

Annual report 2020



Supporting
our members
in a year like
no other



Royal College
of Physicians

Contents

About the RCP	1
Foreword from the RCP president	2
Chair's report	4
CEO's report	5
Report of trustees	6
1 Improving care for patients	7
2 Developing physicians throughout their careers	13
3 Leading and supporting our members	19
4 Shaping the future of health and healthcare	25
5 Investing in our future, building on our heritage	31
Our ambitious plans to improve diversity and inclusion	37
RCP at The Spine	38
Our strategy for 2022–25	40
RCP boards, committees and lists	41
Financial policies	46
Structure, governance and management	50
Statement of trustees' responsibilities	52
Treasurer's annual report	55
Independent auditor's report to the trustees of the RCP	58
Consolidated statement of financial activities	61
Consolidated and RCP balance sheets	62
Consolidated statement of cash flow	63
Notes to the financial statements	65

About the RCP

The Royal College of Physicians (RCP) is a professional membership body for physicians, with over 40,000 members and fellows around the globe working in hospitals and communities across 30 medical specialties. Physicians diagnose and treat illness, and promote good health. They care for millions of medical patients with a broad range of conditions, from asthma and diabetes to stroke and yellow fever.

Everything that we do at the RCP aims to improve patient care and reduce illness. Our work is patient centred and clinically led. We drive improvement in the diagnosis of disease, the care of individual patients and the health of the whole population, both in the UK and across the globe. We work to ensure that physicians are educated and trained to provide high-quality care. We also develop doctors to become leaders, providing advice and expertise to deliver service improvements across the NHS and more broadly.

Our vision and mission

Our vision is the best possible health and healthcare for everyone. As the leading body for physicians in the UK and internationally, we work to achieve our vision by:

- > influencing the way that healthcare is designed and delivered
- > promoting good health and leading the prevention of ill health across communities
- > supporting physicians to fulfil their potential.

Our values

We are committed to taking care, learning, and being collaborative. These values drive the way we behave, how we interact with each other, and how we work together to achieve our vision and improve patient care.

Public benefit

The Royal College of Physicians (RCP) was established by royal charter in 1518. It is a registered charity, and the trustees are mindful of their duty

to ensure that the charity's purpose accords with the objects set out in its governing document (the charter). Uniquely for the time, through the charter the king established the RCP in perpetuity as a professional body in the name of the public benefit. He empowered it to set standards by regulating practice, to protect the public.

Today the RCP continues to focus its work to support high standards of medical training and patient care through activities within the meaning of charitable purpose as defined by the Charities Act 2011 that are carried out for the general public benefit. In particular, most of our activities fall within the purposes of the advancement of health or the saving of lives; the advancement of education; and the advancement of the arts, culture, heritage or science.

Our work in these areas is made possible through the involvement of our fellows and members wherever they work, in the UK or overseas, and is summarised annually in this report.

Foreword from the RCP president

Andrew Goddard, RCP president

‘A year like no other’ seems an understatement to describe 2020. Physicians across the world have been at the forefront of the response to the COVID-19 pandemic which, as I write this in the spring of 2021, continues to influence much of what we do.

I have always said the RCP is not its buildings or treasures but its people – the members, fellows and staff. When called upon in the past year all have stepped up and shown the RCP in its best light. We have seen the physician body collaborate and innovate, rapidly adapting both clinical ways of working as well as those related to research, education and training. This has been the case not just in the UK but across the globe and I have never been prouder to call myself a physician.

The pandemic has taken its toll on both the public and the profession. For the former, the health inequalities in our society have been brutally exposed and reinforced the importance of public health and underinvestment in health services over the past decades. We knew health inequalities were an issue before the pandemic and had started bringing together the Inequalities in Health Alliance before the first wave hit. This united front by health charities and other groups is one of our most important achievements last year.

The fragility of our own workforce has also been shown in all too much detail, both with respect to understaffing but also the effect of COVID-19 itself. In the first wave in 2020 a fifth of physicians contracted COVID-19 and sadly many died. That most of these physicians were from minority ethnic backgrounds was a wake-up call to us all. The loss caused by the death of colleagues and close friends will stay with us forever. For the RCP, the death of our registrar, Professor Donal O’Donoghue was the biggest personal tragedy we have seen in my 18 years working for the college.

The pandemic has resulted in very different ways of working for the RCP, some of which were needed and some most unwanted. The cancellation of face-to-face meetings was a big blow to our income and thus finances. The rapid development of alternatives including the RCP Player and virtual conferences has shown our adaptability and I must thank all our staff for continuing to work so hard throughout the year. We have dramatically increased our profile in 2020 and, in a time when everyone has an opinion, ours has been always seen as the trustworthy one.



It was undoubtedly the hardest year for us financially for many decades. We have had to make some difficult decisions and consider options unpalatable to some. We have, though, survived while other charities have not been so lucky. Our metaphorical belt will need to remain tight for the next couple of years.

Donal, if he were here, would want us to focus on the positive achievements of 2020, many of which bear his fingerprints. This report lays these out by the different themes of our strategy but the two of which he would be most proud are at the end of the report. Our work to improve the diversity of the RCP and its inclusion of people from all backgrounds achieved a major milestone this year. We must build on the Summerskill report in 2021 and beyond. Our vision of The Spine has also been realised, with the first exams taking place within its walls in May 2021. I hope Donal would be proud of the wall that will bear his name in that building.

Future generations of physicians will look back at 2020 and see it as a turning point for medicine in many ways. We have been challenged as never before but have shown what we can achieve. When the going gets tough, the RCP has shown it gets going.

Chair's report

David Croisdale-Appleby, chair of Board of Trustees



The advent of a global pandemic presented the RCP with some major challenges in 2020. Securing the future of the RCP became the principal focus of the Board of Trustees, particularly in relation to the substantial reduction in our income due to the cessation of exams and severe curtailment of events and conferences.

However, much is expected of us by our fellows and members across the globe, our staff, and our audiences in the government, NHS, media and wider health sector – all of whom look to the RCP for informed views, clarity of communications, and solutions to problems. I think the RCP has delivered against those high expectations. It is a privilege to lead the trustees in overseeing this delivery and I wish to express my appreciation for the huge contribution they have made to the RCP in such challenging circumstances. The advances made by the RCP have been impressive, such as seeing RCP at The Spine in Liverpool through to successful completion, and making great progress in the vital area of driving forward our ambitious equality and diversity agenda.

In addition to ensuring the financial stability of the RCP through the pandemic, we are in a position to return to financial break-even in 2021/22 despite the continuing extreme pressures caused by COVID-19 and its effect on the economy. I and my fellow trustees share a great deal of optimism as we emerge from the shadow of the pandemic with the determination to continue to provide leadership to all those served by the RCP.

CEO's report

Ian Bullock, chief executive



The year 2020 started with RCP at The Spine becoming real and construction progressing well, marking the culmination of a 5-year vision. This wonderful building, our new northern home, reflects our desire to increase engagement and relevance with a growing membership.

As the looming shadow of a global pandemic crept ever closer it was clear that we were about to enter perhaps the most challenging time in recent RCP history, with the Spanish flu in 1918 the closest historical comparison.

In mid-March 2020, the RCP transformed overnight into a digital organisation with our support services in IT and HR ensured a smooth transition and minimal disruption. Working at home became the norm and, despite the challenges, our staff responded innovatively and diligently. They worked flexibly alongside caring commitments, home schooling, changing circumstances, family illness and bereavement. Supporting staff wellbeing became key across the RCP, modelling our values of taking care, learning and being collaborative. For many, the experience has made them more resilient, while for others the pandemic remains a huge shadow in their lives.

It has been a very difficult year personally and professionally for most of us, though. The impact on RCP finances has been enormous, and the response from staff to minimise this has been remarkable. I would like to thank the staff, officers and volunteers of the RCP, who have enabled us to develop an even stronger influence on healthcare decision making and delivery, and to ensure our core charitable purpose was realised in 2020 – both of which are reflected in this annual report.

Report of trustees

The trustees of the RCP present their annual report for the year ended 31 December 2020. The report presents the RCP's activities, significant achievements and successes in 2020 against plans derived from the 5-year strategy covering 2015–20 and is set out under the five key strategic themes:

- > Improving care for patients
- > Developing physicians throughout their careers
- > Leading and supporting our members
- > Shaping the future of health and healthcare
- > Investing in our future, building on our heritage

During 2020, we consulted widely with our stakeholders and plan to launch our new strategy at the end of 2021. This will guide our planned activities from 2022–25. There is more information about the development of our new strategy on page 40.

The Federation of the Royal Colleges of Physicians

The Federation of the Royal Colleges of Physicians is a collaboration between the Royal College of Physicians of Edinburgh, the Royal College of Physicians and Surgeons of Glasgow, and the RCP. Together, the three colleges represent around 60,000 physicians worldwide.

The Federation develops and delivers services to support doctors at every stage of their careers, including:

- > continuing professional development (CPD)
- > examinations (Membership of the Royal Colleges of Physicians of the UK – MRCP(UK), specialty certificate examinations and international clinical examinations)
- > training (Joint Royal Colleges of Physicians Training Board – JRCPTB).

Highlights of Federation activities are included in this report.

1

Improving care for patients

We want patients to receive the best possible care. We work directly with physicians, clinical teams, hospitals and policymakers to design person-centred services, and involve patients and carers to help shape best practice.

Our objectives

In 2020, we planned to:

- > support physicians and multidisciplinary teams to lead quality and service improvement
- > set, measure and promote standards that improve care for patients
- > implement our vision of the future hospital and promote good practice in health service design
- > develop health services that promote patient safety, patient experience, staff wellbeing and service improvement.



Our key achievements

Supporting service improvement

Our flagship Chief Registrar Programme, now in its fifth year, continued to go from strength to strength in 2020. This programme is designed to develop doctors in training with the skills to lead and revolutionise the healthcare of the future. Due to the pandemic we delivered the programme modules virtually this year and increased the support provided by mentors and interaction with the RCP Patient and Carer (PCN). Since 2016, 68 trusts across the UK have supported the programme with 244 chief registrars. The programme attracted 61 participants in 2020/21, despite the impact of the pandemic, and a large proportion led improvements related to COVID-19 in their trusts. High levels of expressions of interest have again been received from NHS trusts for the 2021/22 cohort.

We continued to assess the quality of clinical services through our accreditation programmes for endoscopy, allergy, pulmonary rehabilitation, primary immunodeficiency and liver services. During 2020 and in response to the pandemic, we rapidly redesigned the approach to assessments to reduce the number of assessors on site, and introduced remote review and virtual interviews.

In 2020, over 30 new services registered with our accreditation programmes, and we also:

- > delivered 30 training events for clinical services and assessors to support them with participating in accreditation
- > awarded almost 400 certificates to endoscopy trainees to demonstrate competence and accredited over 25 endoscopists to become bowel cancer screeners
- > collaborated with specialist societies to publish the impact of the COVID-19 pandemic on allergy and immunology services
- > published the results of the 2019 Joint Advisory Group on GI Endoscopy census together with interactive dashboards for local services to benchmark against national results.

Setting standards

The National Guideline Centre continued to develop, consult on and publish guidelines in 2020. These included publication of guidelines on tinnitus, perioperative care, joint replacement, low back pain and acute coronary syndromes, and consultation on atrial fibrillation, chronic pain, and myalgic encephalomyelitis / chronic fatigue syndrome.

The RCP continues to be commissioned by NHSE and others to deliver four national clinical audit programmes: the Falls and Fragility Fractures Audit Programme, the National Asthma and COPD Audit Programme, the National Lung Cancer Audit Programme and the National Mesothelioma Audit. In 2020 we published 13 national reports, including reports on adults with COPD; people with asthma in Wales; inpatient falls; pulmonary rehabilitation; lung cancer and fracture liaison services. We also published the National Mesothelioma Audit report which raised the profile of this asbestos-related cancer and reported on care during 2016–18.

COVID-19 impacted hip fracture care in 2020 and the National Hip Fracture Database team were able to identify where rates of non-operative management were high and carried patient safety risks. With the support of funders, the deputy national strategic incident director for COVID-19, and national clinical director for trauma, we provided local units with data to support them to change practice.

We published a range of new guidance to improve care for patients, on topics including using NEWS2 to identify people at risk of deterioration, multiprofessional working on COVID-19 wards, patient safety advice when using PPE, and an updated acute care toolkit on older people living with frailty. We also worked in partnership with the Royal College of Nursing and other organisations to produce new guidance on modern ward rounds.



COVID-19 impacted hip fracture care in 2020 and the National Hip Fracture Database team were able to identify where rates of non-operative management were high and carried patient safety risks.



Supporting quality assurance in endoscopy

Our work to develop the National Endoscopy Database (NED) was instrumental in supporting quality assurance in endoscopy. Over 400 services uploaded data to this central store of key procedural data in 2020 and we captured 1 million procedures, making it a unique and invaluable research platform.

Endoscopy quality is known to vary among individual endoscopists and between units. NED has enabled automatic reporting of nationally agreed KPIs which are vital for monitoring the safety and quality of services, and has reduced the burden on each endoscopy unit having to carry out performance audits.

The importance of NED was highlighted in NHS England's report *Diagnosics: recovery and renewal*, which recommended mandating participation for the 20 % of NHS trusts not already doing so.

NED is now a central source of service intelligence. It has provided an accurate overview of endoscopy workload and workforce, facilitated capacity and demand management and contributed to longer-term planning for endoscopy delivery both locally and nationally.

In 2020, data were used to perform the first national analysis of the impact of the pandemic on endoscopy which demonstrated a substantial and concerning reduction in cancer detection.

Our vision of the future hospital and health service design

Although the Future Hospital Programme drew to a close 3 years ago, we continued to support the 11 principles of patient care published in the groundbreaking Future Hospital Commission report.

Our PCN promoted the message that the future hospital principles must remain a clear and tangible ambition for all partners in healthcare. In 2020 the PCN developed a partnership strategy for 2021–24 which sets out a vision for how patients and carers can support committees, projects, boards and activities across the RCP to achieve co-production and the future hospital vision.

The PCN continued with its ambitious target to support the RCP in all discussions around public and patient involvement and determine where projects sit on the 'ladder of involvement'.

Developing health services

To improve patient safety, we launched a patient-held steroid emergency card (supported by patient information), evidence-based guidance for professionals, and issued a national patient safety alert calling for organisational action. We provided tailored training for NHS organisations on structured judgement review to facilitate learning and service improvement in trusts.

The Falls and Fragility Fractures Audit Programme published tips to overcome common quality improvement (QI) barriers, and a video for hip fracture services on how to navigate run charts to support using audit data for improvement. We also published an updated guide for patients on the care to expect before and after a hip operation.

Our work in **numbers**

5 new
NICE guidelines
produced



Over 240
chief registrars
recruited since the
launch of this
flagship programme



More than 30
new services
registered with
our accreditation
programmes



The National Asthma and COPD Audit Programme launched a set of guidance documents to support pulmonary rehabilitation services working remotely with their patients to obtain consent to enable their continued participation in the audit as the pandemic reduced face-to-face rehabilitation.

We collaborated with the British Society of Gastroenterology to publish advice and guidance for endoscopy teams on planning their services during the COVID-19 pandemic, and on the use of PPE in endoscopy procedures, environment, service restoration and vaccination.

In digital health we worked collaboratively with key stakeholders including NICE, NHSX, NHS England and the MHRA. We facilitated an RCP partnership with the Liverpool Civic Data Trust, which aims to use insights from integrated health data to improve the health of people in deprived communities. In establishing a partnership with NHSX we now have representation on the NHSX Remote Care Board and NHSX Electronic Referral System Clinical Council. We convened a digital health group to support the Academy of Medical Royal Colleges' response on advancing the digital health

agenda. We also increased understanding of digital health through a series of webinars, lectures and articles in *Commentary* magazine, and guest-edited an issue of *Future Healthcare Journal* focusing on the digital health workforce.

Through the Federation, we developed new quality criteria for medical registrars which we are aiming to implement in 2021.

In 2020 the PCN developed a partnership strategy for 2021–24 which sets out a vision for how patients and carers can support committees, projects, boards and activities across the RCP to achieve co-production and the future hospital vision.

Looking **forward**

In 2021, we plan to carry out the following activities:

- > further develop and expand our flagship Chief Registrar Programme for doctors in training
- > continue to deliver national clinical audit programmes in COPD and adult and children's asthma care, falls and fragility fracture care, and lung cancer care
- > increase the numbers of endoscopy, allergy, immunology, liver and pulmonary rehabilitation services registering and gaining accreditation
- > promote and deliver guidance and resources for members to improve quality and safety of patient care
- > publish guidance on improving medicines safety, PPE and improving safety, the hospital discharge improvement
- > publish learning from structured judgement reviews into COVID-19 cases during 2020 and support physicians and their teams to review patient safety systems
- > work with NICE, NHS business support units and charities to develop evidence-based advice and guidance
- > revitalise the RCP Medical Care website, our online guide to service design
- > continue to influence the development and delivery of the digital health care agenda
- > work with our Patient and Carer Network to improve involvement in projects and enhance the impact of the patient voice in the RCP.

2

Developing physicians throughout their careers

Our education and training programmes support physicians to fulfil their potential. We develop doctors to deliver the best possible patient care and become excellent clinicians.

Our objectives

In 2020, we planned to:

- > shape the future of the medical workforce in the UK
- > promote high-quality medical education and clinical leadership across the world
- > promote lifelong learning for physicians, and accessible opportunities for development
- > support physicians throughout their careers
- > promote medicine as a career.



Our key achievements

Shaping the medical workforce

At the end of 2020, 57 trainees were participating in the pilot flexible portfolio training programme, combining their usual clinical training with 1 day per week dedicated to development in a complementary field such as clinical informatics, medical education, quality improvement or research. This joint initiative with Health Education England aims to address the shortfall of medical registrars in difficult to recruit to specialties and areas.

