for these periods of heightened demand but we do

not underestimate how much pressure this could put on our organisation and our people. We are working to put in place plans which will ensure that if demand for certain services reaches unsustainable levels we have an appropriate response prepared that would mean that our own people are not exposed to undue levels of pressure and risk and that the pets in our care still receive the level of care they require.

Continuing to fundraise in a competitive fundraising market

We are operating in a highly competitive fundraising environment with many other charities and causes all looking to raise funds. We have a very strong focus on continuing to grow our number of supporters and keep them engaged with the charity so that they continue to support our vital work. With household budgets being squeezed by rising prices we are aware that there might be challenging times ahead for all charities and so we are preparing ourselves for an even tougher future environment.

Ensuring we deliver robust governance of our strategy and the projects within it

We have an ambitious strategy to deliver and we need to have excellent governance of it but without creating excessive costs or time pressure on the people delivering it. Balancing these two competing factors is a challenge that we will need to overcome in 2022 if we are to be successful in achieving our strategic goals in future years.

Deliver the technology improvements that the charity requires

We need to improve our use of technology while being mindful of both cost and time pressures. We need to upgrade a number of our key systems but will need to ensure that we manage these projects really well and choose our suppliers appropriately to ensure we do not end up with excessive costs and potentially significant delays. We have confidence in our people to deliver these changes but will be looking to make sure everything we would expect is correctly in place before we commit to large scale technology replacement programmes.

Financial review and outturn

Financial outturn

The overall result for the year was a surplus of £4.4m after government support of £622k and investment gains of £4.2m. This was a stronger financial result than we were expecting in the early stages of the year and has come about due to an excellent investment performance and lower operating costs.

Our subsidiary the Blue Cross Trading Company continued to trade when possible throughout the year. Although Covid-19 had a continued impact on its activities it produced a profit of £470k that was donated to the charity.

We are immensely grateful to our supporters for their donations, and our people for their efforts during 2021 they have enabled us to stay financially solvent. Our teams have worked tirelessly to continue to bring in income and minimise costs wherever possible and it is only through this work we managed to end the year in a far more financially healthy situation than we were anticipating.

Income

We are dependent on donations for everything we do. On behalf of all the pets and people helped we would like to thank every one of our supporters for their generosity. We'd also like to thank our corporate partners, trusts and foundations, and individuals, especially those mentioned on page 49.

Our income streams performed in line with our expectations for the year. At £20.2m (2020 £19.9m), legacy income was slightly stronger than in prior year, sadly in part due to the impact of Covid-19, with both number and values of estates increasing.

Fundraising income was at £9.6m (2020 £9m). We were able to do a wider range of community and events based fundraising activities than in 2020 and our core income streams continued to perform well. However, we continued to struggle to recruit new regular donors, particularly due to a lack of face-to-face fundraising activity, and this could have an impact on our future year income streams.

Covid-19 forced our shops to shut for a number of months at the start of the year but once our charity shops were able to open they performed very well. Income from donated goods increased to £3.5m (2020 £2.4m) and we had some record breaking weeks.

Service delivery income also increased to £2.2m (2020 £1.5m). This was primarily driven by the introduction of a new basis for charges in our hospitals in May 2021, which led to additional income of £656k and was well received by our clients and staff.

We were also grateful to receive government grants totalling £622k (2020 £1.7m) for our shops and rehoming centre locations under the government's Covid-19 support scheme and we also benefitted from the rates relief scheme.

Expenditure

Our salary costs decreased slightly to £21.3m (2020 £21.5m). This was due to the organisational design work undertaken in the first half of the year resulting in salary savings, though these were offset by both salary increases awarded during the year and also one-off redundancy costs from the organisational design work. There was also an impact from our being unable to recruit for certain roles at points, due to high levels of competition in the recruitment market. Though this challenge reduces our costs it has a big impact on the number of pets we can help and on achieving future plans. Ultimately the tight recruitment market will probably lead to us having to increase salaries in order to be able to compete and recruit.

We furloughed a large number of employees throughout the year and received repayment under the government furlough scheme for a percentage of their salaries. We received a total of £367k under the scheme and the maximum staff we had furloughed at any time was 153.

Operational costs and overheads increased slightly to £16m (2020 £14.4m). This was a lower than budgeted increase and is reflective of the hard decisions we took in the summer to close sites and also the continued impact of COVID-19 on our remaining sites and ways of working.

During the year, Blue Cross spent £25.9m (2020 £25.9m) on charitable activities, which represents 69 per cent of total expenditure in the year (2020 72 per cent). For every £1 invested in raising funds, we received £5.36 back (2020 £6.52).

Balance sheet

Our balance sheet comprises net assets of £76.2m (2020 £71.8m). The legacy debtor decreased to £14.9m (2020 £17m) as Her Majesty's Courts and Tribunal Service increased the processing speed on the administration of estates and a strong housing market led to property assets being converted to cash for distribution slightly more quickly.

Work was completed on our redeveloped Hertfordshire site and this was officially opened in September. The total cost of this redevelopment was £3m and this has been capitalised as part of Land and Buildings assets.

Our cash holdings remained strong at £4.6m (2020 £4.8m). This primarily due to the reduction in the legacy debtor, as cash was realised from the administration of estates, though this was offset by the £3m of cash we withdrew from our investment portfolio in April to repay some of our borrowings

We expect to see a negative cashflow in 2022 and hence this balance to decrease in the next 12 months.

Investment policy and performance

The performance of the portfolio within the agreed risk profile was good in the continuing turbulent conditions of 2021. The portfolio made a combined realised and unrealised gain of £4.2m (11.2 per cent) from the end of 2020 (£2m in 2020).

We publish our investment policy on our website. This policy guides our investment decisions and makes sure we are considering the nature of our investments, to ensure that they reflect our values and principles, as well as driving a financial return for the organisation. The focus on sustainability investment has continued to progress throughout 2021 meaning that as at the end of 2021, 98.2per cent of the portfolio is invested in companies demonstrating strong social and environmental management and corporate governance with clear positive ethical and sustainability attributes. The remaining 1.8per cent is cash on account.

We will continue to work closely with Rathbones Greenbank to ensure that our portfolio is supporting the changes we believe are necessary in the world today. During the latter stages of the year the Investment Committee started a review of the investment policy to ensure that it was appropriate for the potential challenges facing investment portfolios in 2022 and beyond, where both inflation and interest rates are expected to be higher. This review will be concluded in the early part of 2022 and will be approved by the Board of Trustees.

The charity also holds cash as part of its liquid reserves and does seek to obtain a return on these amounts, while minimising the risk of any loss on these holdings. The target for the overall portfolio is Consumer Price Inflation plus 3 per cent and in the year to 31 December 2021 it generated a total return of 13.5 per cent (8.3 per cent in 2020). This total return figure includes investment income and unrealised and realised gains.

Accounting policies

There have been no changes of accounting policies during the year. The 2021 annual report and financial statements have been prepared in accordance with current statutory requirements, the Memorandum and Articles of Association, Companies Act 2006, Charities SORP – issued 2019 and Charities and Trustee Investment (Scotland) Act 2005.

Planned expenditure

Our capital expenditure plans are shown in note 20 to the accounts.

Reserves policy

The charity holds general reserves to support the organisation in countering short term financial risks, while recognising the interaction between reserves and long term strategic objectives and capital plans. The Board's policy is to maintain sufficient unrestricted liquid reserves to counter the most significant short term financial risk to the organisation, which has been identified as a sudden fall in income. Liquid, unrestricted reserves is defined as the total balance of cash, debtors (excluding debtors related to legacies), investments and creditors that the charity holds, minus the balance of any restricted funds. This differs from the standard definition of free reserves due to the exclusion of the legacy debtor. This is excluded due to its potential for a high level of illiquidity, as it is dependent on the relevant estates being converted to cash for distribution by executors.

The appropriate benchmark has been determined as the ratio of liquid, unrestricted reserves to the amount required to cover the following expenditure:

- Six months' future budgeted expenditure which has been determined as being a sufficient time frame to manage material cost reductions or fund emergency appeals while minimising the impact on our service delivery and core organisational capabilities
- All contracted capital expenditure
- All expenditure committed under leases through to their expiry

The Board reviews this measure annually and has decided that the minimum target ratio is 0.5, subject to minimum liquid, unrestricted reserves of £15m. At 31 December 2021 the charity was operating at a ratio of 1.38 (2020 1.06) with a liquid, unrestricted reserve of £36.4m (2020 £29.2m).

Free reserves at year end are £51.4m (2020 £46.2m).

Risk management

Everything we do at Blue Cross contains an element of risk, and effective management of those risks by Trustees, supported by the Executive Team, is a key part of our governance arrangements. Our Audit Committee reviews the effectiveness of assurance processes and the management of key risks, including undertaking detailed reviews of key risks to assure themselves that they have been correctly identified and mitigations are appropriate and effective, which helps inform Board decision making. We continue to develop an assurance map, to provide a summary for the Board of the sources and quality of assurance the strategic risk owners use when forming their opinions of how risks are being managed.

During 2021 we reviewed and updated our risk management software, bringing in new capacity and functionality and better aligning the system to our risk management processes. We increased the number of users on the system and rolled out training, both for new users and refresher training for existing users. This will allow us to undertake the data cleanse and update of our risk registers, underway in the first half of 2022. The ultimate aim is to better align

our identified risks with our governance and audit practices to ensure resources are better targeted and that the work of internal audit and other technical specialists fully informs our understanding of risk.

