

**Referral to the Charity Commission concerning
RSPCA and RSPCA Assured Limited**

Executive Summary

This referral to the Charity Commission relates to two registered charities, the RSPCA and RSPCA Assured Limited.

WildFish has highlighted the damage caused by Scottish salmon farming to wild Atlantic salmon and sea trout populations for well over two decades.

However, while the interest of WildFish in these two charities is related to the certification of Scottish salmon farms by RSPCA Assured Limited, the certification process itself is not the subject matter of this referral to the Charity Commission.

There is no question being raised in in this referral as to the charitable status of the RSPCA.

RSPCA Assured Limited, set up to administer the RSPCA's farm animal welfare labelling scheme, is a wholly owned subsidiary of the RSPCA and has an atypical corporate structure for a charity, being a company limited by shares, an incorporated organisation set up by and for the benefit of shareholders. It operates in an overtly commercial manner that is unusual from a charity.

The extent of the financial relationship between RSPCA and RSPCA Assured Limited is, at best, unclear, with the RSPCA stating it "obtains no income from RSPCA Assured", but there are amounts being paid over to RSPCA for management services, running to many hundreds of thousands of pounds per annum. There are also questions over reserves held by RSPCA Assured Limited.

WildFish has raised questions in writing with RSPCA Assured Limited on the structure and governance of RSPCA Assured Limited, but RSPCA Assured Limited has not given any substantive response.

WildFish therefore requests that the Charity Commission examines these matters and specifically examine whether the activities of RSPCA Assured Limited, as a private certifying company, albeit working to RSPCA standards and enjoying the 'charitable umbrella' of being RSPCA owned, is, in itself, sufficiently charitable to warrant RSPCA Assured Limited's status as a separate charity.

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1. WildFish

- 1.1 WildFish is a UK-wide charity that campaigns to protect wild fish populations and their ecosystems. Formerly known as Salmon & Trout Conservation, WildFish has highlighted the damage caused by Scottish salmon farming to wild Atlantic salmon and sea trout populations for well over two decades.
- 1.2 In 2016, WildFish lodged a formal Petition with the Scottish Parliament, calling on the Scottish Government to strengthen Scottish legislative and regulatory control of marine fish farms to protect wild salmonids of domestic and international conservation importance. That petition triggered two Scottish Parliamentary Committees to hold inquiries, the Environment Climate Change and Land Reform Committee and Rural Economy and Connectivity Committee both concluding in 2018 that stronger regulatory control of salmon farms was needed to protect wild salmonids as a priority and that “the status quo is not an option”.
- 1.3 This referral to the Charity Commission relates to two registered charities, the RSPCA and RSPCA Assured Limited.
- 1.4 While the interest of WildFish in these two charities is related to the certification of Scottish salmon farms by RSPCA Assured Limited, the Charity Commission is asked to note that any disagreement between WildFish and RSPCA and RSPCA Assured Limited, over the standards applied to salmon farming, and the certification against and enforcement of those standards is not the subject matter of this referral to the Charity Commission.

2. The RSPCA

- 2.1 The RSPCA was founded in 1824. It is an unusual organisation in that it is a corporation created by statute under the Royal Society for the Prevention of Cruelty to Animals Acts of 1932, 1940, and 1958. As provided in section 4 of the 1932 Act, the objects of the RSPCA are to promote kindness and to prevent or suppress cruelty to animals and to do all such lawful acts as the RSPCA may consider to be conducive or incidental to the attainment of those objects.

- 2.2 There is no doubt that the RSPCA's objects are charitable under the eleventh statutory description of charitable purposes, for the advancement of animal welfare. Trusts for the protection or benefit of animals, whether useful to man or not, are charitable, as being calculated to promote human morality by encouraging kindness, discouraging cruelty and stimulating humane sentiments to the benefit of mankind, unless outweighed by consequences detrimental to the public benefit.

- 2.3 There is no question being raised in in this referral as to the charitable status of the RSPCA.

3. The RSPCA and salmon farming

- 3.1 RSPCA's work on salmon farming is focussed on drawing up welfare standards for farmed Atlantic salmon¹.
- 3.2 These standards are not without controversy.
- 3.3 By way of background, from 2011 to 2013, WildFish (then S&TA) had detailed but ultimately unsuccessful correspondence and meetings with Freedom Food Limited concerning the standards applied to salmon farms. In January 2013, then as S&TA, WildFish published a report into RSPCA / Freedom Food certification of Scottish farmed salmon. In 2017, as S&TC, WildFish published an updated report into RSPCA Assured Limited's certification of Scottish farmed salmon.
- 3.4 However, the Charity Commission is asked to note that any disagreement between WildFish and RSPCA / RSPCA Assured Limited, over the standards applied to salmon farming, and the certification against and enforcement of those standards, is not the subject matter of this referral to the Charity Commission.
- 3.5 However, it is noteworthy that there is significant aquaculture industry influence on these standards through groups advising RSPCA on the standards. The RSPCA Standards Technical Advisory Group role is to advise on the development of the welfare standards so that they remain at the forefront of farm animal welfare. Members are said to be selected on the basis of the specific expertise they bring to the group in different areas of livestock care. Typically, an advisory group includes:
- an independent chairperson
 - RSPCA farm animal welfare specialists
 - representatives of large and small-scale farms (usually members of the RSPCA Assured scheme)
 - animal welfare and production scientists and/or agricultural consultants
 - veterinarians with expertise in the species in question; and
 - technical/field operations representatives of RSPCA Assured

