



BLUE CROSS
**ANNUAL
REPORT**
& ACCOUNTS
2023



Supporting pets and people
throughout the cost of living crisis

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of annual report and accounts

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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

A world where all pets enjoy a healthy and happy life with people who love them.

Purpose

To help pets and people thrive together.

Welcome

from our Chair and Chief Executive

We are delighted to welcome you to the Blue Cross 2023 Annual Report. It has been a hugely challenging year for pets and the people who love them. The cost of living crisis has created immense pressures and some heart-breaking decisions. Blue Cross's mission has been critical in supporting pets and their owners throughout a difficult year.

We are extremely proud of the support we have given to people struggling to feed their pets through the rapid expansion of our Pet Food Bank network. We are very grateful to Pets at Home who have provided invaluable financial support to fund roles for this vital initiative and have made available food collection points at their 450 stores throughout the UK. By the end of 2023 we had fed over 2.2 million pets for a day.

Blue Cross have provided continuous advice and support to pets and owners exposed to the worrying uncertainties of the XL bully ban announced by the Government in September 2023. The Charity has been an active member of the Dog Control Coalition with nine other animal welfare charities to present a united sector view on the ban. We have lobbied the Government and Defra throughout the year on the unfortunate consequences of the ban. We do not believe the Dangerous Dog Act has been an effective deterrent in controlling dog attacks over the last 32 years. The real problem lies with irresponsible owners and breeders, and we must continue to focus on educating the public on responsible dog ownership. The XL bully ban represents a significant crisis for the animal welfare sector with an already overstretched veterinary profession and an unrealistic deadline for the introduction of the ban's strict conditions.

Our veterinary teams have worked tirelessly to support sick and injured pets with over 25,000 pets treated in our hospitals and pet care clinics. Recruitment constraints and rising costs have been a major challenge for Blue Cross as they are for many other animal welfare charities. As a result, we have had to prioritise emergency support and cut back on more routine, but higher volume activities such as neutering. The launch of our new look Veterinary Care Fund has been a hugely successful and important initiative in increasing accessible vet services to struggling pet owners, with over 450 veterinary practices participating nationwide. We continue to focus on affordable veterinary care and, as a result of our research, we will introduce a new pricing model in 2024 to support owners on low incomes.

The hard work of our Rehoming team resulted in an increase of over 27 per cent in the number of pets helped. However, there is more work to do to return to the same levels of help provided before the pandemic



and the massive growth of online pet sales. We will be investing in increasing our Rehoming team's headcount, infrastructure and operating capabilities to significantly increase the number of pets we help over the next three years. This will result in an integrated approach to provide a national service and a significant expansion of our fostering capacity and our Home Direct rehoming model.

Our unique Pet Loss Support service will celebrate its 30th anniversary in 2024 and has continued to provide invaluable support in 2023, receiving over 20,300 calls for support from people suffering the sad loss of a pet through death, theft or having to give up a much loved pet.

You will read in our Plans for the Future section that we have refreshed and updated our strategy with the recent launch of the 2024-26 strategy. We are proud of the impact Blue Cross has delivered for pets and their owners over the last three years and this vital work will continue under the new strategy. Nonetheless in these hugely challenging times we are acutely aware that our focus must continue to be on those pets and people in the greatest need, so we can make the greatest impact.

There are several marvellous examples in this report where we have worked collaboratively with other animal welfare charities, and this has been an extremely positive development of the last few years. A united approach and sharing of skills and resources maximises what we can collectively deliver for pets and the people who love them.

We have exciting plans to grow our services. The Board have approved a future investment of £1.25m per annum to expand our rehoming capacity and our fostering network. We are also instigating a two-year brand refresh programme at a cost of £5m as part of a major public awareness campaign. It is also fundamental that we update our Rehoming and Fundraising CRM systems through a new £2m central platform investment in 2024 and 2025. These investments are crucial to our medium-term plans to maximise our effectiveness and impact nationally.

As outlined in last year's report, 2023 was a year of retrenchment where after strategic investments we anticipated a budgeted loss of £2.4m. In the current financial climate, it was most encouraging to record an overall surplus of £0.4m. This was achieved by a strong fundraising contribution, particularly Individual Giving and Philanthropy, which exceeded budget by £0.9m, continued progress in all our main services and a £1m recovery in our investment portfolio after the losses experienced in 2022. In 2024 and 2025 the continuing investments in IT infrastructure and our Rehoming service and the introduction of the major brand awareness campaign means that losses will be incurred in 2024 and 2025. Nonetheless the Board are committed to returning to a break-even position in 2026. The Board considers it is essential to use the Charity's reserves for these critical investments for the future of the Charity, to enable it to deliver its wide range of vital services as efficiently and cost effectively as possible.

Professor Stuart Carmichael, Joseph Nhan O'Reilly, Nico Lutkins and Lara Dewar retired as Trustees during the year due to increased work commitments. We are very grateful to them for their wise advice and the breadth of experience they contributed to Blue Cross. Michele Jennings resigned as an Independent Board Member on her appointment as a Trustee.

Since the year end Keillian Tai has joined the Board of Trustees as an Independent Board Member. Keillian is an investment specialist working at the Office of the Pensions Regulator and has been a member of Blue Cross's Investment Committee for the last two years.

The Board were delighted that Chris Burghes was appointed an MBE in the King's Honours for his outstanding service to NHS Charities during the Pandemic. We were also very sorry to learn of the death of Earl Cadogan, an honorary member and generous benefactor, most notably in the Victoria Animal Hospital appeal.

Tim will retire as a Trustee at the Annual General Meeting after eight years as your Chair. Beth Brook was appointed a Trustee after a wide chair recruitment process and will succeed Tim as Chair. Beth is an experienced CEO in the environmental and education sectors with considerable Not for Profit sector expertise.

We are immensely grateful to all our team members and volunteers whose dedication, energy, enthusiasm and compassion, often in challenging circumstances, is utterly inspirational. Blue Cross could not fulfil its mission without their wonderful contributions and we cannot thank them enough.



Tim Porter FCA
Chair



Chris Burghes
Chief Executive

Trustees' report

The Trustees are proud to present their annual report for 2023. The Trustees' 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
- Risk management

We produce a separate impact report alongside our annual report. The impact report contains more details and case studies of our work and the impact we have made in 2023. The impact report can be downloaded from bluecross.org.uk/publications.

Public benefit

As with all charities Blue Cross exists to serve a public benefit and the Trustees regularly review the charitable objectives and activities of the Charity to ensure that it is continuing to serve the public as intended. As laid out in our Memorandum and Articles of Association, our charitable activities aim to "encourage and promote kindness to and the protection of animals and to educate the public in responsible animal ownership".

We aim to achieve these objectives through a wide range of activities by ensuring that:

- Knowledge and understanding of a pet's needs are widespread
- Pets are valued for the benefits they bring to society
- 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 2023 in fulfilling our charitable objectives.

Key activities from 2023

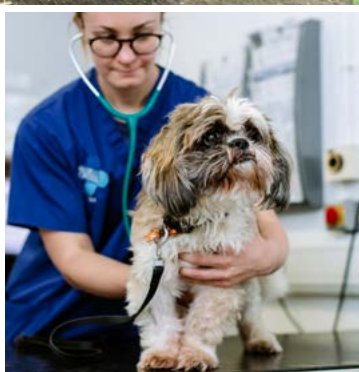
2023 saw some significant changes at Blue Cross, and with the cost of living crisis continuing to impact families around the country, we once again demonstrated our commitment to supporting pets and their people. Here are a few of our key activities and achievements from the year:

Pet Food Banks

The cost of living crisis has created unprecedented pressure on household budgets around the UK, so services like our Pet Food Banks have never been more needed. In response to the needs of people struggling to feed their pets we expanded our network of Pet Food Banks across the country and, by the end of 2023, had successfully fed over 2.2 million pets for a day.

In addition to donations of food from the public, companies have made bulk donations. We also developed relationships with an increasing number of human food banks, as well as continuing our exciting partnership with Pets at Home. By June we had reached our target of having Blue Cross pet food donation points in all 450 Pets at Home stores around the UK. (Read more on page 12).





Rehoming investment

Following the changes to our physical locations in 2021, we moved onto the second phase of modernisation in 2023. This involved significant investment in our dog, cat and small pet activity, with the aim of significantly increasing the number of pets helped over the next three years. (Read more on page 9).

Veterinary Care Fund

In 2023 we updated and relaunched our Veterinary Care Fund, with the aim of increasing access to essential veterinary services across the UK. An initial three-month pilot involving 23 veterinary practices proved highly successful and within months 450 practices were participating nationwide. (Read more on page 7).

XL bully types and the Dangerous Dogs Act

As part of the Dog Control Coalition, which also includes Battersea Dogs and Cats Home, British Veterinary Association, Dogs Trust, The Kennel Club, RSPCA, SSPCA and Hope Rescue we met regularly with Defra throughout 2023 to discuss dangerous dogs.

We do not believe the Dangerous Dogs Act has been effective in controlling dog attacks over the last 32 years and feel that the real problem lies with irresponsible owners and breeders. We lobbied for a non-breed specific solution that we believe would be more effective at addressing the ongoing problem. Yet, despite this, on 15 September the Government announced that the XL bully type was to be added to the list of banned dogs under the current law. The implications of this are extensive, representing a significant crisis for the animal welfare sector, and we have been dealing with the impact on pets, people and our charity ever since. (Read more on page 12).

Campaigning for an end to greyhound racing

As well as supporting pets and people, we have always spoken out on pet welfare issues and campaigned vigorously to improve animal welfare standards in the UK.

Cut the Chase is a coalition of animal welfare charities (Blue Cross, RSPCA, Dogs Trust, Hope Rescue and Greyhound Rescue Wales) who are calling for an end to greyhound racing. In addition to working with other organisations on this issue, we have our own 'Don't race. Embrace.' campaign. By the end of the year over 52,000 people had signed our petition, calling on the UK governments to phase out greyhound racing within five years. (Read more on page 12).

Strategic report

Our achievements and progress

As in previous annual reports, we report our achievements and performance against the three pillars of our Impact Framework.

Help for pets in need

Veterinary services

The veterinary industry in the UK continued to experience huge challenges during 2023, with national workforce shortages, stock and supply issues and rising costs. At the same time, demand for veterinary services has increased due to the growth in the pet population, which boomed during the pandemic.

We are incredibly proud of the commitment our teams have shown during this period.

Achievements from our veterinary services	2023	2022
Pets helped overall	25,416	24,204
- At our hospitals	21,992	21,207
- Via our pet care clinics	1,719	2,632
- Via our Veterinary Care Fund	1,313	365
- Rehoming centre pilot	392	-
Consultations overall	68,140	66,136
Total hospital consultations	65,350	61,614
- In person	59,670	55,893
- Virtual	5,680	5,721
Operations overall	5,659	5,997
- Hospital operations	5,235	5,036
- Pet care clinic operations	424	961

Overall our pets helped figures have not returned to pre pandemic levels as quickly as we had hoped. A significant reason for this is the reduction in our pet care clinic activity, which is reliant on relationships with private veterinary practices. Sadly, due to industry-wide pressures, a number of partner practices have had to stop offering pet care clinic services. The impact of this has contributed to 2,001 fewer pets helped than the comparative figure in 2020.

The number of pets helped by our hospitals had declined by a similar level to the end of 2022, but our hospitals showed a 3.7 per cent increase on last year and we expect this trend to continue in the next few years. As discussed below, we have seen considerable growth in our Veterinary Care Fund and this is now helping double the number of pets that the comparable fund helped in 2019.

Throughout 2023, Blue Cross made significant strides in enhancing its veterinary services. Veterinary working groups were established to focus on the specific areas of operations, strategy and standards and these groups have been instrumental in launching projects related to pricing, virtual care and providing veterinary support to our rehoming colleagues.

Veterinary Care Fund

2023 saw the launch of our new look Veterinary Care Fund, an initiative aimed at increasing access to essential veterinary services across the UK.

Prior to the official launch, we collaborated with 23 private veterinary practices that shared our determination to reach pet owners in need. We then conducted a three-month pilot to test the accessibility and effectiveness of the fund in assisting owners who were struggling to afford veterinary care.

The success of the pilot was evident. Within months, an impressive 450 practices were participating nationwide. This overwhelming response underlined the critical necessity of providing support for veterinary care, especially in tough economic times. During the year the fund helped over 1,300 pets, with an average award of £224.

The Veterinary Care Fund reinforces our commitment to ensuring the wellbeing of pets across the country and we will continue to provide this essential support for struggling pet owners.

Award winning teams

Our Victoria hospital won the Team of the Year award at the Blue Cross conference, and our Merton hospital won the first ever British Veterinary Association Wellbeing Award. Both of these fantastic accolades demonstrate the positive culture that exists within our teams, as well as our ongoing commitment to staff, ensuring they feel valued and supported.

Working together

One of our key objectives is for teams to work collaboratively and efficiently together wherever possible. During 2023 we developed a framework to support this ambition, and allow our hospitals to continuously improve the effectiveness and efficiency of services.

We also implemented a veterinary services pilot at our Hertfordshire rehoming centre to reduce our dependency on local practices. Vets from our London hospitals made weekly visits to the site to provide non urgent treatment, thereby reducing costs. In total 392 pets received treatment during the pilot. This proved valuable in improving efficiency and cost-effectiveness and the ongoing collaboration between the Veterinary and Rehoming teams will hopefully lead to support across more of our centres.