We launched pre- and post-CCT pathways for a Professional Diploma in Obstetric Medicine for doctors from any medical specialty. Clinicians following this credential curriculum undertake a full- or part-time fellowship attachment with an approved training centre.

The first cohort of our 'Springboard to Leadership: supporting diversity' programme launched in 2020. It supports the development of clinicians from diverse groups who may be underrepresented within healthcare leadership positions, and clinicians with a deep interest in supporting equality, diversity and inclusion within their organisation.

We commenced a study for Health Education England, examining the increasing phenomenon of trainees choosing 'Foundation 3' roles and other types of experience before

(or instead of) commencing a higher specialty training pathway. Understanding this is important because it may reshape medical careers and training pathways.

Our Patient and Carer Network continued to help shape the future of the physician associate (PA) role through the Faculty of Physician Associates Board and involvement in General Medical Council (GMC) patient roundtable events. The patient and carer perspective in this piece of work is vital as the PA role moves towards regulation by the GMC.

Through our work with the Federation of Royal Colleges of Physicians, the curricula for stage 1 and stage 2 internal medicine training were approved by the GMC and a four-nation group set up to oversee implementation. New curricula have been developed for the 29 higher medical specialties and the subspecialty of stroke medicine with a rolling programme of submission to the GMC for approval, and the principles for transition to the new curricula have been agreed.

Recognising the increasing number of non-medical senior roles in clinical care for older people, we worked in partnership with the British Geriatrics Society to review the Diploma in Geriatric Medicine and open it to other professions. We expect to examine the first non-medical candidates during 2021.

The Federation of the Royal Colleges of Physicians published guidance on physician training recruitment, run by Health Education England, following the introduction of the new internal medicine curriculum.

High-quality education across the world

In-person international education was severely curtailed by pandemic travel restrictions, but we focused on redesigning a number of programmes as high-quality interactive learning in virtual classrooms. For example, we delivered a 5-day faculty development programme for the Swiss Institute of Medical Education. We also substantially increased our provision of online learning, available to clinicians everywhere.

We delivered a series of three joint seminars with partners at Sunway Medical Group in Malaysia and Cambridge University on the topics of geriatrics, vasculitis/lupus and oncology for physicians in the Asia Pacific region.

The Federation delivered the first-ever diet of the harmonised European Specialty Examination in Nephrology, Federation also delivered the first pathfinder and full diet of MRCP(UK) PACES examination in Pakistan and supported Annual Reviews of Competence Progression online for our partners in Iceland, India and Dubai. Following the signing of a memorandum of agreement in 2019, the Federation introduced specialty certificate exams (SCEs) in Singapore in acute medicine, dermatology and neurology.

The Federation introduced online exam delivery for MRCP(UK) Part 1 and Part 2 written exams, so that candidates in the UK and those overseas who needed the exam for training progression could sit online in 2020, and provided contingency exam dates for all written exams. Delivery of PACES was maintained with a modified format during the pandemic to allow trainee career progression.

The Federation also ensured that all SCEs were delivered despite COVID-19 with reduced support from UK examiners at our most experienced PACES centres, including in Hong

Kong and Singapore where the exams ran entirely with local examiner panels.

The number of clinicians using the Federation's CPD diary increased to 21,000 consultants and 2,000 physician associates, 10,000 of whom accessed and used the CPD app in 2020.

Promoting lifelong learning

Our new platform for online learning launched successfully. RCP OnlineEd has much greater functionality and provides a better user experience. This led to over 8,000 users accessing our online courses in 2020, a 200 % increase since 2019. New online courses included 'Delegating under pressure' and three bite-sized introductions to leadership.

Our RCP Medicine podcasts also transferred to a new platform in May. We launched 15 new episodes in 2020 and had over 36,000 downloads. We developed a special bundle of episodes focusing on COVID-19 to support doctors throughout the pandemic. These episodes alone had over 13,500 downloads.

In-person education was restricted by the pandemic, so we redesigned our longer

courses, such as MSc degrees, the Chief Registrar Programme and Emerging Women Leaders Programme, for delivery in virtual classrooms. When infection rates were low in late summer, some in-person workshops took place in small groups with social distancing and other infection-control measures in place.

In partnership with Edge Hill University, we secured an expanded 5-year contract from Health Education North West to deliver two master's modules to all of the region's 600 trainees.

RCP OnlineEd, our new platform for online learning, has much greater functionality and provides a better user experience.

Adapting exams during the pandemic

On 17 March 2020 RCP Assessment Unit staff met to discuss the possible impact of COVID-19 on their upcoming exams. Little did they imagine that this would be the last time they would meet in person – for the rest of the year and beyond.

By 25 March all planned assessments had been cancelled until at least September and as the year progressed it became clear that COVID-19 was here to stay, and assessments could no longer be delivered as they had been pre-pandemic.

In response, the Assessment team worked hard and at pace, overcoming challenge after challenge to adapt the national exam for physician associates (both written and clinical) to be delivered in a COVID-safe way, including social distancing, PPE and many other vital adjustments. Thanks to these adaptations 655 new PAs entered the workforce in 2020 – an amazing achievement.

That same innovation and expertise was also called on to work with Federation to adapt MRCP(UK) PACES exams so that they too could continue to take place in COVID-safe conditions.

Due to the pandemic, all RCP exams ceased in March. Our major exams were redesigned to enable clinicians to take them at the appropriate career stages. Exams then restarted in September. This was particularly important for the Physician Associate National Examinations, which permit entry to the Managed Voluntary Register and to become part of the PA workforce.

We concluded delivery of the Medical Training and Fellowship Programme, a 5-year capacity-building programme to reduce the burden of cancer and neurological disorders in Kenya, Tanzania, Uganda and Rwanda. A total of 550 doctors were trained, 58 oncology trainers were upskilled to teach others and over 5,000 healthcare professionals are estimated to have benefited from the programme.

We launched an online equality and diversity training course that is used across royal colleges to train members in interviewing skills.

The Federation Framework for International Engagement was approved.

Supporting physicians throughout their careers

RCP Player launched in 2020 and swiftly became a go-to platform for webinars and virtual lectures with over 10,000 people tuning in to our digital events. Due to COVID-19, we transformed our Medicine 2020 annual conference planned for April into an extremely successful virtual event at the beginning of 2021.

Burnout, work-related stress and mental illness are increasingly recognised within the physician workforce. Early in the year we launched a new [mental health and wellbeing resource](#) to support doctors, who often find it difficult to seek help. This online resource aims to open up the conversation about mental health issues

Our work in **numbers**

Over **8,000**
doctors accessed
our online courses



More than **10,000**
people tuned in to
our digital events
on RCP Player



655 physician
associates entered
the workforce
following success
in their exams



and their impact with a focus on recognising the triggers, wellbeing tools and where to seek support. As the pandemic took hold, this resource became even more relevant and we actively encouraged the physician workforce to remain aware of their wellbeing during extremely challenging times.

We produced a new video resource to support the massive move to online consultations, which were unfamiliar to many. 'Effective remote consultations' was accessed almost 900 times in just the first few days it was available.

The Medical Training Initiative (MTI) scheme supports doctors from low- and middle-income countries to come to the UK for short-term (typically 2-year) training experience within the NHS. Despite the challenges of the pandemic, the RCP supported 300 MTI doctors within the NHS throughout the year while working to develop virtual interviews, induction and pastoral support.

In collaboration with Maudsley Learning, we produced an online course for clinical leaders to proactively support the mental wellbeing of their teams. It includes insights into how to manage uncertainty, particularly important in the context of the pandemic.

COVID-19 had a huge impact on trainees who have been unable to meet the required competencies before completing their core training. The Federation updated the Annual Review of Competence Progression form to reflect that the trainee was unable to meet specific requirements through no fault of their own.

Trainees who completed core training were given 12 months free ePortfolio access to continue with recording their evidence and obtaining the required competencies/exam as a way of supporting them during the pandemic.

We transformed our
Medicine 2020 annual
conference planned for
April into an extremely
successful virtual event
at the beginning
of 2021.

The Federation introduced a fortnightly newsletter for both clinical and written exam candidates in the UK and internationally as well as a programme of live Twitter Q&A sessions, allowing candidates to have their questions and comments seen and answered by MRCP(UK) medical directors.

Promoting medicine as a career

We prepared *Double or quits*, our report detailing a blueprint for expanding medical

school places. This included a call for the government to undertake further detailed work and research to fully understand the appetite for medical school places and the perceptions of the entry process to medicine.

In October we promoted the role of physician associates during 'PA week' to raise awareness and visibility of the profession. It went virtual in 2020 and used social media to highlight facts and myths about PAs.

Looking forward

In 2021 we plan to:

- > continue to deliver most elements of our education and CPD portfolio online to support clinicians' learning through the pandemic
- > continue to run clinical exams safely, while increasing the number of candidates and beginning to address the backlog caused by COVID-19
- > design and launch a new CPD programme to support new consultants
- > continue to expand our successful Medicine podcast series
- > develop new leadership modules with Birkbeck, University of London
- > support members representing the RCP on Advisory Appointment Committees with e-learning on equality, diversity and interview skills
- > facilitate clinical training in the UK for up to 300 international medical graduates through the Medical Training Initiative
- > work with the Federation to embed the internal medicine stage one curriculum into UK training programmes and implement stage two; continue to rewrite and introduce the 30 higher and sub-specialty curricula and cascade their delivery to trainees and trainers
- > monitor developments in relation to EU/UEMS-approved common training frameworks and tests following Brexit
- > work with the Federation to monitor GMC proposals for credentialing and alternative pathway proposals to the specialist register to assess their impact
- > work with the Federation to explore moving MRCP(UK) written exams online for the next 12 months in the UK, and for international online exams where appropriate; and introduce an additional diet in 2021.

3

Leading and supporting our members

We lead the profession by supporting and inspiring our members to meet the challenges of practising medicine today. Our members are our greatest asset – we listen to, support and learn from them.

Our objectives

In 2020, we aimed to:

- > lead the medical profession and champion medical professionalism
- > increase our reach and relevance to all our members
- > support our members in their daily practice
- > deliver an exceptional membership experience for all
- > increase our understanding of the context in which our members work in the UK and around the world.



Our key achievements

Leading the profession

In any given year, the RCP replies to hundreds of consultations from bodies such as NICE and NHS England. The first half of the year saw an exponential rise in the number of consultations and requests for review and endorsement of COVID-19 related materials and guidance.

Our invited review service went virtual in 2020 and continued to deliver high-quality recommendations to trusts and health boards dealing with difficult problems, leading to direct improvements in patient care.

Partnership working with specialist societies has been key throughout the COVID-19 pandemic and we have been able to play a significant leadership and coordination role around major issues. The Medical Specialties Board met frequently throughout the year and provided a vibrant and well-attended focus for this work.

Our specialist networks, members and the UK regions have proven to be invaluable in supporting physicians and PAs working with patients. This includes our committees for trainees and new consultants, SAS doctor network and regional network of advisers.

The RCP is a lead partner of the COVID-19 Therapeutics Advice and Support Group which

was established to provide advice and support in the management of the pandemic while national guidelines evolved.

We supported our partners the East, Central and Southern Africa College of Physicians (ECSACOP) in the delivery of their first postgraduate examinations, their virtual conference and through the provision of training for clinical supervisors across the region.

Increasing our reach and relevance

We honoured our duty of care to doctors on, or applying to, the Medical Training Initiative (MTI) scheme by supporting them through regularly changing regulations on visa extensions, international travel, quarantine requirements, delays to appointments and requirements to return to their home countries to support their COVID-19 response.

We hosted our fifth annual Excellence in Patient Care Awards. In 2020 it was more important than ever to celebrate the amazing work of physicians and their teams with so many achieving so much during, before and despite COVID-19. We received 94 applications and the winners came from a diverse range of projects and areas. The ceremony was converted to a virtual event and we used our social media platforms to announce the winners, resulting

in huge reach and engagement – the ‘opening ceremony’ animation received almost 50,000 impressions on Twitter alone.

We expanded the criteria for RCP fellowship in order to recognise the contribution of physicians in the first few years of their consultant career earlier than would traditionally have been the case.

We hosted a series of five regional international adviser meetings to strengthen regional and local networks around the world and to inform the development of our new global strategy. The ‘RCP Global stories’ series of webinars covered topics including palliative medicine in low- and middle- income countries, the COVID-19 response and the impact of the Beirut explosion on physicians in Lebanon.

We saw a significant increase in delegate numbers at virtual events that were previously face-to-face, including our conference for college and associate college tutors and New Consultants National Conference both with over 200 attendees, and our Turner-Warwick lectures with over 1,000 attendees watching one of the lecture webinars. These figures represent a significant increase in reach compared with attendance in 2019.

Fostering engagement with physicians across our regions, we held over 120 online meetings with regional representatives. Six regions ran webinars covering 18 topics across six specialties and achieving over 3,500 views.



In 2020 it was more important than ever to celebrate the amazing work of physicians and their teams with so many achieving so much during, before and despite COVID-19.

Our global strategy

The RCP's ambitious new global strategy for 2021–24 is based on the RCP's core values, vision, mission and principles. It sets out how we will achieve three strands: educating physicians to fulfil their potential, influencing healthcare design and delivery, and improving health and care by leading on the prevention of ill health globally.

The strategy was developed following wide stakeholder consultation and sets out our goals under the following key themes:

- > membership and fellowship engagement
- > the Medical Training Initiative and supporting the international workforce
- > education and training
- > conferences and continuing medical education events
- > federated activity including exams
- > projects mapped to RCP strategic aims, vision, mission, principles and charitable purpose.

Our global strategy will be achieved through close collaborative working across the RCP directorates, the Federation of the Royal Colleges of Physicians of the UK and partner organisations in the UK and internationally. Our associate global directors, wide network of international advisers and members, fellows and patient representatives will be key to shaping and supporting our plans.

We also held new consultants forums, pilot virtual poster competitions and virtual trust visits led by our regional offices.

Supporting our members

Throughout 2020 we increased activity to support and represent our members during what has no doubt been the most challenging period in their careers. From a COVID-19 hub on our website to campaigning for PPE, we addressed key challenges facing our members.

As the pandemic took hold in April we launched a new regular COVID-19 e-newsletter for members and sent 32 bulletins from our president to keep members informed and supported during the pandemic, increasing the frequency from monthly to weekly at key points in the year. These digital updates have proved highly popular and received much higher than average open rates (rising from 32 % in 2019 to 41 %) and compliments for 'being a lifeline'.

Our Advisory Appointment Committees quality assured consultant job descriptions and provided an RCP representative for consultant appointment panels. Following a reduction in advertised consultant posts during the first wave of the pandemic, we supported around 400 appointments and reviewed over 750 job descriptions. We also kitemarked 74 job descriptions so potential applicants can see where the RCP has endorsed a post to indicate it has met national quality standards.

We established a new working party on pharmacogenomics in the NHS, revised and updated a working party report on eating and drinking difficulties and developed UK guidelines on the diagnosis of fibromyalgia syndrome. All will be published in 2021.

We began work to reinvigorate the RCP Medical Care website to create a vibrant, updated resource to engage clinicians in healthcare and digital transformation. We will deliver this in 2021 working closely with NHSX.

Our work in **numbers**



In Federation, we successfully communicated the waiving of annual CPD requirements, extended the 2019/20 CPD diary deadline by a month and increased options for adding livestreamed/distance-learning activities. We also supported derogation of full MRCP(UK) for ST3 appointments and reviewed critical transition points in all 32 specialties to allow continued career progression for trainees. We negotiated with the GMC to allow physicians to triple accredit with intensive care medicine in some specialties, undertook further work on differential attainment and reasonable adjustment and improved CESR performance (GMC SLA).

Delivering an exceptional membership experience

At the end of 2020 we had over 39,500 members. This represents a 23 % increase in membership over the strategic period 2015–20.

A record number of candidates were elected into RCP fellowship in 2020 despite the effect of the pandemic on the fellowship grading process.

We were proud to have steered to fruition and publication an independent review into diversity and inclusion at the RCP carried out by Ben Summerskill. The review encapsulated feedback from over 1,100 survey responses and

interviews with members, officers, staff and volunteers. Valuing and promoting diversity underpins our vision for cultural transition, and our new Diversity and Inclusion Delivery Group is working on an action plan to ensure the 29 recommendations in the report are achieved.

The Faculty of Physician Associates (FPA) worked closely with Health Education England, Health Education in Wales and physician associate schools. Together with HEE we developed opportunities for graduates who could not take their national PA examinations due to COVID-19 to be given alternative employment in the NHS until they could progress to being qualified and registered PAs. 'Physician Associates Week' went virtual in 2020 and provided information and CPD content for our members in place of the usual conference.

Partnership working with specialist societies has been key throughout the COVID-19 pandemic.

Increasing our understanding

Our Medical Workforce Unit supports workforce planning by collecting and analysing a wide range of information on UK physicians. We published the annual census of consultants, higher specialty trainee physicians and physician associates conducted in partnership with the Scottish royal colleges of physicians and the Faculty of Physician Associates. The census data supports key healthcare bodies to identify trends, monitor specialty expansion rates, make recommendations, and plan for workforce development.

We published the results of the latest CCT progression survey, a collaboration with JRCPTB. This looks at the experience of people within 1 year of attaining their certificate of completion of training and has monitored changing outcomes since 2009.

We also provided a survey service both within the RCP and to external medical bodies. This included running and reporting the findings from a series of COVID-19 surveys conducted across our membership throughout 2020.

Looking forward

Our plans for 2021 include:

- > supporting trusts to improve professionalism through our invited reviews
- > reviewing job descriptions for new consultant posts and sourcing RCP representatives for AACs
- > carrying out the consultant and higher specialty trainee census for 2021 and a survey on career progression
- > supporting physician associates by working with the GMC on regulation in 2022, with HEE to develop a career framework for progression, holding an annual conference, and undertaking the 2021 census
- > publishing new guidance on fibromyalgia syndrome and supporting people who have eating and drinking difficulties, and supporting the working party on pharmacogenomics in the NHS
- > running the 2021 Excellence in Patient Care Awards
- > supporting our college tutor and associate college tutor network
- > reviewing the RCP fellowship system
- > delivering webinars, virtual conferences and the Turner-Warwick lecture scheme to support and encourage trainees across our 18 regions
- > increasing our support for SAS doctors and delivering forums for new consultants
- > building on our global strategy to grow and diversify our international membership
- > supporting the development of the East, Central and Southern Africa College of Physicians and fundraising activities for Physicians in Africa
- > piloting a new programme of work to support women from low- and middle-income countries in career progression
- > engaging with fellows and members to improve the CPD diary.

