

RCPsych Annual General Meeting 11th July 2023

Report of the Treasurer



It is with great pleasure that I present the annual accounts of the Royal College of Psychiatrists for the financial year ending 31 December 2022, prepared in accordance with the Charity SORP and FRS 102. The details are included in the Annual report and I will therefore present a summary and provide some context.

2022 has been yet another challenging year, with inflation reaching double figures, the highest seen in several decades. The cost-of-living crisis, geopolitical changes and the lingering of COVID-19 pandemic have contributed to the slowdown in global economic activity and have had a significant pressure on the finances of the College. In addition, 2022 was a year of significant change for the College with staff returning to work in the office, the return of face-to-face events and the evolving hybrid events.

The College concluded the year with an unrestricted deficit of £2.3 million. £1.8 million was from investment losses, almost reversing investment gains made in 2021. The College used some of the reserves it had built up over several years to support the major changes faced by the College and mitigate the impact of the wider economic situation to allow the College to continue to support members in a particularly challenging year.

The College has a portfolio of listed investments and operates a sustainable investment policy, which excludes investment in fossil fuels but also positively invest in companies whose activities support the UN Sustainable Development Goals. The investments performance was affected by economic conditions and stock markets and values fell in 2022. The portfolio, however, continued to outperform its benchmark over the longer term and so far in 2023 has grown by £613k.

The budget for 2022 planned to delivery a breakeven position on unrestricted operating activities before accounting for investment gains or losses and any spend against the digital improvement fund and building repairs fund. Despite the uncertainties faced during 2022, the College was able to deliver the budget as planned and posted a small surplus on the day-to-day operational activities. The College is starting the budget process for 2024 and this will be challenging to deliver a surplus or break even with high inflation and increased demands and expectations on the College.

Membership of the College has grown by 3% during the year to a total of 20,437 members.

The budget for 2023 has been set to deliver a break-even position for the year, excluding investment gains or losses. Subsequently the Board of Trustees have

approved additional spend to recruit staff to support delivery of hybrid events and College faculties.

The College produces high-quality mental health publications and information through a wide range of books and journals which are published on our behalf by Cambridge University Press (CUP). The contract with CUP has been extended by two years, to the end of 2024 with a reduced lower guaranteed level of income. The opt-in to print journals introduced from January 2023 reduces the cost in producing the journals, as well as contributes to College's efforts on sustainability.

Income

College income in 2022 was £22.8 million, split in almost equal thirds between education and training, members services and support, and standard setting and research. CCQI, for example, makes a significant contribution to the overheads of the College.

Expenditure

Expenditure in 2022 was £23.2 million, of which 58% were staff costs.

The College invested £302k into hybrid events audio visual technology and meeting rooms upgrade, funded by the Digital Improvement fund. The fund, established in 2021 to allow for investments in upgrades and improvements to be made into the College's core IT infrastructure in a prudent and planned way. When capacity allowed the events space had been rented to third parties to generate additional income for the College.

Reserves

The Board of Trustees set a minimum target of general reserves equal to 6 months of expenditure. At the end of 2022 these reserves were 6.6 months, with the increase in expenditure due to the economic conditions and the return of face-to face events it is possible that these will drop to 6 months by the end of 2023.

We are constantly focused on ensuring we provide value for money in all our activities to ensure all our income, including membership income, is used wisely and that we manage risks well.

I would like to thank Calum, Mehmet, Ewa, the rest of the Finance Team and Members and Trustees who sit on the Finance Management Committee and all those who serve as Finance Officers on Faculties, Divisions, Devolved Councils and Special Interest Groups. Their advice and support are invaluable. I would also like to thank my Fellow Officers, Adrian, Trudi and Subodh.

Matters for approval at the AGM

1. Reappointment of auditors

Haysmacintyre, our external auditors, have completed their second year in that role and, as usual, need to be formally reappointed each year at the AGM

2. Membership Fees

Finance Management Committee and Board of Trustees have carefully considered the level of fees proposed for 2024. The environment is very challenging with inflation remaining persistently higher than previous expectations (currently 8.7%).

There is also a need to ensure that members receive value for money. There are greater demands on the College including the impact of many members finding it harder to persuade their employers to release them to work on very important and valuable College activities. In response to this the College has increased staff resources supporting the work of Devolved Councils, Divisions and Faculties.

Historically fees were set at levels that were in line with inflation but in the last three years fee increases have been lower than inflation.

The registration fees when paid when people become members and fellows can be a significant consideration and so Board of Trustees are recommending that these be frozen.

It is also recognised that trainees face many challenges at the early stages in their careers and the Board of Trustees have therefore recommended that PMPT fees are also frozen.

In order to achieve support a budget that can be delivered next year, Board of Trustees are recommending an overall increase in fees on 6%. This means that fees not frozen will rise by 6.5% to achieve an overall increase of 6%. This is below the current level of inflation at 8.7%. This has been set at the lowest level that the Board of Trustees believe can be managed without looking at significant reductions in services and staff, although this will remain a challenge to deliver.

This means, for example, that full UK Members and Specialist Associates will increase by £33 a year or £2.70 a month

UK Fellows fees will increase by £45 or £3.75 a month.

International fees are at various lower rates.

Membership fees are tax deductible in the UK and may be deductible in other countries too.

There are reductions available for those on lower incomes and the Treasurer also has discretion to reduce fees in cases of hardship.

Dr John Crichton, Treasurer
June 2023