We have also reviewed and updated the risk appetite within the organisation, to allow for more effective decision making and to ensure staff are aware of their delegated responsibilities and authority.

We used 2021 to review our strategic risks both in light of the ongoing Covid-19 pandemic and the launch our new three-year strategy.

Strategic risks and how we are managing them

The following are the strategic risks facing the organisation at the end of 2021. These were reviewed and updated during the year, and we decided we needed to add a new risk to reflect the challenge of delivering our new strategy. We also took the decision to split the risk around cyber security into two, to reflect the different threats to our day-to-day information systems and our external channels, such as the website and social media accounts.

Risk	What are we doing?
<p>Significant adverse external media coverage resulting in damage to Blue Cross's reputation.</p>	<p>We take steps to manage our brand and protect our reputation. This includes monitoring of social media and tracking and reporting of media mentions. We have also reviewed our social media presence to ensure it allows us to communicate in the right way to the right people.</p> <p>We also monitor and regularly report on customer feedback a complaints, to ensure we are aware of how our service users see us. We can then address this through training and updated procedures, and to ensure we are complying with relevant professional codes of practice.</p> <p>We proactively manage our key suppliers and partners to make sure they meet our values. This includes undertaking regular reviews with our investment managers to make sure they are meeting our ethical guidelines.</p> <p>We also have our Data Protection Officer review and report on our data compliance. We have undertaken reviews of our General Date Protection Regulation (GDPR) compliance, and our Data Board is providing support to the organisation to meet the principles set out by the Information Commissioner's Office (ICO), particularly in the area of data minimisation.</p>
<p>Failure to respond to changes in the external environment, demography and/or service user needs.</p>	<p>We are engaging more closely with the public through our Services and Products function to better understand and meet their needs.</p> <p>Both our Clinical and Rehoming functions have undergone significant change, with more planned in future years. We undertook an Organisation Design exercise in 2021 to better focus the efforts of our teams, and many initiatives in the new strategy are specifically focussed on improving the customer experience.</p> <p>We continue to monitor the animal welfare environment through the media and membership of relevant organisations to ensure that animal welfare remains at the heart of what we do.</p>

Risk	What are we doing?
<p>Lack of financial sustainability</p>	<p>Diversifying our income through both fundraising and service income. We have also introduced Pay As You Go (PAYG) to increase our ability to help those most in need, and will continue to explore other methods of service delivery to maximise our investment.</p> <p>We undertake regular forecasting and planning for the short, medium and long term and report the results to Management and Trustees.</p> <p>We are focusing on having clear decision-making procedures to ensure that commercial decisions are sound.</p>
<p>Failure to attract, manage, develop, reward and retain the right people.</p>	<p>We've developed a Resourcing Strategy and conduct salary range reviews and benchmarking, the most recent in 2021, to ensure the work of our staff is appropriately recognised.</p> <p>We also seek to highlight and promote Equality, Diversity and Inclusion, and this is a key priority for the organisation. We also undertake High Potential Assessments and provide Management development training.</p> <p>We also recognise that Covid has disrupted our relationship with our Volunteers and are actively working to engage with them to ensure they feel part of the Blue Cross Team.</p>
<p>Weak, inadequate or failure of corporate governance.</p>	<p>We have a defined structure of Committees supporting our Board and we recruit and support our Trustees with induction and training.</p> <p>Management and Trustees undertake regular monitoring of our risks and how they align with our risk appetite when considering new projects and our ongoing work.</p> <p>All staff are trained and supported with a robust Policy Management framework and processes.</p> <p>We undertake annual reviews of our compliance with the Code of Governance, supported by Internal and External Audit, and refine our arrangements based on the findings.</p> <p>Our Internal Audit function, with support from external specialists, delivers an annual plan agreed with the Audit Committee.</p>
<p>Inability to respond effectively to significant organisational disruption.</p>	<p>We have Risk and Business Continuity Management Frameworks in place to help us predict and respond to unforeseen circumstances, though we know these need to be improved. Throughout 2022 we will be reviewing and updating these in light of the lessons learned during Covid and our new ways of working.</p>
<p>Failure of IT systems and services due to either internal errors or attacks from either hostile third parties or system users with access leading to significant organisational disruption.</p>	<p>We ensure system security is built in by design, and change processes are followed to maintain system integrity.</p> <p>Where appropriate and possible we follow security best practice, supported by policies and training for our users.</p> <p>We regularly test our IT recovery procedures to ensure system and data integrity can be maintained.</p> <p>We also work with key third-party suppliers to ensure they are aware of and adhere to our requirements.</p>

Risk	What are we doing?
<p>Inability to respond appropriately to changes in Covid-19 status based upon the regulatory requirements at a National and/or local level.</p>	<p>Effective communication is a key tool to reassure staff and stakeholders and we work closely with peer organisations to ensure consistent messaging and collaboration. We have proactively communicated the impact of Covid-19 on pet welfare to raise awareness and reassure.</p> <p>We have a programme to coordinate a safe and responsible return to work, including organisational plans, purchase of PPE and working practices that are appropriate for service users and employees.</p> <p>We have increased our hygiene procedures and deep clean protocols in accordance with Government guidelines to ensure our staff and service users are as safe as possible.</p>
<p>Blue Cross fails to deliver the outcomes of its new strategy as outlined, leading to financial, reputational and operational impairment.</p>	<p>We have introduced a structure of Objective Boards and Initiative Leads to oversee priorities, escalate risks/concerns and manage resources, which we will continue to refine as the strategy progresses.</p> <p>Supporting this is an Assurance Framework to monitor, test and report on progress independently of Project Leads.</p> <p>We will continue to invest in additional resources to ensure we can govern and deliver our strategy.</p>
<p>Failure of Blue Cross external website or owned social media channels due either to internal errors or attacks from hostile third parties or system users with access leading to loss of income, service disruption or reputational damage.</p>	<p>We carefully monitor security best practice and current developments to ensure where possible and appropriate that our website and social media channels are robust and protect our service users and the reputation of Blue Cross.</p> <p>We work closely with our website provider to ensure they are aware of and adhere to our requirements.</p>

In common with many charities an attack or failure of our critical IT systems remains the most significant immediate concern to the organisation, and we have spent much of 2021 improving our control environment in this area and validating our Cyber Essentials certification through external inspection, upskilling our workforce and embedding more rigorous assessments of new software and how they integrate with our existing solutions.

Our ongoing three year strategy is aiming to address the strategic risks identified here and there is clear correlation between the initiatives within the strategy and the risks identified above. Particularly in 2022 we expect to see further improvements in our control environment regarding:

- Information system and digital channel security
- Understanding and responding to the external environment and our user needs
- Ensuring we can attract and retain the right people
- Business continuity
- Risk management

The importance of delivering the strategy in minimising a number of these risks heightens the focus we must have on the risk regarding non delivery and ensuring that we have robust controls in this area.

Structure, governance and management

Governance

Blue Cross was founded in 1897 under our former name, Our Dumb Friends League. The organisation is a charitable company limited by guarantee, incorporated on 11 September 1940 and registered as a charity on 8 February 1965.

The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. These Articles were reviewed in 2012 and updated in line with current legislation and the amended Articles were approved at an Extraordinary General Meeting on 14 November 2012.

The charity is registered in Scotland with the OSCR (registration number: SC040154). The primary focus of its work in Scotland is the delivery of educational talks and working with the Scottish government on a range of animal welfare measures, to try and improve the lives of pets in Scotland.

Trustees

Blue Cross is governed by a Board of Trustees, all of whom are Members of the charity and are volunteers. Trustees meet a minimum of four times per year. The Articles of Association require a minimum of five Trustees and a maximum of 15. During the year the actual number of Trustees was 15 at any one time, as shown on page 55. In appointing Trustees, the Board is mindful of the need to ensure diversity and that a wide range of skills and experiences appropriate to the charity's activities are represented. Recruitment of Trustees is delegated to a committee of Trustees under the Chair's leadership, which makes recommendations to the Board. In its recent recruitment, the Board has sought to achieve greater diversity and to lower the average age of Trustees. It also aimed to ensure there are a sufficient number of potential future trustees by appointing a number of independent members and an observer. No more than one third of Trustees at any time can serve beyond nine years where their skills and experience are desirable to be retained. The ongoing contribution of such Trustees is reviewed annually by the Board. The Chair is subject to an annual appraisal process by a senior Trustee based on feedback from each Trustee. The Chair discusses on an annual basis with each Trustee their current and future contribution and any development needs. Trustees attend development days as part of their continuing professional development. In 2021, Trustees took part in virtual workshops and meetings regarding a number of aspects of the Blue Cross

strategy, to ensure there was a high level of trustee input into each key area and plenty of opportunity for discussion between the Trustees and Blue Cross employees.

The Trustees regularly review governance best practice and pay particular attention to the Charity Commission Governance Code, using it as a benchmark to guide their activities as Trustees and ensuring that they are giving sufficient time and attention to the seven principles contained within it. In 2021, with the assistance of the Executive team, they conducted a detailed review of their approach to governance against the seven principles contained in the code, using the Charity Commission's suggested review template.

They identified how they met each point within the principles and also identified a few key areas for improvement. These were to ensure that:

- there is appropriate documented evidence to support all aspects of the Board's work;
- there is an increased focus on ensuring Board development and Board visibility; and
- to expand the work we are doing to ensure we have a diverse and inclusive Board.

They intend to review these areas for improvement further in early 2022 and implement changes where it is determined necessary, with the aim of a formal external review of this area now planned to take place in 2023.

