

FINAL

RCPsych Annual General Meeting 18th June 2024

Report of the Treasurer

I am delighted to present the Treasurer's report to the College AGM, here again in my hometown of Edinburgh.

I will cover the key financial performance and compliance of the College in 2023, something of our activities this year and financial plans for 2025.

Starting with financial performance and compliance: the audited annual accounts of the College for the year ending 31 December 2023, prepared in accordance with the Charity Commission's Statements of Recommended Practice and Financial Reporting Standard 102 are available on the website. There you will find the detail of where your membership fees go - but if I were to highlight just one thing we can all be proud of is how many times our patient leaflets are downloaded across the world. Over the last couple of years our bipolar information in Persian downloaded over 400,000 times, Arabic over 92,000 times and Hindi 55,000 times

We continue to be in a challenging financial climate: recovery from the pandemic, conflict in Europe and now the Middle East, the climate emergency, Brexit and inflation. Inflation did start coming down from a high in January 2023 of 8.8% to a low of 4.2% in December 2023. This does not mean that prices are reducing, but that the rate by which they are increasing slowed down. There are also time lags in when inflationary pressures come to bear. With this reduction in rate of inflation, suppliers felt more comfortable in introducing price rises, instead of absorbing them – this strained College resources as membership fees were increased by a below inflation rate for 2023.

The College financial operating performance in 2023 was a deficit of £1,000,000, combined with unrealised investment gains of £1,482,000 leading to a net surplus of £451,000.

I would like to extend my thanks to Calum (our previous Finance Director, who left in October 2023), Alex, 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 Devolved Councils, Divisions, Faculties, and Special Interest Groups. Their advice and support are invaluable. I would also like to thank my Fellow Officers, Lade, Trudi and Subodh.

The membership of the College has grown by 3% during the year to a total of 21,046.

I am also delighted to report that the College is continuing its relationship with Cambridge University Press for a further 5 years, as the Board has signed a new journals contract following a rigorous review. We plan to grow the RCPsych book portfolio to match the growth in the journals, and we are looking forward to working with CUP on a revised book contract, to be signed later in the year.

Reserves

The Board of Trustees set a minimum target of general reserves equal to 6 months of expenditure. At the end of 2023 the reserves level was maintained.

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.

Investments

Previously I have reported on the College's investment portfolio, which, in accordance with the Bye-Laws and Regulations, excludes investment in fossil fuels but positively

invests in companies who support the UN Sustainable Development Goals. These investments have continued to perform well through 2023 and into 2024 – the portfolio grew in value by £1.4m in 2023.

The Board has asked me to review the investment policy, in line with best practice in responsible investing. This will include reviewing how the College embeds its commitment to working with partners, including banking partners, who share College values and strategic aims.

Progress on Net Zero

I would like to take the opportunity to thank PsychDeclares for their ongoing support and challenge regarding our banking arrangements – as a result of the ongoing discussions with the group, the Planetary Health and Sustainability Committee and the College Net Zero Action Group, I am putting a proposal to FMC this Friday to address concerns raised about the College funds held in Barclays accounts. Subject to that meeting I expect the proposal to be considered by the Board of Trustees on the 12th of July.

Some of the work to get to this point has included discussions with UKHACC, other MRC Treasurers and FDs, robust meetings with Barclays about their approach and I look forward to working with the group during the remainder of 2024 and into 2025.

Working with Finance Officers in Devolved Nations, Divisions, Faculties and SIGs

This year, I have also sought to work more closely with those members giving their time to work as Finance Officers for the Devolved Nations, Divisions, Faculties and SIGs. As part of this, I have extended the offer to all Finance Officers to attend the College's Financial Management Committee as observers.

There are quarterly finance update sessions during which there is an opportunity to hear more about the College financial picture, and to discuss emerging issues.

As a result of these discussions, I am taking a proposal to Council regarding the ability for FDDS to ‘carry forward’ a proportion of any surplus to the following year.

The college in Scotland is celebrating its 30th Anniversary this year and I was delighted to take part in their tartan competition. New college tartan merchandise will be available later this year and I have agreed that any tartan surplus will be returned to the College in Scotland to support their activities. I would be happy to extend that arrangement to other parts of the college should they come up with a new merchandising idea.

In preparation for the 2025 budget process, we have also sought feedback from Finance Officers to establish where we can improve and simplify the information we need. This has been well received and suggestions have been incorporated into the 2025 budget approach and guidance.

Matters for approval at the AGM

1. Reappointment of auditors

Haysmacintrye, our external auditors, have completed their third year in role, and given the incredibly smooth financial audit, I will not hesitate in recommending that they are formally re-appointed at this AGM, as is a requirement of the College bye laws.

2. Membership Fees

In recent years the discussions around the membership fee proposal have been complex. The balance is to keep any rises to a minimum whilst recognising the increasing costs facing the College. We must also be good employers and ensure fair pay for our staff. That’s not just the right thing to do but the

smart thing - to retain the right staff we need to benchmark against to the salaries of other Royal Colleges.

For those attending who may be wondering why we are discussing the 2025 fee so early, the College starts to plan its spending next year over the summer months and the budget is then approved by the Board of Trustees in October. As membership income is a fundamental starting point to any planning, fee changes must be approved at this AGM.

The Board of Trustees have carefully considered the level of fees proposed for 2024. Though inflation has stabilised, and the longer-term outlook is for inflation to reduce further, there may yet be fluctuations in the year and the College supply chain is continuing to 'test' whether they are able to pass on price rises that they have absorbed in previous years. There is an inflationary time lag in both our supply chain and in wage rises.

The Board of Trustees is recommending an increase in UK membership fees of 3.5%. Taking into account a rebalancing of international fees there is an overall increase of 4.1%. This is slightly above the current headline rate of inflation, but taking the last six years of fee increases together we have had below inflation increases – we have achieved this by making savings – for example in the use of technology for many meetings. If we had simply matched inflation, membership fees would be 10% higher today. Putting it another way, in real terms, membership is 10% less than it was in 2019.

As part of the recommendations to this meeting on 2025 fees, the Board has been keen to recognise the challenges faced by members and these proposals include:

- Supporting new families with a pro-rata reduction in following year's fees for any member on maternity, paternity or shared parental leave.**
- Introducing a pro rata rate for PMPT fees for those working less than full time.**
- Supporting members facing ill health with a pro-rata reduction in following year's fees for any member**

experiencing sickness absence from work for greater than 6 months.

- **Supporting members to become Fellows by freezing registration fees for a second year.**
- **In real time, matching the salary threshold for reduced fees to those of the BMA.**

Including an increase of this value also allows sufficient increase for a pay rise for College staff so they can continue to do the excellent work they do.

This means, for example, that full UK Members and Specialist Associates will increase by £19 a year or £1.60 a month

UK Fellows fees will increase by £26 or £2.17 a month.

International fees are at various lower rates.

Please do remember that membership fees are tax deductible in the UK and may be deductible in other countries too.

As ever, I am committed to ensuring there are few barriers to membership for those whose circumstances change, and welcome the opportunity to discuss with members what the College may be able to do in cases where members may find it challenging to meet the full subscription fee.

**Dr John Crichton, Treasurer
June 2024**