A challenging year

Despite these successes, the Charity has faced a number of challenges during 2023, including workforce shortages, which have caused issues across the sector. As a result, great efforts continued to be made in recruitment and retention. In addition, rising costs across all areas of service delivery have been a constant threat to the sustainability of affordable veterinary services.

Blue Cross remains committed to mitigating burnout and compassion fatigue, through comprehensive planning and team support measures.

Behaviour services

2023 proved to be a challenging year for our Behaviour team but we continued to innovate and respond to the increasing demand faced by our teams.

Achievements from our behaviour services	2023	2022
Behaviour consultations	3,410	1,733
- Pets in Blue Cross care	2,187	957
- Pets of hospital clients	222	136
- External consultations (including adopted pets)	1,001	776 ^{††}

^{††}Figure updated due to addition of manual entries

We are still seeing a high number of pets coming into our care with complex behavioural issues. This is the result of a number of factors, including poor socialisation during Covid lockdowns and the inappropriate breeding of pets and online sales. Additionally, as a consequence of the cost of living crisis, increasing numbers of people have

delayed seeking help for minor issues, which have subsequently become more complex and challenging. Complex issues, by nature, require additional time and resource to resolve, and this has put increasing pressure on our Behaviour team.

During the latter part of the year the Behaviour team supported our Rehoming team in dealing with the difficult circumstances that resulted from the XL bully ban. This involved adapting the service to offer free support to all members of the public, during which time 160 calls were taken and 226 individual XL bully type dogs were helped. (Read more on page 12).

New horse behaviourist

In 2023 we appointed our very first horse rehabilitation and behaviour advisor. Having this in-house specialist will enable us to help more horses through our rehoming work. It will also contribute to our wider sector impact of horse rehoming and fostering.

New 'paid for' behaviour service

In 2021 we reported our intention to introduce a paid for, but affordable service, to support owners struggling with their pets' behaviour. In 2022 we launched a pilot of this service which ran through to September 2023, offering pet owners across the UK online behaviour sessions. This pilot provided us with great insight into the opportunities, challenges and practicalities involved in offering such a service – and a full evaluation of learnings will take place early in 2024.

Rehoming and fostering team

The hard work and commitment demonstrated by our behaviour, rehoming and fostering teams to increase the number of pets helped year on year is particularly admirable, especially since they were simultaneously undergoing a huge restructure to our dog, cat and small pet activity and responding to the cost of living and XL bully crises.

Achievements from our rehoming services	2023	2022 ^{**}
Total number of pets helped	5,966	4,692
Pets that spent time in short term foster care*	1,525	1,399
Pets helped via Home Direct*	830	764
Horse welfare visits*	1,004	831
• Of which horse welfare visits (virtual)	142	102

^{*}These figures are included in the overall pets helped figure

Total number of pets helped	2023	2022**	2019**
Total pets helped	5,966	4,692	9,405
Dogs	1,228	662	2,186
Cats	2,400	1,972	5,044
Small pets†	1,359	1,243	1,118
Horses	979	862	1,057

** The pets helped definition for Rehoming and Fostering has been refined to ensure we capture every unique pet who has been in our care over the reporting period. As such, Rehoming and Fostering pets helped figures have been re-stated for 2019 and 2022.

Whilst we have seen a significant increase in pets helped against recent years, we recognise there is still work to do to return to the same level as we have reached in the past, albeit in very different times.

We are pleased that overall our numbers for dogs, cats and small pets have now increased above 2019 levels and our horse numbers have recovered to 93 per cent. Our cat and dog numbers are still approximately half of the comparative figures from 2019. This is due to a number of factors, including the closure of four centres in 2021, of which two were purely focused on rehoming cats. Our ambition remains to rebuild to above our 2019 levels and the investment during 2023 and the plans we have laid out in our new strategy are key factors in achieving this.

Dogs, cats and small pets† investment

In 2023 we initiated major changes to our roles that focus on the rehoming of dogs, cats and small pets, which we anticipate will enable us to significantly increase the number of pets helped in the next three years. The changes will give us the people, infrastructure and capability to help increasing numbers of pets, but in a more cost-effective way.

When developing our new approach, we recognised that we needed to make better use of our centres, have more integrated processes and work better together as one national service. To complement our centres, we also need to extend our foster capability and significantly increase the number of pets we can help in a home environment, either through fostering or rehoming directly from home to home.

We also had to ensure that we create the right culture to attract and retain staff, whilst also making sure our services meet the needs and expectations of pet owners. Overall we had to achieve a model that was robust, more accessible, financially sustainable, and that allowed for expansion and working with partners.

The investment in our teams involved in rehoming dogs, cats and small pets has allowed us to restructure the teams to provide a consistent resource to run 'home/foster based services' at every rehoming centre and 'on-site service' for those sites with kennels and catteries. We are introducing roles that are specifically focused on client experience, helping to support people giving up and adopting pets and these roles will allow us to achieve the speedy turnaround of the pet in its journey from one home to the next, whilst giving our clients a consistent, compassionate service. Our new and varied roles will provide attractive jobs that support career progression and create more opportunities to retain our people.

The process of restructuring our teams has been a huge undertaking and very complex. In total 124 people were involved and an additional 68 roles were created. The overall project and consultation process took longer than originally planned; we had originally hoped to have the new model in place by the middle of the year. However, we felt it was important to take the time to get it right and we are delighted that from the consultation process, only two members of staff out of the 124 affected opted to leave the Charity, with everyone else choosing to take up new roles.

† Small pets is a generic term for pets other than dogs, cats and horses - such as rabbits, guinea pigs and hamsters.

Horse services

In addition to the major restructuring of our dog, cat and small pet activity during 2023, there has been significant work undertaken to develop our future horse rehoming strategy, aligning with our aim to develop 'home based' services and reduce the cost per animal helped. A focus on increasing efficiency in our three areas, Burford, Rolleston, and the horse welfare team has enabled us to take in and help more horses, with the number of horses helped in 2023 growing by 14 per cent.

Pet Peace of Mind

We are aware that many pet owners are worried about what would happen to their pet should anything happen to them, a concern that is even more acute if they are on their own. In recognition of this our Legacy team works with our Rehoming team to provide a Pet Peace of Mind scheme where owners can request that we can take over the care of their pets when they are no longer able to. During 2023 we accepted 290 people and registered 365 pets onto the scheme, an increase of 58 per cent on 2022. We now have nearly 1,500 people registered on the scheme and, in 2023, admitted 11 pets after their owners sadly passed away.

Improved knowledge and understanding

Education has always been a cornerstone of our work. This continued during 2023, to ensure that more children, young people and adults had access to learning about animal welfare, care and empathy.

Partnerships with animal welfare charities and other organisations increased our reach, helping to improve knowledge and understanding.

Achievements from our education and advice activities (people reached)	2023	2022
Through education talks and workshops	53,410	44,263
- Interaction in person	31,348	27,511
- Virtual interaction	22,062*	16,752
Through partnerships	6,996	5,070
Responsible dog ownership course referrals	331	53

*Includes live super sessions

Online live super sessions

Following a successful year of online live super sessions in 2022, these continued in 2023. These mass online live events included pet welfare advice for adults and interactive sessions for children. For example, 3,591 people attended our sessions on Pet and People Safety and 5,674 people took part in our Pets at Christmas session.

Our online super sessions continued to be a highly effective way to convey animal welfare messages. In total, 16,466 people were reached through our sessions in 2023.

Pet Education Partnership

Blue Cross is proud to be part of the Pet Education Partnership, an exciting collaboration of eight UK animal welfare charities, working together on ways to reach school children aged 7 to 11. In 2023 we launched a new website, peteducationpartnership.org to help teachers and youth group leaders access resources and talks.

Responsible Dog Ownership Course

As a result of increased media attention on dog attacks, police forces around the country were even more focussed on tackling the issue in 2023. Our Responsible Dog Ownership Course, which we continued to deliver through online sessions, gave information and advice to those who have been referred to us by police forces as a result of committing, or at risk of committing, a dog-related offence.

During 2023 we were able to give more forces access to the course and the number of referrals we received grew massively from 53 in 2022, to 331 in 2023. 160 dog owners participated in the 13 online workshops we ran in 2023, compared to 32 people who took part in 8 courses in 2022. By the end of 2023 we took referrals from 19 police forces.

In addition, we have also trained up teams of Police Community Support Officers (PCSOs) in Wiltshire and Staffordshire to deliver education sessions in primary schools. The aim is to equip children with the knowledge and understanding of how to behave around dogs, to keep themselves and dogs happy and safe.

Children's foster carer work

Throughout 2023, in collaboration with local authorities and agencies, we delivered sessions for adults on how pets can successfully live with children in a foster care placement. We have partnered with the National Foster Group to offer regular monthly sessions to foster carers, the majority of which are online. In addition, we have offered specialist webinars with our animal behaviourist and our Pet Loss Service team.

Appleby Horse Fair

In June 2023, we attended the Appleby Horse Fair, to build a stronger relationship with fair goers and raise awareness of our equine rehoming and welfare work. As part of an initiative with other members of the National Equine Welfare Council, including RSPCA and Redwings, we talked with Gypsy, Roma and Traveller communities about the issues they face with keeping horses and what support is available. We offered advice and updated them on recent learnings in horse management. Members of our horse team were also on site to help with welfare at the fair.

Improving welfare standards

2023 saw the continuation of our Animal Rehoming Knowledge (ARK) training programme as part of the induction process for new members of our Rehoming team. The induction course runs throughout their first year and aims to help our new team members become confident, knowledgeable and proficient in providing the highest standards of care to pets and people.

Following completion of the online modules on small pets, the focus is now on cats and dogs. The value and impact of this training has been acknowledged, both internally and externally. The programme won a Spirit of Blue Cross Award for the biggest impact or innovation and also won the Best 'Not-For-Profit' Training Programme at the 2023 Litmos Lenny Awards.

Ongoing research to help pets and people

In 2023 we started, progressed and completed a number of significant research projects in collaboration with external stakeholders. The findings will inform evidence-based decisions and recommendations affecting our support services, as well as our campaign and education work, and to close important gaps with academic research.

During the year we worked with the University of Edinburgh to complete our 2-year study examining the challenges pet owners are facing across the UK. To gain an accurate picture we surveyed 1,500 pet owners across the UK. Our partners will publish a report and three academic papers that will highlight what the most pressing and emerging issues are that pet owners are facing, which will help us provide owners with the help they really need.

We also surveyed over 2,000 UK dog owners to better understand attitudes towards brachycephalic dog breeds and breed-related animal welfare problems. We aim to publish the results with Dr Rowena Packer from the Royal Veterinary College, who is a leading researcher on brachycephalic pets.

Working in partnership with the Royal Veterinary College, RSPCA, and the AWF, we are exploring the health implications and public demand for brachycephalic designer dogs (brachycephalic types crossed with other breeds). The findings will give us the clinical evidence we need to strengthen our campaign work on brachycephalic dogs.

Pet Loss Support service (PLS)

We took the decision to change the name of this important and valued service from the Pet Bereavement Support Service, to better reflect the support offered to people experiencing all types of pet loss – and not just bereavement. We want people to know that they can call us for support if their situation changes and they have to part with a pet, or if they are worried or upset about a missing pet.

Achievements of our Pet Loss Support service	2023	2022
- Telephone calls answered	10,226	9,187
- Emails responded to	5,104	5,285
- WebChat conversations	5,051	2,890

PLS training activity	2023	2022
People reached via training – webinar, online or in person (non Blue Cross)	2,148	1,318
Elearning courses purchased	243	330
Blue Cross volunteers trained	492	248

It was a very busy year for the Pet Loss Support service, with raising awareness being a key focus, the service has seen an uplift in users of 17 per cent. We have seen changes in how people contact us with WebChat and webinar/online training becoming increasingly popular.

To ensure a smooth and cost effective transition to the new name, the process began mid-way through 2023, with completion planned for early 2024. As the new name came into effect, and awareness increased about the wider service offering, our Pet Loss Support team reported a greater diversity in the requests for support they received.

Our efforts to raise awareness of the service in 2023 included a Pet Loss Support stand at the London Vet Show. Our head of service, Diane James, also spoke at the largest vet show in Europe on behalf of the International Association of Veterinary Social Workers (IAVSW).

We also developed a collaboration with the Pet Theft Reform Group, to raise awareness of our Pet Loss Support service and to also speak out on the need to increase the sentence for pet theft. Finally, the expertise and empathy of our amazing Pet Loss Support team was recognised nationally, by reaching the finals of the helpline of the year awards 2023.

Pets are a valued part of society

In 2023 we continued to fight for greater recognition of the importance of pets, by campaigning on pet welfare issues and fighting for changes to legislation to protect more pets and their people.

XL bully ban

Working with partners as part of the dog control coalition, we have been advocating for XL bully types and supporting owners during an upsetting, frustrating and confusing time.

The XL bully ban stated that dogs must be registered for exemption by 1 February 2024, with strict conditions that they be neutered, insured, and muzzled and on a lead in public. As the ban is based on type it is reliant on a definition which means that thousands of innocent dogs could fall under the specification. It is also highly subjective and is likely to lead to inconsistency with how it is enforced.

Blue Cross has led the way in advocating for XL bully types and their owners, raising concerns with the Government about the timeframe for neutering tens of thousands of dogs and the pressure this will place on charities like ourselves and an already overstretched veterinary profession.