Independent Board Members and observers

In 2021, the two independent Board Members who were appointed in 2020 both became Trustees, due to retirements from the Board. There continues to be an Independent Board Observer and an Independent member of the audit committee. There was one independent member appointed to the Investment Committee to ensure that the committee had the necessary knowledge and experience to fulfil its respective duties. The Board will consider whether it appoints further independent members to the Board or individual committees in 2022.

Related Parties and subsidiary charities

The charity has two subsidiary undertakings, Blue Cross Trading Company Limited and Blue Cross D&B Limited. The results of these subsidiaries are included in the charity's consolidated financial statements. Further information on these subsidiaries can be found in notes 17 and 18 of the financial statements.

There are also a number of other related parties and subsidiary charities. Full details of these can be found in note 19 of the financial statements.

Committees

In addition to the main Board there are six committees which operate under the delegated authority of the full Board and advise or make recommendations.

These committees are:

Audit Committee (Audit): satisfies itself on behalf of the Board that adequate and effective systems of governance and risk management are in place across the organisation.

Commercial and Retail Committee (Comco): considers all matters relating to the commercial, marketing, communications and income generating activities of the charity.

Finance and Support Committee (Fisco): supports the implementation of the charity's strategic plan and oversees financial and operational effectiveness against agreed business plans and the annual budget.

Investment Committee (IC): Previously a sub committee of FISCO, this was upgraded to a full committee during 2021. It meets quarterly with our investment managers to review investment performance and ensure investments are held in accordance with Blue Cross's ethical investment policy.

Remuneration Committee (Remco): considers the remuneration of the Chief Executive and Executive Team (see page 18) and overall pay policy of the charity.

Service Delivery Committee (Sedco): monitors the strategic and operational performance of the service delivery activities of Blue Cross, against the agreed business delivery plan, and encourages innovation and continuous improvement.

Membership of these committees and sub-committee at 31 December 2021 is as follows:

Catherine Brown Fisco, IC, Remco (elected 2016)

Professor Stuart Carmichael BVMS, MVM, DSAO, MRCVS Audit, Sedco (elected 2019)

Niki Brooks-Coppard Fisco, Remco (Chair), Sedco (elected 2020)

Lara Dewar Comco, Fisco (elected 2021)

Clive Everest MA, FCA Audit (Chair), Fisco (elected 2017)

Alison Forrestal Comco, Sedco, IC (elected 2021)

Caroline Gosling Comco, Remco, Fisco (elected 2019)

Nico Lutkins Comco, Fisco (elected 2017)

Chris Martin BSc Fisco, Audit (elected 2019)

Joseph Nhan-O'Reilly, Comco, Sedco (elected 2020)

Dr Nick Park BVetMed Audit, Sedco (elected 2020)

Charmion Pears Fisco (Chair), Sedco (elected 2020)

Tim Porter FCA Chair of the Board (elected 2012)

Dr Jeremy Stewart BVetMed CertVR MRCVS Comco, Sedco (Chair) (elected 2015)

Stephen Swift Vice Chair of Board, Comco (Chair), IC (Chair), Fisco, Remco (elected 2012 and 2015)

Zair Berry FCA Independent member of the Investment Committee (appointed 2021)

Helen Wilkie FCA Independent member of the Audit Committee (appointed 2020)

As Chair of the Board of Trustees, Tim Porter is an ex-officio Member of all committees. Dr Jeremy Stewart is the Trustee overseeing safeguarding. Vikramaditya Ghosh attends committees as an observer.

Any expenses reclaimed from the charity by Trustees are set out in note 6 to the accounts.

In recruiting Trustees and Independent Board Members a skills matrix is employed. They contribute Veterinary, Animal welfare, Commercial, Marketing, Fundraising, Strategy, Communication, Governance, Banking, Finance, HR, Technology, Education and Advocacy skills.

Membership

On 31 December 2021 there were 73 Members of Blue Cross entitled to vote at the AGM. Admission to Membership requires approval of the Trustees.

Executive Team

The Trustees delegate responsibility for the day to day management of the charity to the Chief Executive and the Executive Team who also attend Board and Committee meetings as required. The Executive Team reports to the Board on the performance of their respective directorates against the strategic plan set out by the Trustees and on financial and operational trends measured against the annually approved budget. Key performance indicators are in place to facilitate this process.

Members of the Executive Team at 31 December 2021 were as follows:

Chief Executive **Chris Burghes**

Chief Financial Officer and Deputy Chief Executive **Iain Heaton**

Chief Operating Officer **Kelly Grellier**

Director of Fundraising, Marketing and Communications **Julia McKechnie-Burke**

Director of People and Development **Beth Verrechia**

Chief Information Officer **Phillip Edwards**

Director of Rehoming Services **Alyson Jones**

Remuneration Committee report

Composition and role

The remuneration committee met twice in 2021. Its members are the Chair and four Trustees and it is attended by the Chief Executive and the Director of People and Development, who are not present when their performance and remuneration are discussed. No other executives attend the committee.

The objectives of the committee are to:

- review and recommend the remuneration of the Executive Team
- review and approve Blue Cross's overall pay policy
- conduct the Chief Executive's annual review and set their objectives for the forthcoming year
- review and approve any proposed settlement payment proposals to be made

All recommendations made by the committee must then be approved by the Board.

Remuneration policy

Blue Cross is committed to ensuring that our employees are paid fairly and in a way that attracts and recruits people with the right skills to have the greatest impact in delivering our charitable objectives.

In assessing remuneration levels the committee considers the following factors:

- Inflation – keeping pay levels in line with movements in the cost of living
- Market forces – making sure pay levels are set so that they are compatible with the recruitment and retention objectives applicable to the role under consideration
- Merit increases – benchmarking such increases in terms of amount and justification ie performance and achievement and delivery against agreed objectives
- Increased responsibility – accommodating real changes in responsibility
- Affordability – ensuring Blue Cross has the financial resources to afford the proposed remuneration

The objective of this policy is to ensure that all Blue Cross employees are provided with appropriate remuneration to encourage optimum performance and are rewarded in a fair and responsible manner for their individual contributions to the overall success of the charity. Each year all Blue Cross employees participate in performance appraisals.

In framing the remuneration policy the committee has fully considered the recommendations of the annual survey of the Association of Chief Executives of Voluntary Organisations (ACEVO) and the National Council of Voluntary Organisations (NCVO) report of April 2014 into charity senior executive pay and guidance for Trustees in setting remuneration.

In 2021 the committee approved total settlement payments to two individuals. Details of these payments are included in note 6 of the accounts.

Remuneration of Executive Team

Remuneration of the Executive Team comprises annual salary, car allowance, life assurance, pension contribution and continuity of salary in the

event of long term illness. Salary reflects individual performance and experience.

Life assurance, pension and salary protection for long term illness are available to all Blue Cross employees.

The remuneration of the Executive Team is reviewed annually based on sector Cendex reward data. Blue Cross aims to pay the voluntary sector median salary for its senior executives. Total remuneration of the Executive Team is included in note 6 of the accounts.

The ratio of remuneration of the highest paid employee (£132,867.50 pa) to the average remuneration of employees (£25,393.16 pa) was 5.23 times (5.49 times in 2020).

Fundraising standards

It is extremely important to us that we demonstrate our transparency and impact as much as possible. Standards we apply to our fundraising include:

Open and accountable fundraising

We tell our supporters how they can easily change their preferences and we give them the ability to decide exactly what they want to receive. In 2021 we provided this opportunity in every mailing we sent. We regularly ask supporters if they are happy with what they receive from us at the end of every phone call.

Communicating with our supporters

We regularly update our supporters through our supporter magazine, letters and emails about how we spend their valuable donations to help pets in need.

Complying with laws, regulation and standards

We are a member of the Institute of Fundraising and comply with the Fundraising Regulator code of practice. We also work with other charities to share and learn best practice across the sector. In 2021 we were part of the Compliance Forum, alongside other charities.

Blue Cross works within the principal of our own supporter charter and complies with the Code of Fundraising Practice issued by the Fundraising Regulator. Information on supporter charter are available on our website:

bluecross.org.uk/our-supporter-charter

Protecting vulnerable people

We train our teams to be aware of the needs of vulnerable people and are guided by the Institute to of Fundraising guidance on treating vulnerable persons fairly.

You can see our approach on our website:

bluecross.org.uk/protecting-vulnerable-supporters

Complaints and negative feedback

We use the positive and negative feedback that we get from our supporters and customers to better understand their experience and to help improve the way we do things. All complaints are taken very seriously and are categorised by 'failure' type and are graded from low to high depending on the level of impact to either an individual, a pet or Blue Cross.

The feedback we receive is analysed on a regular basis so that we can spot trends and issues as they occur in real time and implement any recommended process changes.

For example, following complaints from our hospital clients regarding difficulties in accessing preventative health care during lockdown, we introduced VetPost, a flea and wormer subscription service so that our clients could receive their treatments by post each month. The Clinical teams also introduced two new contact solutions in response to complaints about our hospital telephone capability. We introduced PetsApp, an online booking service and began work on a new Manchester based veterinary call hub to help alleviate the pressure on the hospital phone system.

Working with partner agencies

We continue to work with trusted suppliers and, where we need to identify new suppliers, we use a comprehensive procurement process wherever possible. Through this process we aim to ensure we deliver the best in terms of supporter care, value for money and are fully compliant with UK laws, regulations and standards. Regular reviews are also undertaken for all key suppliers and performance monitored on an ongoing basis.

