Royal Veterinary College
University of London

FINANCIAL STRATEGY 2009-13

Aim

To ensure long-term financial sustainability through embedded risk-based financial planning, budgeting and control that directly supports all of the principal activities of the College.

Objectives

- To maintain the College in a strong financial position by creating surpluses for future investment;
- To fully align corporate planning and financial planning to ensure efficient and effective resource allocation in full alignment with agreed College priorities;
- To further develop the financial strategy to ensure diverse income streams are maintained, reducing the reliance on a single major source of funding;
- To embed financial risk management at all levels of the College, ensuring this is integrated into planning and budgetary forecasting;
- To ensure effective cost management and to embed the principals of value for money (VfM), in its broadest sense, throughout the College;
- To enhance the provision of financial management information, responding to budget holder and other user needs, utilising the latest information communications technology;
- To ensure compliance with statutory financial obligations and funding body/stakeholder regulations;
- To ensure all financial decision making is undertaken with full risk awareness;
- To fully explore and obtain funding for capital developments from a range of sources.

Enabling actions to support the achievement of these objectives:

- To improve alignment of financial planning and strategic planning processes;
- To extend the detailed budget modelling period from one year to three years;
- To use full economic costing methodologies to inform financial decision making;
- To produce and agree in advance response plans to address changes in key financial variables, both positive and negative;
- Financial decisions accompanied by risk analyses.

Key Performance Indicators (KPIs):

KPI	Strategic Aim / SMART objective
Surplus / deficit as a % income	Maintain the College in a strong financial position by sustaining a surplus of 3%
Non-funding council income as a % of total income	Ensure diversification of income streams by increasing non-HEFCE income as a percentage of Total Income to 58% in 3 years and 60% in 5 years
Failure of Animal Care Trust to meet target income (% of budget)	Increase the participation rate of alumni (% making donations, legacy receipts, purchasing RVC courses, taking EMS placements, referring cases etc) through improving communications, holding events and building engagement and commitment. Identify and engage new prospective supporters for the RVC through a combination of research, relationship-building events, presentations and meetings. Manage prospects using managed lists and prospect specific planning. Launch a major fundraising campaign to secure £30m income in support of the college's plans - covering improvements to the estate, scholarships, support for the student experience, diversification of curriculum content and community engagement.
Current Ratio (financial strength)	Maintain above 0.75
Liquidity (days expenditure available as cash)	Maintain above 30 days
External borrowing as a % of income	Below sector average; Annualised Servicing Cost below HEFCE guideline of 4%
% Projects with individual Risk Register where Income / Exp > 5% of turnover.	Fully imbed financial risk management by ensuring that within 5 years all projects with income or expenditure greater than or equal to 5% of turnover are accompanied with an analysis of the key risks (In RVC risk register format with a maximum of 6 key risks). This will have phased targets of year 1: 75%, Year 3: 90% and year 5: 100%.