The new rules also restrict charities from rehoming XL bully types beyond the end of December 2023. This has put us and other rehoming centres in the unacceptable position of potentially having to euthanise healthy dogs based purely on the way they look. We have repeatedly urged the government to not only look for additional support for the rescue sector, but also to allow rehoming organisations to rehome Section 1 dogs which pass stringent behaviour assessments.

We encouraged supporters to write to their MPs to highlight these concerns, which thousands of people did.

Understandably this has been a very worrying time for those with XL bully types and our behaviour and education teams have been working together to produce advice and guidance to support them.

Our extensive work on the XL bully crisis includes a regular newsletter offering advice and support and a dedicated web page explaining the ban, which has received over 200,000 views. We also produced videos on how to measure the height of your dog, and how to muzzle train your dog. We have carried out research with both our frontline teams and the owners of XL bully types to inform our support services and to create the XL bully report that will be published by our Public Affairs Teams in 2024.

Calling for an end to greyhound racing

In 2023, we campaigned for an end to the exploitation of greyhounds in racing on two fronts.

As part of the Cut the Chase coalition, in partnership with Dogs Trust, the RSPCA, Hope Rescue and Greyhound Rescue Wales, we continued to call for a phased end to greyhound racing.

The coalition has continued to engage with politicians by having a presence at political party conferences and through writing to MPs and Senedd members in England and Wales to raise concerns about the inadequate welfare standards greyhounds experience at every stage of their lives.

Wales has been a key focus for campaigning work in 2023. With just one track remaining – and greyhound racing receiving significant political attention thanks to the Cut the Chase coalition – there is genuine hope that Wales will lead the way in ending this cruel sport.

In December 2023, the Welsh Government launched a consultation reviewing the Licensing of Animal Welfare Establishments, Activities and Exhibits. The consultation is raising a question on the licensing of owners, keepers or trainers of racing dogs, and also includes a request for evidence to support or oppose the consideration of a phased ban in future. Both Blue Cross and the Cut the Chase coalition are planning on submitting robust responses to the consultation in 2024.

We also continued our own campaign against the greyhound racing industry, 'Don't race. Embrace.' Over 52,000 people have signed our petition calling on the UK governments to phase out greyhound racing over five years, to allow the greyhound racing industry and animal welfare organisations to carefully plan and coordinate the care of the many dogs affected.

Pet Food Banks

The continuing cost of living crisis in 2023 increased the number of people struggling to feed their pets. Blue Cross responded to this urgent need with rapid expansion of our Pet Food Banks. Since this project started it has fed over 2.2 million pets for a day.

During 2023 we fed 1,464,963 pets for a day. This was achieved through:

Blue Cross sites	135,609
Pets at Home sites	502,935
Bulk donations from suppliers	657,939
Vouchers from Pets' Foundation	168,480

At the end of the year we had:	2023	2022
Blue Cross sites where people can donate goods	29	28
Blue Cross sites where people can pick up pet food	6	5
Pets at Home stores where people can donate goods	450	11
Local food banks being supplied with pet food	527	77

Our partnership with Pets at Home went from strength to strength in 2023. By June we had reached our target of having Blue Cross pet food collection points in all 450 Pets at Home stores around the UK. This achievement was celebrated with a promotional weekend (9-11 June) involving 160 food banks nationwide, which generated an incredible £100,000.

A growing network of donation sites and relationships with more food banks created the need for a dedicated team to coordinate the project. Thanks to the generosity of the Pets Foundation (Pets at Home Foundation), six regional coordinator posts were funded: two in Scotland, one in Northern Ireland, one in Wales and two in England, plus a project lead. Having these posts has been critical to the expansion of the scheme and managing relationships with both donation points and human food banks.

We have also continued to operate our own pet food banks from our sites in Grimsby, Newport, Devon, Manchester and Sheffield, and we have added our Bicester shop to the list.

In addition to donations of food from the public, the project has benefitted from bulk donations supplied by companies such as Hills Pet Nutrition and Pets at Home suppliers. Whilst hugely welcome, this presented a logistical challenge of getting the food out to the food banks. Thankfully, Macfarlane Packaging came to our aid and provided both warehousing and distribution free of charge.

However, not all food banks could take large scale deliveries, so in the latter part of 2023 we began a pilot project we named 'Breaking Bulk', based at our Burford site. Volunteers divided the bulk supplies into smaller seven-day parcels that could be easily couriered to food banks. This project has enabled us to help smaller food banks and also extended our geographical reach.

We are delighted that the Pets Foundation have made a commitment to continue to support our pet food bank activity in 2024. A donation of £250,000 has been confirmed to fund the Pet Food Bank team for another year.

Blue Cross Ukraine Pet Welfare Fund

During the year we continued to support the work of the charities in Ukraine, who are working valiantly to help pets impacted by the ongoing war. Save the Dogs received £195,000 over the year (£185,000 in 2022), including £60,000 for a sterilisation programme, with 2,562 dogs and cats neutered to date. We also continued to provide grants to the Ukraine Equine Federation totalling £30,000 (£45,000 in 2022), to help with the care of displaced horses and £5,000 to TAC.social (Transylvania Animal Care) (£20,000 in 2022) to support the treatment of the pets of Ukrainian refugees.

Working with partners

We continue to work collaboratively with a number of local and national charities, both at home and abroad, as well as corporate partners, to utilise our individual resources collectively to reach as many pets and people as possible. This had been evidenced elsewhere in this report with our Pet Food Bank activity and our involvement in different coalitions. In addition we have worked together with SSPCA on rehoming pets and analysing where gaps exist in Scotland for helping owners during the cost of living crisis. We believe it is essential to make the best use of these opportunities to achieve the greatest impact.

Behind the scenes

In order for our charity to deliver its services and raise funds, a huge amount of work goes on behind the scenes. Our dedicated support teams work hard all year round to make sure our frontline teams and fundraisers have access to the systems, data and facilities they require to carry out their work effectively. We can only highlight the most significant projects here, but to all our supporting teams we do say a huge thank you for the vital part you play in the delivery of the Charity's services.

Building our new strategy and long term financial forecast

During 2023 we have been developing our 2024 to 2026 strategy, along with an accompanying financial forecast. Our Strategic Planning and Finance teams have led this work and worked closely in collaboration with teams around the organisation to develop a clear vision for the next three years. It is vital that we have both an overall strategy and a linked financial strategy to ensure we maximise our impact in the next few years, while also ensuring the long terms sustainability of the charity.

Designing our new Customer Relationship Management (CRM) system and upgrading our hosting environment

In 2023 one of the major focuses of our Information Services team has been designing a new CRM platform to aid both our Fundraising and Rehoming work. We have successfully completed the initial discovery phase of this work and will now move forwards into implementation in 2024. This will be a multi-year project, but we plan on having both elements of the new system completed by the end of 2025. These new systems will allow us to operate more efficiently and allow us ultimately to help more pets and people around the UK.

We have also been working on upgrading our hosting environment and ensuring that our data is hosted on secure, modern systems that allow our teams to carry out their vital work quickly and also ensure that information is easily backed up and restored if required.

Developing our approach to climate change and sustainability

During the year the Charity has developed and approved its environmental commitment, which sets out how it intends to change its environmental impact by 2030. This commitment covers areas such as energy, water, waste and biodiversity and can be found on our website at <https://bluecross.org.uk/environmental-commitment>. We are clear that as a charity we need to play our part in dealing with the challenge of climate change and do all we can to operate in a sustainable manner. We have now set up four focus climate and sustainability groups who are meeting regularly to look at the areas of:

- Waste
- Energy and water
- Travel
- Land stewardship and biodiversity

These groups are looking at the current environmental impact the charity has in each of these areas and will make recommendations as to how the charity can reduce its impact. They will also look to bring about local action at our different sites and individual actions by our employees and volunteers, as we believe that it is vital that everyone takes what actions they can to help minimise carbon emissions and climate change.

Ensuring our estate is fit for the future

In 2023 our Estates and Facilities team has been focused on moving forwards with the future plan for our estate. Understandably during Covid a lot of work on our physical sites was paused, but during 2023 we were able to resume investment in our sites. This will ensure they are both safe and suitable for our teams and the pets in our care.

We have also started work on developing a ten year plan for our physical estate in which we will not only look at what we need for the sites to deliver our services, but also other factors such as environmental sustainability and accessibility, to ensure we are both playing our role in minimising the climate crisis and in ensuring our sites are accessible to all.

Our people

As a charity, and as individuals, we continued to face many challenges in 2023. However, we have responded promptly, collectively and effectively to these challenges, ensuring that our people are looked after, engaged and feel valued.

Our competencies

Our new competencies, which define the behaviours we expect of our people and support our new values that were developed in 2022, were successfully launched and embedded in 2023. Since launching them, workshops and tools have been rolled out to help everyone understand and fully use the new competencies. In addition, they have been integrated into our Performance Review and recruitment processes and we have also ensured that our learning solutions are designed to reflect and develop the new behaviours.

Changes to the pay and performance process

In September 2023, the remuneration committee accepted recommendations for changing the pay policy at Blue Cross. These included removing Performance Related Pay (PRP), an increasingly outdated pay model which is unpopular with many staff members. Another recommendation was that pay progression should be based on the individual's position within their pay range, thereby aligning to the external market.

It was agreed that these recommendations would be implemented in 2024. The new pay system is more closely aligned to how other charities pay their employees and will help ensure our employees are paid a fair rate for their skills and expertise.

We also reviewed the current annual Performance Review process, which will change in 2024 to quarterly engagement conversations. Talking more frequently will give employees and line managers an opportunity to identify and deal with issues quickly, as well as instilling a culture of continuous feedback, with the focus very much on employee development, rather than evaluation.

Both changes were communicated to our employees during December 2023 and have been well received. Training and communication sessions will continue during the first quarter of 2024.

Speak Out

The Charity's Whistleblowing policy was reviewed in April 2023, which led to several key changes. These included changing the name of the policy to a more user-friendly name and the introduction of a Speak Out inbox and form that gives internal and external parties more ways to raise issues anonymously. We also provide clear guidance on the types of issues people should speak out about.

The employee forum was instrumental in reviewing and recommending changes to this policy and it was implemented in June 2023. A communications campaign accompanied the introduction of the new policy which included posters, training sessions and managers' updates.

New recruitment system

The recruitment market continues to be challenging so it is critical that we give candidates a good experience. To help with this we updated our operating system in May 2023 and delivered training workshops to managers and interview panellists. This has enabled us to streamline the recruitment process and reduce the amount of time managers spend on administration. It has also improved the candidate experience throughout the application and interview journey, and reflects our commitment to diversity and inclusion.

Inclusivity

Since 2020 our Equality, Diversity and Inclusivity (EDI) workstream teams have really helped up move forward in creating a diverse culture within the charity as demonstrated in our 2022 culture survey. In 2023 we grouped this work under the term inclusivity, to align it more closely with our values, and defined four focus areas for this year and beyond. These are:

Inclusive leadership – ensuring everyone who leads at Blue Cross is aware of their unconscious bias and has the skills to lead a diverse team

Allyship – ensuring everyone knows how to support their team by understanding them and speaking up for them when they can't

Community – reaching out to groups who need our help, or could help us, through understanding their needs and taking Blue Cross to them

Supporters – ensuring everyone who support us understands why inclusion counts and how being inclusive helps pets and people.

Working groups have been established for each of these areas. We also continue to have nine special interest groups in place and support groups on menopause, neurodiversity, life changing loss, religion and belief and LGBTQIA+.

In July 2023, for the first time, we attended the Pride event in London. Seven team members marched alongside colleagues from Dogs Trust and Cats Protection.

Culture survey results

At the beginning of the year, we shared the culture results for 2022. Our biennial culture surveys give employees and volunteers a chance to tell us what they think is working well and what isn't. We were delighted with the results which showed engagement rates of 96 per cent for our volunteers and 84 per cent for our employees. Importantly, both these figures are up on the last survey in 2020 by 3 per cent and 9 per cent respectively.

Safeguarding, valuing diversity and feeling proud to work for Blue Cross were among the results highlights. Less positive feedback showed that some people thought salaries were not competitive with similar organisations and that workload can prevent people from doing a good job. During 2023 a plan was developed and implemented to address negative issues and celebrate the highlights.

In February we were thrilled to have been awarded the Agenda Consulting Employee Engagement Award for 2022. This award is given to Agenda clients that achieve over 80 per cent engagement and over 50 per cent response rate.

Cost of living

To support our people through the continuing cost of living crisis we have again committed to paying the Real Living Wage. We have provided webinars on relevant topics such as financial management and introduced a Health Cash Plan which helps staff spread the cost of essential healthcare. Employees and volunteers are also able to access free and impartial money management and debt advice, as well as mental health support. Other support available includes hardship loans and discount schemes.

Safeguarding

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 safeguarding board which meets every six weeks to discuss individual cases and identifies any gaps in our safeguarding processes
- 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
- Regular awareness and bespoke training sessions delivered throughout the year.

Volunteering

During 2023 we averaged 2,466 volunteers per month. Over the course of the year they gave us an incredible 234,833 hours of their time, which equates to approximately 19 per cent of the hours worked at Blue Cross.

While the number of volunteers per month is up on last year (2,280) we have seen a reduction in the time people are giving (254,967) and this is something we are monitoring. Post pandemic we have seen people not returning to volunteering due to lack of time and financial pressures, with them returning to work, or taking a second job, or taking over childcare responsibilities so adult children can work. These factors also impact on the availability of new volunteers and is a global problem within the charity sector.