We undertake a range of fundraising activities to encourage the donations that are so vital to funding our work, both through our own internal teams and by employing external fundraising agencies. In 2021 we partnered with PFS to provide our door-to-door fundraising. Each external company we work with on fundraising is carefully selected through an agreed process and monitored as they conduct work as ambassadors of Blue Cross. In 2021 our fundraising teams contacted supporters and prospective supporters 4,292,900 times via direct mail, email, door-to-door, and telephone fundraising. We received a total of 334 fundraising complaints, which is higher than the previous year (2020 171) due to the increase in fundraising activity. This number differs from that submitted to the Fundraising Regulator (a total of 173 complaints year ending April 2021) as we are required to report in line with the financial year.

We are also proud to have committed teams of volunteer fundraisers based around our Blue Cross rehoming centre and animal hospital sites who engage in raising funds within the local community. In spite of the challenges they faced in 2021, they made a valuable contribution to generating income for our charity.

Our full supporter charter, complaints procedure and fundraising policies can be read on our website: bluecross.org.uk/supportercharter

Engagement with stakeholders

Engagement with employees

We know that to be successful we need a happy and engaged workforce. We always look to engage and consult with our employees when making decisions regarding the operations and the future of the charity and to get their input to ensure we make decisions that reflect the reality of what they are seeing every day in their roles. This engagement is done through a number of formal channels, such as staff forums, conferences and surveys, as well as more informally through conversations between team members and the Trustees. The Executive Team will also act as a conduit for the views of our people; conversations between the Executive Team and employees take place throughout the year to get their input on what they feel the crucial areas are that the charity needs to focus on to ensure it continues to deliver on its charitable objectives.

Business relationships

In order to ensure that Blue Cross continues to thrive we look to establish strong working relationships with our suppliers, customers and any other stakeholders, such as our partner vet practices. Most of the direct engagement with these groups is delegated by the Board of Trustees to the Executive Team, who then ensure that supplier, customer and many other major relationships are well looked after throughout the organisation by ensuring the correct practices and policies are in place.

Major supplier agreements and relationships such as those with our partner vet practices will be subject to regular communication and review meetings to ensure that both sides are comfortable

with the relationship and any points of concern can be addressed quickly. These will be carried out by the relevant team or person within Blue Cross who owns the relationship with the supplier in question. We also engage with our suppliers on areas such as the Modern Slavery Act 2015 to help ensure that their standards and practices are in line with our own.

Our customers constitute a wider body of people and other organisations, including customers in our shops, members of the public adopting pets in our rehoming centres, pet owners seeking veterinary care in our hospitals and the many thousands of donors who support our work every year. Indeed some people will be in a number of these groups of customers.

We look to engage with all these groups through a variety of communication means, such as face to face conversations, emails and supporter magazines. We always welcome feedback and our Supporter Care Team capture any complaints or compliments that are raised with them and then pass this information on to the relevant teams within the organisations so it can be considered as part of constantly reviewing working practices.

Major donor relationships, be they individuals or in areas such as trusts, will have regular ongoing engagement, through meetings and other communication means to ensure that the donors are fully aware of how their generous gifts are being utilised. We communicate regularly to all our donors via mail and email, though making sure we take into account their communication preferences and consent in line with GDPR regulations.

Safeguarding

The safeguarding board continue to meet every six weeks to discuss individual case and review ways in which we can raise awareness throughout the charity to ensure we are following best practice at all times. Regular updates on Safeguarding are given to our Trustees and this year we were pleased to get a significant assurance for the Whistleblowing and Safeguarding internal audit.

We remain committed to ensuring that:

1. Anyone who works for Blue Cross or who uses our services are safe
2. People can rely on us to be aware of what's going on and to take the appropriate action to protect them
3. People know who they can talk to or where to get help

We have a number of measures in place to help us fulfil our responsibilities:

- A dedicated support phone line and email, which is open seven days a week 24 hours a day
- An intranet site containing a wealth of information and resources relating to safeguarding
- On-line safeguarding training for everyone, which is compulsory for managers and Trustees and signposting to information detailing how to report a concern
- Appointment of designated safeguarding leads and a Trustee responsible for safeguarding
- Robust policies, procedures and code of conduct, supported by frequent monitoring and reporting to the Executive Team and Trustees.

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the strategic report, the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company 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 judgements 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
- 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 and 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 Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005. They 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.

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.

At the time of approval of the report, as far as each of the Trustees are aware there is no relevant audit information of which the auditors are unaware and, the Trustees have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

BDO LLP acted as charitable company's auditors during the year. In 2021 in line with guidance for strong charity governance we formally tendered our external audit relationship. BDO LLP were successful in the tender process and will be reappointed as our external auditors at the AGM.

The Trustees' report and strategic report were approved by the Trustees in their capacity as Directors of the company on 26 May 2022 and are signed on their behalf by:



Tim Porter FCA Chair

Independent auditor's report

To the Members and Trustees of Blue Cross

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 Charitable Company's affairs as at 31 December 2021 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006, as amended in 2010.

We have audited the financial statements of Blue Cross ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 December 2021 which comprise the consolidated statement of financial activities, the consolidated statement of financial position, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions related to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Charitable Company'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 & Accounts, other than the financial statements and our auditor's report thereon. The other information comprises: Welcome from our Chairman and Chief Executive, Trustees Report (incorporating the Strategic Report) and Thank you. 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.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' Report, have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2006 requires us to report to you if, in our opinion;

- proper and adequate accounting records have not been kept by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) 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 Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Parent Charitable Company 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 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

As part of the audit we gained an understanding of the legal and regulatory framework applicable to the Group and the sector in which it operates, and considered the risk of acts by the Group that were contrary to applicable laws and regulations, including fraud. We considered the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error, the Group's compliance with laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006, the Charities Act 2011, Charities and Trustee Investment (Scotland) Act 2005 and other laws and regulations applicable to the group such as employment law, taxation legislation, data protection, health and safety legislation and the Animal Welfare Act 2006. We considered financial performance, key performance indicators and other performance targets. We also considered the risks of non-compliance with requirements imposed by the Charity Commission, and other regulators, and we considered the extent to which non-compliance might have a material effect on the group financial statements.

We also communicated relevant identified laws and regulations, potential fraud risks and that there were no known matters of significant non-compliance with laws and regulations, to all engagement team members including internal specialists audit teams, and remained

alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

As a result of these procedures we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: donations and legacy revenue recognition.

Our tests included:

- agreeing the financial statement disclosures to underlying supporting documentation
- enquiries of the Audit Committee, management and internal audit, review of minutes of meetings of those charged with governance
- reviewing correspondence with HMRC
- reviewing a sample of gift aid claims and ensuring these have been made in accordance with the regulations
- challenging assumptions made by management in their significant accounting estimates in particular in relation to the legacy accrual
- enquiries of third parties, where information from that third party has been used by the Group in the preparation of the financial statements
- reviewed any Serious Incident Reports submitted to the Charity Commission and performed an assessment of any Whistleblowing matters and
- performed audit procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

As in all of our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluations, whether there was evidence of bias in accounting estimates by management or the Board that represented a risk of material misstatement due to fraud.

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:

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 Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the Charitable Company's trustees, as a body, in accordance with the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charitable Company's members and 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 Charitable Company, the Charitable Company's members as a body and the Charitable Company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Jill Halford

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Jill Halford Senior Statutory Auditor

For and on behalf of BDO LLP, statutory auditor
London, UK

Date: **30 May 2022**

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

Financials

Consolidated statement of financial activities

for the year ended 31 December 2021

	Note	Unrestricted Funds £'000	Restricted Funds £'000	2021 Total £'000	Unrestricted Funds £'000	Restricted Funds £'000	2020 Total £'000
Income and endowments from:							
Donations and legacies		25,841	3,905	29,746	25,219	3,689	28,908
Charitable activities		2,154	-	2,154	1,526	-	1,526
Other trading activities		4,197	-	4,197	3,065	-	3,065
Investment income		718	-	718	786	-	786
Grant Income		622	-	622	1,748	-	1,748
Net profit on sale of Asset		37	-	37	16	-	16
Total income	3	33,569	3,905	37,474	32,360	3,689	36,049
Expenditure on:							
Charitable activities:							
Clinical		(10,066)	(1,338)	(11,404)	(10,186)	(846)	(11,032)
Rehoming		(6,630)	(3,317)	(9,947)	(6,984)	(3,592)	(10,576)
Raising awareness		(3,222)	-	(3,222)	(3,259)	-	(3,259)
Advice and support		(1,088)	-	(1,088)	(1,081)	-	(1,081)
Raising funds		(5,517)	-	(5,517)	(4,432)	-	(4,432)
Other trading activities		(6,131)	(2)	(6,133)	(5,495)	(25)	(5,520)
Total Expenditure	4	(32,654)	(4,657)	(37,311)	(31,437)	(4,463)	(35,900)
Net income/(expenditure)		915	(752)	163	923	(774)	149
Net gains/(losses) on investments	9	4,238	-	4,238	1,970	-	1,970
Net movement in funds		5,153	(752)	4,401	2,893	(774)	2,119
Reconciliation of funds							
Total funds brought forward at 1 January		70,037	1,797	71,834	67,144	2,571	69,715
Total funds carried forward at 31 December	15	75,190	1,045	76,235	70,037	1,797	71,834

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 16 to the financial statements.

Total net profit for the parent entity during the year was £4.4m (2020: £2.1m).