4



Shaping the future of health and healthcare

Our 39,500 members and their patients are central to shaping the RCP's ambitious vision for the best possible health and care for all. Throughout 2020 we continued to promote, advocate and campaign on the issues that we know matter most to them.

Our objectives

In 2020, we planned to:

- > use the expertise of physicians and the experience of patients to influence the future of healthcare, from parliaments to wards
- > improve the public's health by championing evidence-based action to prevent ill health, nationally and internationally
- > foster innovation in health and promote research
- > ensure that patients' and carers' experiences shape everything that we do.



Our key achievements

Using expertise and experience to influence healthcare

From informing to influencing and engaging we increased the RCP's profile dramatically during 2020. We focused on the issues impacting our members working at the heart of the response to COVID-19 and positioned the RCP as an authoritative voice.

Over 8,000 members and fellows responded to our series of seven surveys on the impact of COVID-19 on the workforce. Their responses helped us to gain direct insight into what was happening in hospitals and establish the issues we should be addressing on our members' behalf. This led to high-profile successful campaigning to support doctors to do their jobs as safely as possible by highlighting issues around testing, accessing PPE and staff absence.

We convened an expert online update for doctors, with a high-profile panel including Professor Chris Whitty and other key medical leaders. And in July, health secretary Matt Hancock chose the RCP to host his keynote speech on the future of healthcare.

We enhanced our political relationships and felt our influence in government grow with around 50 UK parliamentary mentions, many related to COVID-19. They covered a range of issues such

as PPE – which was raised by the leader of the opposition Sir Keir Starmer MP among others – COVID-19 testing and how people were being discharged from hospital, as well as smoking cessation and air quality.

We also shone a light on the role of the international workforce – a long-term priority for us – quickly developing a 'new deal' for overseas staff. It has so far resulted in the exemption of NHS and social care staff from the international health surcharge.

Calls to our media team rose by 50% and we logged almost 13,000 pieces of coverage (compared with just over 11,000 in 2019). Highlights included five national newspaper front pages, and high-profile broadcast coverage such as BBC Breakfast and BBC News at 10. Survey feedback from our membership showed that 60% would describe the RCP's national media profile as either high or very high, compared with just 23% before the pandemic.

Ensuring that patients shape everything that we do

Our Patient and Carer Network (PCN) is an integral part of the RCP and our shared goal is the provision of patient-centred care. In 2020, members of the PCN contributed their time to over 36 RCP committees, boards and

working groups, were involved in policy work on integration, health inequalities and research as well as quality improvement and digital health. Representatives contributed to new guidance on modern ward rounds, ensuring the patient perspective was fully embedded.

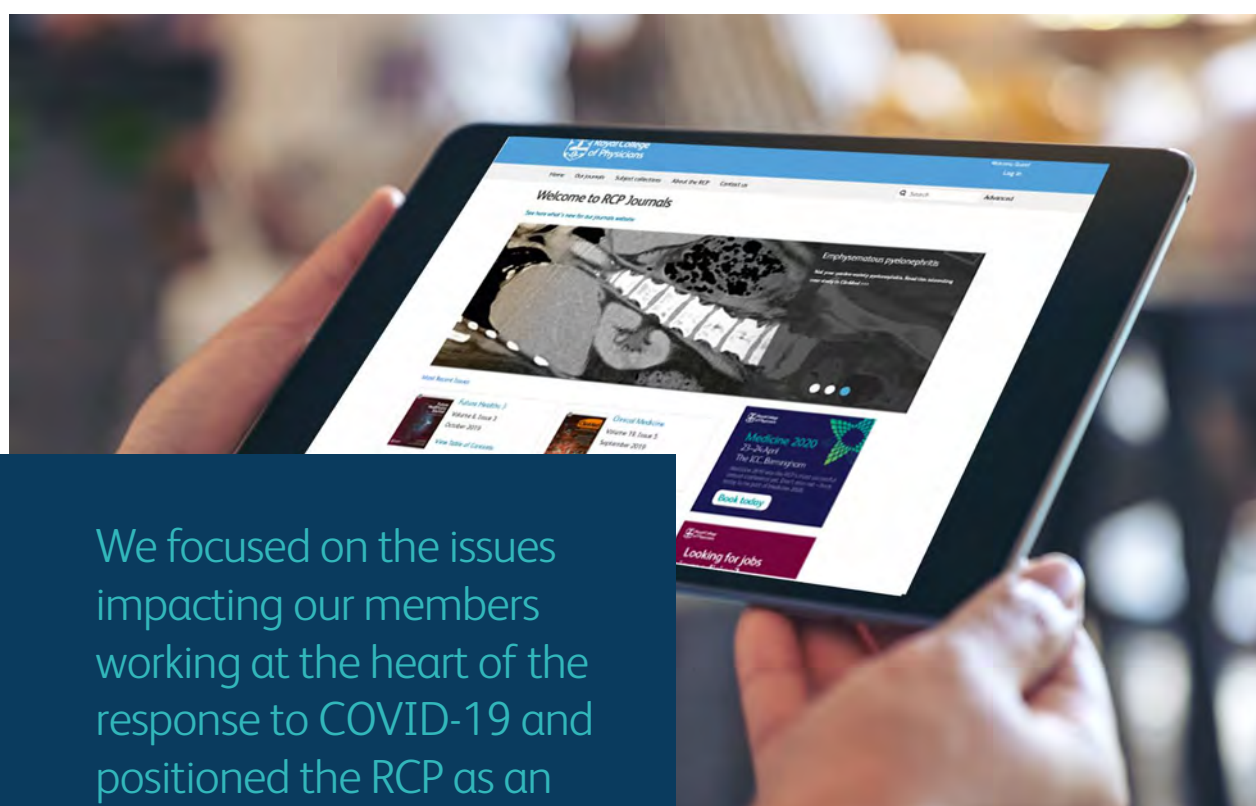
The PCN issued a statement in support of healthcare professionals during the COVID-19 pandemic and continued to be part of supportive messaging around workforce issues.

We ensured that the patient perspective is represented on working parties covering new guidance on fibromyalgia and pharmacogenomics in the NHS, both due to be published in 2021.

Improving public health

We continued to support important campaigns aligned with our public health work. These included a call convened by Crisis to protect people sleeping rough during the winter and a campaign on the Environment Bill with the UK Health Alliance on Climate Change.

Following our call for obesity to be recognised as a disease, we were proud to partner with over 100 organisations to sign a consensus statement calling for an end to the stigma surrounding obesity. Published in the journal *Nature Medicine*



We focused on the issues impacting our members working at the heart of the response to COVID-19 and positioned the RCP as an authoritative voice.

Tackling inequalities in health

In October we launched the Inequalities in Health Alliance with a letter to the prime minister pressing for urgent action to reduce health inequalities.

The COVID-19 pandemic has hit those already disadvantaged in our society hardest, exposing and exacerbating health inequalities. The moral case for tackling this is imperative. It is important to the public too – in a 2020 public opinion poll, 81 % agreed that there should be a UK government strategy to reduce health inequality.

Our letter urged the prime minister to ask the government to do three things: develop a cross-government strategy to reduce health inequalities, commence the socio-economic duty (section 1 of the Equality Act 2010), and adopt a ‘child health in all policies’ approach.

We received substantial interest from organisations requesting to join the coalition demonstrating the overwhelming support for action. At the beginning of 2021 we were delighted that the IHA had grown to almost 160 members, including royal colleges, specialist societies, charities, think tanks, local authorities and NHS trusts. By building momentum we hope to achieve long-lasting change.

to mark the first-ever World Obesity Day, the statement called for legislation to prevent weight-based discrimination. We continued to raise awareness, develop educational opportunities and influence for more focus on this area.

Towards the end of 2020 we established the Inequalities in Health Alliance (IHA) of over 80 organisations to campaign for a cross-government strategy to reduce health inequalities.

Fostering innovation

We positioned the RCP website at the heart of our COVID-19 digital response, quickly curating bespoke areas to share key information and guidance. Website page views increased to nearly 4 million – up by over 30 % on 2019 – and RCP Player, our new streaming platform, hosted a growing number of webinars and events welcoming over 10,000 participants.

We focused on developing engagement across all RCP social media channels, including the launch of a new Instagram account, helping us to reach a younger demographic. Our social media audience grew by 25 % to well over 130,000, and engagements increased by 40 %. Our ‘This Doctor Can’ Twitter campaign became a powerful vehicle to celebrate the diversity of the RCP community, promoting the stories of fellows and members from ethnic minority backgrounds throughout South Asian Heritage Month and Black History Month. Facebook Live Q&As saw our president reaching audiences in the thousands, particularly important in the early months of the pandemic.

Clinical Medicine and *Future Healthcare Journal* continued to grow their reputation as high-quality sources of clinical and thought leadership content. We developed our strategy to move more content online, with a focus on environmental and financial sustainability,

Our work in **numbers**

Over **8,000** members responded to our surveys on the impact of COVID-19



We were mentioned more than **13,000** times in the media



Articles in our journals were downloaded more than **3.3 million** times



while article submissions rose by 250% and readership doubled. A COVID-19 subject collection proved extremely popular and, alongside a new journal club series on Twitter, further elevated our medical publishing profile. Our membership magazine *Commentary* saw particularly vibrant engagement with our trainee members and included more diverse voices.

We published the RCP's research strategy and launched a new research and innovation hub, enhancing our profile in this area. The online resource is a one-stop shop for supporting physicians to become more involved in research

and develop their career. It fulfils one of the key aims in our research strategy, also published earlier this year.

RCP staff faced an unsettling time with the almost wholesale move to home working and loss of income impacting many areas. Our internal communications focused on ensuring staff felt supported through digital bulletins, videos and all staff briefings. A survey showed our staff felt valued and well supported, with 80% open rates for our weekly bulletin and good attendance at virtual staff events.

We positioned the RCP website at the heart of our COVID-19 digital response, quickly curating bespoke areas to share key information and guidance.

Looking **forward**

Our objectives for 2021 include:

- > reflecting our members' priorities by urging UK governments to increase the medical workforce; influencing health and care legislation to improve integration, workforce planning and regulation; leading the Inequalities in Health Alliance; and working to increase the number of doctors involved in research
- > supporting the resetting of the NHS and development of new guidance
- > increasing the reach and impact of our media work with a new media strategy and growing our following on social media
- > working to replace the RCP website and incorporate greater use of video
- > promoting and cementing our presence in the north from RCP at The Spine
- > publishing to shape best practice in medicine and developing the RCP brand
- > reviewing the publishing model for our peer-reviewed journals and developing income-generating opportunities for our design, editorial and print services
- > exploring innovative internal communications platforms to connect with our staff in all sites
- > conserving, shaping and promoting our resources on the history of medicine and the RCP
- > developing a 2021 programme of exhibitions, displays and events
- > complying with archive and museum standards and accreditation to embody best practice.

5

Investing in our future, building on our heritage

The RCP is at the forefront of clinical innovation, yet we also share and learn from our medical heritage, which dates back over 500 years to 1518.

Our objectives

In 2020, we planned to:

- deliver a financially sustainable future by making the most of our expertise and managing our finances well
- run an excellent organisation that enables us to deliver our vision of better health and healthcare for everyone
- be a responsible organisation that lives by the values which we champion in the health service
- make our current knowledge and our long history work for the benefit of present and future generations.



Our key achievements

A financially sustainable future

Our 2020 financial result was a net operating deficit of £3.3 million. This was due to the significant impact of COVID-19, which reduced our income by over a quarter (£12.0 million). Costs were managed to mitigate this, including through use of the government furlough scheme for those staff unable to do their usual work. The 2020 deficit on unrestricted funds was £5.0 million, with free reserves falling to £12.4 million (equivalent to around 5 months of unrestricted expenditure).

The investment portfolio and defined benefit pension scheme both ended the year with high single-digit percentage value growth.

The core and shell of The Spine building in Liverpool, developed by Liverpool City Council, was completed in June 2020 and the RCP's fit-out of our seven floors finalised on 13 April 2021. Up to December 2020, £13.5 million (including irrecoverable VAT) had been spent on the fit-out, with £1.75 million funded by fundraising, £4.3 million by previously liquidated investments, and £7.5 million by drawing down on our credit facility with Santander.

Although COVID-19 and the completion of The Spine in Liverpool have impacted adversely on our short-term financial position, those events also provide the RCP with an opportunity to

rebalance its activities in line with our new strategy for 2022–25. While we anticipate that our income levels will recover, our focus will be to ensure that we undertake our work and activities in an efficient and sustainable way, maximising the benefits of our facilities in London and Liverpool alongside our people and technology capabilities.

Our Fundraising team had another successful year and are well on the way towards the target of £3 million for The Spine, as well as £127k (raised via the Physicians for Africa appeal) for the East, Central and Southern Africa College of Physicians.

In 2018 the RCP committed to work towards reducing its gender pay gap within 5 years. In April 2020, our gender pay gap fell to a mean of 11.8% and median of 16.7% (2019: mean 14.8%, median 17.8%). The RCP follows an equal pay policy and within each grade band the gender pay differences are minimal. The overall gender pay gap is therefore due to the higher-than-average numbers of male staff at senior grades, and higher-than-average numbers of female staff at junior grades.

We completed the rollout of our new purchase order procurement system to the RCP's departments and suppliers, resulting in further processing efficiencies and financial benefits.

The Procurement team carried out several significant tenders and had discussions with suppliers to mitigate COVID-19 impact and secure refunds.

We implemented a new RCP anti-fraud policy, along with a supporting fraud response plan. These set out responsibilities for the prevention of fraud, as well as the action to be taken if fraud is discovered or suspected.

A separate accounting database for Federation enabled improved and faster reporting, and greater clarity around financial flows. An independent audit of Federation was conducted by Shipleys LLP in the first quarter of 2021 which provided additional assurances to the three colleges (RCP, RCPE and RCPSG) that the joint venture is being run in line with the Memorandum of Agreement.

An excellent organisation

We continued to increase on the number of staff based in Liverpool. By the end of 2020, 65 people were based in our interim offices at the University of Liverpool, working across all five of our directorates. Throughout 2020, staff were supported to work remotely and we quickly adapted our services to continue to operate as far as possible during the pandemic.

Technology improvements in 2020 included implementing Microsoft Teams and Office 365, planning the move of our server infrastructure off site and the JISC universities network, achieving Cyber Essentials Plus accreditation, and continuing to develop new Federation IT systems to improve physicians' exams, training and CPD experience.

To meet the sudden demand for virtual events, we rapidly developed two online platforms – RCP Player and RCP Virtual – both have proved a great success. Just before lockdown, our Meeting and

Events team won the Conference 2020 Awards best conference venue under 450 theatre-style category, a significant national award.

We delivered further improvements identified by internal audits, including in fundraising and trust funds management.

Our Programme Management Office engaged in a variety of change projects, including coordinating the RCP at The Spine programme, and the implementation of new e-learning software.

We held our annual general meeting (AGM), uncontested presidential election and central elections virtually. This allowed our members

to continue to engage during the pandemic and key decisions to take place. The resultant environmental and other resource savings led to RCP Council agreeing that future elections will remain online only and key governance meetings will have hybrid physical/virtual attendance.

To meet the sudden demand for virtual events, we rapidly developed two online platforms – RCP Player and RCP Virtual – both have proved a great success.

A significant revision of the RCP's bye-laws was approved at the AGM. Fundamental to the RCP's governance, these link back to our 1518 royal charter. This was the first major revision in recent years and aimed to modernise the bye-laws where necessary, but also maintain core historic aspects. In particular, the role and responsibilities of the Board of Trustees was clarified.

Through the Federation, we ensured that examinations continued throughout the pandemic by adapting to virtual and hybrid boards and committees. Through the Federation, we delivered remotely proctored exams and PACES stations 2 and 4, and provided contingency exams to ensure career progression was not jeopardised.

Heading towards zero carbon

We began divesting from fossil fuel companies over 5 years ago to manage our long-term financial risk and align with our strong advocacy on clean air. In 2020, we published our new Climate Policy which includes support for the Transition Pathway Initiative, an independent tool developed for investors to move away from any oil, gas or mining company that has not set emissions targets.

By March 2021 the percentage of fossil fuel companies within the RCP investment portfolio had fallen to 0.03 % and by the end of 2021 it will be down to zero.

Andrew Goddard, RCP president, said:

‘Climate change will significantly impact public health in the UK and around the world and the RCP has an important role to play in highlighting the health impact. If our voice is to be effective, we must ensure that our public advocacy is consistent with our own investments. Our new Climate Policy reflects the pace of climate change and the urgent need for everything possible to be done to limit global temperature rises in line with the goals of the Paris Climate Agreement.’

A responsible organisation

Throughout the COVID-19 lockdowns, we ensured that the RCP values of taking care, learning and being collaborative were woven into our support for NHS physicians and our staff working remotely while home schooling their children or caring for family members.

In August, with our on-site facilities managers CBRE, we put in place industry best practice COVID-19 safety measures and were awarded the COVID-safe ‘Good to Go’ quality mark. From September we cautiously reopened the London site to host exams and hybrid events.

During 2020, our fund managers started to implement the Board of Trustees’ decision in 2019 to decarbonise our investment portfolio over a 3-year period. Our staff pension schemes also introduced a more ethical ESG (environmental, social and governance) stance within their investment strategy.