We launched and progressed our new volunteering strategy in 2023 which aligned to our organisational strategy. A big part of this was to better understand our volunteers and their relationship with us. Mapping their journey through Blue Cross showed that 28 per cent of volunteers also interact with us in other ways.

We increased the number of volunteers using our online platform, Workplace, by 24 per cent, which helped to improve ongoing communication with our volunteers. We also introduced new roles in five teams including Veterinary admin, Information Services and Strategic Planning who were using volunteers for the first time. In addition to this we supported our Rehoming and Fostering work, providing data and guidance on involving volunteers in their new model.

Raising awareness and funds

We want to be recognised as the charity to come to for anything pet-related, whether it be veterinary help, to give up or adopt a pet, our pet food banks, education for future generations, emotional support following the loss of a pet or working to improve pet welfare.

In 2023, we continued to generate great awareness via our website and on social media. We also received a great deal of media coverage through the sharing of newsworthy content and stories, as well as paid digital marketing campaigns. An example of this was the launch of a comprehensive campaign across online and offline channels to support people during the cost of living crisis. This campaign served a dual purpose: raising awareness of the support available to those in need and encouraging individuals able to offer financial help to do so.

We also continued to keep our supporters informed and inspired through our bi-annual printed magazine, fundraising appeals and email newsletters.

Website and social media

Website and social media activity	2023	2022
- Users on our website:	6.4m	6.8m
- Website sessions:	8.9m	9.3m
- Followers on social media as of year end:	551k	517k
- Visits to pet advice pages:	3.3m	3.4m

Our Ukraine appeal and pet census provided additional web traffic in 2022 which explains the main reason for the decrease in our 2023 figures; however they have increased month on month since July 2023, with December figures above those seen in the previous year. Pet advice continues to be the second most visited part of the website (behind Rehoming) with a sizeable increase in traffic in Quarter 4 when the government announced that XL bully types would be added to the breed types banned in the UK.

Our social media audience and engagement grew in 2023, driven by our campaigning and stories of the pets we've helped. Collaborations with high-profile supporters helped introduce Blue Cross to new audiences.

Media coverage

In 2023 we achieved over 8,000 pieces of print, broadcast and online coverage. This compares to 9,382 achieved in 2022. Key pieces of activity included

coverage of the Blue Cross Ukraine Pet Welfare Fund, ongoing support and promotion of Blue Cross Pet Food Banks, our campaign to end greyhound racing, the ban on XL bully type dogs and our Christmas fundraising campaign. Blue Cross spokespeople and comments featured in major outlets, including several appearances and mentions on Channel 4's 'Steph's Packed Lunch'. Other national coverage included BBC channels, Sky News, The Times, I newspaper, The Telegraph, MailOnline, The Sun, ITV news and The Guardian.

Fundraising

The cost of living crisis has without doubt had an impact on the ability of supporters to give. We are delighted that we have had another successful year in what has been a challenging and highly competitive external environment.

Throughout this challenging period, we have continued to ensure that we are integrating the support we offer to both pets and people in our fundraising messages.

Our Christmas campaign focused on the impact the cost of living crisis has on people and their pets. It also linked to the practical support we have provided through growing our Pet Food Bank network, providing affordable vet care and rehoming pets when their owners can sadly no longer afford to keep them. A multi-media campaign, featuring posters, direct mail and digital marketing reached supporters and pet lovers across the country. It achieved campaign recognition of 20 per cent (as compared to 23 per cent in the Christmas campaign of 2022), digital activity generated 21 million impressions vs a planned 10 million and the activity raised a net income of £269,000.

One area of welcome growth has been from Major Donors and Trusts, who delivered £1,365m in 2023, which was 49 per cent up against 2022.

However, the most significant source of income continued to be from gifts in Wills. In 2023 we received £22m achieving our planned budget albeit 14 per cent down on the 2022 figure which we recognised was exceptional. The number of legacies during the year was the second highest received to date.

We are thankful for the valuable contribution made by our committed teams of volunteer fundraisers based around our Blue Cross rehoming centre and animal hospital sites who raised funds within their local communities.

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 2023 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 2023 we were part of the Compliance Forum, alongside other charities.

Blue Cross works within the principles of our own supporter charter and complies with the Code of Fundraising Practice issued by the Fundraising Regulator.

Protecting vulnerable people

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

You can see our approach on our website: bluecross.org.uk/protecting-vulnerable-supporters

Compliments, 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, as a result of complaints regarding our rehoming process we introduced a 'Rehoming Email Journey' to keep applicants informed of the process. Our Digital team also updated the Home Finder application form on our website to make choosing the correct fields much clearer and easier for rehoming applicants.

Working with partner agencies

We continue to work with trusted partners and, when and where we need to identify new suppliers, we use a comprehensive procurement process. For example, each external organisation we work with on fundraising is carefully selected through an agreed process and monitored as they conduct work as ambassadors of Blue Cross. 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 2023 we partnered with Gather Campaigns to provide our door-to-door fundraising. Towards the end of the year we also undertook some activity to recruit regular givers in private sites such as shops. In 2023 our fundraising teams contacted supporters and prospective supporters 6,010,925 times via: direct mail, email, door-to-door, and telephone fundraising. We received a total of 449 fundraising complaints, which is very similar to the previous year (2022 453) due to the increase in fundraising activity. This number differs from that submitted to the Fundraising Regulator (a total of 470 complaints year ending April 2023) 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 their local communities. In spite of the challenges they faced in 2023, 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

Our wonderful loyal customers continue to support us both in shopping with us and donating large amounts of preloved items. This allowed us to achieve impressive sales that saw a healthy three per cent increase compared to 2022. In addition, our online sales in our eBay shop had another good year with sales in excess of £100,000.

We finished the year with 56 shops (an increase of 3 from 2022) and we have further plans to increase this number next year. Our heartfelt thanks to all our retail volunteers and shop teams for their fantastic efforts during the 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.

Energy consumption (kWh)	2023	2022
Gas	1,599,231	1,491,097
Electricity	2,338,484	2,277,821
Heating oil and LPG	949,021	869,211*
Transport Fuel	931,055	753,385
Total	5,817,791	5,391,514
Emissions (tCO _{2e}) (kWh)	2023	2022
Gas	288	268
Electricity	484	440
Heating oil and LPG	229	208*
Transport Fuel	230	187
Total	1,231	1,103
Emissions per FTE	1.76	1.68

*The figures for 2022 are restated due to an error in last year's annual report due to the omission of some invoices relating to Heating Oil and LPG

Methodology

Methodology follows best practice and is based on HM Government Environmental Reporting Guidelines, 2019. The key elements of the methodology are as follows:

- All emissions factors are taken from the latest 2022 and 2023 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 is classed as Scope 1 while the grey fleet is classed as Scope 3. This is in line with HM Government Guidelines.

Review of the period

Our overall emissions and our emissions per FTE have increased. This increase is disappointing but not unexpected given the greater demand on services across the charity in 2023.

This increase ends a three year downwards trend. Our emissions overall and per FTE are still lower than our emissions in 2019, which is the first year we reported under Energy and Carbon Reporting standards.

All categories of energy emissions have increased slightly and this reflects greater activity across all areas of the charity, as we have increased the number of pets helped through our hospitals and rehoming centres and have also seen increased demand in our other charitable activities. Not only does this lead to more heating and lighting being used in our buildings but we have also seen an increase in travel across the charity, which pushes up emissions from transport fuel.

We are looking at how we can minimise travel through use of technology and also how we can transit our fleet of vans and cars to be a lower carbon technology. We will in 2024 receive our first hybrid vehicles as a first step on the journey to a low emission fleet.

Energy saving actions taken in 2023

- Our Climate and Sustainability group produced an environmental commitment for the organisation which sets out our goals in this space for 2030. This was ratified by the Trustees in June 2023 and we are now working on producing a clear action plan which will set out how these goals will be achieved. This Environmental commitment is available on our website.

- We established four sub groups below our main Climate and sustainability group. These four groups are focused on;
 - Waste
 - Biodiversity and Land Stewardship
 - Travel
 - Energy and Water

Each group is now meeting at least quarterly to discuss their area of focus and how the organisation can look to reduce its impact in this area. We have strong engagement from across the organisation in these groups which we feel is vital to drive improvements at a local level and also push us to do more at a national level.

- We have started work on a future master plan for our Rehoming and Veterinary buildings around the country. As part of this work we will be looking at the environmental impact of the site and building into the future plans how we can transition each site to be lower carbon in the future.
- We have continued to upgrade energy using appliances around our sites to minimise energy use. We have converted a number of our rehoming centres and hospitals to have LED lighting throughout and have further work planned at outstanding sites in 2024. All our new retail shops are now being fitted with LED lights as standard as part of their initial fit outs.
- We have continued to report on our recycling rates at our different operations and are working on how we can improve recycling rates across the country.

- We recognise that waste being incinerated for energy recovery is not ideal but feel it is better than it going into landfill. Hazardous and clinical waste is disposed of securely in line with relevant regulations.

Retail operations	2023	2022
Recycled	66% (208 tonnes)	71% (199 tonnes)
Incinerated for energy recovery	31% (97 tonnes)	26% (73 tonnes)
Landfill	3% (10 tonnes)	3% (9 tonnes)

Rehoming centres and hospitals*	2023	2022
Recycled	18% (21 tonnes)	19% (14.5 tonnes**)
Incinerated for energy recovery	82% (97 tonnes)	81% (61.6 tonnes)
Landfill	0% (0 tonnes)	0% (0 tonnes)

*(non hazardous/clinical waste). Rehoming centre and hospital waste numbers for 2022 are from 1st March 2022 to 31st of December 2022 as prior to 1st of March we did not have this data captured.

**The tonnes of recycled waste figure has been restated, as due to a typographical error in last year's annual report it was reported as 4.5 tonnes

Our plans for the future

During 2023 we have refreshed and updated our strategy and in early 2024 we launched our new three year strategy, which lays out what we intend to achieve by the end of 2026 and how we intend to deliver these objectives.

We are very proud of what we have achieved in the last three year strategy and we are continuing with the themes of that work under our new strategy. However, in developing the new strategy we were acutely aware of the need to focus on where we can have the greatest impact, particularly given that the next few years could be economically challenging.

As a charity we deliver a wide range of services for a variety of species, a fact that sets us apart from many other major animal welfare charities. We do not intend to change that, but with a three year strategy cycle, it's important that we focus on a small number of areas and not try to include everything that we do throughout the charity.

We have in our strategy set out five key objectives that we want to achieve by the end of 2026. These are all clear, measurable targets and will be delivered by a number of strategic programmes focused on the relevant areas.

We will be carrying on our work to develop our rehoming services. This will see us aim to significantly increase the number of pets that we help through these services in the next three years, as well as making our services amongst the most efficient and modern in the animal welfare sector.

We will continue to grow the impact of our veterinary services. We know this will come with challenges, due to workforce shortages and rising costs, and we do not intend to open any new hospitals or clinics.

However, we believe that by having a continued focus on our productivity and efficiency, and innovations like our Veterinary Care Fund, we can still see a growth in pets helped numbers by the end of 2026.

Our Pet Loss Support service is a shining example of what sets Blue Cross apart from other animal welfare charities. It currently supports 20,000 people each year who are coping with the loss of a pet, be that through death, theft or having to give up their pet. We intend to develop this service to help 30,000 people by the end of 2026.

As we have seen this year with the challenges regarding XL bully types, the areas of responsible dog ownership and breed specific legislation are even more vital than they have been previously. We will continue to work with other charities, the Government and police forces around the UK to help educate dog owners on how to be responsible owners. We will continue to campaign on the subject of breed specific legislation and the need to act according to "deed not breed", with the aim of encouraging the public to support our approach to dog control.

We are currently making significant investments in a number of areas of the Charity and this will result in a financial loss in 2024. Currently we can afford to do

this due to our financial reserves, but we know we cannot call on these reserves year after year. For that reason, we will ensure that by the end of 2026 our day-to-day operations are balanced and not making a loss.

As well as being focused on our services and our finances, we know we also need to continue to improve in areas such as systems, processes and brand awareness. To deliver change in these areas, we have a number of key strategic programmes in progress, including our Central Platform Programme that will deliver our new key CRM systems, and our Brand Awareness and Engagement Programme that will increase our brand awareness making more people aware of the services we offer as well and encouraging support. These programmes will help increase our fundraised income, through better awareness amongst potential supporters and also improved processes for collecting donations and ultimately help more pets and people.

Overall our 2024 to 2026 strategy is ambitious but we believe achievable. It is vital that the Charity continues to deliver its incredible impact and we know that via this strategy we will grow that impact and deliver even more.



Our focus 2024 - 2026

	Vision A world where all pets enjoy a healthy and happy life with people who love them		Purpose To help pets and people thrive together		Values We are: • Compassionate • Courageous • Inclusive
Our goals for 2026			To make our goals a reality we must also		
	Sustainably expand our Veterinary Services to help 28k pets each year			Develop our teams and increase our number of volunteers	
	Increase the impact of our Rehoming and Fostering teams to help over 10k pets a year			Increase awareness of our brand and engagement with our charity	
	Grow our Pet Loss Support service to respond to 30k calls for support each year			Evolve our technology and use of data	
	Develop a shared approach to tackle the issue of Responsible Dog Ownership		Our full strategy can be found on our website at bluecross.org.uk/blue-cross-three-year-strategy		
	Balance the budget on our day-to-day operations				

Challenges we face

Recruitment of necessary roles in a competitive market

One of our biggest challenges remains recruiting and retaining key people, particularly in certain fields such as veterinary and IT. Salary costs are increasing due to the competitive market and inflation pushing up people's living costs. We have to weigh our ability to match salaries elsewhere with our need to balance our overall budget. We are responding to these challenges by trying to make sure we have an overall competitive offer to make to existing and potential employees and are also a flexible employer who gives them the opportunity to undertake rewarding work. We are seeing success with recruiting for roles across the organisation and will continue to focus on this area in 2024.