¹ [Farmed salmon - Science - rspca.org.uk](https://www.rspca.org.uk/science/farmed-salmon)

- 3.6 The farmed salmon group² is made up of 16 representatives of the wider aquaculture industry, one from RSPCA Assured and an academic chair from the University of Stirling's broadly pro-aquaculture Institute of Aquaculture.
- 3.7 Note that the RSPCA itself does not police or certify fish farms as against these standards. That is the role of RSPCA Assured Limited, see below.

² [Farmed salmon - Science - rspca.org.uk](https://rspca.org.uk)

4. RSPCA Assured Limited

- 4.1 RSPCA Assured Limited was set up to administer the RSPCA's farm animal welfare labelling scheme and is a wholly owned subsidiary of the RSPCA and a charity in its own right with a separate charity number.³
- 4.2 The 2023 RSPCA Rules (and earlier versions) permit RSPCA trustees to “establish or support any charitable trusts, associations or institutions formed for any of the charitable purposes included in the Objects” and it appears that RSPCA Assured Limited was established by RSPCA under this power.
- 4.3 RSPCA Assured Limited was originally known as Freedom Food Limited. The name was changed in 2023 to RSPCA Assured Limited. The assurance logo changed from ‘Freedom Food’ to ‘RSPCA Assured’ in 2014.
- 4.4 In 2014, RSPCA Assured Limited was described as “a membership organisation, largely made up of farmers and food producers” and “the only farm assurance scheme where members must meet animal welfare standards set by the RSPCA”.⁴
- 4.5 Note that RSPCA Assured Limited does not have a normal or typical structure for a charity.
- 4.6 Charity Commission guidance⁵ suggests that
- “There are four main types of charity structure:
- charitable incorporated organisation (CIO)
 - charitable company (limited by guarantee)
 - unincorporated association
 - trust”
- 4.7 RSPCA Assured Limited is none of these. It is a company limited by shares, an incorporated organisation set up by and for the benefit of shareholders.
- 4.8 Despite this, RSPCA Assured Limited's Executive Director stated in a letter to WildFish in 2024 that “RSPCA Assured is a not-for-profit charity”⁶.

³ [RSPCA Assured governance explained](#)

⁴ [Harrison Agency helps Freedom Food rebrand as RSPCA Assured - Design Week](#)

⁵ [Charity types: how to choose a structure \(CC22a\) - GOV.UK \(www.gov.uk\)](#)

⁶ Letter to Nick Measham CEO, WildFish from Toby Baker, Executive Director

4.9 The sole shareholder of RSPCA Assured Limited is the RSPCA, with RSPCA Assured Limited's 2023 Trustees' Report and Accounts also recording that "the company's ultimate parent entity and controlling entity is the RSPCA..."⁷.

4.10 While RSPCA and RSPCA Assured Limited are separate charities, RSPCA is the sole shareholder, member and beneficial owner of RSPCA Assured Limited. Indeed, RSPCA Assured Limited's 2023 Mem and Arts make it impossible for anyone other than the RSPCA to hold shares⁸:

10.2 No share or shares in the Charity may be issued by the Charity or its Trustees to be held by any person other than the RSPCA.

4.11 The RSPCA also has powers to appoint Trustees and a Chair to, and to remove Trustees from RSPCA Assured Limited.

4.12 As Halsbury's Laws of England suggests, a company limited by shares is not generally eligible for charitable status, but in very rare cases, charitable status may be granted to a company limited by shares provided the shares have no right to receive a dividend or other distribution attached to them.

(as to financial flows to the sole shareholder, the RSPCA, please see below)

4.13 Conversely, it is common for wholly owned trading subsidiaries of charities to be set up as non-charitable companies limited by shares, which then donate any profits to the parent charity.

4.14 Therefore, while RSPCA Assured Limited is a wholly owned subsidiary of RSPCA, with RSPCA the sole member and the beneficial owner of RSPCA Assured Limited, RSPCA Assured Limited is also a charity in its own right, with different objects to the RSPCA.