Consolidated statement of financial position

as at year ended 31 December 2021

	Note	As at 31 December 2021		As at 31 December 2020	
		Group £'000	Charity £'000	Group £'000	Charity £'000
Fixed assets					
Tangible assets	8	23,572	23,572	23,421	23,421
Investments	9	41,342	41,342	37,757	37,757
		64,914	64,914	61,178	61,178
Current assets					
Stocks	10	254	89	368	156
Debtors	11	16,946	17,100	18,852	19,128
Cash and cash equivalents		4,604	4,424	4,828	4,600
		21,804	21,613	24,048	23,884
Liabilities					
Creditors: Amounts falling due within one year	12	(4,733)	(4,542)	(11,392)	(11,228)
		17,071	17,071	12,656	12,656
Creditors: Amounts falling due after more than one year	13	(5,750)	(5,750)	(2,000)	(2,000)
		76,235	76,235	71,834	71,834
The Funds					
Restricted funds	16	1,045	1,045	1,797	1,797
Unrestricted funds		66,851	66,851	64,239	64,239
Fair value investment reserve		8,339	8,339	5,798	5,798
		76,235	76,235	71,834	71,834

The notes 1 to 22 form part of these financial statements.

Approved by the Trustees on 26 May 2022 and signed on their behalf by



Tim Porter FCA
Chair



Stephen Swift
Vice Chair

Company number: 363197

Consolidated cash flow statement

for the year ended 31 December 2021

	2021 £'000	2020 £'000
Net cash provided by operating activities	4,162	663 Table A
Cash flows from Investing activities.		
Dividends, interest and rents from investments	718	784
Proceeds from sale of property, plant and equipment	37	16
Purchase of property, plant and equipment	(1,950)	(2,445)
Purchase of investments	(6,874)	(7,380)
Proceeds from sale of investments	7,528	9,006
Net cash used in investing activities	(541)	(19)
Cash flows from financing activities		
Interest received	-	2
Interest paid	(95)	(119)
Repayment of borrowing	(8,750)	(500)
Cash inflow from new borrowing	5,000	2,500
Net cash (used in)/provided by financing activities	(3,845)	1,883
Change in cash and cash equivalents in the year	(224)	2,527
Cash and cash equivalents at beginning of year	4,828	2,301
Cash and cash equivalents at end of year	4,604	4,828 Table B
Table A		
Net income for the year	4,401	2,119
Depreciation of fixed assets	1,673	1,662
Dividends, interest and rents from investments	(718)	(784)
Interest received	-	(2)
Interest paid	95	119
Loss on disposal of fixed assets	151	7
(Gains) on investments	(4,238)	(1,970)
	1,364	1,151
Working capital movements		
Decrease/ (increase) in stocks	114	(39)
Decrease/ (increase) in debtors	1,906	402
Decrease/ (increase) in creditors	778	(851)
Net cash provided by operating activities	4,162	663
Table B		
Cash at bank and in hand	4,604	4,828
Total cash and cash equivalents	4,604	4,828

Analysis of changes in net debt are included in the note 14.

Notes to the financial statements

for the year ended 31 December 2021

1. Company status

Blue Cross is a registered charity constituted as a company limited by guarantee and does not have share capital. The liability of each member is limited to £1. It is registered in the United Kingdom under company registration number 00363197 and charity registration number 224392. Its registered address is Shilton Road, Burford, Oxfordshire OX18 4PF.

2. Accounting Policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and preceding year, is set out below:

a) Basis of Accounting

The financial statements have been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (FRS 102) 2nd edition October 2019, applicable accounting standards, the Companies Act 2006, and the Charities and Trustee Investment (Scotland) Act 2005.

The financial statements consolidate the results of the Charity and its wholly-owned subsidiaries Blue Cross Trading Company Limited and Blue Cross (D&B) Company Limited on a line by line basis. Transactions and balances between the Charity and its subsidiaries have been eliminated from the consolidated financial statements. Balances between the organisations are disclosed in the notes. Detailed profit and loss accounts of Blue Cross Trading Company Limited and Blue Cross (D&B) Company Limited are disclosed in notes 17 and 18.

A separate Statement of Financial Activities, or income and expenditure account, and Statement of cash flows for the Charity itself is not presented because the Charity has taken advantage of the exemptions afforded in FRS102.

b) Going Concern

The directors are of the opinion that the company has adequate resources to continue to operate for the foreseeable future, being not less than one year from the date of approval of the financial statements. They have formed this opinion after reviewing future forecasts, cash flows and debt level. The level of reserves and current cash-flow is sufficient to cover repayment of our existing loans. For these reasons, the directors believe it is appropriate to prepare the financial statements on a going concern basis.

c) Critical Accounting judgements and estimates

In the process of applying its accounting policies, Blue Cross is required to make certain estimates, judgements and assumptions that it believes are reasonable, based on the information available. These estimates, judgements and assumptions affect the amounts of assets and liabilities at the date of the accounts and the amounts of income and expenditure recognised during the reporting period.

On an ongoing basis, estimates are evaluated using historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Actual results may differ significantly from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known.

The following paragraphs detail the certain estimates, judgements and assumptions Blue Cross believes to have the most significant impact on the annual results under the Charities SORP (FRS 102).

i. Income recognition – Blue Cross recognises income on a receivable basis where the amount is reliably measurable and there is adequate probability of receipt. Income recognition policies are detailed in the accounting policy for income and legacies. When it is considered that the key criteria of entitlement, probability and measurement for income recognition are not fulfilled for a transaction, income recognition is delayed until these have been judged to have been met. Payments received in advance of income recognition are recorded as deferred income.

Notes to the financial statements *(cont'd)*

for the year ended 31 December 2021

ii. Tangible fixed assets – the charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life. Increasing an asset's expected life would result in a reduced depreciation charge.

The useful lives of Blue Cross' assets are determined at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology. Depreciation policy is detailed in the accounting policy for depreciation.

iii. Accruals, provisions and contingencies – Expenditure incurred in the reporting period where there is uncertainty as to the final amount to be paid is accounted for on the basis of an estimated value where this treatment is viewed as appropriate. An accrual is recognised when it is probable that an obligation exists for which a reliable estimate can be made. The amount may change in the future due to new developments or as additional information becomes available. Matters that either are possible obligations or do not meet the recognition criteria for a provision are disclosed as contingent liabilities, unless the possibility of transferring economic benefits is remote, in which case no reference is made.

iv. Classification of leased assets – leases held are analysed in order to determine where the risk and reward of the ownership of the asset lies and subsequently classified as either operating or finance leases. The accounting policy for leases has been applied to these arrangements and additional assets are recognised within tangible fixed assets.

d) Income

All income is recognised when the Charity is entitled to the income, it is probable that income will be received, and the amount can be measured reliably. Specific policies for certain types of income are as follows:

- Raffle income is recognised when the cash is received, and sponsorship income is accounted for when receivable.
- Income from Blue Cross Shops includes the sale of donated goods through shops and the income is recognised when the goods are sold, and the payment received.
- Income from trading subsidiaries is represented by the commission receivable and on goods sold during the year, excluding VAT.
- Investment income is accounted for when receivable.
- Clinical, Rehoming and Rehabilitation income is accounted for when receivable and includes any associated donations.
- Gifts in kind are valued at cost where material and quantifiable.
- The policy for legacy income is shown in note 2(e) below.
- Government grants are recognised when conditions of entitlement are met.

e) Legacies

Incoming resources are included gross in the Statement of Financial Activities when the charity is entitled to the income at the date of probate, provided that sufficient information has been received to value the charity's entitlement. Pecuniary legacies are recognised as receivable once probate has been granted and notification has been received. Residuary legacies are recognised as receivable once probate has been granted and they can be valued with reasonable certainty. Legacies are included at 95 per cent (2020: 95 per cent) of the estimated value to reflect the inherent uncertainty that exists where a substantial proportion of the estimated income is represented by property and other investments whose value is subject to market fluctuations until realised. This rate is based on historical rates of actual receipts.

Blue Cross is also entitled to receive income from approximately another 118 legacies (2020: 130), which are subject to life tenancies and trust funds and which mainly comprise shares in properties and investments. As Blue Cross'

interest is reversionary, income from these legacies is not recognised at this stage. Blue Cross maintains a legacy pipeline system, which in addition to including the above includes further estimated legacy values that do not meet the recognition criteria, and which therefore have not been included in these accounts. See note 3.

f) Tangible Fixed Assets

Tangible fixed assets represent freehold land and buildings, motor vehicles and equipment. All fixed assets with an expected life of more than one year are included at cost and depreciated on the basis outlined below. Freehold land is stated at cost.

g) Intangible Fixed Assets

Intangible fixed assets represent licences and warranties in respect of purchased software and hardware. These are stated at cost less accumulated amortisation. The cost includes cost of asset purchases and other directly attributable costs.

h) Depreciation

The depreciation is charged from the date of acquisition or practical completion of works. The Board has set depreciation rates that are prudent and realistic and use the following rates, all on a straight-line basis, to reduce by annual instalments the cost of the tangible assets over their estimated useful lives:

Freehold properties – components -	15 - 50 years
Leasehold improvements -	5 years
Motor vehicles -	3 years
Equipment including PC and other IT equipment -	4 years
Software Warranties and Licenses -	4 years

The land element of properties is not depreciated but is tested for impairment.

All additions to fixed assets purchased for more than £5,000 (PC and other IT equipment for more than £500) are depreciated on the basis outlined above. Those that cost less than £5,000 (PC and other IT equipment that cost less than £500) are written off in the year of acquisition.

i) Investments

Investments held as fixed assets are revalued at bid price at the balance sheet date, except for investments in subsidiaries which are valued at cost. The gain or loss for the period is taken to the Statement of Financial Activities.

j) Stocks

Stocks are valued at the lower of cost and net realisable value. Full provision is made for slow moving and obsolete items. The cost comprises raw materials, direct labour and other direct costs but excludes borrowing costs. Stocks also include property under development for future sale.

k) Expenditure

All expenditure is accounted for on an accruals basis and has been listed under headings that aggregate all costs relating to that category. Where costs cannot be directly attributed to an activity or function they have been allocated on a basis of head count.