Ensure our financial sustainability

We know that long term financial sustainability is vital for us to continue our work, but the current economic situation and the inflationary pressure on costs is making this increasingly challenging. Our current forecasts show that we will make financial losses in the next two years. We know this is not sustainable in the long term and so under our new strategy we will be working to ensure that we continue to control our costs and maximise our income so that we can have the biggest possible impact, while staying in a financially sustainable position. We know that the slowdown in the economy and the resulting impact this has on many of our donors could impact our income. We also know that the demand for our services will grow over the next few years. Therefore, it has never been more important to make sure we are doing all we can to maintain a strong financial position and we will be heavily focused on this in the next year.

Dealing with the XL bully crisis

With the Government bringing in a ban on XL bully types, we anticipate seeing a large number of these animals without services. In our veterinary services we will need to help owners neuter their animals and we will also need to support owners with other aspects of the ban, such as muzzle training. We also expect to see an increased number of XL bully types given up to our Rehoming services, potentially in the form of abandonments. It is likely that many of these dogs will require euthanasia and this will be very challenging for our people. We will continue to work to educate people and the Government and explain why we do not believe this is the best way to deal with the challenge of irresponsible owners and dangerous dogs, as we feel breed specific legislation will just

lead to other breeds becoming the next type of dog to be used by unscrupulous breeders and those individuals who want 'status dogs'.

Coping with increased demand for our services

In addition to specific challenges such as with XL bully types, we expect to see a continually increased demand across our services, as people struggle in the economically constrained environment. We are preparing ourselves to deal with this challenge by making sure our services are ready for periods of heightened demand, but we are also realistic that we cannot help all the pets and people who need us. Therefore, we will also work closely with other animal welfare charities to try and ensure that together we are delivering as much as possible and look at how else we can meet the need during the next few years.

Continuing to raise awareness and fundraise in a competitive 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 raising awareness of our work and through this 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, so we are clear we need to ensure we are explaining to potential donors why they should consider supporting Blue Cross.

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 effectively and choose our suppliers appropriately to ensure we do not end up with excessive costs and potentially significant delays. We will start these replacement programmes in earnest in 2024 with the wholesale replacement of our fundraising CRM system and we need to ensure this work runs smoothly and represents value for money for the Charity.

Financial review and outturn

Financial outturn

The overall result for the year was a surplus of £382k (2022 loss of £1.5m). This was the result of an operating loss of £604k being offset by a gain of £986k on our investment portfolio, after the investment portfolio recovered slightly from the losses incurred in 2022. The losses on our operations were planned as stated in our 2022 Annual Report we needed to invest in a number of areas of the Charity in order to meet the demand for our services and ensure our long term survival. Our operating loss in 2023 was smaller than originally budgeted, mainly thanks to a combination of stronger than anticipated fundraising performance and also some investment being deferred to 2024 due to the timing of strategic projects.

We expect to see a larger loss in 2024, where we are anticipating an operating loss of £4.8m, as we invest further in our frontline services and also in areas such as technology platforms and brand awareness. These investments will ensure we are an efficient and productive charity in the future and also that we continue to be able to raise funds for our vital work.

Our subsidiary the Blue Cross Trading Company continued to trade successfully and it delivered a profit of £283k that was donated to the Charity.

We are immensely grateful to our supporters for their donations, and our people for their efforts during 2023. Our teams have worked tirelessly to continue to bring in income and minimise costs wherever possible and it is through this work that we managed to end the year in a strong financial position which we can then invest in future years.

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 58.

Our income streams overall performed slightly in advance of our expectations for the year. At £22.1m (2022 £25.6m), legacy income was down on the previous year which saw a record high. We believe this reduction was driven by both processing delays at His Majesty's Courts and Tribunals Service and also in the decrease in house values. We are aware that a further downturn in the housing market or the stock market could have an impact on the value of the legacies we receive in the future, including legacies contained within the year end legacy debtor. However, there is a 5 per cent provision included in the accounts against

the year end legacy debtor and so we believe this valuation to be materially accurate.

Fundraising income was at £11.3m (2022 £10.3m), with particular strong performances from our Philanthropy and Corporate teams. Our Pet Food Banks campaign brought in £470k, which includes income from the Pets Foundation (Pets at Home Foundation) who generously funded our community team who are carrying out this vital work. Where it is possible to value the gifts in kind we receive, we include these in fundraising income. With relation to our Pet Food Bank work we can do this for vouchers and some of the bulk pet food donations we receive for companies we have partnered with. The value of these gift in kind donations was £1.1m, which we have distributed to those in need.

We also continued to see a good level of donations for our work in Ukraine, where we raised a further £231k which we distribute as grants to partner charities helping those in need in Ukraine.

Our charity shops continued to perform well. Income from donated goods stayed level at £5m (2022 £5m). We feel there will be continued demand for charity shops because of a combination of customers being focused on both the price and the sustainability of what they purchase. Due to this we will continue to grow our charity shop network and look to expand our network around more of the UK.

Service delivery income also increased to £3.1m (2022 £2.5m). This was primarily due to an increased income related to advice and support, where income grew to £412k (2022: £86k). We also saw increases in Rehoming income and Veterinary income as the number of pets we helped increased. We have at the end of the year agreed a new veterinary services pricing model which should lead to a small overall increase in veterinary income in 2024. However, we believe the new model is also fairer to all clients, meaning fewer clients should end up with significant bills.

Expenditure

Our salary costs increased to £24.9m (2022 £22.1m). This was in excess of our overall budget for the year, though in different areas of the Charity we were over and under budget. Recruitment continues to be challenging in some areas and also we are seeing the need to increase salaries to both retain staff and help them through this period of high inflation.

Operational costs and overheads increased to £19.7m (2022 £19.1m). This was slightly below our budget for the year and was primarily because we had not progressed quite as fast as anticipated with our central CRM investment programme. This was due to a combination of resource shortages and also a desire to

ensure that we followed a robust process that ensured we commissioned a fit for the future system. We ended 2023 with this programme in a good position and it should move forwards in line with the planned timetables during 2024.

During the year, Blue Cross spent £32.1m (2022 £29.1m) on charitable activities, which represents 72 per cent of total expenditure in the year (2022 71 per cent). For every £1 invested in raising funds, we received £6.50 back (2022 £6.66).

Balance sheet

Our balance sheet comprises net assets of £75.1m (2022 £74.7m). The legacy debtor has decreased slightly at £20.6m (2022 £21.5m), as His Majesty's Court and Tribunal Service were able to make a small amount of progress with the backlog of probate cases. This decrease in turn increased our cash holdings at year end to £3.6m (2022 £3m). We monitor cashflow very closely and have in place plans that will allow us to access additional funding if we encounter cashflow challenges. We expect our cashflow to be negative in 2024 and will have to access cash from our investment portfolio or other sources.

Investment policy and performance

The investment portfolio returned 5.3% over 2023. It made a monetary gain in capital value of £986k (£6.2m loss in 2022) and generated £971k in income over the year. Long term performance remains strong with the portfolio returning 33.2% over the previous five years after all fees.

The target return for the overall portfolio is an average of Consumer Price Inflation plus 3% over the long term (5 years+). 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.

2022 and 2023 have been a challenging couple of years for the investment portfolio, in common with many other investors. Coming out of the Covid pandemic, we have seen the ongoing war in Ukraine, an energy crisis, generationally high inflation followed by interest rates rising at the fastest pace for decades, and now a challenging situation in the middle east. This has led to volatile investment markets, particularly for the Blue Cross portfolios which are managed with ethical criteria and a focus on long term sustainability.

2023 was characterised by a very difficult macroeconomic and geopolitical backdrop, which has caused significant uncertainty for investors. A number of large technology companies led global equity market indices in 2023, disguising weaker returns across other sectors. The portfolio has limited exposure to these holdings due ethical issues with a number of these companies and so only received limited benefit from their share price increases. The other major factor

in 2023 was a challenging period for companies involved in the energy transition and renewable energy generation.

In the final quarter of 2023, there was a welcome improvement in performance as investors moved to price in not only the peak in interest rates, but the prospect of rate cuts in 2024. This benefited many areas of the portfolio, particularly the small and mid-cap names and those exposed to the 'growth' investment style, and this is expected to be a tailwind for continued improved performance going forwards.

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. At the end of 2023, all investments demonstrated strong social and environmental management and corporate governance, with clear positive ethical and sustainability attributes. During the year the Investment Committee reviewed the investment policy and made some small edits. The policy aligns with Blue Cross's values whilst giving sufficient discretion to our investment managers.

Greenbank provides analysis using the Impact Management Project's 'ABC' methodology, according to their level of impact (positive or negative) on people and planet.

Investments falling into these categories must at the very least demonstrate that they are actively seeking to avoid social or environmental harm, which fit into category A. Investments in category B must also show they are delivering positive social and environmental benefits. Investments in category C must also deliver meaningful change for people and/or the planet. Investments in category C+ are the highest impact and deliver meaningful change for under-served groups that would be unlikely to have happened otherwise.

At 31 December 2023, the portfolio was split into these categories as follows:

Other	Does or may cause harm
A	Acts to avoid harm
B	Benefits to people and planet
C	Contributes to solutions
C+	Contributes highly to solutions

Investments in our portfolio	
Cash	0.89%
Other	1.8%
Acts to avoid harm	41.2%
Benefits people and/or planet	44.85%
Contributes to solutions	10.38%
Contributes highly to solutions	0.88%

As of 31 December 2023, 100% of the portfolio was captured under this assessment, with the remainder held in cash. All companies met the minimum standard of demonstrating 'Acts to avoid harm', 44.9% of the portfolio was classified as providing 'Benefits to people and/or planet' and the remainder 11.3% 'Contributes to solutions.'

We will continue to work closely with Greenbank to ensure that our portfolio is supporting the changes we believe are necessary in the world today.

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. Future forecast show the Charity will be operating at a loss due to investment in Services, Information systems and brand awareness. The Charity has sufficient reserves in our investment portfolio to cover these planned operating losses while it takes action to return to a sustainable financial position by the end of 2026 as stated in our strategy. For these reasons, the directors believe it is a going concern.

Accounting policies

There have been no changes of accounting policies during the year. The 2023 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 organizational 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 2023 the charity was operating at a ratio of 1.09 (2022 1.12) with a liquid, unrestricted reserve of £31m (2022 £29m).

Free reserves at year end are £51.6m (2022 £49.7m). Reserves are expected to decrease in the next few years, as the charity invests in its new Customer Relationships Management (CRM) system and also in a number of its frontline services. The budgeted operating loss of £4.8 million has been agreed for 2024 and drawdowns will be needed to fund this deficit.

A further budgeted loss is expected in 2025. The Board have determined that there should be a balanced budget by the end of 2026 on the charity's day to day activities (excluding extraordinary items and those that represent agreed, specific investments in the future of the charity) and this should be achieved by a combination of income growth and cost control under the new strategy. The Board has confidence that through this strategy the reserves will remain above the minimum permissible ratio. These investments are very important for the future of the charity and to allow it to continue to deliver its wide range of vital services.

Risk management

Our Trustees, supported by the Executive Team, ensure we are taking the necessary steps to manage the risks facing Blue Cross, its employees and its stakeholders. Our Audit Committee oversee the effectiveness of our assurance processes and the management of key risks. They also undertake detailed reviews of key risks to ensure that risks have been correctly identified and mitigations are appropriate and effective.

This meticulous process enables us to make decisions based on the best information available, whether that be the deployment of resources in our ongoing operations, or making investment decisions as part of our strategy.

During 2023 we continued to upskill our frontline leaders to better identify and capture risks in our everyday operations, and in the delivery of our new strategy.

The launch of our new three-year strategy, the ongoing cost of living pressures and the recent ban on XL bully types have led us to reevaluate our strategic and operational risks, to ensure we are using our resources effectively to meet those risks.

We do currently manage our programme and project risks related to our strategy on a separate software

application to our standard operational and strategic risks and this creates some challenges as the two systems do not operate exactly the same in terms of scoring methodology and areas such as recording the impact of controls. This means that it can be hard to directly compare the potential impact of two risks from the different systems and understand which one is greater, though with manual manipulation of data and discussion we have been able to produce combined reports and compare the different types of risks when needed. However, we are now making changes to our strategy execution software to ensure it has the same methodology as our main risk management system and this should allow us to more easily compare risks.

Strategic risks and how we are managing them.

The following are the strategic risks facing the organisation at the end of 2023.

Risk	What are we doing?
Significant adverse external media coverage arising from our more active public affairs and campaigning stance results in damage to Blue Cross' reputation.	Our reputation, cultivated over the last 125 years, is a vital part of who we are. We monitor and regularly report on customer feedback and 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. We are also aware that, in order to drive our policy agenda and speak up about the things that are important to us, there is an increased risk that we may attract negative publicity from those who don't understand, or disagree with what we are trying to do. We therefore take steps to manage our brand and protect our reputation, through monitoring of social media and tracking and reporting of media mentions. 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. Our Board approves any significant partnerships we might enter into, ensuring our values are aligned.