RSPCA Assured and Emma Slawinski, Director of Policy, Prevention and Campaigns, RSPCA, dated 5th August 2024

⁷ [lonmfd002_20240411_131353.pdf](#) at page 25

⁸ [RSPCA ASSURED LIMITED filing history - Find and update company information - GOV.UK](#), at page 12

3. Objects

3.1 The Objects for which the Charity is established are:

- (a) To prevent cruelty to animals by the promotion of humane farming, transportation, marketing and slaughter of farm animals, in particular but without prejudice to the generality of the foregoing, by implementing a set of rearing and handling standards approved from time to time by the Royal Society for the Prevention of Cruelty to Animals (the RSPCA);
- (b) For the benefit of the public to otherwise prevent, suppress or alleviate cruelty to animals, whether within the United Kingdom or elsewhere and to educate the public in matters pertaining to animal welfare in general and the prevention of cruelty and suffering among animals.

4.15 Echoing its Mem and Arts, RSPCA Assured's website gives its Objectives as⁹:

"To prevent cruelty to animals through the promotion of humane farming, transportation, marketing and slaughter of farm animals by implementing a set of rearing and handling standards. These standards are updated and approved periodically by the Royal Society for the Prevention of Cruelty to Animals (RSPCA). Both in the United Kingdom and abroad, RSPCA Assured strives to prevent cruelty and suffering among farmed animals through educating the public".

4.16 As to how it certifies farms, the RSPCA Assured websites states that

"Members of the RSPCA Assured certification scheme commit to raising their animals to RSPCA welfare standards. These cover every aspect of an animal's life; from birth to slaughter, including food and water provisions, their environment, handling, healthcare and transportation. To become a member, and to renew the membership each year, farms must be visited and thoroughly checked by trained RSPCA Assured assessors.

These checks are called 'assessments' and take place annually to ensure that the farm and the records that log details like staff training and veterinary care are all in order and that the animals are well-cared for.

What Do RSPCA Assured Assessors Do?

Our assessors are highly trained and experienced specialists, most of whom have backgrounds as farmers, working in the food industry, or as animal welfare academics. They work regionally and with species specialisms. We employ a team of around thirty full-time assessors across the UK and also

⁹ [RSPCA Assured governance explained](#)

*work with freelance specialists to ensure that all our members receive their annual inspections”.*¹⁰

- 4.17 However, in reality, RSPCA Assured Limited openly sees its role as promotion of those food supermarkets that use the RSPCA Assured system, as their website shows¹¹:



- 4.18 The drop-down menu links to a ‘store-finder’ and promotes particular RSPCA Assured certified products on sale at the chosen supermarket, for example:

¹⁰ [Farm Assessments on the RSPCA Assured scheme](#)

¹¹ See, for example, [Buy RSPCA Assured at Sainsbury's](#) | [Buy higher welfare](#)



RSPCA Assured at Marks & Spencer



RSPCA Assured Free-Range Salmon and Trout at Marks & Spencer

100% of M&S farmed salmon is RSPCA Assured. By looking for the RSPCA Assured logo when you shop, you will be buying salmon which is raised and managed to a dedicated set of welfare standards.

M&S Scottish Salmon Fillet Joint Skin On 500g	M&S Scottish Skin On Salmon Fillets 600g	M&S 4 Scottish Salmon Fillets Skin On 480g	M&S 2 Scottish Poached Salmon Fillets 160g	M&S Scottish 2 Salmon Fillets Skin On 240g	M&S 2 Skinless & Boneless Salmon Fillets 240g
M&S Organic 2 Salmon Fillets 240g	M&S 2 Lightly Smoked Salmon Fillets 240g	M&S 2 Scottish Honey Roast Hot Smoked Salmon 160g	M&S Smoked Honey Roast Salmon Flakes	M&S Scottish Smoked Salmon Flakes with Sweet Chili	M&S 2 Scottish Hot Smoked Loch Trout Fillets
M&S Scottish Hot Smoked Tandoori Salmon Fillets	M&S Collection Scottish Smoky & Robust Smoked Salmon	M&S Collection Sweetcure Smoked Salmon	M&S Scottish Oak Smoked Salmon Ribbons	M&S Collection Kin Smoked Salmon Fillets	M&S Collection Scottish Salmon Gravavlax 6 Slices

- 4.19 Announcing new farmed salmon standards in March 2024, RSPCA Assured Limited's statement began with a typical 'promotional' sub-headline that

“Salmon Is One Of The UK’s Most Popular Food Exports - Over the past few years, salmon’s popularity as a UK meal has been leaping. As the easy-to-cook, healthier choice, the world has developed a big appetite for salmon. In fact, after meat chickens, salmon is now the most commonly farmed animal in the UK”.

- 4.20 That overtly commercial message is perhaps not what you might expect from a charity.