We completed installation of LED lighting at our Regent’s Park offices, and maintained our Carbon Trust, ISO 14001 and ESOS-2 environmental and energy saving certifications. Energy usage at our sites fell by around 15 % due to over 95 % of our staff continuing to work from home through the lockdown.

The fit-out of our seven floors of The Spine in Liverpool (~71,000 sq ft) is BREEAM Excellent, and the building is classed as A++ ESOS-2 energy efficient. We are also applying for WELL Platinum Standard – an audited standard of ‘wellness’ for buildings, which will make it one of the healthiest work and events spaces in the UK.

The RCP farmland at Burmarsh in Kent, a gift to the College in William Harvey’s 1656 will, is being evaluated for its carbon offsetting and biodiversity potential as an organic market garden or beehives for ‘Harvey’s Honey’.

Our work in **numbers**

2 online platforms launched to meet the new demand for digital events



The number of staff based in Liverpool grew to **65**



£1.75 million raised towards development of RCP at The Spine



Benefit present and future generations

The Spine building in Liverpool opened in May 2021 when the RCP formally commenced our occupancy of seven out of 14 floors, on a 25-year lease from the landlord Liverpool City Council. Because of national COVID-19 restrictions we anticipate that practical occupancy and activities will be limited initially, but will increase gradually up to September 2021.

Over the next 3–4 years the aim is to rebalance the workforce between Liverpool and London, with around 185 staff at each site, and to engage wholeheartedly with initiatives to improve health and address health inequalities in the north of England. The Spine forms a key part of Liverpool's Knowledge Quarter and its state-of-the-art assessment centre and educational facilities will transform what we are able to offer our members in the north and enhance our provision nationally. This is a long-term investment and partnership with the city of Liverpool and the north. Some space has been set aside at The Spine for other medical colleges, faculties and societies to take serviced office or sublet space, to form a 'medical campus'.

RCP Player became a key online platform for webinars and streamed content for our members during the pandemic.



As some staff moved to Liverpool and space opened up at our Regent's Park office, we began to sublet the terrace houses in St Andrews Place. In 2020 we secured three new tenants – the Tropical Health and Education Trust, C3 Collaborating for Health and the British Society for Heart Failure.

Our archives and museum were closed to visitors due to COVID-19. We developed an innovative new virtual exhibition, RCP Unseen, to showcase some of the hidden treasures in our collection.

Looking forward

Our plans for 2021 include:

- continuing with plans to repair the financial impact of the COVID-19 pandemic and return the RCP to a financially sustainable position
- completing the fit-out and installation of The Spine, moving staff into the building, implementing the WELL Standard, and transition planning for the moving of roles from London to Liverpool in 2022–24
- launching RCP Spaces at The Spine for conferences and events, exams and training, and office space
- fundraising to reach the £3 million target for The Spine
- finalising and publishing the RCP's new strategy for 2022–25 (see p40)
- successfully delivering our Medicine 2021 annual conference and a programme of virtual/hybrid educational conferences
- building the professional conference organiser business Circulus
- completing the migration of the RCP website and email addresses to www.rcp.ac.uk as well as migrating our IT server infrastructure to the JISC/ JANET UK universities network
- developing the RCP Digital Strategy, including website improvements, an RCP app and online exam software
- commissioning internal audits of cybersecurity and our international activities
- enhancing our environmental credentials, including progressing the plan to achieve carbon neutrality by 2030, and developing the biodiversity/ carbon offsetting potential of the farmland at Burmarsh.

Our ambitious plans to improve **diversity and inclusion**

This year we welcomed the findings of an independent review of diversity and inclusion at the RCP. The report was compiled by consultant Ben Summerskill, previously chief executive of Stonewall and a commissioner at the Equality and Human Rights Commission.

The findings drew on one-to-one interviews with a range of members from different backgrounds and at different stages in their careers. Over 1,000 RCP members, staff and stakeholders also responded to an anonymous online survey.

The report's six sections look at the current make-up of the RCP, how diversity is measured and monitored, how we present ourselves and how some perceive us, how we recruit and retain staff and volunteers, and at our ways of working. There are 29 wide-ranging recommendations, covering areas such as advertising, recruitment, representation, staff networks and systems and training.

The report's publication in July was very timely, coinciding with the renewed urgency given to improving diversity by Black Lives Matter protests, and at a time when the disproportionate impact of COVID-19 upon some communities has been keenly felt in the health sector. Its candid and sometimes difficult-

to-read findings have propelled us to take action with a programme of work to ensure the recommendations are achieved. Andrew Goddard, RCP president, said it has: 'united all in the RCP to committing to and doing something about the racism and disparities it highlighted'.

We are now developing a communications inclusion policy and reviewing our physical spaces to ensure they embody our commitment to inclusion and engagement. Data is key and work has begun to ensure systems and engagement strategies with members and staff are improved to record, reflect and encourage greater diversity. With the expertise of our project teams and stakeholders to guide us, we are committed to delivering on the 29 recommendations in the report. This is just the start of our ambitious plans to improve diversity and inclusion across the organisation to ensure all our people – fellows, members, staff and volunteers – are enabled to contribute fully to the RCP's work.

RCP at The Spine

In 2021, we open an exciting new purpose-built office in partnership with Liverpool City Council – RCP at The Spine. For the first time in our 500-year history, the RCP will be working from two main homes, transforming our reach and facilities for members in the north.

Despite the COVID-19 pandemic, impressive progress has been made on the fit-out of The Spine, our new home in Liverpool's Knowledge Quarter, as part of a wider new development known as Paddington Village.

The RCP has funded the Cat-B fit-out of the seven floors we are taking space on, and employed Overbury as the principal contractor, along with Recursive, MTI and Pure AV as contractors for the IT and AV facilities. We have been supported by generous donations from several organisations, for which we are very grateful.

The onset of the pandemic posed considerable and unexpected challenges. However, these were overcome thanks to close collaboration with Liverpool City Council, Morgan Sindall (the construction contractors), CBRE (our professional advisers), and our own contractors. As a result, work started on site in June 2020 (rather than March), taking full account of all industry standards and regulations to ensure safe working in these unique circumstances. By the end of 2020 it was possible to see the plans and architect's impressions becoming reality, contributing to what is a striking

and important building. The Spine will enable the RCP to provide its services such as examinations, educational courses and meetings, lectures, and wider events in an environment that has extensive biophilic features and meets the Platinum WELL Standard, supported by state-of-the-art facilities. These include a Harvard-style theatre, and a virtual video wall enabling remote as well as physical participation and interaction with delegates.

In 2020 the new Clatterbridge Cancer Centre opened close to The Spine, and their headquarters will be based in the building, as our neighbours. Along with the proximity of the Royal Liverpool Hospital, the universities, and other health and academic institutions, the RCP will be at the heart of a vibrant scientific community. We have also strengthened our links with the city and city region authorities, such as by Liverpool City Council's acceptance of our invitation to join the Inequalities in Health Alliance. We opened our new facilities in May 2021, and despite the continuing uncertainties and challenges of the pandemic, we look forward to engagement with the city and developing the RCP's activities.



Our strategy for 2022–25

During 2020, the RCP's work was reprioritised due to the global pandemic. We focused on providing support for our members at the forefront of the response to COVID-19, rapidly adapting many of our services and developing new ways of working.

Given these challenges, we decided to postpone finalising and publication of our new strategy, originally planned to cover 2021–24. During 2021 we continued to be guided by our strategy for 2015–20.

Our new 4-year strategy covering 2022–25 has gone through a process of consultation. We decided to keep our vision, but to develop a new mission statement and priorities. In early 2020 we asked our members and staff, as well as key organisations and people we work with, what they thought.

They broadly supported our proposals, with three-quarters of our members agreeing we should have fewer priorities than the five in our current strategy. When asked 'if we could do only one thing, what should it be?', the majority of our members said it should be support for doctors, education or influencing.

We discussed what we had learned from the survey feedback, made some changes to our proposals and set out our three key priorities. In late 2020, our vision and revised priorities were supported by the Board of Trustees.

Our vision for 2022–25 will continue to be 'the best possible health and healthcare for everyone'. As the leading body for physicians in the UK and internationally, we will set ourselves the mission of achieving our vision by:

- educating physicians and supporting them to fulfil their potential
- influencing the way that healthcare is designed and delivered
- improving health and care and the prevention of ill health.

The Board of Trustees, RCP officers and staff are now working together to develop the objectives under each of these three key priority areas. This work will complete our strategy and provide a roadmap to guide our work over the next 4 years.

RCP boards, committees and lists

The officers, trustees and councillors listed below served during 2020. Current lists can be found via www.rcplondon.ac.uk/about-us/who-we-are/our-governance

Officers and senior roles of the RCP

Visitor

Her Majesty the Queen

President

Dr Andrew Goddard

Vice president for education and training (senior censor)

Dr Emma Vaux
(demitted July 2020)

Professor Áine Burns
(appointed August 2020)

Clinical vice president

Dr Sarah Clarke

Academic vice president

Professor Cheng-Hock Toh

Treasurer

Professor Chuka Nwokolo

Registrar

Professor Donal O'Donoghue OBE*

Censors

Dr Jyoti Baharani
Dr Celia Bielawski

Professor Rudolf Bilous

Dr David Cohen
(demitted July 2020)

Dr Manish Gautam
(appointed August 2020)

Dr Rasha Mukhtar
Dr Catherine Sargent
(appointed August 2020)

Dr Robert Wright
(demitted July 2020)

Vice president for Wales

Dr Olwen Williams OBE

Vice president – global

Professor Ali Jawad
(demitted August 2020)

Dr Mumtaz Patel
(appointed September 2020)

Linacre fellow

Dr Ananthakrishnan Raghuram
(demitted July 2020)

Dr Joanna Szram
(appointed August 2020)

Harveian librarian

Professor Simon Bowman
(demitted August 2020)

Dr Louella Vaughan
(appointed September 2020)

* Following Professor Donal O'Donoghue's tragic death from COVID-19 in January 2021, Dr Peter Belfield took over as interim registrar until May 2021 when Dr Cathryn Edwards was appointed.

Deputy treasurer

Professor Simon Bowman

Medical director of publishing

Professor Anton Emmanuel

Editor-in-chief, *Clinical Medicine and Commentary*

Professor Anton Emmanuel

Editor, *Future Healthcare Journal*

Dr Kevin Fox

Clinical director for quality improvement and patient safety

Dr John Dean

Medical director, of CME and CPD

Dr Emma Vaux

(until 31 July 2020)

Professor Áine Burns

(from 1 August 2020)

Senior examiner of the London College (PACES)

Dr Abdul-Majeed Salmasi

RCP chief examiner

Dr Emma Vaux

(from September 2020)

Director, Medical Workforce Unit

Dr Nigel Trudgill

Deputy directors, Medical Workforce Unit

Dr Sarah Logan and

Dr Rifca Le Dieu (job-share)

Clinical lead for engagement – The Spine

Dr Louise Bate

Patient involvement officer

Dr Helen Gentles

Director, invited service reviews

Dr Peter Belfield

Deputy medical director, invited service reviews

Dr Adam De Belder

Deputy medical director, invited service reviews

Dr Jonathan Bennett

Deputy registrars

Dr Alastair Gilmore

Dr Sonia Panchal

Clinical director for audit and accreditation

Dr Jane Youde

Clinical director for digital health

Dr Wajid Hussain

Garden fellow

Dr Henry Oakeley

Representative on the Advisory Committee of the Chelsea Physic Garden

Professor Michael de Swiet

Chief executive

Dr Ian Bullock

Officers of the Federation of Royal Colleges of Physicians of the UK**Executive medical director**

Dr Gerrard Phillips

Medical director, training and development

Dr Mike Jones

Medical director, assessment

Dr Kenneth Dagg

International medical director, assessment

Dr Donald Farquhar

International medical director, training and development

Professor David Black

Associate medical director, CPD

Dr Adrian Jennings

Associate medical director, written examinations

Professor Albert Ferro

Associate medical director, clinical examinations

Dr Stuart Hood

Deputy medical director, JRCPTB

Dr Alastair Miller

Board of Trustees**Ex-officio members**Dr Andrew Goddard, president
Professor Donal O'Donoghue,
registrar (until January 2021)Dr Peter Belfield, interim
registrar (January – June 2021)Dr Cathryn Edwards, registrar
(appointed May 2021)Professor Chuka Nwokolo,
treasurerDr Sarah Clarke, clinical vice
presidentProfessor Cheng-Hock Toh,
academic vice president
(demitted July 2021)

Professor Ramesh

Arasradnam,

academic vice president

(appointed August 2021)

Dr Emma Vaux, vice president
for education and training
and senior censor
(demitted July 2020)Professor Áine Burns, vice
president for education and
training and senior censor
(appointed August 2020)

Members nominated from Council

Professor Namita Kumar
Dr Iain Lawrie
Dr John Dean
Dr Jo Szram (appointed April 2021)

Lay members

Professor David Croisdale-Appleby OBE
Professor Charles Baden-Fuller
Sarah Barzycki
Andrew Chandler
Graham Meek

Members of Council

Dr Andrew Goddard
Professor Aine Burns
Dr Sarah Clarke
Professor Cheng-Hock Toh
Professor Chuka Nwokolo
Professor Donal O'Donoghue OBE
Dr Olwen Williams OBE
Dr Tun Aung (appointed August 2020)
Dr Angshu Bhowmik (appointed August 2020)
Professor Susan Carr (demitted July 2020)
Dr Kaushik Chaudhuri
Dr Parijat De
Professor Rob George
Professor Namita Kumar (demitted July 2020)
Dr Ruth Law
Dr Philippa Medcalf MBE (demitted July 2020)
Professor Tom Solomon
Dr Joanna Szram
Dr Mark Temple (appointed August 2020)
Dr Jenny Vaughan
Dr Robert Wright (appointed August 2020)
Professor Áine Burns (demitted July 2020)
Dr John Dean

Dr Iain Lawrie (appointed March 2020)
Dr Celia Bielawski
Professor Rudolf Bilous
Dr Margaret Stark
Dr Anne de Bono
Professor Tim Higenbottam
Professor Maggie Rae
Dr Alison Pittard
Ms Kate Straughton
Dr Tun Aung (demitted July 2020)
Dr Mick Kumwenda (appointed September 2020)
Dr David Price (demitted July 2020)
Dr Kanwaljit Sandhu
Dr Ruth Murphy (demitted July 2020)
Dr Tanya Bleiker (appointed July 2020)
Dr Sanjeev Patel (appointed April 2020)
Dr Elizabeth Price (demitted April 2020)
Dr Cathryn Edwards (demitted June 2020)
Dr Alastair McKinlay (appointed June 2020)
Dr Jennifer Burns (appointed December 2020)
Professor Tahir Masud (demitted December 2020)
Professor Jonathan Bennett
Dr Susan Crossland
Professor David Burn
Dr Robert Gregory
Dr Katherine Henderson
Dr Katie Honney (appointed August 2020)
Dr Madhu Varma (demitted July 2020)
Dr Ajay Verma
Professor Simon Ray
Dr Michael Fitzpatrick
Dr Matthew Roycroft
Dr Rachel Jones
Dr Waleed Arshad
Dr Helen Gentles
Mr Eddie Kinsella (appointed April 2020)

Finance and Resources Board

Professor Charles Baden-Fuller
Professor Chuka Nwokolo, treasurer
Dr Andrew Goddard, president
Professor Simon Bowman, Harveian librarian and deputy treasurer
Professor Donal O'Donoghue, registrar
Roger Speddy
Dr Kaushik Chaudhuri
Professor Rob George
Dr Mark Temple
Dr Wajid Hussain

Audit and Risk Committee

Andrew Chandler
Graham Meek
Ray Sadler
Tim Golbourn
Roger Speddy
Dr Angshu Bhowmik

Investment Advisory Panel

Professor Chuka Nwokolo
Professor Simon Bowman
Consuelo Brooke
James Horden
Adam Matthews
Professor Ganesh Subramanian
Peter Allen
Martin Been

Remuneration Committee

Professor Chuka Nwokolo
Professor Simon Bowman
Andrew Chandler
Graham Meek
Professor Anthony B Ward
Nigel Turner

Awards, prizes and lectures

Christmas lecture

Professor Sir Michael Marmot

FitzPatrick lecture

Professor Ali Jawad

Graham Bull prize and Goulstonian lecture

Dr Rickie Patani

Harveian orator

Professor Sir Peter Ratcliffe

Linacre lecture

Dr Adam Croft

Teale essay prize for trainees

Dr Sina Ghadiri

President's Medal

Dr Henry Oakeley
Anne McSweeney

Excellence in Patient Care Awards

Digital award

Flash Glucose Collaboration
(ABCD, DTN-UK, NHS England)

Innovation award

Kettering General Hospital NHS
Foundation Trust

International award

Team CAPD (continuous
ambulatory peritoneal dialysis),
Anuradhapura Teaching
Hospital, Sri Lanka

Medical education and training award

The Prescribing Safety
Assessment (PSA) partnership

Person-centred care award

Moving Medicine, Faculty of
Sport and Exercise Medicine

Quality improvement award

FORWARD, Guy's and St
Thomas' NHS Foundation
Trust

The Lancet research award

Newcastle University, South
Tyneside and Sunderland NHS
Foundation Trust and the
Northern Region Endoscopy
Group

Welfare and wellbeing award

'Professionals together' team,
HEE West Midlands

Contribution to the profession award

Dr Amit Arora, consultant
physician and geriatrician

Fellowships and bursaries

Rosetrees Trust – RCP joint fellowships

Dr Ray Tan
Dr Jennifer Piggott

Whitney-Wood Scholarship

Dr Stephen Sammut

Elections and admissions

New fellows

1,939 elected under bye-law
39 (a, c and d)
6 elected under bye-law 39 (b)
1 elected under bye-law 39 (e)
22 elected under bye-law 39 (f)
85 elected under bye-law 39 (g)
7 elected under bye-law 43

New honorary fellows

Consuelo Brooke
Professor Hugo Barrera-
Saldaña
Andrew Chandler
Simon Ellen
James Hordern
Professor Francesca
Levi-Schaffer
Sir Simon Stevens

Major donors for 2020

Celgene
Daiichi Sankyo
Dr Barry Anthony Enoch
Dr Robert Hardwick
Garfield Weston Foundation
GSK
Jerwood Foundation
Lord Leverhulme's Charitable
Trust
Modiano Charitable Trust
Mrs Dorothy Whitney-Wood
Norgine
Novartis
Novo Nordisk
Pfizer
Rosetrees Trust
Tay Charitable Trust
The Thompson Educational
Trust
The Williams Charitable Trust
The Wolfson Foundation

Principal advisers

Solicitors

Fieldfisher LLP
Riverbank House
2 Swan Lane
London EC4R 3TT

DAC Beachcroft LLC
Administration Centre
Portwall Place
Portwall Lane
Bristol BS1 9HS

Bankers

C Hoare and Company
37 Fleet Street
London
EC4P 4DQ

Lloyds plc
National Clubs and Charities
Centre
Sedgemoor House
Dean Gate Avenue
Blackbrook Business Park
Taunton
TA1 2UF

Santander UK plc
Education Specialist Sectors
Group
4 St Paul's Square
Liverpool
L3 9SJ

Auditor

Crowe Clark U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

Investment managers

Cazenove Capital
Management
12 Moorgate
London
EC2R 6DA

Ruffer LLP
80 Victoria Street
London
SW1E 5JL

Morgan Stanley Private Wealth
Management
25 Cabot Square
Canary Wharf
London
E14 4QA

CCLA Investment
Management
Senator House
85 Queen Victoria Street
London
EC4V 4ET

Principal address

11 St Andrews Place
Regent's Park
London
NW1 4LE

Chief executive

Dr Ian Bullock

Supported by key management personnel

**Executive director,
Membership Support and
Global Engagement**
Matthew Foster

**Executive director, Care
Quality Improvement**
Rhona Buckingham

Executive director, Education
Professor Della Freeth

**Executive director,
Corporate Services**
Justin Smith

**Director, Communications,
Policy and Research**
Claire Burroughs

**Commissioning director
for RCP at The Spine**
Clive Constable

**Chief operating officer –
Federation**
Yasmin Becker

Financial policies

This section should be read in conjunction with the financial statements on pages 61 to 88. An overview of the financial results is given in the treasurer's report on page 55.