Risk	What are we doing?
Long term financial sustainability to deliver our strategic objectives.	The ongoing financial pressures on the economy continue to place financial challenges on both the Charity and our supporters. We continue to maintain good levels of reserves and are confident that we are sustainable in the medium term. This is supported by regular forecasting and planning for the short, medium and long term, which is reported to Management and Trustees, allowing them to make decisions that are commercially sound. In order to ensure that we continue to be sustainable for the long term, we continue to focus on diversifying our income through both fundraising and service income. We have also invested in our Procurement function in 2023, to ensure we are working effectively with our key suppliers.
Blue Cross lacks the people resource, skills or culture to deliver its charitable objectives.	We continue to review our offer to potential and existing employees, and during 2023 we introduced new Talent Acquisition Software to improve the recruitment process for potential staff. Highlighting and promoting Equality, Diversity and Inclusion is also a key priority for the organisation. In order to ensure we have the resource to deliver our strategic programmes we are carrying out resource mapping for each project to identify where we might have insufficient employee or volunteer time to deliver the intended outcomes. Volunteer recruitment and retention has remained a key focus in 2023. We have produced a new suite of generic and team specific recruitment materials, including digital adverts. We have also begun work on a volunteer recruitment strategy and delivered volunteering best practice updates and training for Volunteer Coordinators and Volunteer Managers in the importance of building engagement with volunteers. To support this, we have launched new volunteer recognition materials and a best practice guide.
Weak, inadequate or failure of corporate governance leads to significant reputational damage.	We have a defined structure of Committees supporting our Board and we recruit and support our Trustees with induction and training. This process was subject to external review as part of a wider governance review in late 2022, which concluded <i>"The Trustees have regularly and actively benchmarked governance arrangements against the Charity Governance Code, making changes where gaps were identified"</i>. Our Internal Audit function, with support from external specialists, delivers an annual plan agreed with the Audit Committee, with regular monitoring to ensure system improvements are implemented as suggested.
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.	We have introduced more structured procedures to ensure security is built in by design for new technology solutions, and change processes are followed to maintain system integrity. Where appropriate and possible we follow security best practice, supported by policies and training for our users. We have made changes to give us better control over the users of our system and increased the use of multi factor authentication for our core systems. These steps, along with continued review of our systems by internal and external specialists, have helped us ensure we were re-certified as compliant with Cyber Essentials + in 2023.

Risk	What are we doing?
Blue Cross fails to adapt and then deliver the outcomes of its new strategy, leading to short and medium term financial, reputational and operational impairment and long-term irrelevance.	During 2023 we overhauled the arrangements for monitoring and delivering our strategy, with the creation of a new strategic planning team and additional resources deployed to ensure timely delivery within an effective governance framework. We continued to refine our governance framework and provided training to staff to ensure a more consistent standard of programme and project management. In 2024 we will launch our new strategy, and we will be using all the lessons we learned during 2021-2023 to ensure that our strategy is adequately resourced and supported to ensure effective delivery. For our key strategic programmes such as the Central Platform, Brand Awareness and the changes we have made to our Rehoming teams we have focused heavily on ensuring there is robust governance around them at all stages. We have made sure that detailed business cases are put together for the key stages in each of these programme and that these are approved by both the Executive team and the Trustees, with lots of opportunity for discussion and challenge. As the programmes have progressed we have made sure there is ongoing governance from range of different groups and that each programme's delivery is supported by a wide ranging project team drawn from all necessary elements of the organisation to ensure that the planned change is smoothly implemented and there is strong communication throughout to all necessary stakeholders.
Blue Cross external website or owned social media channels crash (and for longer than 72 hours) due to either internal errors, or attacks from hostile third parties or system users with access leading to loss of income, service disruption and reputational damage.	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 our service users and reputation are protected. We have implemented the recommendations from the 2022 audit by RSM, our co-source Internal Audit partner, to improve security controls around our website and we continue to monitor the impact this is having as we seek to enhance the website experience for our supporters and service users. We continue to work closely with our website provider to ensure they are aware of and adhere to our requirements in terms of data and systems integrity and security.

Structure governance and management

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 2023 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 will always consider the values and objects of the charity in the decision making process as adherence to these is essential for the long term success of the charity. 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. Details on how we look to engage and listen to all these stakeholder groups are included on page 30.

During the year the Board have continued to focus on the delivery of the current strategy and have had regular discussions regarding the delivery of all the programmes that are taking place under it. As well as continuing to govern the existing strategy there have also been new areas that have arisen that have required Board focus throughout the year.

The Board have also spent time with the Executive Team devising and approving the next three year strategy to ensure the Charity will continue to deliver and maximise its impact.

The key areas that the Board have focused on and the key decisions they have made are as follows:

- Consideration and approval of the new structure for our rehoming activities, with the recruitment of additional staff, changes in roles and growth of our fostering capacity, approving the investment of an additional £1.25m per annum in our Rehoming service. Originally the intention was that this programme of change would have progressed more quickly, but it was very important that sufficient time was spent designing and discussing these proposals before approval and that there was a lengthened period of consultation with employees in Rehoming Centres whose roles would be affected. Due to these factors the changes were not made until the end of the year, but the Board are pleased with how the changes have been received across the organisation, showing the value in taking a longer time period to deliver them.
- Approval of the Charity's strategic response to the XL Bully crisis by our veterinary, rehoming and public affairs teams. The Board is clear that the last 32 years of the Dangerous Dogs Act has not worked effectively to reduce dog attacks and that the problems primarily lie with irresponsible owners and breeders, not particular breeds. The Board has had regular discussions on this topic, particularly in the second half of the year as the XL bully crisis became more pronounced, and has worked to ensure that the Charity is doing all it can to both directly help pets and people affected by the ban and also lobby the government for a better approach that would have a bigger impact and not simply risk seeing the problem transferred to a different breed.
- Reviewing and approving the proposed Central Platform programme to update our Rehoming and Fundraising Customer Relationship Management systems at a cost of £2m during 2024 and 2025. This is a significant investment for the Charity and it is vital that it well planned and implemented, hence the Board had a considerable focus on reviewing this area regularly throughout the year.
- Considering and approving the investment proposal for a two year brand refresh exercise and approving the investment of £5m in this significant public awareness initiative. The Board is very aware that measures such as "Brand awareness" and "Consideration to support" have stayed broadly static in recent years and they feel these figures must increase to allow the Charity to raise sufficient funds for its vital work. They are also aware that other animal welfare charities have been investing considerable amounts in their own marketing and fundraising activities and recognise it is important that our own brand is relevant and visible to potential donors. Therefore, the Board feel it is essential to invest additional amounts in the next two years but also closely monitor the impact this has on these metrics.

- Reviewing our strategic governance processes and approving proposed improvements and additional resources to ensure that we have sufficient focus on the governance of our strategic programmes and projects.
- Approval of the Environmental Commitment to ensure that the Charity is focused on the impacts of climate change and is taking steps to drive sustainability throughout its operations.
- Considering the recommendations made in the Bayes Business School governance review and planning their implementation. The outcomes of this work is covered in more detail in the in the governance section of this report on page 31.
- Development and approval of the 2024 to 2026 Strategy which is covered in more detail under Our plans for the future on page 20.

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 employee 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.

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 ranged between 12 and 15 at any one time. 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. The Trustees are required

to undertake internal training modules and attend external professional development events. In 2023 the Trustees achieved a 91.4 per cent completion for GDPR training; 89.1 per cent for Information Security training; and 91.8 per cent for Equality and Diversity training.

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.

During 2023 the Board considered the recommendations from the Bayes Business School best practice governance review that they commissioned in 2022. This review showed that generally the Charity's governance arrangements were strong but there were some areas where further improvements could be made. During 2023 the Board have identified what steps they will take to implement changes they felt were necessary and have started to enact those changes.

Independent Board Members and observers

The Board can where it feels appropriate appoint independent members and observers, both to the full Board and to individual committees. These are shown as part of the membership of the Board and its Committees on page 32.

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 subsidiaries are included in the charity's consolidated financial statements, though Blue Cross D&B Limited is dormant and so it does not have financial results to consolidate. 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): primarily considers financial, people, estate, health and safety and information technology related matters for the charity and is focused on ensuring the charity is financially secure and operationally effective. It initially reviews and discusses matters such as the annual budget and longer term forecasts before they go to the Board for full approval.

Investment Committee (IC): 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 33) 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 2023 is as follows:

Kerry Blackstock Comco, Fisco (elected 2022)

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

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

Alison Forrestal Comco, Sedco, IC (elected 2021)

Caroline Gosling Comco, Remco, Fisco (elected 2019)

Michele Jennings Comco, Audit (elected 2023)

Chris Martin BSc Fisco (elected 2019)

Dr Nick Park BVetMed Sedco (elected 2020)

Tim Porter FCA Chair of the Board (elected 2012)

Kath Qualtrough, Fisco, Sedco/Audit (elected 2022)

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

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

Independent Board members

Vikramaditya Ghosh Comco, Sedco (appointed 2022)

Independent members and observers of Committees

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

Zair Berry FCA (appointed 2021) IC

Amy Clarke (appointed 2022) IC

Keillian Tai (appointed 2022) (observer) IC

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.

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 2023 there were 64 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 2023 were as follows:

Chief Executive **Chris Burghes MBE**

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

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

Director of People and People Services **Beth Verrechia**

Chief Information Officer **Phillip Edwards**

Director of Rehoming and Fostering Services **Alyson Jones**

Director of Veterinary Services **Paul Manktelow**

Remuneration Committee report

Composition and role

The remuneration committee met three times in 2023. Its members are the Chairman and four Trustees and it is attended by the Chief Executive and the Director of People and People Services, 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 redundancy and 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
- **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 and are rewarded in a fair and responsible manner in relation to the external pay market. All Blue Cross employees participate in a continuous performance engagement model which monitors, discusses and helps to improve employee performance throughout the whole year.

In 2023 the committee approved settlement payments to four individuals. Details of these payments are included in note 6 of the accounts.

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.

Remuneration of Executive Team

Remuneration of the Executive Team comprises annual salary, life assurance, pension contribution and continuity of salary in the event of long term illness.

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 at December 2023 of the highest paid employee (£149,820 pa) to the average remuneration of employees (£28,549.12 pa) was 5.24 times (5.32 times in 2022).

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.

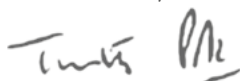
Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility 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 the charitable company's auditors during the year. They have expressed their willingness to continue in that capacity and a motion to propose their reappointment as our external auditors will be proposed at the AGM.

The Trustees' report and strategic report were approved by the Trustees in their capacity as Directors of the company on 17 May 2024 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 2023 and of the Group's incoming resources and application of resources and the Parent Charitable Company'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.

We have audited the financial statements of Blue Cross ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 December 2023 which comprise the consolidated statement of financial activities incorporating an income and expenditure account, the charity statement of financial activities incorporating an income and expenditure account, the consolidated and charity statements 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 and Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements 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 Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the sector in which it operates;
- Discussion with management, those charged with governance and the Audit Committee;
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations; and
- Review of internal audit reports

we considered the significant laws and regulations to be the applicable accounting framework, UK tax legislation, Charities Act 2011, Charities and Trustee Investment (Scotland) Act 2005.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation and the Animal Welfare Act 2006.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of Internal Audit Reports.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance, the Audit Committee and internal audit regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering budgetary performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be cash donations, cut-off of trading income, completeness of legacy accrued income and management override of controls.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criterion, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias, including legacy accrued income, by sample testing of recognition criteria and challenge of the discount applied; and
- Cut-off testing over donations and trading income.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

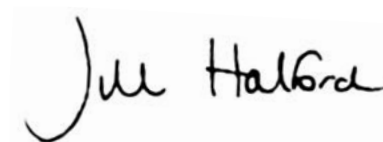
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by,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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the 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.



Jill Halford Senior Statutory Auditor

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

Date: 21 May 2024

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

Financial statements

Consolidated statement of financial activities incorporating an income and expenditure account

for the year ended 31 December 2023

		Unrestricted Funds £'000	Restricted Funds £'000	2023 Total £'000	Unrestricted Funds £'000	Restricted Funds £'000	2022 Total £'000
Income and endowments from	Note						
Donations and legacies		29,416	4,033	33,449	30,745	5,123	35,868
Charitable activities		3,095	-	3,095	2,522	-	2,522
Other trading activities		5,713	-	5,713	5,768	-	5,768
Investment income		1,109	-	1,109	944	-	944
Grant Income		-	-	-	146	-	146
Net profit on sale of Asset		613	-	613	677	-	677
Total income	3	39,946	4,033	43,979	40,802	5,123	45,925
Expenditure on							
Charitable activities:							
Veterinary		(12,056)	(1,346)	(13,402)	(10,471)	(1,618)	(12,089)
Rehoming		(8,503)	(2,298)	(10,801)	(7,284)	(2,506)	(9,790)
Raising awareness		(4,158)		(4,158)	(4,353)		(4,353)
Advice and support		(3,167)	(538)	(3,705)	(2,621)	(254)	(2,875)
Raising funds		(5,149)		(5,149)	(5,389)	-	(5,389)
Other trading activities		(7,366)	(2)	(7,368)	(6,692)	-	(6,692)
Total Expenditure	4	(40,399)	(4,184)	(44,583)	(36,810)	(4,378)	(41,188)
Net (expenditure)/income		(453)	(151)	(604)	3,992	745	4,737
Net gains/(losses) on investments	9	986	-	986	(6,228)	-	(6,228)
Net movement in funds		533	(151)	382	(2,236)	745	(1,491)
Reconciliation of funds							
Total funds brought forward at 1 January		72,954	1,790	74,744	75,190	1,045	76,235
Total funds carried forward at 31 December	15	73,487	1,639	75,126	72,954	1,790	74,744

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 surplus for the parent entity during the year was £0.3m (2022 £1.5m Loss).