- 4.21 As justification for its activities, RSPCA Assured Limited states, of farmed salmon, that:

*“...there is currently no detailed welfare legislation to protect them. The RSPCA and RSPCA Assured are working hard to improve welfare conditions for farmed salmon, but we can’t enforce laws. All we can do is work with willing producers and farmers who voluntarily opt into our higher welfare farming standards. To make any positive changes and protect salmon welfare by law, we need government support”.*¹²

- 4.22 At first glance, the assertion that the RSPCA as a group cannot enforce laws does not seem to sit well with RSPCA's record as the leading bringer of private prosecutions in England and Wales, but this is correct in Scotland (where all UK farmed salmon is grown), as there is no right to bring private prosecutions in Scots Law.

That may be one of the reasons why the Scottish Society for the Prevention of Cruelty to Animals, a completely separate organisation to RSPCA, has been given special powers by statute in Scotland to enforce animal welfare law¹³.

- 4.23 However it is not true that there is no welfare legislation in Scotland, even though it is not specific to salmon. Part 2 of the Animal Health and Welfare (Scotland) Act 2006 “consolidates and modernises animal welfare legislation

¹² [RSPCA Updates Salmon Standards for Improved Welfare](#)

¹³ In Scotland, animal cruelty and welfare laws are enforced by the Police and Local Authority animal welfare inspectors and SSPCA Inspectors. The SSPCA are designated as a 'Specialist Reporting Agency' with similar powers to the Police, unlike in England. They report the facts of a case of cruelty to the Crown Office and Procurator Fiscal Service (the equivalent of the Crown Prosecution Service in England) which then decide whether the evidence warrants a prosecution and is in the public interest.

for Scotland”. The main purposes of the welfare provisions of the Act are said to be “to promote the welfare of animals and prevent harm through measures such as introducing a duty of care on those responsible for animals and allowing animals either suffering or in danger of suffering to be removed”.

“The main provisions of Part 2 of the Act replace a number of existing provisions in animal welfare legislation and are designed to prevent animal cruelty, promote animal welfare and protect animals in distress. The Act makes it an offence to cause a protected animal unnecessary suffering or to fail to take reasonable steps to ensure the welfare of animals for which a person is responsible (the duty of care)”.

- 4.24 Note that fish under the control of man – i.e. farmed fish – are protected animals. So, while there are no “specific” rules relating to farmed salmon – there are clear legal rules under the 2006 Act that apply to farmed fish (and cleaner fish).

5. Issues arising as between RSPCA and RSPCA Assured Limited

a) Financial flows as between RSPCA and RSPCA Assured Limited

- 5.1 The question of the extent of the financial relationship between RSPCA and RSPCA Assured Limited came up in an evidence session at the Rural Affairs and Islands Committee of the Scottish Parliament in June 2024.
- 5.2 The Official Report records the following exchanges involving Rachel Mulrenan, WildFish Scottish Director, with Sean Black of the RSPCA – see [Official Report](#):

Rachel Mulrenan: I would like to voice a concern. As I stressed to the clerks before the meeting, it is important to note that the RSPCA is financially involved in the salmon farming industry—

Sean Black: That is not true. The RSPCA is not—

Rachel Mulrenan: RSPCA Assured—

The Convener: Please direct your comments through the chair.

Rachel Mulrenan: Sorry. As I said, I raised a concern ahead of the meeting, and I would like to raise it again. I struggle to believe that the RSPCA can be impartial on improvements to fish welfare considering that, through the RSPCA Assured certification scheme, it is financially incentivised to certify salmon farms as having high welfare standards. That conflict of interest should be noted.

Sean Black: The RSPCA and RSPCA Assured are separate charities. They have different charity numbers and operate in completely different ways—

Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con): Could you repeat that, please? I did not hear what you said.

Sean Black: The RSPCA and RSPCA Assured are completely separate charities. They have different charity numbers and different structures. I work in the RSPCA's farmed animals department, and my sole aim is to improve the lives of farmed fish. The assurance scheme certifies farms, but it is separate from the RSPCA and is not represented today. I do not speak on its behalf; I am here as a representative of the RSPCA. We do not take any money from the salmon industry.

John Aitchison: Convener, could we clarify something? Could you ask Sean Black how much RSPCA Assured takes from salmon farmers and whether it ever turns down any farms?

5.3 Later in the same Session:

Beatrice Wishart (Shetland Islands) (LD): On that point, I am looking at a news article that says:

“The RSPCA received £700,000 in membership and licence fees in 2022 from salmon farmers and producers as part of its RSPCA Assured scheme.”

Can you comment on that?

Sean Black: I have already answered that. That is a lie. The facts have been misconstrued by whoever has written that article. RSPCA Assured will have received that money, but none of it comes to the RSPCA.

