

RCPsych Annual General Meeting 20th June 2022

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 2021, 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.

We clearly live in what might be called interesting and challenging times financially as well as in so many other ways and the investment advice that past performance is not a guide to the future. After many years of low inflation, inflation has been increasing rapidly reaching 9% in April and expectations that it may go above 10%. This puts significant pressure on the finances of the College and so it is important to look at 2021 in the context of the significant changes that have happened since then.

2021 was a successful year for the College with an unrestricted surplus £2.7 million. £2.2 million of this surplus was from gains in our investment portfolio in addition to £0.2 million of dividends received in the year.

The College has a portfolio of listed investments and operated an ethical investment policy with a broad remit that permitted investment in both equities and fixed interest securities. The policy was reviewed early in 2020 and changed to not only exclude investment in fossil fuels but also positively invest in companies whose activities support the UN Sustainable Development Goals. The investments performed very well in 2021, growing by 15.2%, continuing the long term trend of good performance. In 2021 the portfolio has fallen with the impact of the war in Ukraine and the impact of supply change challenges and shortages caused by lockdowns and restrictions imposed around the world. It has currently fallen by £1.8 million, reversing a large part of last years gains but still meeting the long terms targets for returns.

When setting the budget for 2021 it was assumed that there would be a return to face to face activities in the second half of the year and that the College would do slightly better than break even on normal activities. The continuing impact of COVID19 meant that this did not happen and all events remained online. This kept costs lower and so financial performance was slightly better than expected.

The arrangements with Cambridge University Press (CUP) continues to work well and has, financially, been very successful. This will be more challenging in the future as CUP have lost money so far in the contract. A two year extension has been agreed at a lower revenue share, although with the possibility to increase this if print copies are reduced significantly. Income for learned journals is challenging with the pressure to move to open access, greater focus on improving editorial and research integrity and rapidly increasing print and distribution costs, for example

one print supplier to CUP has put in a 25% cost increase.

The budget for 2022 has been set to deliver a break even position for the year, excluding investment gains or losses. In addition the Board of Trustees agreed to use College reserves to fund the first year of the Public Mental Health Centre, work on Personality Disorders and the College response to International Disasters, including relating to Ukraine.

Membership of the College has grown by 3% during the year to a total of 19,796 members.

Income

College income in 2021 was £21.1m, 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

The College revenue expenditure in 2021 was £20.5 million, of which 59% were staff costs.

The College used the time Prescott Street was not being used for activities to upgrade it and keep it in good condition for the future. This was funded by reserves that had been prudently set aside over a number of years for this purpose. This creates a more flexible and environmentally sustainable building. The College will be investing further in audio visual technology to ensure the College can deliver face to face, online and streamed events for members and others. When capacity allows the events space will be rented to third parties to generate additional income for the College.

Reserves

The College has set aside reserves to invest in improving the digital infrastructure of the College to ensure that it meets increasing expectations and end of life systems can be replaced when appropriate. The Board of Trustees set a minimum target of general reserves equal to 6 months of expenditure. At the end of 2021 these reserves were 8.8 months, although with the impact of the matters I have already mentioned it is possible that these will drop below 7 months by the end of 2022.

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 is invaluable. I would also like to thank my Fellow Officers, Adrian, Trudi and Subodh.

Dr John Crichton, Treasurer
May 2022