Charity statement of financial activities incorporating an income and expenditure account

for the year ended 31 December 2023

	Unrestricted Funds £'000	Restricted Funds £'000	2023 Total £'000	Unrestricted Funds £'000	Restricted Funds £'000	2022 Total £'000
Income and endowments from						
Donations and legacies	29,697	4,033	33,730	31,179	5,123	36,302
Charitable activities	3,095	-	3,095	2,522	-	2,522
Other trading activities	5,086	-	5,086	5,076	-	5,076
Investment income	1,109	-	1,109	944	-	944
Grant Income	-	-	-	146	-	146
Net profit on sale of Asset	613	-	613	677	-	677
Total income	39,600	4,033	43,633	40,544	5,123	45,667
Expenditure on						
Charitable activities:						
Veterinary	(12,056)	(1,346)	(13,402)	(10,471)	(1,618)	(12,089)
Rehoming	(8,499)	(2,298)	(10,797)	(7,285)	(2,506)	(9,791)
Raising awareness	(4,158)	-	(4,158)	(4,353)	-	(4,353)
Advice and support	(3,167)	(538)	(3,705)	(2,621)	(254)	(2,875)
Raising funds	(5,148)	-	(5,148)	(5,389)	-	(5,389)
Other trading activities	(7,025)	(2)	(7,027)	(6,433)	-	(6,433)
Total Expenditure	(40,053)	(4,184)	(44,237)	(36,552)	(4,378)	(40,930)
Net (expenditure)/income	(453)	(151)	(604)	3,992	745	4,737
Net gains/(losses) on investments	986	-	986	(6,228)	-	(6,228)
Net movement in funds	533	(151)	382	(2,236)	745	(1,491)
Reconciliation of funds						
Total funds brought forward at 1 January	72,954	1,790	74,744	75,190	1,045	76,235
Total funds carried forward at 31 December	73,487	1,639	75,126	72,954	1,790	74,744

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

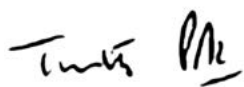
Consolidated and charity statements of financial position

as at year ended 31 December 2023

	Notes	As at 31 December 2023		As at 31 December 2022	
		Group £'000	Charity £'000	Group £'000	Charity £'000
Fixed assets					
Tangible assets	8	21,486	21,486	22,282	22,282
Investments	9	35,824	35,824	34,983	34,983
		57,310	57,310	57,265	57,265
Current assets					
Stocks	10	355	229	225	107
Debtors	11	22,744	23,119	24,350	24,446
Cash and cash equivalents		3,616	3,322	2,932	2,684
		26,715	26,670	27,507	27,237
Liabilities					
Creditors: Amounts falling due within one year	12	(5,149)	(5,104)	(5,278)	(5,008)
Net Current Assets		21,566	21,566	22,229	22,229
Creditors: Amounts falling due after more than one year	13	(3,750)	(3,750)	(4,750)	(4,750)
Total Net Assets	15	75,126	75,126	74,744	74,744
The Funds	16				
Total restricted funds		1,639	1,639	1,790	1,790
General unrestricted funds		70,565	70,565	69,935	69,935
Fair value investment reserve		2,922	2,922	3,019	3,019
Total unrestricted funds		73,487	73,487	72,954	72,954
Total funds		75,126	75,126	74,744	74,744

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

Approved by the Trustees on 17 May 2024 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 2023

	2023 £'000	2022 (restated) £'000	
Net cash provided by/(used in) operating activities	1,116	(1,675)	Table A
Cash flows from Investing activities.			
Dividends, interest and rents from investments	971	919	
Proceeds from sale of property, plant and equipment	644	736	
Purchase of property, plant and equipment	(829)	(464)	
Net cash provided by investing activities	786	1,191	
Cash flows from financing activities			
Interest received	138	25	
Interest paid	(356)	(213)	
Repayment of borrowing	(1,000)	(1,000)	
Net cash (used in) financing activities	(1,218)	(1,188)	
Change in cash and cash equivalents in the year	684	(1,672)	
Cash and cash equivalents at beginning of year	2,932	4,604	
Cash and cash equivalents at end of year	3,616	2,932	Table B
Table A			
Net Income/(Expenditure) for the year	382	(1,491)	
Depreciation of fixed assets	1,593	1,696	
Dividends, interest and rents from investments	(971)	(919)	
Interest received	(138)	(25)	
Interest paid	356	211	
(Profit) on disposal of fixed assets	(613)	(677)	
(Gains)/losses on investments net of management fees	(840)	6,359	
	(231)	5,154	
Working capital movements			
(Increase)/decrease in stocks	(130)	29	
Decrease/(Increase) in debtors	1,606	(7,404)	
(Increase)/decrease in creditors	(129)	546	
Net cash inflow/(outflow) from operating activities	1,116	(1,675)	
Table B			
Cash at bank and in hand	3,616	2,932	
Total cash and cash equivalents	3,616	2,932	

Analysis of changes in net debt and 2022 restated cashflow adjustments are included in the note 14.

Notes to the financial statements

for the year ended 31 December 2023

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, 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 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. Future forecast show the Charity will be operating at a loss due to investment in Services, Information systems and brand awareness. The Charity has sufficient reserves in our investment portfolio to cover these planned operating losses while it takes action to return to a sustainable financial position by the end of 2026 as stated in our strategy. For these reasons, the directors believe it is a going concern.

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 measured and is likely to be received. 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.

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 (2022: 95 per cent) of the estimated value to reflect the inherent uncertainty that exists, refer to note e for further details.

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.

Assets held for sale are valued at the lower of the carrying amount or fair value and not depreciated at the point they are reclassified.

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.
- Veterinary, 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 2e 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 (2022: 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 111 legacies (2022: 113), 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.

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 raising 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 all Retail properties based on the remaining lease term. 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.

Termination benefits are recognised when the Charity 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:

	2023 %	2022 %
Cost of generating funds	8.62	8.15
Service delivery:		
- Veterinary	33.39	32.56
- Rehoming	28.23	29.59
Raising awareness	6.50	5.43
Blue Cross shops	18.05	20.24
Advice and support	4.88	3.68
Governance costs	0.33	0.35
	100.00	100.00

The number of hours contributed to the charity from volunteers is not included in value terms as in-kind direct labour services contribution.

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 term of appeal. 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.

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

	2023 £'000	2022 £'000
Donations and legacies		
Donations and gifts	10,084	8,997
Legacies receivable	22,145	25,601
Events, raffle, and sponsorship	1,220	1,270
	33,449	35,868
Charitable activities		
Veterinary	1,998	1,887
Rehoming	685	549
Advice and support	116	86
Other income	296	-
	3,095	2,522
Other trading activities		
Income from Blue Cross shops	5,042	5,041
Income from trading subsidiaries	671	727
	5,713	5,768
Investment income		
Investment income received & receivable	971	919
Interest received & receivable	138	25
	1,109	944
Government Grants income	-	146
Net profit on sale of asset	613	677
Total Income	43,979	45,925

At the year-end the charity was aware that it was a beneficiary of additional legacies which do not yet meet the recognition criteria detailed in the accounting policies under note 2(e). 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 £4.78m (181 cases) (2022: £3.34m, 117 cases).

The Charity received £4m donations and legacies that were restricted. See note 16.

Proceeds on the sale of assets relates to the sale of our Tiverton centre.

The Charity received £1.1m (2022: £0.85m) of gift in kind donations with the value included in donations and gifts.

2022 Government Grants income is from the Kick Start youth employment scheme.

4. Total expenditure

	Raising funds £'000	Other trading activities £'000	Veterinary £'000	Rehoming £'000	Raising awareness £'000	Advice & support £'000	Governance £'000	Support costs £'000	Group 2023 Total £'000	Group 2022 Total £'000
Staff costs (note 6)	(1,305)	(2,637)	(7,791)	(4,945)	(1,430)	(1,857)	(44)	(4,909)	(24,918)	(22,077)
Other staff related costs	(26)	(31)	(99)	(45)	(31)	(14)	(13)	(347)	(606)	(571)
Service delivery	-	-	(1,600)	(811)	-	-	-	-	(2,411)	(2,082)
PR and marketing	(2,916)	(34)	(3)	(96)	(1,974)	(140)	-	(77)	(5,240)	(6,224)
Trading costs	-	(328)	-	-	-	-	-	-	(328)	(246)
Property	-	(2,050)	(359)	(624)	-	(23)	-	(1,104)	(4,160)	(4,159)
Equipment and IT	(18)	(163)	(111)	(97)	(95)	(12)	(11)	(1,300)	(1,807)	(1,566)
Depreciation	-	(64)	(209)	(818)	(5)	-	-	(498)	(1,594)	(1,696)
Transportation costs	(27)	(197)	(58)	(119)	(24)	(86)	(1)	(96)	(608)	(536)
Other operating costs	(154)	(148)	(134)	(56)	(3)	(800)	(40)	(1,345)	(2,680)	(1,755)
Grants	-	-	-	-	-	(231)	-	-	(231)	(276)
Total	(4,446)	(5,652)	(10,364)	(7,611)	(3,562)	(3,163)	(109)	(9,676)	(44,583)	(41,188)
Governance reallocation	(8)	(19)	(34)	(35)	(7)	(6)	109	-	-	-
Support costs reallocation	(695)	(1,697)	(3,004)	(3,155)	(589)	(536)	-	9,676	-	-
Total 2023	(5,149)	(7,368)	(13,402)	(10,801)	(4,158)	(3,705)	-	-	(44,583)	-
Total 2022	(5,389)	(6,691)	(12,089)	(9,791)	(4,353)	(2,875)	-	-		(41,188)

Comparative section from 2022 accounts

	Raising funds £'000	Other trading activities £'000	Veterinary £'000	Rehoming £'000	Raising awareness £'000	Advice & support £'000	Governance £'000	Support costs £'000	Group 2022 Total £'000	Group 2021 Total £'000
Staff costs (note 6)	(1,160)	(2,403)	(7,026)	(4,375)	(1,236)	(1,477)	(71)	(4,329)	(22,077)	(21,278)
Other staff related costs	(43)	(27)	(105)	(47)	(33)	(24)	(14)	(278)	(571)	(436)
Service delivery	-	-	(1,444)	(638)	-	-	-	-	(2,082)	(1,961)
PR and marketing	(3,417)	(28)	(8)	(82)	(2,528)	(139)	-	(22)	(6,224)	(4,798)
Trading costs	-	(246)	-	-	-	-	-	-	(246)	(185)
Property	(2)	(1,975)	(621)	(1,164)	(2)	(24)	-	(371)	(4,159)	(3,471)
Equipment and IT	(17)	(220)	(223)	(79)	(66)	(14)	(11)	(936)	(1,566)	(1,351)
Depreciation	(2)	(96)	(216)	(1,008)	(6)	-	-	(368)	(1,696)	(1,673)
Transportation costs	(19)	(124)	(51)	(95)	(73)	(71)	(1)	(102)	(536)	(478)
Other operating costs	(219)	(118)	(145)	(34)	(6)	(541)	(43)	(649)	(1,755)	(1,661)
Grants	-	-	-	-	-	(276)	-	-	(276)	(19)
Total	(4,879)	(5,237)	(9,839)	(7,522)	(3,950)	(2,566)	(140)	(7,055)	(41,188)	(37,311)
Governance reallocation	(10)	(28)	(44)	(44)	(8)	(6)	140	-	-	-
Support costs reallocation	(500)	(1,426)	(2,206)	(2,225)	(395)	(303)	-	7,055	-	-
Total 2022	(5,389)	(6,691)	(12,089)	(9,791)	(4,353)	(2,875)	-	-	(41,188)	-
Total 2021	(5,517)	(6,133)	(11,404)	(9,947)	(3,222)	(1,088)	-	-		(37,311)

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

5. Net (expenditure)/income from the financial year is stated after charging/(crediting)

	Group 2023 £'000	Group 2022 £'000
Depreciation of fixed assets	1,594	1,696
(Gain) on disposal of fixed assets	(613)	(677)
Loans interest	356	213
Operating lease rentals:		
Buildings	1,515	1,434
Vehicles	224	212
Office Equipment	8	8
Auditor's Remuneration (incl. expenses, excl. VAT):		
Fees for the audit of the financial statements	69	57
Fees for other services	14	2

6. Employees

Group and charity	Group 2023 £'000	Group 2022 £'000
Wages and salaries	(20,667)	(18,363)
Social security costs	(2,010)	(1,830)
Pension contributions	(2,003)	(1,671)
	(24,680)	(21,864)
Other staff costs	(238)	(213)
Total	(24,918)	(22,077)

In 2023 the remuneration committee approved total settlement payments of £67,105 to four individuals (2022: £18,500 to one individual); in addition, there were two redundancies, and 11 payments in lieu of notice (PILON) payments totalling £59,094 made to 13 individuals (2022: redundancy and PILON payments totalling £53,398 were made to 14 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	2023 Average	2023 FTE	2022 Average	2022 FTE
Generating voluntary income	65	60	57	54
Raising awareness	50	45	40	36
Blue Cross shops	162	126	172	133
Veterinary	259	233	255	213
Rehoming	222	196	219	194
Advice and support	38	34	26	24
Governance	2	2	2	2
Total	798	696	771	656

The Executive team, as defined in the Trustee Report, received total remuneration including pension contributions and employers National Insurance of £1,005,739 (2022: £1,037,179).