5.4 Sean Black is the Senior Scientific Officer for Aquaculture at the RSPCA.

5.5 The RSPCA later clarified these comments by way of a letter of 5 June 2024 to the Chair of the Committee, Finlay Carson MSP (attached to this referral):

“The RSPCA sets and writes higher animal welfare standards for eight species of land and aquatic animals, including salmon and trout. These standards are open for any organisation or business to use worldwide. However, they are primarily used by RSPCA’s farm assurance scheme - RSPCA Assured. The RSPCA obtains no income from RSPCA Assured. The RSPCA is run by a trustee body of 12 members and is governed by the Charity Commission. RSPCA Assured is a separate charity and is a wholly owned company registered at Companies House. It was set up in 1994 to prevent cruelty to farmed animals and raise their standards through humane farming underpinned by a set of standards for farm animals and provide consumers with a higher welfare alternative to conventionally produced products. Some RSPCA Trustees are represented on the RSPCA Assured’s Board.

RSPCA Assured charges their members (hatcheries, farms, hauliers and abattoirs) an annual membership fee. This covers their operational costs, including carrying out an assessment and, if they have met the RSPCA standards, certifying them. They also charge food manufacturers a license fee to use the RSPCA Assured label. RSPCA Assured receives no government or public funding”.

(underline added)

5.6 Despite what was said to the Committee in evidence, and later clarified in writing, when publicly available documents are analysed, there do appear to be financial flows as between the RSPCA and RSPCA Assured Limited.

5.7 For example, this from the RSPCA Assured Annual Report of 31 December 2023 (at page 6):

RSPCA SUPPORT

Freedom Food Limited is not dependent on the services of volunteers in accomplishing its work, although RSPCA branch volunteers support the promotion of the scheme at a local level. RSPCA is a provider of a number of business services for Freedom Food Limited, including HR, payroll, and fleet. Freedom Food Limited and RSPCA staff also work closely in managing the most effective implementation of their shared goal for farm animals.

5.8 RSPCA Assured Limited's Mem and Arts envisage that RSPCA Assured Limited will buy services from the RSPCA [note that the 'Charity' is RSPCA Assured Limited, the 'shareholder' is the RSPCA].

8. Benefits and Conflicts

8.1 The property and funds of the Charity must be used only for promoting the Objects of the Charity and do not belong to the shareholder but:

- (a) the shareholder may be employed by or enter into contracts with the Charity and receive reasonable payment for goods or services supplied; and, subject to compliance with Article 8.5:
- (b) the shareholder, Trustees and Connected Persons may be paid interest at a reasonable rate on money lent to the Charity;
- (c) the shareholder, Trustees and Connected Persons may be paid a reasonable rent or hiring fee for property let or hired to the Charity; and
- (d) the shareholder, Trustees and Connected Persons may receive charitable benefits on the same terms as any other beneficiary of the Charity.

5.9 While there appear to be no direct donation from RSPCA Assured Limited to RSPCA, amounts were paid over for services covering HR, fleet and payroll, and there is an anticipation of more as RSPCA (and hence RSPCA Assured Limited) moves premises.

5.10 It is not clear whether the amounts re-charged etc. are reasonable or whether they might be inflated to increase the 'net flow' from RSPCA Assured Limited to RSPCA, but RSPCA Assured Limited accounts to December 2023 (at page 26) show management fees of £403,086 in 2023, up from £188,177 in the previous year, and a recharge in 2022 for RSPCA inspectors of £127,884,

though it is not clear why RSPCA inspectors are doing work for RSPCA Assured Limited¹⁴.

Management fees are charged to RSPCA Assured Limited by the parent charity, RSPCA. In the year ended 31 December 2023 these amounted to £403,086 (2022: £188,177). RSPCA also operate the payroll on behalf of RSPCA Assured Limited, and all associated costs are recharged directly by the parent company. All staff are directly employed by RSPCA Assured Limited. Previously, the service of some RSPCA Livestock officers was used during the year and recharged to RSPCA Assured Limited. During the current year no amounts were recharged (2022: £127,884). In the year no donations were received from the parent company (2022: A donation of £80,000 was received from the parent company in the year, toward the Eat Better Eat Less Project). At the year-end, RSPCA Assured Limited owed £417,781 to the RSPCA (2022: £406,000)

- 5.11 Whatever the true position, RSPCA Assured Limited appears to have no problem with cashflow but was still owing RSPCA £417,781 up from £406,000 in 2022.
- 5.12 These matters were taken up with RSPCA by way of a letter to RSPCA Assured of 27 September 2024.

“As you will no doubt appreciate WildFish takes and has taken a different approach to salmon farming to that taken by RSPCA Assured Limited (and Freedom Food Limited before it).

WildFish considers that RSPCA Assured certification of salmon farms lends a ‘greenwash’ to the industry that it does not merit, but we recognise that you hold a different view. That difference of opinion has been addressed in other correspondence, if not resolved.