Fundraising

The RCP is grateful for the exceptional level of support that we have received during the course of 2020 from generous donors, including members and fellows, charitable trusts and foundations, and corporate partners.

Philanthropic support and corporate sponsorship are fundamental to the work of the RCP and help us to fulfil our wider charitable aim of improving healthcare. The funds that we raise go directly to supporting research; education and training; clinical improvement; patient safety; and the maintenance and development of our facilities. This report allows us to show how our charitable funds are distributed and spent. It demonstrates the benefits and impact that fundraising has on supporting physicians and improving standards of patient care.

Principal fundraising activities and performance

Giving Health is the RCP's ongoing fundraising appeal to secure philanthropic donations to fund key areas of our work. Giving Health aims to raise funds for four vital projects that demonstrate our shared commitment to the medical profession:

- > **Physicians for Africa** – a partnership with the East, Central and Southern Africa College of Physicians to provide financial and in-kind support for a region desperately short of well-trained doctors
- > **The Physicians' Fund** – the award of grants to trainees and new consultants pursuing innovation in medicine and helping to create a research-active health service
- > **RCP at The Spine** – a state-of-the-art facility in Liverpool for the education and examination of physicians, which will pioneer advances in medical education and support RCP members
- > **Heritage** – maintaining our Grade I listed buildings in London, including caring for our historic collections and providing welcoming spaces for meeting and collaboration.

COVID-19 required us to adapt our original fundraising strategy, which was focused on face-to-face meetings with major donors, a series of high level events, and international fundraising visits. We focused instead on a greater number of approaches to mid-level donors, smaller trusts/foundations, and more resilient corporate partners.

Fundraising income in 2020 (including gifts to unrestricted funds and to restricted income and endowment funds) increased to £2,238k (2019: £594k).

Our annual membership appeal was focused on COVID-19 and raised a total of £133k. This funded grants to help the NHS manage the response and longer-term consequences of the pandemic.

Nearly 300 donors to our Giving Health campaign have now been recognised through the Linacre Wall at the main entrance to our London home. Plans are being advanced to erect a counterpart wall in Liverpool at RCP at The Spine, and to establish a new legacy society of donors.

The RCP's fundraising programme is carried out by a small team including specialists in trust/foundation, corporate, and major donor fundraising. The director of development reports to the CEO and works closely with the Board of Trustees. We aim to keep our fundraising costs below the average for the sector and in 2020 these costs were 13.5% of monies raised.

Fundraising controls and regulation

We recognise that our fundraising success is dependent on maintaining the trust of our donors and the public. We have a number of controls in place to ensure that our fundraising remains ethical, transparent, respects vulnerable people and is compliant with current regulation. Our campaigns are run by an in-house team and we do not engage the services of commercial partners to raise funds on our behalf.

Our Board of Trustees plays an active role in our fundraising activities, reviews fundraising plans, and ensures that fundraising activity operates in line with regulatory requirements and relevant best practice.

We have an ethical fundraising policy and carry out due diligence to ensure that we do not receive any donations that conflict with our values. All of our fundraisers receive compulsory training in this area and are members of the Chartered Institute of Fundraising, the professional membership body for UK fundraising.

The RCP is registered with the Fundraising Regulator (ref 128235) and has adopted the Code of Fundraising Practice. No complaints were received in relation to our fundraising activities during 2020 (2019: nil).

Investments

Powers and governance

The RCP's bye-laws give the trustees powers to appoint fund managers to manage its investments.

The Investment Advisory Panel (IAP) is responsible for monitoring the performance of the investment portfolios and of the fund managers. The IAP meets with the fund managers quarterly to review their reports and progress. The IAP is chaired by the treasurer, and its membership includes fellows, independent external advisers, the executive director of Corporate Services and the director of Finance. The panel reports to the Finance and Resources Board.

Management

The majority of investments are managed by Cazenove Capital (part of Schroders plc) who have discretionary powers of investment within agreed restrictions as agreed in the Statement of Investment Principles.

The managers' mandate is to invest, on a total returns basis, in a globally diversified portfolio of cash, equity, fixed income, convertible bonds, hedge fund securities, property funds and commodities' funds. A relatively small investment remains with the former (pre-2011) investment managers Morgan Stanley, in the form of hedge funds that are slowly being run down, liquidated and transferred to Cazenove. Three specific trust funds invested with fund manager CCLA were transferred to Cazenove in early 2020. One other trust fund (The Cotton Trust) remains invested (as per its terms) with RBC / Royal Trust Corporation of Canada.

During 2020, the management of the investment portfolio has been reviewed by the finance and resources board, and the trustees, and our approach has been clarified with the investment managers.

The RCP's objective is to invest its investment assets to manage returns, with a low to moderate level of risk, with targeted returns of CPI + 3% through a diversified asset portfolio. Within this framework a number of objectives have been agreed to help guide the Finance and Resources Board in their strategic management of the RCP's investments.

Ethical and Climate Change Investment Policy

The RCP has operated an Ethical Investment Policy in line with guidance issued by the Church of England Investment Fund. We continue to hold minimal tolerances on the proportion of indirect funds held linked to production or supply of tobacco, armaments, pornography, gambling and sale or production of alcohol.

Climate change will significantly impact public health both in the UK and around the world. All that can be done should be done to limit global temperature rises in line with the goals of the Paris Agreement on climate change. If we are to avoid the extreme impacts of climate change on both people and the environment this means a world where we limit temperature rises to 1.5 degrees above pre-industrial levels.

As a medical college the Royal College of Physicians (RCP) has a particular role to play in highlighting the health impact of climate change.

In December 2019, the Board of Trustees approved a new Climate Change Investment Policy developed by the IAP. One of its main goals is set out below:

'Disinvesting by 2023 from fossil fuel companies not demonstrably in line with the goals of the Paris Agreement: By 2023 and after engagement by our fund managers with those remaining oil and gas and mining companies in which we still retain a holding we will ask our fund managers to undertake a final assessment, using the insights of the Transition Pathway Initiative (TPI), to identify which oil and gas and mining companies are demonstrably on a path in line with the goals of the Paris Agreement. Any company that is not on such a path will be disinvested from.

Reporting by our fund managers: The RCP instructs its fund managers to report on a quarterly basis on their delivery against this policy and to evidence the seriousness by which they are engaging with companies and how they are using their voting and shareholder rights to do so.

Reporting on progress: The RCP will report annually on progress in implementing this policy.'

By December 2020 our fund managers reported that indirect investment in fossil fuels had decreased to less than 1% of the value of the portfolio and that total divestment was likely to occur earlier than expected, possibly in 2021.

Total returns policy

The RCP received a total return order from the Charity Commission, dated 6 February 2012, which enables the trustees to decide which part of the unapplied total return from the investment of the charity's permanent endowments should be held on trust for application for the purposes of the charity.

The policy applied in determining the initial amounts of the trusts for investments and any unapplied total return was identifying an appropriate and suitable date at which the investments (which were all invested with and managed by external fund managers) were at their lowest. This date was determined (through reference to the general stock market conditions over the period) as 30 September 1988.

The value of the investments at this date was 'frozen' and classified as frozen permanent capital and the remainder of the investments was classified as unapplied total return.

The amount of the unapplied total return allocated to income was the actual costs of grants, fellowships and other costs such as medals, prizes and honoraria that were awarded in the financial year, as stipulated by and within the remit of the various funds.

Policy on reserves

To deliver its business plan, the RCP has agreed a budgeting and reserves policy that enables it to make appropriate strategic allocations of funds, while also securing a sound financial base for future requirements. Services are provided with a clear understanding of whether they should be subsidised, cost neutral or delivered at a surplus. Through this policy, the RCP seeks to develop new sources of income to mitigate the risk of over-reliance on major income streams. Investment decisions on the resources necessary, both to deliver new activities and to sustain continuing commitments, are based on the RCP's overall strategic needs.

The trustees make allocations between the main activities, based on the current environment and the changing requirements of the RCP's key activities. The Finance and Resources Board recommends an overall financial framework for the preparation of annual budgets to the trustees, taking into account the need to maintain an appropriate level of reserves.

Reserves provide an important base from which the RCP can deliver against its charitable objectives, recognizing that some areas of income and expenditure can be variable and uncertain. The budgets and future plans are put in place to overcome any uncertainty over income or unexpected calls on the charity's funds. At 31 December 2020 total reserves of RCP were £45.0 million. The RCP holds a number of permanently endowed and restricted funds which result from bequests or donations for particular purposes, details of which are set out in notes 22 and 23 to the financial statements. At 31 December 2020 total restricted funds were £3.7 million and endowment funds were £11.4 million.

The RCP also holds reserves in the form of designated funds that are earmarked for particular purposes by the trustees. At 31 December 2020 the balance on the designated funds was £17.5m. The main designated fund is the intangible and fixed assets fund, represented by tangible and intangible fixed assets less associated loan finance outstanding in respect of The Spine fit-out, which are not readily converted into cash. The leasehold replacement fund had been identified in prior years as one source of funds for the fit-out of RCP at The Spine in Liverpool, the fund and associated cash deposits has been released to the general fund in 2020 in line with this spend.

The general reserves of the RCP, excluding designated funds, are represented by a mixture of external investments and net assets that include cash reserves. The minimum target free reserves level is in the range of 3–6 months of unrestricted expenditure and is set based on: the risk to income and expenditure fluctuations, unexpected needs for funds, and the need to provide working capital for the operation.

The general reserves of the RCP as at 31 December 2020 were £16.7 million (2019 free reserves restated: £17.9 million). At 31 December 2020 the defined benefit pension scheme deficit was £4.2 million (2019: £4.2 million). Free reserves net of pension scheme deficit represent 7.3 months of the unrestricted operational expenditure, which is beyond the target free reserves level of between 3 and 6 months (£7.2m-£14.4m). While the financial impact of COVID-19 is likely to put pressure on the level of free reserves going forward, the target level is still appropriate.

Trading subsidiary

The principal activity of the company is to organise, provide facilities for and hold conferences, seminars, and courses of instruction, demonstrations, lectures, exhibitions, private dinners and functions. Net deficit for the RCP's wholly owned trading subsidiary, The RCP Regent's Park Limited, for the year ended 31 December 2020 was £106k. The company is looking to recover its trading position through the provision of more virtual and hybrid events, as well as harnessing opportunities from new facilities at the Spine building. The trading results and balance sheet of the subsidiary extracted from its audited accounts are set out in note 25 to the financial statements.

Going concern

The financial statements are prepared on a going concern basis. The Board of Trustees has considered the adoption of a going concern basis in the preparation of these financial statements. A projection of the RCP's financial position to December 2022 has been undertaken including:

- > a review of budgets and forecasts
- > consideration of the key risks and uncertainties in the context of the RCP's operations, including COVID-19
- > the mitigating actions the RCP can deploy for liquidity, together with the impact on reserves.

The COVID-19 pandemic has had a significant, immediate impact on the RCP's operations. The government guidelines introduced in March 2020 resulted in two of the four main income streams for the RCP being impacted: examinations, and conference and event activity. Membership support and income is key and the RCP continues to ensure the delivery of value of being a member. The most significant financial impact has been in relation to the cancellation of face-to-face events and conferences, impacting RCP activity directly as well in the wholly owned trading subsidiary, Regents Park Ltd.

For the period to December 2022 the Board of Trustees has considered the impact of a series of scenarios and the actions required to mitigate the impact of the pandemic, including income generation, cost-saving measures and (in 2020 and 2021) utilising the support offered by the UK government through its Coronavirus Job Retention Scheme. Working capital requirements are met through income received from business activities and the RCP has the ability to drawdown against funds held within the investment portfolio if required. At December 2020 the RCP has adequate levels of cash and reserves and that is expected to remain the case through 2022 with operating income and expenditure expected to return to surplus in 2022.

Having regard to the above, the Board of Trustees believes it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Structure, governance and management

The RCP is a registered charity (no. 210508), incorporated by royal charter dated 23 September 1518, affirmed by an act of parliament in 1523. The charter of 1518 was amended by a supplemental royal charter dated 11 March 1999. The governing instruments of the RCP are the royal charters, and the bye-laws as amended from time to time. The RCP is also registered at Companies House as a company incorporated by royal charter (no. RC000899).

Board of Trustees

The Board of Trustees is the RCP's governing body and meets five times a year – four main quarterly meetings plus a November budget review meeting. It is responsible for:

- > ensuring the RCP operates within its charitable objectives, and its standing orders in terms of matters reserved for the Board and those delegated to the CEO

- > providing strategic direction
- > agreeing the RCP annual operations plan and monitoring the progress of performance against that plan
- > ensuring the effective management and custody of all RCP assets.

The RCP is committed to ensuring best practice governance and the Board of Trustees embeds the Charity Governance Code to ensure the organisation's effectiveness:

- > **Organisational purpose** – the Board of Trustees is clear about the RCP's purpose, vision and mission as described in this report, and the public benefit this serves in supporting the evolution of the healthcare agenda. During 2020, trustees considered how the 2015–20 RCP strategy had fulfilled its purpose and in early 2021 we consulted widely with our stakeholders and plan to launch our new strategy at the end of 2021. This will guide our planned activities from 2022–25.
- > **Leadership** – in addition to setting strategy, the Board of Trustees seeks to provide leadership for the RCP and ensure delivery of the charity's aims and values by the involvement of trustees (officers and lay trustees) alongside the executive team in key committees. The review of the bye-laws during 2019 enabled development of tighter governance processes and provided greater clarity around the respective roles of the Board of Trustees and Council. This work was ratified at the annual general meeting in September 2020.
- > **Integrity** – trustees are expected to follow *The 7 principles of public life* drawn up by the Committee on Standards in Public Life. During 2020 the RCP embedded its Code of Conduct and organisational values within all areas of its business. A raising concerns policy was written to support and encourage a responsive culture where people can speak up when things go wrong and the organisation can continue to learn and improve. In November 2020, an anti-fraud policy was published supported by existing RCP policies including hospitality and gifts (anti-bribery). A statement relating to the Modern Slavery Act is on the RCP website.
- > **Decision-making, risk and control** – in order to ensure strong oversight of the organisation by the Board of Trustees, the RCP commissioned two internal audits in Q1 2020, with one audit postponed to Q1 2021. The RCP embraced an improved risk identification and reporting processes and provided training to teams throughout the organisation to improve the understanding of risk and risk reporting.
- > **Board effectiveness** – the members of the Board reflect the complexity of the organisation. As part of the ongoing modernisation of governance and effectiveness of trustees a lay chair was appointed in June 2019.
- > **Diversity** – the Board currently has a diverse membership, and this will be kept under review. In 2020 the RCP published an independent review of equality, diversity and inclusivity across all areas of activity with recommendations to the trustees.
- > **Openness and accountability** – the RCP has many touchpoints with a wide variety of stakeholders. As part of the bye-law review consideration was given to aligning a Council meeting with the annual general meeting to improve attendance and enable a question-and-answer session with trustees as part of the meeting. Due to the pandemic, the AGM in 2020 was held virtually but it was agreed that future AGMs would follow a hybrid model to increase attendance and provide opportunity to engage with the trustees.

The Board of Trustees has the authority to delegate any of its powers to the RCP's boards and committees. Ultimately, all decisions apart from changes to the bye-laws and regulations are either taken by or on behalf of the Board of Trustees, and reported at the annual general meeting.

The Board of Trustees comprises:

- > senior officers of the RCP (*ex officio* – six)
- > members nominated from Council (four)
- > lay members appointed by the Board of Trustees (five).

Trustees are inducted in the operations of the RCP as well as their statutory obligations as a charity trustee when they are appointed. The training requirement for trustees is kept under regular review. An online governance hub makes material more accessible to trustees and an online declaration of personal interests and good standing of trustees supports good governance processes.