Costs of generating funds relate to those costs incurred in seeking voluntary donations or as incurred in publicising or marketing the Charity. All investment management charges and the costs associated with the trading company, Blue Cross Trading Company Limited, are also included. Charitable activities are all costs incurred in meeting the core objectives of the Charity.

Dilapidations have been calculated on properties where the lease has or is about to expire. Dilapidations are based on contractors' quotes or estimated costs to return the building to the condition that it was in when first leased. Irrecoverable VAT is included in relevant expense categories.

Governance costs are the costs associated with the governance arrangements of the Charity. This includes internal and external audit fees and other costs that have arisen from constitutional and statutory requirements and include any costs associated with the strategic management of the Charity's activities.

Notes to the financial statements *(cont'd)*

for the year ended 31 December 2021

Recognition for termination benefits is largely unchanged. A liability is recognised when an entity is demonstrably committed to:

- terminate the employment of employees before normal retirement date
- termination benefits have been offered to encourage voluntary redundancy.

A termination benefit is recognised as expenditure immediately on recognition. The liability is recognised as the best estimate of the cost at the reporting date.

The support cost of management and administration of the charity (including governance costs), comprising the salary and overhead costs of the central function, is apportioned to charitable activities on the basis of an estimate of staff time attributable to each activity as below:

	2021 %	2020 %
Cost of generating funds	7.41	8.28
Service Delivery:		
Clinical	32.01	29.60
Rehoming	33.19	37.89
Raising awareness	4.93	4.75
Blue Cross shops	18.71	16.41
Advice and support	3.39	2.76
Governance Costs	0.36	0.31
	100.00	100.00

l) Operating Leases

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the Statement of Financial Activities on a straight-line basis over the minimum lease term.

m) Pensions

The Charity contributes to a defined contribution pension scheme for salaried employees. Payments made to the scheme and charged in the accounts comprise current contributions. Pension contributions are charged to the Statement of Financial Activities as incurred. The pension cost charge represents contributions payable under the terms of the employees' contracts. The Charity has no pension liabilities other than for the payment of those contributions.

n) Funds

Restricted funds represent funds which are to be used in accordance with the specific restrictions imposed by the donors or which have been raised for particular purposes. The aim and use of each restricted fund is set out in notes to the financial statements.

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives and which have not been designated for other purposes.

The Fair value investment reserve recognises the fair value increase in our investment portfolio.

o) Financial Instruments

Blue Cross only holds basic financial instruments. Investments are measured at fair value and shown in note 9 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 11 and 12. The bank loans (note 13) are measured at the value drawn and any associated costs have been taken to the Statement of Financial Activities.

p) Volunteers' time

The Charity does not attempt to put a financial value on the hours of work that it receives for free each year from its thousands of volunteers. Therefore, the accounts do not include any income or costs with respect to this time.

3. Total Income

	2021	2020
	£'000	£'000
Donations and legacies		
Donations and gifts	8,048	7,721
Legacies receivable	20,178	19,870
Events, raffle, and sponsorship	1,520	1,317
	29,746	28,908
Charitable activities		
Clinical	1,696	1,040
Rehoming	401	460
Advice and support	57	26
	2,154	1,526
Other trading activities		
Income from Blue Cross shops	3,499	2,407
Income from trading subsidiaries	698	658
	4,197	3,065
Investment income		
Investment income received & receivable	718	784
Interest received & receivable	-	2
	718	786
Government Grants Income	622	1,748
Net profit on sale of asset	37	16
Total Income	37,474	36,049

The increase in Clinical income is due to the introduction of the new Pay as You Go charging model.

At the year-end the charity was aware that it was a beneficiary of an estimated 109 (2020: 118) legacies which do not yet meet the recognition criteria detailed in the accounting policies under note 2(d). This is generally because either probate has not been granted and so it was not certain that the legacy would be received, or the value could not be reliably measured. The current estimate of the total amount concerned is £2.02m (2020: £2.98m).

Government Grants income consists of income received under the UK Government's Coronavirus Job Retention Scheme, the Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund.

Total gross income for the parent entity during the year was £37.25m (2020: £35.39m).

Notes to the financial statements *(cont'd)*

for the year ended 31 December 2021

4. Total expenditure

	Raising funds £'000	Other trading activities £'000	Clinical £'000	Rehoming £'000	Raising awareness £'000	Advice & support £'000	Governance £'000	Support costs £'000	Group 2021 Total £'000	Group 2020 Total £'000
Staff costs (note 6)	(1,694)	(2,051)	(6,743)	(5,306)	(1,093)	(781)	(65)	(3,545)	(21,278)	(21,485)
Other staff related costs	(24)	(7)	(89)	(36)	(43)	(2)	(1)	(234)	(436)	(464)
Service delivery	-	-	(1,430)	(531)	-	-	-	-	(1,961)	(2,321)
PR and marketing	(3,068)	(19)	(21)	(9)	(1,648)	(28)	-	(5)	(4,798)	(3,764)
Trading costs	-	(185)	-	-	-	-	-	-	(185)	(191)
Property	(4)	(1,948)	(405)	(646)	(2)	(26)	-	(440)	(3,471)	(3,079)
Equipment and IT	(89)	(160)	(237)	(152)	(69)	(5)	(9)	(630)	(1,351)	(1,483)
Depreciation	(4)	(109)	(216)	(973)	(10)	-	-	(361)	(1,673)	(1,662)
Transportation costs	(11)	(89)	(27)	(202)	(40)	(22)	-	(87)	(478)	(523)
Other operating costs	(171)	(406)	(232)	(40)	(19)	(15)	(25)	(753)	(1,661)	(926)
Grants	-	-	(19)	-	-	-	-	-	(19)	(2)
Total	(5,065)	(4,974)	(9,419)	(7,895)	(2,924)	(879)	(100)	(6,055)	(37,311)	(35,900)
Governance reallocation	(7)	(19)	(32)	(34)	(5)	(3)	100	-	-	-
Support costs reallocation	(445)	(1,140)	(1,953)	(2,018)	(293)	(206)	-	6,055	-	-
Total 2021	(5,517)	(6,133)	(11,404)	(9,947)	(3,222)	(1,088)	-	-	(37,311)	-
Total 2020	(4,432)	(5,520)	(11,032)	(10,576)	(3,259)	(1,081)	-	-		(35,900)

Governance costs and support costs are allocated on a fulltime equivalent headcount basis – see Accounting Policy (2k).

Comparative section from 2020 accounts

	Raising funds £'000	Other trading activities £'000	Clinical £'000	Rehoming £'000	Raising awareness £'000	Advice & support £'000	Governance £'000	Support costs £'000	Group 2020 Total £'000	Group 2019 Total £'000
Staff costs (note 6)	(1,669)	(2,148)	(6,603)	(5,560)	(1,090)	(785)	(64)	(3,566)	(21,485)	(21,461)
Other staff related costs	(46)	(28)	(92)	(47)	(30)	(4)	(3)	(214)	(464)	(622)
Service delivery	-	-	(1,628)	(693)	-	-	-	-	(2,321)	(2,897)
PR and marketing	(1,888)	(30)	(34)	-	(1,762)	(50)	-	-	(3,764)	(5,214)
Trading costs	-	(191)	-	-	-	-	-	-	(191)	(265)
Property	(5)	(1,689)	(368)	(655)	(11)	(19)	(1)	(332)	(3,080)	(3,699)
Equipment and IT	(191)	(145)	(278)	(173)	(53)	(8)	(8)	(627)	(1,483)	(1,424)
Depreciation	(4)	(119)	(208)	(992)	(11)	-	-	(328)	(1,662)	(1,687)
Transportation costs	(16)	(102)	(56)	(209)	(9)	(27)	-	(104)	(523)	(847)
Other operating costs	(127)	(108)	(28)	(42)	(13)	(29)	(2)	(576)	(925)	(1,663)
Grants	-	-	(2)	-	-	-	-	-	(2)	12
Total	(3,946)	(4,560)	(9,297)	(8,371)	(2,979)	(922)	(78)	(5,747)	(35,900)	(39,767)
Governance reallocation	(7)	(13)	(23)	(29)	(4)	(2)	78	-	-	-
Support costs reallocation	(479)	(947)	(1,712)	(2,176)	(276)	(157)	-	5,747	-	-
Total 2020	(4,432)	(5,520)	(11,032)	(10,576)	(3,259)	(1,081)	-	-	(35,900)	-
Total 2019	(5,589)	(6,108)	(11,294)	(11,527)	(4,072)	(1,177)	-	-		(39,767)

Governance costs and support costs are allocated on a fulltime equivalent headcount basis – see Accounting Policy (2k).