However, we do have some questions on the structure and governance of RSPCA Assured Limited which we hope you can clear up.

Ownership

While we recognise that RSPCA and RSPCA Assured Limited are separate charities, RSPCA does seem to be the sole shareholder and beneficial owner of RSPCA Assured Limited. However, Article 8 of RSPCA Assured Limited Mem and Arts seems to contradict that position, stating that “the property and funds of the Charity must be used only for promoting the objects of the Charity and do not belong to the shareholder...” [the ‘Charity’ here meaning RSPCA Assured Limited and the ‘shareholder’ being RSPCA].

¹⁴ [lonmfd002_20240411_131353.pdf](#)

Please could you clarify the position with respect to both RSPCA's control and ownership of RSPCA Assured Limited's funds and property?

Structure

We note that RSPCA Assured Limited is a company limited by shares and that the sole shareholder is the RSPCA. As you will appreciate, a company limited by shares is not generally considered to be eligible for charitable status, although we recognise that RSPCA Assured Limited is a registered charity.

Why was that particular structure – a company limited by shares - chosen for RSPCA Assured Limited?

Charitable status

It is common for wholly owned trading subsidiaries of charities to be set up as non-charitable companies limited by shares, which then donate any profits to the parent charity. For example, Soil Association Certification Limited (which certifies producers as organic as against Soil Association standards, in a strikingly similar manner to the RSPCA Assured process) is such a non-charitable company.

Why was it considered that RSPCA Assured Limited could and should be a charity in its own right?

Membership

Who are the members of the RSPCA Assured Limited?

Flow of funds (if any)

We seek clarity on what funds if any, flow from RSPCA Assured Limited to RSPCA.

We have looked at RSPCA Assured Limited's Annual Report to end 2023 which show that RSPCA is a provider of a number of business services for RSPCA Assured Limited, including HR, payroll, and fleet. There also appear to be significant management fees charged by RSPCA to RSPCA Assured Limited. Most recent RSPCA Assured Limited accounts show that RSPCA Assured Limited appears to owe RSPCA £417k at the year end.

Please could you clarify what the position is in respect of financial flows from RSPCA Assured Limited to RSPCA, if any? Specifically, is it perhaps the case that the sums owing to RSPCA by RSPCA Assured Limited are not paid, but that this debt is held in abeyance somehow?

We look forward to hearing from you.

We would be grateful for a response by end October...”

- 5.13 Despite twice acknowledging initial receipt (30th September) and a chaser (5th November), no substantive reply has been received by WildFish.

b) Reserves

5.14 Every charity has to consider whether it has sufficient reserves to cope in a situation where income dries up etc. See Charity reserves: building resilience - GOV.UK (www.gov.uk)

5.15 In relation to reserves held by subsidiaries: *“A charity may carry out activities through one or more trading subsidiaries and, in such cases, group or consolidated accounts may be required. Group accounts show the activities and resources of the charity and its subsidiaries. Where group accounts are prepared, the annual report will provide a narrative of the group’s activities. In particular, the amount of reserves stated must take account of the net assets of subsidiaries”.*

5.16 The RSPCA holds reserves of £278.8 million and says this¹⁵:

“The RSPCA holds two types of reserve – restricted and unrestricted. The group reserves also include restricted and unrestricted reserves held in the subsidiary companies.”

5.17 While the power to hold reserves needs to be used appropriately by trustees – and if the power is used without justification then the holding of income in reserve might amount to a breach of trust – these do not seem unreasonable sums for the RSPCA to hold, given its size.

5.18 However, while it is acceptable for RSPCA to use unrestricted reserves held at RSPCA Assured Limited in its calculations of the overall RSPCA group reserve (as it does above), the question arises as to whether RSPCA Assured Limited holds sufficient reserves, given that the RSPCA seems to have ‘first call’ on any cash reserve held by RSPCA Assured Limited.

5.19 There is perhaps some doubt here. Note what RSPCA Assured Limited’s Mem and Arts say, at para 8.1:

“the property and funds of the charity must be used only for promoting the objects of the charity and do not belong to the shareholder...”

5.20 However, RSPCA Assured Limited’s Annual Report suggests otherwise, RSPCA being the beneficial owner.

¹⁵ [tra_2023_web](#) at page 41

the RSPCA brand as advocating for higher animal welfare. The RSPCA is the sole member and beneficial owner of RSPCA Assured. RSPCA Assured Ltd is governed by a Memorandum and Articles of Association, the contents of which have been approved by the Trustees of the RSPCA.

5.21 RSPCA Assured Limited is a charity in its own right and says of its own reserves:

The company has a strong balance sheet, with cash balance as at 31 December 2023 being £2.6m (2022: £2.6m) and a large balance in net current assets of £3.0m (2022: £3.3m).