RCP Council

Council meets six times a year. Its function is to develop RCP policy in relation to professional and clinical matters, and to give authority to:

- > RCP statements and publications
- > conduct and results of the MRCP(UK) examination
- > elections to the fellowship and membership as well as of RCP officers.

There is one board with specific responsibility to the Council:

- > Medical Specialties Board.

RCP officers

The senior officers of the RCP (president, vice presidents, treasurer and registrar) are all trustees of the charity. Their involvement in all of the main boards and committees of the RCP ensures that due consideration is given to the RCP's charter and bye-laws on every occasion.

Annual general meeting

The annual presidential election is held on the first Monday after Palm Sunday by act of parliament. In 2020, the AGM was decoupled from the presidential election to take place later in the year.

Fellows

Fellowship is the highest level of membership of the RCP and comes with many benefits and responsibilities. Fellows have distinguished themselves in the practice of medicine, medical science or medical literature. At the time of election, the fellow is normally a member of the RCP of at least 4 years standing, in a substantive consultant post for a minimum of 3 years, and making a significant contribution in one or more of these areas of practice. Fellows are nominated for election by Council and have the right to stand for office, to vote for officers and to attend and vote at the AGM.

Boards

There are four boards with specific responsibility to the Board of Trustees. They are:

- > Council
- > Finance and Resources Board (also the Board responsible for strategic theme 5)
- > Audit and Risk Committee
- > Remuneration Committee.

Four further boards report on the operational work of the RCP under the strategy themes and report through the operational plan to the Board of Trustees:

- > Care Quality and Improvement Board
- > Education Board
- > Membership Support and Global Engagement Board
- > Communications, Policy and Research Board.

Finance and Resources Board

In 2020 the Finance and Resources Board met four times. It has responsibility for:

- > agreeing and monitoring the application and use of resources
- > monitoring the business planning process and delegating decisions on new activities to senior management within agreed financial limits.

The Board is chaired by the treasurer, and its membership includes the president and registrar (both *ex officio*), two elected members of Council, two other fellows and up to five members from outside the RCP.

There are two committees with specific responsibility to the Finance and Resources Board. They are:

- > Funding Awards Committee (formerly Trust Funds Management Committee)
- > Investment Advisory Panel.

Audit and Risk Committee

Formed at the end of 2016, this committee is responsible for internal controls, risk management and audit, leading to assurances on the veracity of the financial and management statements. During the year the committee commissioned one internal audit by haysmacintyre, as part of a continuing series which seeks to examine and improve various financial and operational practices of the RCP.

Remuneration Committee

This committee has been established to provide independent review and recommendations to the Board on the RCP's remuneration policy, pay awards, senior staff performance reviews, and pay and related matters.

Statement of trustees' responsibilities

The trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Charity law requires the trustees to prepare financial statements for each financial year in accordance with International Financial Reporting Standards (FRS102) and applicable law.

Under charity law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the group and of the group's net incoming or outgoing resources for that period. In preparing these financial statements, the trustees are required to:

- > select suitable accounting policies and then apply them consistently
- > observe the presentation principles in the Charities' Statement of Recommended Practice (SORP)
- > make judgements and estimates that are reasonable and prudent
- > state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- > prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity and the group will continue to operate.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charity and the group and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the royal charters and bye-laws. They are also responsible for safeguarding the assets of the charity and the group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees of the charity are aware of their duty under section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Management

Responsibility for the day-to-day operations of the RCP is delegated to the chief executive, who is accountable to the Board of Trustees. The management and staff of the RCP are structured to carry forward the work and achieve the objectives of the RCP, and to provide support services. Each department of the RCP is also overseen at a governance level by a designated officer.

Key management personnel are considered to be those personnel who have the authority and responsibility for planning, directing and controlling the activities of the RCP. Key management personnel are remunerated within the RCP's general staff policy for pay and reward that is competitive within the charity sector, proportionate to the complexity of each role, and responsible in line with our charitable objectives.

A large number of volunteers are involved with the RCP's work, in the UK and abroad. The vast majority are doctors who are RCP members who support RCP activities, such as by being examiners, regional advisers, or representatives on consultant appointment committees. There are many more examples, and the RCP also has a Patient and Carer Network which allows members of the public to become involved. Medical staff give their own time, but also rely on NHS guidance about the ability to use NHS time for the greater benefit of the NHS.

Modern slavery statement

Pursuant to section 54(1) of the Modern Slavery Act 2015, the RCP has published a slavery and human trafficking statement for the financial year ending 31 December 2020. This is available to view on our website at: www.rcplondon.ac.uk/modern-slavery-and-human-trafficking-statement.

Risk management

The trustees have overall responsibility for risk management in the RCP. Agreed processes are in place by which the trustees review, identify and assess major risks and agree with management the controls that already are, or will be, put in place to manage those risks. These details form part of the risk register, which trustees regularly review in full. The controls put in place provide a reasonable but not absolute assurance that risks have been adequately mitigated.

Risk issues in the day-to-day operation of the RCP are delegated to management to monitor and implement appropriate control measures. Any new areas of risk identified are reported to the Audit and Risk Committee, including how they have been managed. The Audit and Risk Committee reports any areas of concern to the trustees, with recommendations for corrective action.

The principal categories of risk that the RCP monitored and sought to mitigate in 2020 and into 2021 are:

Area of risk	Risk	Mitigating factors
COVID-19	<p>Shortfall in revenue due to cancellation of exams, conferences and events as a result of lockdowns.</p> <p>Potential impact on member enagement, operational delivery and staff welfare due to remote working.</p>	<ul style="list-style-type: none"> > Use of government furlough scheme. > Implementing a range of cost improvements, including job vacancies not being replaced, reductions in workforce and savings in non-payroll costs. > Establishment of RCP19 group looking at staff and estates issues. > Weekly communications huddle to address immediate policy and communications requirements as a result of the pandemic. > Investment in IT support. > Staff surveys. > Flexible working arrangements.
Governance	Complex range of activities and organisational structure.	<ul style="list-style-type: none"> > Revision to bye-laws and clarification of the role and responsibilities of the Board of Trustees. > Adequate internal controls and policies in place. > Appointment of internal auditors in 2017 to help focus on high-risk areas. > Development of the RCP strategy for 2022–25.
Governance	Ongoing services structure provided through the Federation with the Scottish physician colleges.	<ul style="list-style-type: none"> > Revised memorandum of agreement (MoA) was agreed and signed in Dec 2018. > Independent audit of the Federation undertaken in 2021. > Detailed operational plans have been developed.
Operational plans	Ageing and inflexible (grade I) estates infrastructure in London, and the new expansion plans in Liverpool.	<ul style="list-style-type: none"> > A capable property and facilities team, supported by advisers CBRE.

Area of risk	Risk	Mitigating factors
Operational plans – RCP at The Spine	Strategic project puts excessive pressure on the reserves, causes management stretch and key personnel to leave. Fails to deliver on opportunity.	<ul style="list-style-type: none"> > Good project/programme management. > Focus on financial management/planning, supported funding proposals. > Regular staff communication.
Financial risks	<p>A deficit in the closed defined benefit pension scheme, for which we have agreed a repayment over 7 years.</p> <p>Ability to generate income/fundraise and grow/diversify the revenue base and our ability to control costs, causing cash management strain.</p> <p>Loss making trading activities.</p>	<ul style="list-style-type: none"> > A new agreed deficit repayment of £685k pa until Dec 2023. > A strong Defined Benefit Trustee Board. > Increased focus of cash management and planning. > Established team assisting the RCP to raise funds for strategic purposes. > RCP at The Spine income diversification. > Move to virtual events with lower costs in both the charity and trading company to mitigate loss of income as a result of COVID-19.
Environmental or external factors	Government policy on the NHS and impact on medical professionalism and standards, while remaining aligned to the views of our members.	<ul style="list-style-type: none"> > Continued influence on the engagement plans with our members and government on NHS policy.

External auditor

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

Approved by the Board

The annual report has been approved by the Board of Trustees on 31 August 2021 and signed on its behalf by:



Professor David Croisdale-Appleby
Chair of trustees



Professor Chuka Nwokolo
Treasurer

Treasurer's annual report

I am pleased to present my report for the year ending 31 December 2020.

During this, our 502nd year, the RCP has faced challenges unprecedented in our history as a result of COVID-19. Like many businesses and other charities, the RCP has had to find ways to mitigate the effects of the pandemic on its finances. In 2020 unrestricted income dropped by 33%, with expenditure falling by 22% in line with decreased activity across the RCP, resulting in a total operating deficit of (£3,284k), around three times greater than the deficit in 2019.

Despite the market volatility experienced by world financial markets leading to a reduction in equity values in the first half of the year, the RCP's risk-based investment mix and a subsequent rallying of markets in the latter stages of the year resulted in an overall gain on investments of £1,460k. However, this was partly offset by an increase in the (closed) defined benefit pension fund actuarial deficit of (£602k), resulting in a overall net deficit funds movement of (£2,426k) (2019: £671k surplus).

	----- 2020 (£000) -----				2019 (£000)
	Unrestricted	Restricted	Endowment	Total	Total
Total income	23,738	7,085	200	31,023	42,732
Total expenditure	28,778	5,415	114	34,307	43,899
Net operating result	(5,040)	1,670	86	(3,284)	(1,167)
Net (losses)/gains on investment assets	1,064	15	381	1,460	3,712
Other net gains/(losses)	(602)	0	0	(602)	(1,874)
Transfers	1,353	(1,331)	(22)	0	0
Net movement in funds for the year	(3,225)	354	445	(2,426)	671

Income and expenditure

The RCP's consolidated total income in 2020 was £31.0 million (2019: £42.7 million), representing a substantial drop in income compared with 2019. The COVID-19 crisis and subsequent lockdowns had a severe impact in 2020 on a number of important RCP activities – exams and assessment, conferences and events, face-to-face education and training workshops, regional events and quality improvement collaboratives. The RCP benefited from the government Coronavirus Job Retention Scheme throughout the year, with just over £1.1 million claimed during the period, representing 4% of total income.

While unrestricted income took a significant hit throughout the period, restricted income recorded a 3% increase due in large part to donations received specifically for RCP at The Spine (£1.1 million compared with £0.1 million in 2019) and two significant legacy donations received in the same period. This offset the reduced clinical standards, national guidelines and education restricted work.

2020 saw membership numbers ending the year at 39,500, a growth of 7%. The newer physician associate category of membership continues to grow rapidly.

With decreased activity across the RCP, expenditure has fallen further to £34.3 million (2019: £43.9 million). College officers and staff have grappled with the twin objectives of maintaining the key activities of the RCP and keeping expenditure down. The executive team have been working hard to mitigate the financial position, including deferring investments in the London estate and IT systems development, and cutting non-essential costs, while preserving our core capabilities, key NHS services and support for members tackling the pandemic.

Construction and fit-out of The Spine was completed in May 2021. As part of Liverpool's Knowledge Quarter, The Spine will be a centre of excellence and innovation to engage members, fellows and partner organisations in the north and enhance RCP activities. It will be certified to the Platinum WELL Standard, which will make it one of the healthiest buildings in the UK. Although RCP at The Spine will not be fully open until September, we have already begun to host exams in our purpose-built assessment facilities, with physician associate exams held from 6 May 2021.

Our fundraising team is now well established and is working well towards its objective of contributing £3 million towards the funding of The Spine, with over £1 million raised in 2020. The success of the Linacre Wall personalised brick project in RCP at Regent's Park has led to plans for a similar fundraising project for RCP at The Spine. The COVID-19 Appeal has been successful in raising funds to support research into aspects of the pandemic.

Investments

As at 31 December 2020 our investments, including cash deposits, stood at £32.9 million. During the year the leasehold fund, £4.3 million, was liquidated in order to support the fit-out of RCP at The Spine. In the same period £12.5 million was liquidated from main funds to support ongoing working capital as a result of the pandemic and significant shortfall in income.

The objectives of our investment strategy are to achieve long-term growth at 3% ahead of CPI inflation, at an acceptable level of risk, applying a total return strategy. Our investments are now mainly held by fund managers Cazenove, with small holdings still with Morgan Stanley and Canada Trust Corp. The investment skills of Cazenove, together with our knowledgeable Investment Advisory Panel enable us, on average, to achieve target performance with downside protection. We are continuing to evolve our ethical investment stance, which is aligned to the RCP's charitable objectives to improve health and prevent health harms. The process of removing any residual fossil fuel assets in the RCP's portfolio is almost complete.

Pensions

As at the end of 2020, the deficit of the defined benefit pension scheme, which has been closed to new members since 2002 and to further accrual from 2008, decreased slightly from (£4.243) million to (£4.239) million on an FRS 102 basis. Despite an increase in scheme liabilities over the year due to a change in financial assumptions the funding position has remained broadly the same due to assets performing well over the period. A liability driven investment (LDI) strategy is in place with the inflation and interest rate risk in the scheme decreased substantially. The effect of this protection has been apparent in 2020.

The RCP continues to run a Group Personal Pension Plan (GPPP) scheme for new staff joiners and maintains the RCP single employer trust-based defined contribution pension scheme which was closed to new entrants from the start of 2018 but continues to run for existing staff members.

Balance sheet and reserves

Despite the significant challenges faced in 2020, at the end of the year the RCP held net assets of £45.0 million of which £32.9 million is the market value of our investment portfolio and £11.0 million in cash. Endowment and restricted funds comprise £15.1 million, therefore unrestricted funds comprise £30.0 million, of which free reserves (net of the designated funds but gross of the long-term defined benefit pension deficit) have fallen slightly to £16.7 million from £17.9 million in 2019. Heritage assets (rare books, manuscripts, paintings, silverware), originally gifts to the college over the past 5 centuries, are not valued at all in the financial balance sheet, but have an insurance value of ~£41 million.

Future financial plans

The trustees and I remain vigilant in seeking to protect the RCP and support its members and to use the resources available to fulfil the RCP's objectives and promote its work as efficiently as possible. Our reserves policy is to maintain the level of general reserves at between 3 and 6 months of unrestricted operational expenditure.

While the RCP's balance sheet position remains strong, the COVID-19 crisis has had a severe impact on core activities in 2020 and this has followed the RCP into 2021. The focus will be on keeping expenditure down while continuing to carry out key activities.

With thanks

As ever, I am extremely grateful for the help and support that I have received in my role, from so many who have given generously of their time to help carry the work of the RCP forward.

I owe a particular debt of gratitude to our independent pro-bono external advisers, who give unfailingly of their time and expertise to advise and support the infrastructure and financial activities of the RCP. I should also particularly like to thank: all the staff of the RCP Finance Department for their unfailing help and advice; the members of the Finance and Resources Board for their assistance in overseeing and monitoring the RCP's finances, developments of our IT facilities, and our estates strategy; the members of the Investment Advisory Panel for their work in monitoring the implementation of our investment strategy and the performance of the investment managers; and the Audit and Risk Committee for their assistance in reviewing and providing assurances on the RCP's governance and controls.



Professor Chuka Nwokolo

Treasurer

31 August 2021

Independent auditor's report to the trustees of the Royal College of Physicians

Opinion

We have audited the financial statements of the Royal College of Physicians for the year ended 31 December 2020 which comprise the consolidated statement of financial activities, the parent and consolidated balance sheets, the consolidated cash flow statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- > give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 December 2020 and of the group's incoming resources and application of resources, for the year then ended;
- > have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- > have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- > the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- > sufficient accounting records have not been kept by the parent charity; or
- > the financial statements are not in agreement with the accounting records and returns; or
- > we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 52, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with compliance with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity for fraud. The laws and regulations we considered in this context were General Data Protection Regulation (GDPR), employment legislations and taxation legislations.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the trustees about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, review of internal audit reports conducted in the period and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory auditor
London

3rd September 2021

Crowe UK LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Consolidated statement of financial activities for the year ended 31 December 2020

	Notes	Unrestricted funds	Restricted funds	Endowment funds	Total funds	
		£000	£000	£000	31 Dec 20	31 Dec 19
					£000	£000
Income from:						
Fundraising	2	307	1,931	-	2,238	594
Charitable activities						
Care quality improvement	3	2,501	4,876	-	7,377	8,530
Education and Federation	4	9,819	159	-	9,978	17,982
Membership support and global engagement	5	7,818	2	-	7,820	8,096
Communications, policy and research*	6	42	88	-	130	130
Heritage and investing in our future	7	71	-	-	71	73
Meetings and events (medical)		573	-	-	573	4,269
Activities to generate funds						
Investment income	8	448	18	200	666	1,085
Meetings and events (non-medical) – trading	25	928	-	-	928	1,772
Coronavirus Job Retention Scheme		1,083	11	-	1,094	
Other income		148	-	-	148	201
Total income		23,738	7,085	200	31,023	42,732
Expenditure on:						
Raising funds						
Fundraising costs		346	-	-	346	253
Investment management fees		113	4	48	165	159
Meetings and events (non-medical)	25	1,033	-	-	1,033	1,713
		1,492	4	48	1,544	2,125
Charitable activities						
Care quality improvement	9	4,181	4,686	-	8,867	10,605
Education and Federation	10	9,244	487	-	9,731	14,138
Membership support and global engagement	11	3,602	157	-	3,759	4,668
Communications, policy and research	12	3,211	75	-	3,286	4,016
Heritage and investing in our future	13	2,698	3	-	2,701	2,265
Meetings and events (medical)		4,350	-	-	4,350	6,016
Trusts and fellowships		-	3	66	69	66
Total expenditure	14/15	28,778	5,415	114	34,307	43,899
Net operating (loss)/gain		(5,040)	1,670	86	(3,284)	(1,167)
Net gains/(losses) on investment assets		1,064	15	381	1,460	3,712
Net income/(expenditure)		(3,976)	1,685	467	(1,824)	2,545
Transfers between funds	21/22	1,353	(1,331)	(22)	-	-
Actuarial (losses)/gains on defined benefit pension scheme	26	(602)	-	-	(602)	(1,874)
Net movement in funds for the year		(3,225)	354	445	(2,426)	671
Funds brought forward at 1 Jan 2020	21/22/23	33,141	3,356	10,975	47,472	46,801
Funds carried forward at 31 December 2020		29,916	3,710	11,420	45,046	47,472

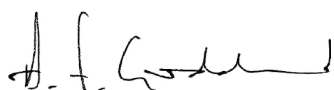
*formerly Strategy, communications and policy

Consolidated and RCP balance sheets as at 31 December 2020

		2020		2019	
	Notes	Group £000	RCP £000	Group £000	RCP £000
Fixed assets					
	Intangible assets	16a	1,417	1,417	2,018
	Tangible fixed assets	16b	23,324	23,324	12,762
	Investments	17	32,932	32,932	48,194
			57,673	57,673	62,974
Current assets					
	Stocks		114	114	178
	Debtors	18	6,102	6,287	4,247
	Investment accounts		309	303	303
	Cash		10,981	10,845	1,465
			17,506	17,549	6,199
Creditors					
Amounts falling due within 1 year					
	Creditors and accrued expenses	19	(10,308)	(10,245)	(11,170)
	Examination and other income received in advance	19	(7,226)	(7,226)	(6,288)
	Provisions	19b	(127)	(127)	
			(17,661)	(17,598)	(17,458)
Amounts falling due after 1 year	19		(8,233)	(8,233)	-
Net current liabilities			(155)	(49)	(11,259)
Net assets excluding pension liability			49,285	49,391	51,715
Defined benefit pension scheme liability	26		(4,239)	(4,239)	(4,243)
Net assets including pension liability	24		45,046	45,152	47,472
Represented by					
Unrestricted funds:					
Designated funds					
	Leasehold Replacement Fund	21	-	-	4,357
	Fixed and Intangible Assets Fund		17,241	17,241	14,780
	Legacies Development Fund		147	147	147
	Care quality improvement		105	105	179
			17,493	17,493	19,463
General charitable fund			16,662	16,768	17,948
	Less: Pension scheme liabilities	26	(4,239)	(4,239)	(4,243)
			12,423	12,529	13,678
Total unrestricted			29,916	30,022	33,998
Restricted	22		3,710	3,710	3,187
Endowment	23		11,420	11,420	9,616
			45,046	45,152	47,472

The results of the parent charity for the year ended 31 December 2020 was a £2,426k deficit (2019: £671k gain).