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

	2023 Number	2022 Number
£60,001 - £70,000	16	8
£70,001 - £80,000	3	4
£80,001 - £90,000	2	1
£90,001 - £100,000	3	2
£100,001 - £110,000	3	2
£110,001 - £120,000	0	1
£120,001 - £130,000	1	0
£130,001 - £140,000	0	0
£140,001 - £150,000	1*	1*

*Denotes Chief Executive Officer.

Contributions made in the year for the provision of defined contribution pension schemes totalled £290,413 for those 29 employees (2022: £180,374 for 19).

During the year Blue Cross paid settlements to employees who received emoluments in excess of £60,000 in 2023. This was for the removal of company cars and increased the number of employees over the £60,000 threshold by four.

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

Travel and subsistence expenses were reimbursed and amounted to £3,887 (2022: £2,624).

Trustee Indemnity Insurance was provided in the year at a total cost of £7,280 to the Charity (2022: £7,280).

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 2023							As at 31 December 2022	
	Freehold land and buildings £'000	Leasehold improvement £'000	Equipment £'000	Motor Vehicles £'000	Computers £'000	Assets under construction £'000	Assets Held for Sale £'000	Total £'000	Total £'000
Cost									
At 1 January	37,731	1,790	2,067	219	3,162	59	1,901	46,929	46,904
Additions	343	212	7	-	266	1	-	829	464
Disposals	-	-	-	-	-	-	(736)	(736)	(439)
Transfers	-	3	-	-	-	(3)	-	-	-
At 31 December	38,074	2,005	2,074	219	3,428	57	1,165	47,022	46,929
Depreciation									
At 1 January	(16,651)	(1,701)	(1,905)	(175)	(2,701)	-	(1,514)	(24,647)	(23,332)
Charge for the year	(1,099)	(101)	(99)	(24)	(271)	-	-	(1,594)	(1,696)
Eliminated in respect of disposals	1	-	-	-	-	-	704	705	381
At 31 December	(17,749)	(1,802)	(2,004)	(199)	(2,972)	-	(810)	(25,536)	(24,647)
Net Book Value At 31 December	20,325	203	70	20	456	57	355	21,486	22,282
Net Book Value At 1 January	21,080	89	162	44	461	59	387	22,282	23,572

Assets under course of construction in 2023 relate to the build projects at Hammersmith, Suffolk, Newport and Manchester (2022: Hammersmith, Suffolk, Manchester and Devon). Cambridge site is held for sale with the Tiverton site being disposed in 2023. The transfer in 2023 related to a retained amount for the Devon RABU.

9. Investments

Group and Charity	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Market value at 1 January	33,602	40,619
Investment cash at 1 January	1,381	723
	34,983	41,342
Disposals at brought forward market value	(12,216)	(6,815)
Acquisitions at cost	13,116	6,037
Cash (utilised)/realised	(1,046)	647
Unrealised gain/(loss) on revaluation	821	(5,869)
Realised gain/(loss) on disposal	166	(359)
Market value at 31 December	35,824	34,983

The above investments consist of:	As at 31 December 2023 £'000		As at 31 December 2022 £'000	
	UK	Non-UK	Total	Total
Fixed Interest securities	7,918	1,544	9,462	6,359
Other listed shares and securities	13,807	12,220	26,027	27,243
Cash	335	-	335	1,381
	22,060	13,764	35,824	34,983
Historical cost as at 31 December			32,902	31,964

10. Stocks

Net receipts on sale	As at 31 December 2023		As at 31 December 2022	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Veterinary drugs for charitable purposes	229	229	107	107
Goods for resale	126	-	118	-
Total	355	229	225	107

11. Debtors

	As at 31 December 2023		As at 31 December 2022	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Gift aid receivable	479	479	622	622
Trade debtors	439	439	607	607
Amounts owed by group undertakings	-	375	-	96
Legacy debtors	20,581	20,581	21,461	21,461
Other debtors	171	171	684	684
Prepayments and accrued income	1,074	1,074	976	976
Total Debtors	22,744	23,119	24,350	24,446

12. Creditors: Amounts falling due within one year

	As at 31 December 2023		As at 31 December 2022	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Trade creditors	(652)	(645)	(729)	(722)
Social security and other taxes	(507)	(483)	(692)	(438)
Other creditors	(183)	(183)	(188)	(188)
Accruals and deferred income	(2,807)	(2,793)	(2,669)	(2,660)
Bank Loan (note 13)	(1,000)	(1,000)	(1,000)	(1,000)
Total	(5,149)	(5,104)	(5,278)	(5,008)

The deferred income relates to Ukraine and London Marathon Sponsorship in 2024. The deferred income balance at 1st January 2023 was £92,912 the amount released to income in the year was £78,704 and the amount deferred in the year was £24,760.

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

	As at 31 December 2023		As at 31 December 2022	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Bank loans	(3,750)	(3,750)	(4,750)	(4,750)
Total	(3,750)	(3,750)	(4,750)	(4,750)

The balance at the start of 2023 was £5.75m consisting of £4.25m remaining on a long-term loan and a remaining £1.5m CIBL loan, secured on the Victoria Properties (Sheppard House, 1-5 Hugh Street, SW1V 1QQ).

The £5m loan was taken out in 2021 and 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 taken out in 2021. 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 £500k have been made on both loans during 2023 and this leaves a balance of £4.75m at 31st December 2023.

14. Analysis of changes in net debt

	As at 01 January 2023 £'000	Cash flows £'000	Non-cash changes* £'000	As at 31 December 2023 £'000
Group and Charity				
Cash and cash equivalents				
Cash at bank and in hand	2,932	684	-	3,616
	2,932	684	-	3,616
Borrowings				
Debt due within one year	(1,000)	1,000	(1,000)	(1,000)
Debt due after more than one year	(4,750)	-	1,000	(3,750)
	(5,750)	1,000	-	(4,750)
Total	(2,818)	1,684	-	(1,134)

* Reclassification of loan due date

2022 Cash flow has been restated removing sale and purchases of investments as these do not relate to cash balances on the Statement of Financial position. The investment management fees are now included in Table A within gains / losses from investments. This does not impact our cash balance at year end 2022.

	Previously reported 2022 £'000	Adjustments 2022 £'000	Restated 2022
Cash flows from Investing activities.			
Purchase of investments	(6,037)	6,037	-
Proceeds from sale of investments	6,168	(6,168)	-
Net Income/(Expenditure) for the year			
Loss/(gains) on investments	6,228	131	6,359

15. Analysis of net assets between funds

	As at 31 December 2023			As at 31 December 2022		
	Restricted £'000	Unrestricted £'000	Total funds £'000	Restricted £'000	Unrestricted £'000	Total funds £'000
Tangible fixed assets	-	21,486	21,486	-	22,282	22,282
Investments	-	35,824	35,824	-	34,983	34,983
Long term liabilities	-	(3,750)	(3,750)	-	(4,750)	(4,750)
Net current assets	1,639	19,927	21,566	1,790	20,439	22,229
Net assets at the end of the year	1,639	73,487	75,126	1,790	72,954	74,744

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 2023 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains £'000	As at 31 December 2023 £'000
Restricted funds:						
<i>With transactions above £250k:</i>						
Burford Running Costs	449	455	(711)	-	-	193
Foodbank	-	470	(307)	-	-	163
Hammersmith Capital	215	-	-	-	-	215
Southampton Running Costs	390	119	(509)			-
Subsidiary Charities	427	-	-			427
Ukraine	-	231	(231)	-	-	-
Victoria Running Costs	-	1,065	(1,065)	-	-	-
Other Restricted Funds	309	1,693	(1,361)	-	-	641
Total restricted funds	1,790	4,033	(4,184)	-	-	1,639
Unrestricted funds	72,954	39,946	(40,399)	-	986	73,487
Total funds	74,744	43,979	(44,583)	-	986	75,126

Funds for Burford, Southampton and Victoria included numerous individual legacies towards finance operational activity of the veterinary and rehoming sites.

Other restricted income included £275,158 related to veterinary services, £284,568 to special restrictions and £1,133,483 to rehoming sites, with majority being legacies.

Restrictions for our subsidiary charities are currently being reviewed due to the length of time these funds have been held (see note 19 for further details).

	At 1 January 2022 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains £'000	At 31 December 2022 £'000
Restricted funds:						
<i>With transactions above £250k:</i>						
Burford running costs	314	796	(661)	-	-	449
Southampton running costs	-	950	(560)	-	-	390
Hammersmith Capital	223	-	(8)	-	-	215
Subsidiary Charities	427	-	-	-	-	427
Victoria Running costs	-	328	(328)	-	-	-
Ukraine	-	235	(235)	-	-	-
Other restricted funds	81	2,814	(2,586)	-	-	309
Total restricted funds	1,045	5,123	(4,378)	-	-	1,790
Unrestricted funds	75,190	40,802	(36,810)	-	(6,228)	72,954
Total funds	76,235	45,925	(41,188)	-	(6,228)	74,744

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 2023 and 2022.

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 2023 is shown below:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Income Statement		
Turnover	663	728
Cost of Sales:		
Stock brought forward	118	165
Purchases	337	199
Stock carried forward	(127)	(118)
	(328)	(246)
Gross profit	335	482
Administrative Expenses	(16)	(12)
Management charge from Blue Cross	(36)	(36)
Profit on ordinary activities before taxation	283	434
Taxation	-	-
Profit on ordinary activities after taxation	283	434
Donation to parent charity	(283)	(434)
Retained profit for the financial year	-	-
Statement of Financial Position		
Total Assets	420	366
Total Liabilities	(420)	(366)
Net Assets	-	-
Total Funds	-	-

19. Related parties, subsidiary charities and welfare associates

Detail of subsidiary charities and transaction with the parent Charity can be found in notes 17 and 18.

At December 31 2023 the Trading subsidiary owed the Charity £375k.

Detail of remuneration of key management personnel and reimbursement of Trustee expenses can be found in note 6.

Kelly Grellier, Chief Operating Officer, left employment of Blue Cross in January 2023. The charity paid a settlement payment of £30k.

There were no other related party transactions to disclose.

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.

20. Leases and other commitments

At 31 December 2023 the total committed to operating lease payments in future years was:

	31 December 2023 £'000	31 December 2022 £'000
Leases for land and buildings:		
Expiring within one year	970	1,310
Expiring between one and five years	2,450	3,415
Expiring thereafter	152	395
Leases for vehicles:		
Expiring within one year	104	138
Expiring between one and five years	67	99
Leases for equipment:		
Expiring within one year	6	8
Expiring between one and five years	15	21
Total	3,764	5,386

Details of commitments at the accounting date are as follows:

	31 December 2023 £'000	31 December 2022 £'000
Contracted for but not provided for:		
Devon	-	(45)
	-	(45)

The commitments contracted for but not provided as at 31 December 2022 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 £2,002,635 (2022: to £1,670,150). 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 2023 is £564k (2022: £399k).

Reference and administrative details

For the year ended 31 December 2023

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 (deceased 2023)
- 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)
- Kerry Blackstock
- Niki Brooks-Coppard
- Professor Stuart Carmichael BVMS, MVM, DSAO, MRCVS (retired 2023)
- Michele Jennings (elected 2023)
- Lara Dewar (retired 2023)
- Clive Everest MA, FCA
- Alison Forrestal
- Caroline Gosling
- Nico Lutkins (retired 2023)
- Chris Martin BSc
- Joseph Nhan-O'Reilly (retired 2023)
- Dr Nick Park
- Kath Qualtrough
- Dr Jeremy Stewart BVetMed CertVR MRCVS
- Stephen Swift (Vice-Chair)

Independent Board Members

- Vikramaditya Ghosh
- Michele Jennings (resigned 2023)

Independent Audit Committee Members

- Helen Wilkie ACA

Independent Investment Committee Members

- Zair Berry
- Keillian Tai
- Amy Clarke

Chief Executive

- Chris Burghes MBE

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 2023.

Corporate partners

- AmazonSmile
- Burgess
- Dodson & Horrell
- Frenchic Paint
- Hills Pet Nutrition
- Linnaeus Veterinary Group
- Lottoland
- Macfarlanes Packaging
- PetPlan
- Pets at Home
- Together for Animals

Major supporters

We are ever grateful for the generosity of all our individual and Trust and Foundation supporters, including those who donated in memory of a loved one or made an anonymous gift. We thank the following for their significant contributions last year:

- Mr Geoffrey Gordon Max Ackerman Will Trust
- Mrs Diana van Nievelt Price
- Petplan Charitable Trust
- Pets Foundation (Pets at Home Foundation)
- The Cadogan Charity
- The Dr Sheila Millar-Danks Charitable Trust
- The Philip Breeze Charity
- The Rose Animal Welfare Trust
- The Sir Peter O'Sullivan Charitable 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 2023 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
Oxon OX18 4PF**

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