5. Net Income from the Financial year is stated after charging/(crediting)

	Group 2021 £'000	Group 2020 £'000
Depreciation of fixed assets	1,673	1,662
Loss on disposal of fixed assets	151	7
Loans interest	95	120
Operating lease rentals:		
Buildings	1,487	1,438
Vehicles	283	271
Office Equipment	2	2
Auditor's Remuneration (incl. expenses, excl. VAT):		
Fees for the audit of the financial statements	43	45
Fees for other services	2	2

Notes to the financial statements *(cont'd)*

for the year ended 31 December 2021

6. Employees

Group and charity	Group 2021 £'000	Group 2020 £'000
Wages and salaries	(17,490)	(17,707)
Social security costs	(1,658)	(1,640)
Pension contributions	(1,557)	(1,585)
	(20,705)	(20,932)
Other staff costs	(573)	(553)
	(21,278)	(21,485)

In 2021 the remuneration committee approved total settlement payments of £75,819 to two individuals (2020: £15,735 to three individual); in addition, there were 72 redundancy and 77 payment in lieu of notice (PILON) payments totalling £733,968 made to 77 individuals (2020: redundancy and PILON payments totalling £114,643 were made to fourteen individuals). The amount approved by the remuneration committee but not settled at year end was nil.

The average weekly number of employees engaged in the activities of the Charity during the year, shown as number of employees and full-time equivalents, was:

Group and charity	2021 Average	2021 FTE	2020 Average	2020 FTE
Generating voluntary income	53	48	63	54
Raising awareness	35	32	33	31
Blue Cross shops	158	121	144	107
Clinical	249	206	234	193
Rehoming	243	214	284	247
Advice and support	23	22	19	18
Governance	2	2	2	2
	763	645	779	652

The Executive team, as defined in the Trustee Report, received total remuneration including pension contributions and employers National Insurance of £994,237 (2020: £862,887).

The number of employees whose emoluments (including taxable benefits in kind) were in excess of £60,000 for the year were:

	2021 Number	2020 Number
£60,001 - £70,000	9	8
£70,001 - £80,000	2	4*
£80,001 - £90,000	1	1
£90,001 - £100,000	2	4
£100,001 - £110,000	2	1
£120,001 - £130,000	0	-
£130,001 - £140,000	1*	-
£180,001 - £190,000	1**	-

*Denotes Chief Executive Officer. ** This amount included a settlement payment, full details of this are in note 19

Due to the change of Chief Executive Officers in June 2020 neither received a full year's salary and so both are within the £70,000 to £80,000 salary bracket during 2020.

Contributions made in the year for the provision of defined contribution pension schemes totalled £182,714 for those eighteen employees (2020: £157,813 for eighteen employees).

In accordance with the Memorandum of Association of Blue Cross, the Trustees received no remuneration for their services during the year.

There are no reimbursements of costs to any trustees in 2021 (2020 £3,082 nine Trustees).

Trustee Indemnity Insurance was provided in the year at a total cost of £7,280 to the Charity (2020: £10,000).

7. Taxation

The company is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Blue Cross Trading Company Limited makes qualifying donations of taxable profits to Blue Cross. No corporation tax liability arose in the year.

8. Tangible fixed assets

Group and Charity	As at 31 December 2021						As at 31 December 2020	
	Freehold land and buildings £'000	Leasehold improvement £'000	Equipment £'000	Motor Vehicles £'000	Computers £'000	Assets under construction £'000	Total £'000	Total £'000
Cost								
At 1 January	37,891	1,793	1,940	182	2,675	1,563	46,044	43,666
Additions	1,564	-	57	15	352	24	2,012	2,445
Disposals	(1,133)	-	-	(19)	-	-	(1,152)	(67)
Transfers	1,426	-	17	-	16	(1,459)	-	-
At 31 December	39,748	1,793	2,014	178	3,043	128	46,904	46,044
Depreciation								
At 1 January	(17,181)	(1,512)	(1,540)	(151)	(2,239)	-	(22,623)	(21,005)
Charge for the year	(1,144)	(101)	(195)	(23)	(210)	-	(1,673)	(1,662)
Eliminated in respect of disposals	945	-	-	19	-	-	964	44
At 31 December	(17,380)	(1,613)	(1,735)	(155)	(2,449)	-	(23,332)	(22,623)
Net Book Value								
At 31 December	22,368	180	279	23	594	128	23,572	23,421
Net Book Value At 1 January	20,710	281	400	31	436	1,563	23,421	22,661

Assets under course of construction in 2021 relate to the build projects at Kimpton, Hammersmith, Suffolk and Victoria (2020: Kimpton and Hammersmith). The transfer in 2021 related to the Kimpton building completion.

Notes to the financial statements (cont'd)

for the year ended 31 December 2021

	As at 31 December 2021		As at 31 December 2020	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Net receipts on sale				
Equipment	4	4	-	-
Motor Vehicles	33	33	16	16
Less: Cost of Sales	-	-	-	-
Administration and Fees	-	-	-	-
Profit on Sale of Asset	37	37	16	16

9. Investments

Group and Charity	As at 31 December 2021 £'000	As at 31 December 2020 £'000
Market value at 1 January	35,486	36,496
Investment cash at 1 January	2,271	917
	37,757	37,413
Disposals at brought forward market value	(5,991)	(11,111)
Acquisitions at cost	6,875	7,380
Cash (utilised)/realised	(1,537)	2,105
Unrealised gain/(loss) on revaluation	4,249	2,721
Realised gain/ (loss) on disposal	(11)	(751)
Market value at 31 December	41,342	37,757

	As at 31 December 2021 £'000			As at 31 December 2020 £'000
The above investments consist of:	UK	Non-UK	Total	Total
Fixed Interest securities	3,872	1,906	5,778	4,884
Other listed shares and securities	17,050	17,781	34,831	30,602
Cash	733	-	733	2,271
	21,655	19,687	41,342	37,757
Historical cost as at 31 December			33,003	31,951

10. Stocks

	As at 31 December 2021		As at 31 December 2020	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Net receipts on sale				
Veterinary drugs for charitable purposes	89	89	157	156
Goods for resale	165	-	211	-
	254	89	368	156

11. Debtors

	As at 31 December 2021		As at 31 December 2020	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Due within one year				
Income Tax Recoverable	423	423	386	386
Trade debtors	363	331	64	31
Amounts owed by group undertakings	-	211	-	334
Legacy debtors	14,939	14,939	17,049	17,049
Other debtors	380	380	428	428
Prepayments and accrued income	841	816	925	900
Total Debtors	16,946	17,100	18,852	19,128

There were no debtors due after more than one year as at 31st December 2020 and 2021.

12. Creditors: Amounts falling due within one year

	Note	As at 31 December 2021		As at 31 December 2020	
		Group £'000	Charity £'000	Group £'000	Charity £'000
Trade creditors		(644)	(637)	(678)	(656)
Social security and other taxes		(567)	(387)	(522)	(387)
Other creditors		(305)	(305)	(239)	(239)
Accruals and deferred income		(2,217)	(2,213)	(1,453)	(1,446)
Bank loans	13	(1,000)	(1,000)	(8,500)	(8,500)
		(4,733)	(4,542)	(11,392)	(11,228)

The deferred income balance at 1st January 2021 was £120,785 the amount released to income in the year was £122,045 and the amount deferred in the year was £20,543.

The deferred income relates to Pet Bereavement Support Service (PBSS) telephone line, London Marathon Sponsorship in 2022.

Notes to the financial statements *(cont'd)*

for the year ended 31 December 2021

13. Creditors: Amounts falling due after more than one year

	As at 31 December 2021		As at 31 December 2020	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Bank loans	(5,750)	(5,750)	(2,000)	(2,000)
	(5,750)	(5,750)	(2,000)	(2,000)

The balance at the start of 2021 was £10.5m consisting of an £8m remaining on a long-term loan and a £2.5m CIBIL loan, secured on the Victoria Properties (Sheppard House, 1-5 Hugh Street, SW1V 1QQ). During 2021 the £8m loan was refinanced with Barclays and reduced to £5m with a repayment of £3m in April 2021.

This £5m loan is repayable in equal annual instalments over 5 year period with £500k annual repayments and a final payment of £2.5m. It accrues interest at a variable rate of Bank of England Base rate + 1.75% and is secured against the same Victoria properties.

The additional £2.5m was borrowed as part of the government CBIL scheme. This is repayable in equal annual instalments over 5 year period at a variable rate of Bank of England Base rate + 2.69% and is secured against the same Victoria properties but with an additional guarantee from the UK Government under the CBIL scheme. Further payments of £750k have been made on both loans during 2021 and this leaves a balance of £6.75m at 31st December 2021.

14. Analysis of changes in net debt

	As at 01 January 2021 £'000	Cash flows £'000	Non-cash changes £'000	As at 31 December 2021 £'000
Group and Charity				
Cash and cash equivalents				
Cash at bank and in hand	4,828	(224)	-	4,604
	4,828	(224)	-	4,604
Borrowings				
Debt due within one year	(8,500)	8,750	(1,250)	(1,000)
Debt due after more than one year	(2,000)	(5,000)	1,250	(5,750)
	(10,500)	3,750	-	(6,750)
Total	(5,672)	3,526	-	(2,146)

15. Analysis of net assets between funds

	As at 31 December 2021			As at 31 December 2020		
	Restricted £'000	Unrestricted £'000	Total funds £'000	Restricted £'000	Unrestricted £'000	Total funds £'000
Tangible fixed assets	-	23,572	23,572	-	23,421	23,421
Investments	-	41,342	41,342	-	37,757	37,757
Net current assets	1,045	10,276	11,321	1,797	8,859	10,656
Net assets at the end of the year	1,045	75,190	76,235	1,797	70,037	71,834

16. Movement in funds

Purposes of restricted funds

The principal restricted funds are those held in respect of the following funds. These funds are specifically for the use at the centres named below.