Approved for and on behalf of the RCP (Charity Registration No. 210508) on 31 August 2021 and authorised for issue.



President: Andrew Goddard



Treasurer: Chuka Nwokolo

Consolidated statement of cash flow for the year ended 31 December 2020

		2020 £000	2019 £000
Cash flow from operating activities			
Net cash provided by / (used in) operating activities	A	(3,327)	2,396
Dividends, interest and rents from investments		666	1,085
Purchase of property, plant and equipment		(11,669)	(2,247)
Purchase of intangible assets		(296)	(475)
Proceeds from sale of investments		19,775	4,838
Purchase of investments		(3,053)	(5,419)
Donation of cash to discontinued operation		-	(804)
Net cash provided by (used in) investing activities		5,423	(3,022)
Proceeds from borrowings*		7,500	-
Borrowings interest and principal repayments*		(58)	-
Finance lease payments**		(22)	-
Net cash provided by (used in) financing activities		7,420	-
Change in cash and cash equivalents in the reporting period		9,516	(626)
Cash and cash equivalents at the beginning of the reporting period	B	1,774	2,400
Cash and cash equivalents at the end of the reporting period	B	11,290	1,774

*During 2020 the organisation utilised £7.5m of a £10m revolving credit facility with Santander to fund the RCP at The Spine development.

**During 2020 the organisation entered into a finance lease for new IT infrastructure.

Notes to consolidated statement of cash flow for the year ended 31 December 2020

	2020 £000	2019 £000
A. Reconciliation of net income/(expenditure) to net cash flow from operating activities		
Net movement in funds for the reporting period (as per the statement of financial activities)	(1,823)	2,545
Adjustments for:		
Depreciation charges	1,472	1,471
Amortisation charges	897	901
Loss/(gains) on investments	(1,460)	(3,712)
Loss on discontinued operation	-	767
Increase/(decrease) in provisions	127	-
Dividends, interest and rents from investments	(666)	(1,085)
(Gain) on valuation of defined benefit pension scheme	(606)	(609)
(Increase)/decrease in stocks	64	(19)
(Increase)/decrease in debtors	(1,855)	(249)
Increase/(decrease) in creditors	523	2,386
Net cash provided by/(used in) operating activities	(3,327)	2,396
B. Analysis of cash and cash equivalents		
Cash in hand	10,981	1,465
Notice deposits and investment accounts (less than 30 days)	309	309
Total cash and cash equivalents	11,290	1,774

Analysis of changes in net debt

	At 1 Jan 2020	Cash flow	New finance leases	Acquired debt	Interest and non- utilisation charges	At 31 Dec 2020
	£000	£000	£000	£000	£000	£000
Cash and cash equivalents						
Cash in hand	1,465	9,516	-	-	-	10,981
Notice deposits and investment accounts (less than 30 days)	309	-	-	-	-	309
Total cash and cash equivalents	1,774	9,516	-	-	-	11,290
Borrowings						
Loan to finance fixed assets – falling due after more than one year	-	58	-	(7,500)	(58)	(7,500)
Finance lease obligations	-	22	(364)	-	(9)	(351)
Total borrowings	-	80	(364)	(7,500)	(67)	(7,851)
Total net debt	1,774	9,596	(364)	(7,500)	(67)	3,439

Notes to the financial statements for the year ended 31 December 2020

1 Accounting policies

Charity information

The Royal College of Physicians (RCP) was established by royal charter in 1518. It is a registered with the Charity Commission for England and Wales and is a Royal Charter company registered with Company House. The charity registration number is 210508 and the company registration number is RC000899. RCP is a Public Benefit Entity and its registered office is 11 St Andrews Place, London NW1 4LE.

Basis of preparation

The consolidated financial statements comprise the financial statements of RCP, and its subsidiary undertaking, The RCP Regent's Park Limited, on a line-by-line basis and adjusted for the elimination of inter-group transactions and balances.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (2015) preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

RCP constitutes a public benefit entity as defined by FRS 102.

The financial statements are drawn up on the historical accounting basis, except that investments held as fixed assets are carried at market value.

Going concern

The financial statements are prepared on a going concern basis. The Board of Trustees has considered the adoption of a going concern basis in the preparation of these financial statements. A projection of the RCP's financial position to December 2022 has been undertaken, including:

- > a review of budgets and forecasts
- > consideration of the key risks and uncertainties in the context of the RCP's operations, including COVID-19
- > the mitigating actions the RCP can deploy for liquidity, together with the impact on reserves.

The COVID-19 pandemic has had a significant, immediate impact on the RCP's operations. The government guidelines introduced in March 2020 resulted in two of the four main income streams for the RCP being impacted: examinations, and conference and event activity. Membership support and income is key and the RCP continues to ensure the delivery of value of being a member. The most significant financial impact has been in relation to the cancellation of face-to-face events and conferences, impacting RCP activity directly as well in the wholly owned trading subsidiary, Regents Park Ltd.

For the period to December 2022 the Board of Trustees has considered the impact of a series of scenarios and the actions required to mitigate the impact of the pandemic, including income generation, cost-saving measures and (in 2020 and 2021) utilising the support offered by the UK government through its Coronavirus Job Retention Scheme. Working capital requirements are met through income received from business activities and the RCP has the ability to drawdown against funds held within the investment portfolio if required. At December 2020 the RCP has adequate levels of cash and reserves and that is expected to remain the case through 2022 with operating income and expenditure expected to return to surplus in 2022.

Having regard to the above, the Board of Trustees believes it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Income

Subscriptions income, admission fees, grants and donations are accounted for once there is entitlement, probability of receipt and can be reliably measured. Legacies are accounted for when there is adequate probability over entitlement, amount and receipt. For residual legacies, entitlement is deemed to be the earlier of settled estate accounts and notification of a pending payment or actual payment being received. Investment income is recognised when due except for dividends which are accounted for on receipt. Income is deferred only when conditions have to be fulfilled before the RCP becomes entitled to it or where the donor has specified that the income is to be expended in the future period. In the case of membership subscriptions and examination admissions any receipt in respect of future years is shown as deferred income. Government grants are recognised as income when any specific conditions are met.

Expenditure

All expenditure is accounted for under the accruals concept and stated gross of irrecoverable VAT. All costs are allocated to the charitable cost centres on an actual basis, with the exception of administration costs which are allocated on the following basis:

- > central management and human resources: number of staff in the cost centres
- > finance: proportion of transactions processed
- > buildings and office services: square footage of office space occupied
- > IT services: number of users of the RCP network.

Salaries are allocated according to the nature of work performed by each member of staff.

Governance costs comprise the costs incurred, which are directly attributable to the management of the charity's assets, organisational procedures and the necessary legal procedures for compliance with statutory requirements.

Rentals for leased assets held under the terms of operating leases are charged directly to the statement of financial activities (SOFA) over the term of the lease.

Tangible and intangible fixed assets

No 11 St Andrews Place, a leasehold property held under a 99-year lease expiring in 2060 and Nos 1–10 St Andrews Place, leasehold properties held under a lease that expires in 2084, are being depreciated over 49 years from the commencement of the respective leases. The cost of additions to existing structures has been depreciated, concurrently, over the remaining life of the leases. Equipment, intangible assets, furniture and fixtures are capitalised when the cost of the project exceeds £15,000 and has a useful life spread over a number of financial years. These capital costs are depreciated and intangible assets amortised by equal instalments over their anticipated useful lives, at rates between 5% and 25%. Depreciation and amortisation is allocated to the departments within the RCP on the basis of area occupied. No depreciation or amortisation is charged on assets in the course of construction. At each reporting date the RCP assesses if there is any indication of impairment of its estate and other fixed assets.

Costs that have been capitalised for RCP North phase 1 are being depreciated over the life of the lease, currently 3 years.

Collections

In addition to the capitalised fixed assets held for the RCP's own use, the RCP also has a number of assets of historical interest. These comprise learned publications and a unique collection of busts and portraits, together with other objects, whose intrinsic value is also bound up with the RCP's history. The trustees consider that the significant administrative expenses incurred in deriving a reliable cost for the capitalisation of these items would exceed the usefulness of such information to the user of the financial statements.

Finance leases

Finance leases are recognised where the risks and rewards of ownership of the leased asset are held by the lessee (The RCP). These are recognised as a right-to-use fixed assets with a corresponding lease liability comprised of the present value of the minimum lease payments, derived by discounting them at the interest rate implicit in the lease. Right-to-use assets are depreciated over the lease period or asset life, where the asset is retained at the end of lease and has an asset life longer than the lease term.

Investments

Investments are stated in the balance sheet at the mid-market value at the balance sheet date. Realised gains or losses are calculated by reference to disposal proceeds and either opening market value or cost if acquired during the year.

Stock

Stock is valued at the lower of cost and net realisable value.

Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand, cash held for reinvestment and short-term deposits.

Pensions

The RCP has three pension schemes, one providing defined benefits based on final salary, the other two providing benefits based on defined contributions invested with Standard Life. The pension costs for the defined contribution scheme are charged to the statement of financial activities as they become payable in accordance with FRS 102. The pension costs relating to the defined benefit scheme are assessed in accordance with the advice of an independent qualified actuary.

The defined benefit pension scheme current service costs and the net of the scheme interest cost and the expected return on the scheme assets for the year are charged to the statement of financial activities within superannuation costs. Actuarial gains and losses are recognised within other recognised gains and losses.

The defined benefit pension scheme assets are measured at fair value at the balance sheet date. Scheme liabilities are measured on an actuarial basis at the balance sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term to the scheme liabilities. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet.

Taxation

The RCP is eligible for the tax exemptions available for charitable activities.

Unrestricted funds

These funds are received and applied to achieve the general objectives of the RCP.

Designated funds

Designated funds are unrestricted funds set aside by the trustees for specific future purposes or projects. The movements on these funds are analysed in note 21.

Restricted funds

Restricted funds are subject to specific conditions laid down by the donors as to how they may be used. Note 22 gives details of these funds.

Endowment funds

Endowment funds relate to bequests and gifts to the RCP, the terms of which stipulate that the capital may not be spent, and the income is to be utilised to meet the costs of awards, lectures and other RCP expenditure. Movements in these funds are shown in note 23.

Total return accounting

The trustees of the RCP applied to the Charity Commission in January 2012 for authorisation to enable the permanent endowments within the RCP trust funds to be invested on a total return basis as this would facilitate a better return on investments, without prejudicing the investment management policy.

Upon receiving the requisite order from the Charity Commission on 6 February 2012 the RCP trust fund committee approved the base date for the commencement of the total return investment policy to be 30 September 1988. The permanent endowments in note 23 of the financial statements have been recalculated as at the above date.

Critical accounting judgements and key sources of estimation uncertainty

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

Pension liabilities – the charity recognises its liability to its defined benefit pension scheme which involves a number of estimations as disclosed in note 26.

Financial instruments

Financial assets and financial liabilities are recognised when the RCP becomes a party to the contractual provisions of the instrument. Additionally all financial assets and liabilities are classified according to the substance of the contractual arrangements entered into. Financial assets and liabilities are initially measured at transaction price (including transaction costs) and are subsequently re-measured where applicable at amortised cost. Financial assets held at amortised cost comprise cash at bank and in hand, short-term investments together with accrued interest and other debtors. Financial liabilities held at amortised costs comprise other creditors and accruals.

Operating leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Notes to the financial statements continued

Incoming resources

	Unrestricted	Restricted/ endowment	2020	2019
	£000	£000	£000	£000
2 Fundraising				
Donations	155	264	419	443
Legacies	152	518	670	61
Library and museum	-	3	3	2
RCP North	-	1,051	1,051	57
RCP CQID	-	15	15	-
Physicians' fund	-	80	80	31
	307	1,931	2,238	594
3 Care quality improvement				
National Guideline Centre	71	2,761	2,832	3,222
Core and Audit and Accreditation	2,190	2,115	4,305	5,063
Invited Service Reviews	240	-	240	245
	2,501	4,876	7,377	8,530
4 Education and Federation				
Education and conferences	1,659	159	1,818	4,206
Continuing professional development	15	-	15	215
MRCP(UK) examinations	6,413	-	6,413	11,809
Physicians Training Board	1,732	-	1,732	1,626
	9,819	159	9,978	17,982
5 Membership support and global engagement				
Membership	7,609	-	7,609	7,194
UK regional offices	124	-	124	557
International	79	2	81	333
Medical Workforce Unit	6	-	6	12
	7,818	2	7,820	8,096
6 Communications, policy and research				
Publications	30	-	30	47
External communications	12	88	100	83
	42	88	130	130
7 Heritage and investing in our future				
Library and museum services	71	-	71	73
	71	-	71	73
8 Investment income				
Dividends	180	83	263	239
Interest on investments	268	135	403	846
	448	218	666	1,085

Notes to the financial statements continued

Resources expended

	Unrestricted	Restricted/ Endowment	2020	2019
	£000	£000	£000	£000
9 Care quality improvement				
National Guideline Centre	292	2,640	2,932	3,659
Core and Audit and Accreditation	3,472	2,046	5,518	6,591
Invited Service Reviews	417	-	417	355
	4,181	4,686	8,867	10,605
10 Education and Federation				
Education and conferences	4,206	487	4,693	6,317
Continuing professional development	118	-	118	175
MRCP(UK) examinations	4,084	-	4,084	5,473
Physicians Training Board	836	-	836	1,406
Faculty of Medical Leadership and Management	-	-	-	767
	9,244	487	9,731	14,138
11 Membership support and global engagement				
Membership	1,803	-	1,803	2,108
UK regional offices	1,000	-	1,000	1,364
International	496	157	653	848
Medical Workforce Unit	303	-	303	348
	3,602	157	3,759	4,668
12 Communications, policy and research				
Professional affairs	468	-	468	644
Committees	402	-	402	423
Publications	864	-	864	1,184
External communications	1,477	75	1,552	1,765
	3,211	75	3,286	4,016
13 Heritage and investing in our future				
Library and museum services	1,428	3	1,431	1,568
RCP North	1,270	-	1,270	697
	2,698	3	2,701	2,265

Notes to the financial statements continued

14	Expenditure on	Direct costs	Staff costs	Other support costs	Total 2020	Total 2019
		£000	£000	£000	£000	£000
Raising funds						
	Fundraising and publicity costs	16	257	73	346	253
	Investment management fees	165	-	-	165	159
	Meetings and events (non-medical)	464	-	569	1,033	1,713
Charitable expenditure						
	Care quality improvement	1,701	5,249	1,917	8,867	10,605
	Education and Federation	2,586	5,645	1,500	9,731	14,138
	Membership support and global engagement	524	2,045	1,190	3,759	4,668
	Communications, policy and research	534	2,285	467	3,286	4,016
	Heritage and investing in our future	170	1,248	1,283	2,701	2,265
	Meetings and events (medical)	658	1,480	2,212	4,350	6,016
	Trusts and fellowships	63	-	6	69	66
	Total for 2020	6,881	18,209	9,217	34,307	43,899
	Total for 2019	12,019	17,827	14,053	43,899	
					2020	2019
The analysis of other support costs is as follows:					£000	£000
	Administrative overheads				1,060	1,481
	Information technology costs				3,215	3,406
	Building overheads				2,202	2,372
	Travel, meetings, subscriptions and journals				178	705
	Governance costs*				127	62
	Other costs, including staff costs of central services				2,435	6,027
					9,217	14,053

*Governance costs include fees payable to the auditors from audit fees of £45.6k (2019: £41.5k) and non-audit services of £3k (2019: £2k).

