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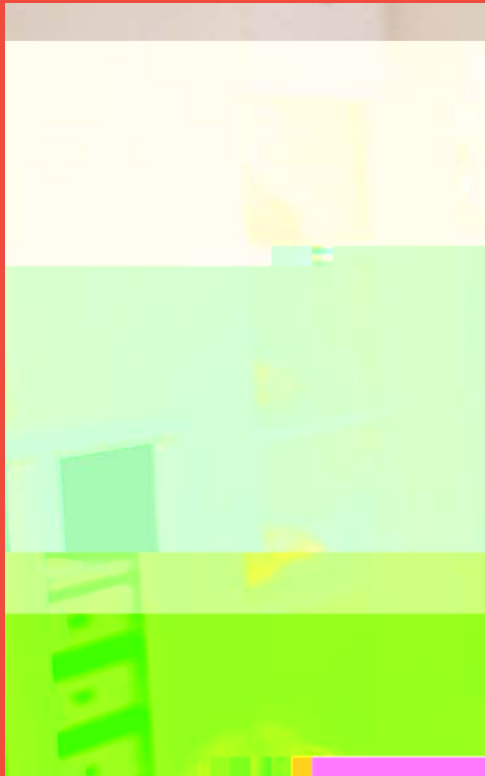
Royal

University of London

Annual Review
2010-2011

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PRINCIPAL'S REPORT

The external environment, as ever, is changing but 2010-11 has been remarkable by any reckoning. With economic crises still disrupting world markets and completely new funding structures for the Higher Education sector being introduced in England and Wales, the pressures that are being brought to bear on our activities have arguably never been greater. More than ever, clear mission and robust strategy will mark out those organisations that prevail.

Good progress has been made despite the backdrop of increased financial stringency as, like many others in the sector, bold, and in some cases difficult, decisions have been required to ensure long term sustainability. These challenges have been met by a professional and committed attitude from my colleagues and the positive out turn for the year speaks volumes for the way in which the College managed an unsettling and emotive period. A combination of additional effort

OPERATING AND FINANCIAL REVIEW

Context and risk analysis

ACADEMIC REVIEW

Learning and the student experience

The College's teaching activities are dominated by the Bachelor of Veterinary Medicine degree. This five-year programme provides the education, skills and knowledge required to practice as a veterinary surgeon on completion of the course. Students on the BVetMed account for 1,200 of the College's 2,000 students. The College has been at the forefront of curriculum development in the BVetMed and 2010-11 saw the first cohort of students enter the final year of a substantially altered curriculum, which places emphasis on self-directed learning and a reduction in didactic teaching time. Feedback indicates that the students have superior problem solving and independent learning skills than their predecessors.

With the vast majority of BVetMed students entering veterinary practice on graduation it

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has recently been undertaken to ensure that publications meet the likely levels needed to continue to attract QR funding from HEFCE.

Grant applications and awards have been exceptional and demonstrate how competitive academic staff have been in the current difficult funding climate. The College recognises that, where appropriate, research outcomes are best delivered by collaborating with other institutions and has responded to funders' increased expectations in this regard. The College has well established collaborations in the UK with University College London, King's College London, the London School of Hygiene and Tropical Medicine, University of Reading and University of Nottingham. In addition to these the College was successful in its bid to host a

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CORPORATE RESPONSIBILITY

Staff

The College recognises that its staff members are critical to its success. As such the College

CONSOLIDATED RESULTS FOR THE YEAR TO 31 JULY

Income and expenditure

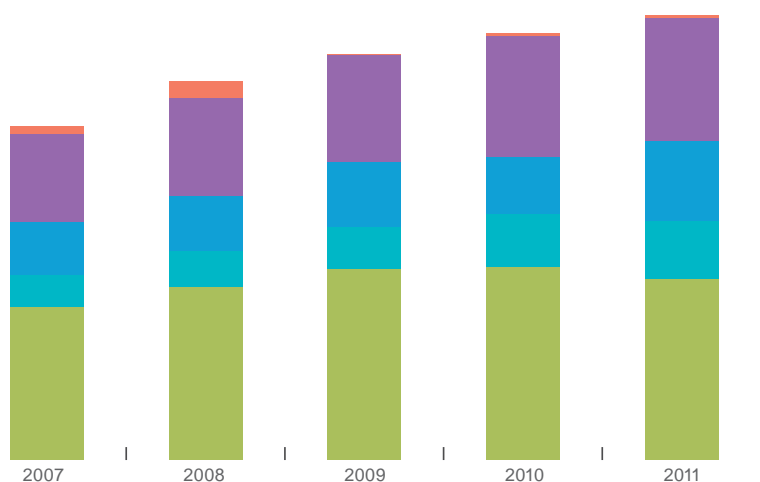
The Group achieved a surplus of £779,000, which was better than anticipated. This result is stated after non-recurrent severance costs of £1,739,000 from a voluntary scheme offered to staff during the financial year. Voluntary severance was one of a range of options made available to reduce recurrent costs staff. Forty-three employees left the College under voluntary severance terms, with a further reduction in FTEs achieved through flexible working, early retirement and a recruitment freeze. These actions were a major component in the College's strategic response to cuts in government funding for Higher Education. The College had set a target to achieve recurrent savings of £3.5million in staff costs; it is anticipated this will be reached. The staff savings achieved in 2010/11 were sufficient to fully pay back the severance costs of £1,739,000.

The College has set itself targets to increase its recruitment of students from non-EU countries. 2010/11 was a successful year

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CONSOLIDATED RESULTS FOR THE YEAR TO 31 JULY

(continued)



Also completed in the year was the major refurbishment of the Beaumont Animals Hospital, at a cost of £1.4m. The Jean Sainsbury Animal Welfare Trust made a significant grant of £1m towards the improvements to the working and living environments of staff at the hospital and to the enhancement of patient care. In recognition of the Trust's contribution the hospital was renamed the Beaumont Sainsbury Animals Hospital.

The third major capital project during the year was the continued construction of a new refectory, student residences and short-let accommodation at the Hawkshead campus. The new refectory was completed and operational in January 2011, with an increased seating capacity. All anticipated residence blocks were completed and ready for occupation for students starting in September 2011. The project is the College's largest single capital development, with a cost of £18m, and was undertaken on a design and build contract thereby transferring a substantial element of risk to the main contractor. The project was delivered on time and within budget.

Capital structure

The College has a borrowing ratio (borrowings: total income) of 37%. This is a measure used by HEFCE in assessing debt levels and compares to a sector average of 22%. While above the sector average, all of the College's debt has been used to fund activities with a specific ongoing income stream, principally student residences. The debt is with the Royal Bank of Scotland and is at fixed rates of interest, thereby giving certainty over future cash flows. The maximum duration of any loan is 25 years.

Treasury policy and investments

The College's treasury policy seeks to ensure an appropriate return on investments at a level of risk agreed by the College Council. The Finance and General Purposes

Committee has agreed a revised investment strategy which will support a higher drawdown than previously. This is designed to enable further investment in student financial support to be made available.

The College has a long-standing engagement with BlackRock Asset Management to administer and advise on appropriate funding

London Campus

Royal College Street

London NW1 0TU

Telephone +44 (0) 20 7468 5000

Fax +44 (0) 20 7388 2342

Hertfordshire Campus

Hawkshead Lane

North Mymms

Herts AL9 7TA

Telephone +44 (0) 1707 666333

Fax +44 (0) 20 1707 652090