In light of this, RSPCA Assured seeks to retain free reserves at least equivalent to the annual standing costs of the assessment team. These are considered to equate to £1.1m, in line with prior year, and free reserves of £3.1m (2022: £3.4m) is substantially in excess of this.

RSPCA Assured has a budgeted deficit in 2024 in order to ensure reserves remain at an acceptable level; balancing both long term sustainability to ensure that the charity can support future beneficiaries, and a high level of Impact on animal welfare for farmed animals in the short term.

5.22 RSPCA Assured Limited appears to hold £3.1m in reserve when it only needs £1.1m. RSPCA Assured Limited held over £2.5million in the bank at the year-end 2023, which is very high for a charity of its size.

5.23 However, it is not clear whether the high level of cash held by RSPCA Assured Limited is being 'used' correctly or properly as part of the RSPCA's reserve.

c) Is RSPCA Assured's charitable status justified?

- 5.24 The main question which we ask the Charity Commission to examine is whether RSPCA Assured Limited is entitled to be a separate charity, recognising that the Charity Commission has registered and HMRC therefore treats RSPCA Assured Limited as a charity.
- 5.25 As a charity RSPCA Assured Limited is supposed to be non-profit-making with all profits being re-invested in the objects of the charity and yet it made £1 million in profit in 2023 with all the applicable tax advantages enjoyed by charities.
- 5.26 However, RSPCA Assured Limited seems to be operating as a typical commercial company, which is what its unusual structure (for a charity) as a company limited by shares, would also suggest.
- 5.27 Note also that, in a similar situation, Soil Association Certification Limited is not a separate charity to the Soil Association, just a wholly owned subsidiary company. Similarly, Assured Food Standards (Company number 04913846) that administers the Red Tractor scheme on land, and certifies farms, is also not a charity.
- 5.28 The Charities Act gives a legal definition of the meaning of the term 'charity'. Part of that definition says that for an organisation to be a 'charity' it must have only 'charitable purposes'. A charity's 'purposes' are what it is set up to achieve. Part of the Charities Act definition of a 'charitable purpose' says that it must be 'for the public benefit'. The Charities Act calls this the 'public benefit requirement'.
- 5.29 For a purpose to be charitable it must also conform to the established requirements with regard to public benefit. So, the question seems to become 'what is the public benefit' of RSPCA Assured? On the face of it, certifying farms against RSPCA standards to seek better animal welfare appears charitable, for the public benefit (however little WildFish or others may think of those standards or their 'soft touch' enforcement).
- 5.30 However, it is arguable that RSPCA Assured Limited in fact shelters under the charitable umbrella provided by RSPCA. To be charitable, when it comes to benefits accessed only through membership, a charity must not be set up to provide benefit only to the organisation's members unless (i) a sufficient section of the public can access those benefits by becoming members, or (ii)

the membership structure is a suitable way of carrying out the charity's purposes for the public benefit¹⁶.

5.31 It is not clear who are the members of the RSPCA Assured Limited.

5.32 Strictly speaking, as the Mem and Arts confirm, RSPCA is the only "member" as RSPCA Assured Limited's Annual Report confirms.

the RSPCA brand as advocating for higher animal welfare. The RSPCA is the sole member and beneficial owner of RSPCA Assured. RSPCA Assured Ltd is governed by a Memorandum and Articles of Association, the contents of which have been approved by the Trustees of the RSPCA.

5.33 As to other "members" RSPCA Assured Limited states on its website¹⁷:

"Does RSPCA Assured Receive Payments From The Farming Industry?"

No, as a non-profit charity, we do not receive any payments from the farming industry, nor do we receive any public or government funding. The only income we receive is an **annual membership fee from our members** and a licence fee for the use of the RSPCA Assured logo. Neither of these fees are taken as profit, they are reinvested back into the scheme and used to cover costs and make improvements.

5.34 It also says:

How is RSPCA Assured Funded?

RSPCA Assured charges hatcheries, farms, hauliers and abattoirs an annual membership fee. This covers the cost of carrying out an assessment and – if they have met the RSPCA standards – certifying them.

We also charge food manufacturers a licence fee to use the RSPCA Assured label.

¹⁶ [Public benefit: running a charity - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

¹⁷ [Frequently Asked Questions | RSPCA Assured](#)

5.35 Therefore, it appears that the commercial food producers, as recipients of RSPCA Assured Limited's certification and logo, are RSPCA Assured Limited's "members".

5.36 Whether the members of RSPCA Assured Limited are (i) the RSPCA, or (ii) the certified commercial producers of RSPCA Assured-certified foodstuffs, or (iii) both, none of (i) to (iii) represent a sufficiently wide section of the public to benefit.