	As at 1 January 2021 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains/ (losses) £'000	As at 31 December 2021 £'000
Restricted funds:						
<i>With transactions above £250k:</i>						
Burford running costs	554	428	(668)	-	-	314
Cambridge running costs	102	52	(154)	-	-	-
Hertfordshire capital	372	794	(1,166)	-	-	-
Hammersmith capital	237	-	(14)	-	-	223
Other Restricted Funds	532	2,631	(2,655)	-	-	508
Total restricted funds	1,797	3,905	(4,657)	-	-	1,045
Unrestricted funds	70,037	33,570	(32,655)	-	4,238	75,190
Total funds	71,834	37,475	(37,312)	-	4,238	76,235

Funds for Burford included numerous individual legacies to finance operational activity of the rehoming centre. Funds for Hertfordshire related to individual donations to finance the Hertfordshire site building project. Other restricted funds included £1,261,814 related to clinical services and £1,420,445 to rehoming.

	At 1 January 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains/ (losses) £'000	At 31 December 2020 £'000
Restricted funds:						
<i>With transactions above £250k:</i>						
Burford running costs	310	1,472	(1,228)	-	-	554
Cambridge running costs	191	286	(375)	-	-	102
Hertfordshire capital	1,109	466	(1,203)	-	-	372
Hammersmith capital	258	-	(21)	-	-	237
Other Restricted Funds	703	1,465	(1,636)	-	-	532
Total restricted funds	2,571	3,689	(4,463)	-	-	1,797
Unrestricted funds	67,144	32,360	(31,437)	-	1,970	70,037
Total funds	69,715	36,049	(35,900)	-	1,970	71,834

Notes to the financial statements *(cont'd)*

for the year ended 31 December 2021

17. Blue Cross (D&B) Company Limited

Blue Cross (D&B) Company Limited (Company number 4879277, registered address Shilton Road, Burford, Oxfordshire OX18 4PF) is incorporated in the United Kingdom and has an accounting year end of 31 December. It is a wholly owned subsidiary whose main activity is to undertake the design and building of the charity's hospitals and rehoming centres in the most cost effective manner for the benefit of the charity. Its turnover is derived from invoicing the charity at cost for each major capital project as the costs are incurred. Any net profits would be transferred to Blue Cross by way of charitable donation. Blue Cross (D&B) Company Ltd. was dormant during 2021 and 2020.

18. Blue Cross Trading Company Limited

Blue Cross Trading Company Limited (Company number: 2203092, registered address Shilton Road, Burford, Oxfordshire OX18 4PF) is a wholly owned subsidiary whose primary purpose is to generate income for the Charity. The trading activities are primarily sale of new goods through Blue Cross shops and commission and licensing agreements. Net taxable profits are transferred to Blue Cross by way of a charitable donation.

A summary of the trading result for 2021 is shown opposite:

Income Statement	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Turnover	698	658
Cost of Sales:		
Stock brought forward	211	175
Purchases	139	228
Stock carried forward	(165)	(211)
	(185)	(192)
Gross profit	513	466
Administrative Expenses	(9)	(46)
Management charge from Blue Cross	(34)	(34)
Profit on ordinary activities before taxation	470	386
Taxation	-	-
Profit on ordinary activities after taxation	470	386
Qualifying charitable deduction	(470)	(386)
Retained profit for the financial year	-	-
Statement of Financial Position		
Total Assets	402	498
Total Liabilities	(402)	(498)
Net Assets	-	-
Total Funds	-	-

19. Related parties, subsidiary charities and welfare associates

David Catlow, Director of Clinical Services, left the employment of Blue Cross in December 2021. The charity paid a settlement payment of £60k.

The charity's transactions with its subsidiaries are disclosed in notes 11, 17 and 18.

Subsidiary Charities

The following dormant charities are classified as subsidiary charities on the Charity Commission's Register. Their reserves from the point they became dormant are included in the Blue Cross charity accounts and are now managed through the restricted reserves. In accordance with the provisions of the Charities Acts regarding small charities, the Charity aims to utilise any small funds held by its subsidiary charities.

The War Horses Fund

Annie Gordon Fund

London Institute Mrs Morgan's Fund

Bertie Copinger Prichard Fund (Captive and Performing Animals Fund)

Mary Margaret Baroness Seaforth of Brahan (Sister Mabel's Free Dispensary for Sick Animals)

Edith Alice Bromley-Bourne Fund

Rosie May Hare Winton Fund

Amy Alice Baldwin Fund

Louisa Snow Fund

Lucy Anne Fraser Oldfield Fund

M I S Hounsell Fund

Blue Cross is a member of Together for Animals (charity number 1102985) which is a registered charity incorporated as a company limited by guarantee and not having a share capital. Blue Cross's liability as a member is restricted to £10. Together for Animals co-ordinates and promotes payroll giving to benefit the work of five animal charities, including Blue Cross, on a scale that would not be economic for the charities to carry out on an individual basis.

Notes to the financial statements *(cont'd)*

for the year ended 31 December 2021

20. Leases and other commitments

At 31 December 2021 the total committed to operating lease payments in future years was:

	31 December 2021 £'000	31 December 2020 £'000
Leases for land and buildings:		
Expiring within one year	1,158	1,335
Expiring between one and five years	2,483	3,170
Expiring thereafter	679	1,136
Leases for vehicles:		
Expiring within one year	197	222
Expiring between one and five years	229	387
Leases for equipment:		
Expiring within one year	2	2
Expiring between one and five years	-	2
Total	4,748	6,254

Details of commitments at the accounting date are as follows:

	31 December 2021 £'000	31 December 2020 £'000
Contracted for but not provided for:		
Hertfordshire build	-	(1,459)
Victoria	(121)	(50)
	(121)	(1,509)

The commitments contracted for but not provided represent the contract values, less payments made for building projects in progress.

21. Pensions

The Charity contributes to a defined contribution and private pension scheme for salaried employees. Payments made to the scheme and charged in the accounts comprise current contributions. These are allocated against the activity to which the related employee is engaged, and no allocations are made against restricted funds.

These contributions payable by the Charity amounted to £1,557,261 (2020: to £1,584,476). All contributions were paid in the year.

22. Contingent liabilities

Blue Cross, on occasion, is required to give indemnities to the Executors of estates where Blue Cross is a beneficiary. The charity does not expect these indemnities to crystallise before expiry and aims to ensure that such indemnities are limited to the value of Blue Cross's share of the legacy, have the earliest possible expiry date, and are not given on a joint and several basis. The total value of indemnities given, but not provided in the accounts, outstanding as at 31st December 2021 is £384k (2020: £390k).

Reference and administrative details

For the year ended 31 December 2021

Company number: 363197

Charity number in England and Wales: 224392

Charity number in Scotland: SC040154

Registered office and operational address

Shilton Road
Burford
Oxfordshire
OX18 4PF

Honorary Members

The Rt Hon Earl Cadogan DL

The Lord Kirkham CVO

Mr and Mrs A Langton

WJB Sneath

Sir John Spurling KCVO OBE

RT Vyner CBE

Ambassadors

Amy Clarke

Pam Ferris

Mary King MBE

Chris Packham CBE

Lord Trees

Trustees

Trustees, who are also directors under company law and who served during the year and up to the date of this report were as follows:

Tim Porter FCA (Chair)

Zair Berry FCA (retired 24 June 2021)

Niki Brooks-Coppard

Catherine Brown

Professor Stuart Carmichael
BVMS, MVM, DSAO, MRCVS

Clive Everest MA, FCA

Caroline Gosling

Nico Lutkins

Chris Martin BSc

Joseph Nhan-O'Reilly

Dr Nick Park

Charmion Pears

The Hon Fleur Roper-Curzon
(Vice-Chair) (retired 24 June 2021)

Dr Jeremy Stewart BVetMed
CertVR MRCVS

Stephen Swift (Vice-Chair)

Lara Dewar (appointed 24 June 2021)

Alison Forrestal (appointed 24 June 2021)

Independent Board Members

Lara Dewar (resigned 24 January 2021)

Alison Forrestal (resigned 24 January 2021)

Independent Audit

Committee Members

Helen Wilkie ACA

Independent Investment Committee Member

Zair Berry (appointed 24 June 2021)

Board Observers

Vikramaditya Ghosh

Chief Executive

Chris Burghes

Company Secretary

Iain Heaton

Banker

Barclays Bank plc
Wytham Court
11 East Way
Oxford
OX2 0JB

Solicitors

BDB Pitmans LLP
1 Bartholomew Close
London
EC1A 7BL

Bates Wells Braithwaite LLP
10 Queen Street Place
London
EC4R 1BE

Wilsons Solicitors LLP
4 Lincoln's Inn Fields
London
WC2A 3AA

External auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Investment Manager

Rathbone Greenbank
Investments
8 Finsbury Circus
London
EC2M 7AZ

Thank you

We would like to pay particular acknowledgement and thanks to the following trusts, companies and individuals for their generous support during 2021.

Corporate Partners

Sofology
 AmazonSmile
 Pets at Home
 Anicura Natural Pet Solutions
 Pet Plan Limited
 Kindred Group
 Lottoland
 R.H.Amar & Co Limited
 Burgess Pet Care
 Dodson & Horrell
 Raffolux

Trusts and Foundations

Barbara Davies Trust
 Colin Aylmer Johnson
 Memorial Trust
 The Peter O'Sullivan
 Charitable Trust
 The Rose Animal Welfare Trust
 The Sylvia & Stanley Moss Trust

We would also like to thank our partners across the animal charity sector with whom we have worked closely throughout 2021 to share resources and knowledge, and as such make a positive impact on the lives of pets and their owners.

Blue Cross

**Shilton Road, Burford
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Pets change lives
We change theirs