5.37 Recalling that the RSPCA Assured Limited's Mem and Arts set down the objects:

3. Objects

3.1 The Objects for which the Charity is established are:

- (a) To prevent cruelty to animals by the promotion of humane farming, transportation, marketing and slaughter of farm animals, in particular but without prejudice to the generality of the foregoing, by implementing a set of rearing and handling standards approved from time to time by the Royal Society for the Prevention of Cruelty to Animals (the RSPCA);
- (b) For the benefit of the public to otherwise prevent, suppress or alleviate cruelty to animals, whether within the United Kingdom or elsewhere and to educate the public in matters pertaining to animal welfare in general and the prevention of cruelty and suffering among animals.

5.38 RSPCA Assured Limited's certification activity is covered by (a) above. It is interesting that there is no mention of "public benefit" in (a) as opposed to (b).

5.39 Arguably, it is the RSPCA and not RSPCA Assured Limited that generates the public benefit in drawing up the standards to which RSPCA Assured Limited then works.

5.40 The immediate or direct benefit in certifying against those standards is enjoyed not by the public but by the members of RSPCA Assured Limited, in our case, that being the salmon farming industry, and the RSPCA itself, by way of the financial 'flows' from RSPCA Assured Limited to RSPCA.

5.41 The activities of RSPCA Assured Limited, as essentially a private certifying company, albeit working to RSPCA standards and enjoying the 'charitable umbrella' of being RSPCA owned, do not, in themselves, appear to be sufficiently charitable.

5.42 The Charity Commission is asked therefore to examine whether RSPCA Assured Limited's status as a separate charity to RSPCA is justified.

6. Conclusions

- 6.1 WildFish has highlighted the damage caused by Scottish salmon farming to wild Atlantic salmon and sea trout populations for well over two decades.
- 6.2 This referral to the Charity Commission relates to two registered charities, the RSPCA and RSPCA Assured Limited.
- 6.3 While the interest of WildFish in these two charities is related to the certification of Scottish salmon farms by RSPCA Assured Limited, the certification process itself is not the subject matter of this referral to the Charity Commission.
- 6.4 There is no question being raised in in this referral as to the charitable status of the RSPCA.
- 6.5 RSPCA Assured Limited, set up to administer the RSPCA's farm animal welfare labelling scheme, is a wholly owned subsidiary of the RSPCA, with the RSPCA being the "ultimate parent entity and controlling entity". RSPCA Assured Limited is also a charity in its own right, with a separate charity number. Despite describing itself as "a not-for-profit charity", RSPCA Assured Limited has an atypical corporate structure for a charity, being a company limited by shares, an incorporated organisation set up by and for the benefit of shareholders.
- 6.6 Members of the RSPCA Assured certification scheme are said to commit to raising their animals to RSPCA welfare standards and to become a member, and to renew membership each year, farms must be visited and thoroughly checked by trained RSPCA Assured assessors.
- 6.7 RSPCA Assured Limited openly also sees its role as promotion of those food supermarkets that use the RSPCA Assured system, as their website shows, in an overtly commercial manner that is unusual from a charity.
- 6.8 The question of the extent of the financial relationship between RSPCA and RSPCA Assured Limited came up in an evidence session at the Rural Affairs and Islands Committee of the Scottish Parliament in June 2024, after which the RSPCA reiterated its position that while RSPCA Assured charges their members (hatcheries, farms, hauliers and abattoirs) an annual membership fee to cover their operational costs, including carrying out an assessment and, if they have met the RSPCA standards, certifying them – and food

manufacturers are also charged a license fee to use the RSPCA Assured label
- “the RSPCA obtains no income from RSPCA Assured”

- 6.9 While there appear to be no direct donations from RSPCA Assured Limited to RSPCA, amounts are paid over for services covering HR, fleet and payroll, and there is an anticipation of more as RSPCA (and hence RSPCA Assured Limited) moves premises.
- 6.10 RSPCA Assured Limited accounts to December 2023 show management fees of £403,086 in 2023, up from £188,177 in the previous year, and a recharge in 2022 for RSPCA inspectors of £127,884.
- 6.11 WildFish has raised questions with RSPCA Assured Limited on the structure and governance of RSPCA Assured Limited, relating to:
- ownership
 - corporate structure
 - charitable status
 - RSPCA Assured’s membership, and
 - flow of funds to RSPCA
- 6.12 Despite acknowledging the correspondence, RSPCA Assured Limited has not responded to the questions raised.
- 6.13 There are further queries, as to the high level of cash held by RSPCA Assured Limited being ‘used’ correctly or properly as part of the RSPCA’s wider ‘reserve’.
- 6.14 The central issue that WildFish wishes to raise with the Charity Commission is whether the activities of RSPCA Assured Limited, as essentially a private certifying company, albeit working to RSPCA standards and enjoying the ‘charitable umbrella’ of being RSPCA owned, are, in themselves, sufficiently charitable to warrant RSPCA Assured Limited’s status as a separate charity.