Notes to the financial statements continued

15	Employees and trustees	2020	2019
	The total costs of salaries and wages were as follows:	£000	£000
	Salaries and wages	15,227	14,949
	Social security costs	1,575	1,544
	Pension Costs	1,407	1,334
		18,209	17,827
		2020	2019
	The average number of employees in the year was:	413	414
	The number of employees whose emoluments exceeded £60,000 were:		
	£60,001–£70,000	14	12
	£70,001–£80,000	9	5
	£80,001–£90,000	3	3
	£90,001–£100,000	5	6
	£100,001–£110,000	1	1
	£110,001–£120,000	1	-
	£120,001–£130,000	-	-
	£130,001–£140,000	-	-
	£140,001–£150,000	1	1
		2020	2019
15a	Key management personnel	£000	£000
	Total employee benefits paid to key management personnel (Including pension contributions)	1,161	1,156
		2020	2019
15b	Termination payments		
	No of payments	13	11
	Value of payments (£000)	103	90
15c	Payments to trustees	2020	2019
	No of payments made to trustees, this includes payments to officers supporting their defined roles as senior officers as well as their trustee roles. No other remuneration was paid to trustees from the RCP in the current or preceding years.	7	15
	Value of payments (£000)	8	48

Trustees are not remunerated and this is a reimbursement of costs.

Twenty-eight (2019: 25) of the above employees are members of the defined contribution pension scheme, six are members of the GPPP scheme (2019: 3) and three are also members of the defined benefit pension scheme (2019: 3), which is now closed. Contributions paid into the defined contribution pension scheme for the employees for the year was £1,415k (2019: £1,334k).

£59k of termination payments remained outstanding at year-end to be paid in 2021.

Notes to the financial statements continued

16a Intangible IT assets (Group and RCP)	Intangible IT assets in use	Intangible IT assets under construction	Total 2020
	£000	£000	£000
Cost at 1 January 2020*	4,527	229	4,756
Additions	58	238	296
Transfers/adjustments	104	(104)	-
Cost at 31 December 2020	4,689	363	5,052
Accumulated amortisation at 1 January 2020	(2,738)	-	(2,738)
Amortisation for the year	(897)	-	(897)
Accumulated amortisation at 31 December 2020	(3,635)	-	(3,635)
Net book value at 31 December 2020	1,054	363	1,417
Net book value at 31 December 2019	1,789	229	2,018

16b Tangible assets (Group and RCP)	Leasehold properties	Furniture and fixtures	IT & AV tangible assets	Assets under construction	Total 2020
	£000	£000	£000	£000	£000
Cost at 1 January 2020	22,734	1,239	2,186	1,086	27,245
Additions	146	22	606	11,259	12,033
Transfers/adjustments	-	-	33	(33)	-
Cost at 31 December 2020	22,880	1,261	2,825	12,312	39,278
Accumulated depreciation at 1 January 2020 (restated)*	(12,506)	(499)	(1,477)	-	(14,482)
Depreciation for the year	(1,036)	(111)	(325)	-	(1,472)
Accumulated depreciation at 31 December 2020	(13,542)	(610)	(1,802)	-	(15,954)
Net book value at 31 December 2020	9,338	651	1,023	12,312	23,324
Net book value at 31 December 2019	10,228	483	965	1,086	12,762

*Restatement relates to re-classification error from 2019 between furniture and fixtures and IT&AV tangible assets

The majority of the costs of tangible assets under construction relates to development fees and costs associated with RCP at The Spine.

17 Investments (Group and RCP)	[-----Unrestricted-----]				Total	
	Designated for leasehold	General	Restricted	Endowment	2020	2019
	£000	£000	£000	£000	£000	£000
Market value at 1 January 2020	4,357	32,356	1,874	9,607	48,194	43,901
Additions at cost	1,710	68	-	1,275	3,053	5,419
Disposals	(6,014)	(12,602)	(1)	(1,158)	(19,775)	(4,838)
Loss/gains	19	1,045	15	381	1,460	3,712
Total investments at 31 December 2020	72	20,867	1,888	10,105	32,932	48,194
Historical cost as at 31 December 2020						34,597
The above investments are held as follows:					2020	2019
					£000	£000
Equities					18,462	23,455
Bonds					2,914	2,567
Multi-asset funds					3,064	4,333
Alternatives					4,722	6,249
Cash					3,770	11,590

Notes to the financial statements continued

18 Debtors (Group and RCP)	2020		2019	
	Group £000	RCP £000	Group £000	RCP £000
Current				
Trade debtors	1,179	1,089	1,570	1,465
Other debtors	998	998	731	648
Prepayments	524	524	995	996
Accrued income	3,401	3,401	951	952
	6,102	6,012	4,247	4,061
Non-Current				
Loans due from subsidiary	-	275	-	-
	6,102	6,287	4,247	4,061

19 Creditors and accrued expenses (Group and RCP)	2020		2019	
	Group £000	RCP £000	Group £000	RCP £000
Current				
Trade creditors	912	871	4,737	4,158
Other creditors	3,089	2,859	2,866	2,799
Tax and social security creditors	421	421	413	413
Accruals	5,809	5,803	3,154	3,140
Amount due to subsidiary undertaking	-	214	-	388
Obligations under finance lease	77	77	-	-
	10,308	10,245	11,170	10,898
Examination and other income received in advance (Group and RCP)	Balance b/f 1 Jan 20	Released to SOFA	Received in year	Balance c/f 31 Dec 20
	£000	£000	£000	£000
Examination income	4,700	4,700	4,523	4,523
Other income	1,588	1,558	2,673	2,703
	6,288	6,258	7,196	7,226
Non-Current				
	Group £000	RCP £000	Group £000	RCP £000
Bank loan	7,500	7,500	-	-
Accruals	459	459	-	-
Obligations under finance lease	274	274	-	-
	8,233	8,233	-	-

Notes to the financial statements continued

19b Provisions for liabilities (Group)	Other £000	2020 total	2019 total
Provisions at 1 January	-	-	-
Additional provisions made in the year	127	127	-
Provisions released from prior years	-	-	-
Provision for liabilities at 31 December	127	127	-

20 Financial assets and liabilities	2020 £000	2019 £000
Financial assets held at fair value	32,932	48,194
Gains/(losses) on assets held at fair value	1,460	3,712

Notes to the financial statements continued

21 Unrestricted funds						
	Balance as at 01/01/2020	Income	Expenditure	Gains/losses	Transfers	Balance as at 31/12/2020
	£000	£000	£000	£000	£000	£000
Unrestricted general	13,678	23,738	(28,778)	443	3,342	12,423
Unrestricted designated						
Leasehold Replacement Fund	4,357	-	-	19	(4,376)	-
Fixed and Intangible Assets Fund	14,780	-	-	-	2,461	17,241
Legacies Development Fund	147	-	-	-	-	147
Care quality improvement	179	-	-	-	(74)	105
	33,141	23,738	(28,778)	462	1,353	29,916

Leasehold replacement fund – identified in prior years as one source of funds for the fit-out of the RCP at The Spine in Liverpool. The fund has been released to the general fund in 2020.

Fixed and intangible assets fund – this represents the amounts set aside from the general fund to fund the net book value of the RCP's fixed and intangible assets, net of associated loan in respect of the Spine fit-out.

Legacies development fund – the fund will be utilised for appropriate and relevant projects for such purposes that the major donors can be recognised and remembered.

Care quality improvement – funds remaining on completed projects have been designated with the aim of expanding the work carried out by this department. It is expected that these funds will be used within the next year.

Notes to the financial statements continued

22 Restricted funds	Balance at 01/01/2020	Income	Expenses	Gains	Transfers	Balance at 31/12/2020
	£000	£000	£000	£000	£000	£000
Care quality improvement	620	2,122	(1,971)	-	23	794
National Guideline Centre	-	2,761	(2,640)	-	(2)	119
Education	962	163	(425)	-	-	700
Membership support and global engagement	178	2	(20)	-	4	164
Drabu MTI Programme	37	10	(6)	-	2	43
Physicians for Africa	24	127	(131)	-	-	20
Eric Watts donation	100	-	(33)	-	-	67
RCP North	100	1,051	-	-	(1,151)	-
Physicians' Fund	120	80	-	-	-	200
Dorothy Whitney Wood – Physicians' Fund	-	518	-	-	-	518
Fundraising RCP CQID	-	15	(15)	-	-	-
COVID-19 appeal	-	127	(89)	-	-	38
External communications	75	88	(75)	-	-	88
Dr Everley-Jones legacy	320	5	(2)	6	(227)	102
Harold Thomas Barten Trust	106	2	(1)	2	-	109
Frank Peacock Bequest	65	1	-	1	-	67
Catherine Mills Bequest	70	2	-	1	-	73
Queenie Louisa Higgins Bequest	47	-	-	1	-	48
Thomas Cotton Trust	73	-	-	-	-	73
The London Fever Hospital Fund	15	1	-	-	3	19
The Saltwell Will Trust Research Branch	124	-	-	-	14	138
Will Edmunds Clinical Research Trusts	24	-	-	-	3	27
17 other funds balances below £40,000	296	10	(7)	4	-	303
Total	3,356	7,085	(5,415)	15	(1,331)	3,710

Funds with closing balances over £100k are as follows:

The grants for Care quality improvement, Education, and Membership support and global engagement are received in respect for specific projects.

The Physicians' Fund awards grants to trainees and new consultants pursuing innovation in medicine. The grants enable recipients to take up to 12 months out of clinical practice to undertake research in a UK institution and are funded by donors to the RCP.

The Dorothy Whitney Wood Physicians' relates to a legacy received in 2020 to establish the "Whitney-Wood Scholarship" to be awarded for the purposes of research in the field of medicine preferably concerned with the understanding and management of cancer.

The Dr Everley-Jones legacy was received from the estate of Dr Everley-Jones, to be used in the field of communication in medicine in its broadest sense, encompassing all aspects of information technology.

The Harold Thomas Barten Trust is to be used for the purpose of scientific study of the human brain and mental disorder.

Notes to the financial statements continued

23 Endowment funds	Unapplied total return 01/01/2020	Income	Gains	Conversion to income	Transfers	Unapplied total return 31/12/2020	'Frozen' permanent capital 31/12/2020	Total endowment 31/12/2020
	£000	£000	£000	£000	£000	£000	£000	£000
Bradshaw Trust	203	7	6	(31)	-	185	143	328
Eden Fellowship in Paediatrics	1,102	26	23	(6)	-	1,145	142	1,287
John Rosser Scholarship	29	1	1	-	-	31	42	73
Joseph Senior White Trust	101	4	5	(1)	-	109	161	270
Lewis Thomas Gibbon Jenkins-Briton Ferry	1,297	50	47	(31)	-	1,363	1,250	2,613
ORL Wilson Bequest	105	3	3	(1)	-	110	44	154
James Maxwell Grant Prophit Bequest	433	19	18	(5)	-	465	539	1,004
Sadleir Trust	357	10	8	(2)	-	373	91	464
Samuel Leonard Simpson Fellowship	613	17	17	(4)	-	643	280	923
T K Stubbins bequest	40	3	3	(17)	-	29	104	133
Watson Smith Trust	522	20	18	(5)	-	555	470	1,025
William Withering Prize	134	4	3	(1)	-	140	38	178
Dr J D Ramsay Scholarship	46	1	1	-	-	48	30	78
Graham Bull Prize	51	-	1	-	-	52	25	77
Sir Michael Perrin Lecture	76	1	2	-	-	79	12	91
Lady Teale Lecture	95	3	3	(1)	-	100	44	144
John Glyn	95	4	3	(1)	-	101	80	181
Dame Sheila Kift Bequest	34	1	1	-	-	36	38	74
13 other funds with balances below £40,000	161	4	5	(2)	-	168	109	277
Subtotal	5,494	178	168	(108)	-	5,732	3,642	9,374

Funds not included in total return	Balance at 01/01/2020	Income	Gains	Conversion to income	Transfers	'Frozen' permanent capital	Balance at 31/12/2020
	£000	£000	£000	£000	£000	£000	£000
Thomas Cotton Fund	180	-	6	-	-	-	186
The London Fever Hospital Research Fund	168	3	8	(1)	(3)	-	175
Saltwell Will Trust Research Branch	924	14	155	(3)	(14)	-	1,076
Will Edmunds Clinical Research Fund	447	3	41	(1)	(3)	-	487
Drabu Fund	120	2	3	(1)	(2)	-	122
Subtotal	1,839	22	213	(6)	(22)	-	2,046
Total endowment	7,333	200	381	(114)	(22)	3,642	11,420

The Drabu Fund endowment was received from the Drabu family in year, to be used for the placement of trainees from India (State of Jammu and Kashmir) and Pakistan to work in the UK for 2 years within palliative care to enhance their skills and learning.

Notes to the financial statements continued

The RCP received a total return order from the Charity Commission, dated 6 February 2012, which enables the trustees to decide which part of the unapplied total return from the investment of the charity's permanent endowments should be held on trust for application for the purposes of the charity.

Funds with closing balances over £300k are as follows:

- > The Bradshaw Trust was founded by a bequest from Mrs Sally Hall Bradshaw by her will of 1875, in memory of her husband Dr William Wood Bradshaw MRCP FRCS (1800–66): £1,000 to endow an annual lecture on a subject connected with medicine or surgery. The lecturer is appointed by the president: the honorarium is £20.
- > The Eden Fellowship in Paediatrics was established in 1947 from the estate of Dr Thomas Watts Eden, to establish and maintain travelling fellowships for the study of childhood in health and disease.
- > The Lewis Thomas Gibbon Jenkins of Briton Ferry Memorial Trust was received by the RCP in November 1998 from the executors of Mrs Nancy Crawshaw's will. The capital is to remain intact for a minimum of 21 years after her death. The income is to be applied for the promotion of medical research connected with a physical disorder prevalent in Wales.
- > The James Maxwell Grant Prophit Trust was received in November 1998. The endowment is an addition to the Prophit Bequest and as with the original bequest the fund is to be devoted to the promotion and furthering of research work concerning the nature, causes, prevention, treatment and cure of tuberculosis.
- > The Samuel Leonard Simpson Fellowship was founded in 1984 by a gift of shares/stocks from Mrs HM Simpson in memory of her husband Dr Samuel Leonard Simpson FRCP (1900–83) for a travelling scholarship in endocrinology.
- > The Watson Smith Trust was a bequest from Dr Sydney Watson Smith FRCP in memory of his wife and himself, to endow an annual lecture and medical research fellowship.
- > The Sadleir Trust was established by a bequest from Lady Sadleir, wife of Sir Edwin Sadleir Bt and widow of Dr William Croone (1633–84), fellow of the RCP, to provide for the two annual lectures Dr Croone had planned, but for which he had made no endowment: one to be read before the Royal College of Physicians by a fellow of the college, with a sermon to be preached at St Mary-le-Bow; the other on the nature and laws of muscular motion to be delivered before the Royal Society.
- > The Cotton Trust was founded by a bequest from Dr Thomas Forrest Cotton FRCP (1884–1965), in memory of Sir William Osler Bt FRCP FRS (1849–1919). The legacy, received in 1968, is invested and managed by the trustees of The Royal Trust Corporation of Canada/The Royal Trust Company, and the income is paid to RCP.
- > The London Fever Hospital Research Fund was established in 1947 for the trustees in the encouragement of or reward for advances in the prevention, treatment and housing of infectious diseases.
- > Saltwell Will Trust Research Branch was established for the income generated to be used to aid research work in connection with and the cure and prevention of cancer, rheumatism, malaria and morbid conditions of the prostate gland.
- > Will Edmunds Clinical Research Fund was established in 1925 to award a fellowship in clinical research in hospitals in the Metropolitan area of London. The research must concern diseases usually treated at a general hospital, excluding tropical and rare diseases.

Notes to the financial statements continued

24 Analysis of group net assets after pension scheme liability

					Total	
	Intangible and tangible assets	Loan	Investments	Net liabilities inc. pension liability	2020	2019
	£000		£000	£000	£000	£000
Unrestricted:						
Designated						
Leasehold Replacement Fund		-	-	-	-	4,357
Fixed Assets Fund	24,741	(7,500)	-	-	17,241	14,780
Legacies Development Fund	-	-	-	147	147	147
Care quality improvement	-	-	-	105	105	179
	24,741	(7,500)	-	252	17,493	19,463
General funds	-	-	20,939	(8,516)	12,423	13,678
	24,741	(7,500)	20,939	(8,264)	29,916	33,141
Restricted	-	-	1,888	1,822	3,710	3,356
Endowment	-	-	10,105	1,315	11,420	10,975
	24,741	(7,500)	32,932	(5,127)	45,046	47,472

Notes to the financial statements continued

25 Trading subsidiary – The RCP Regent's Park Limited

The trading results and balance sheet of the RCP subsidiary company as extracted from its audited accounts are set out below.

	2020	2019
Profit and loss account	£000	£000
Turnover	928	1,772
Cost of sales	(476)	(807)
Gross profit	452	965
Administrative expenses	(558)	(906)
Operating profit	(106)	59
Gift aid to Royal College of Physicians	-	(59)
Retained profit for the financial year	(106)	-

Included within operating costs is £530k (2019: £819k), which represents a reimbursement in respect of costs incurred by the RCP.

	2020	2019
Balance sheet	£000	£000
Debtors	90	187
Debtor – due from RCP	214	388
Balance at bank	142	87
Current and total assets	446	662
Creditors due within 1 year:	(277)	(661)
Creditors due more than 1 year:	(275)	
Total creditors	(552)	(661)
Net assets	(106)	1
Capital and reserves		
Accumulated deficit	(106)	-
Called up share capital	£1	£1
Shareholders' funds	(106)	£1

The RCP's wholly owned trading subsidiary, The RCP Regent's Park Limited, was incorporated on 17 September 2001, company registration 04288664.

The operating loss for the year ended 31 December 2020 was £(106k) (2019 profit: £59k).

The principal activity of the company is to organise, provide facilities for and hold conferences, seminars, and courses of instruction, demonstrations, lectures, exhibitions, private dinners and functions.

Notes to the financial statements continued

26 Pension schemes

Total pension costs charged for the year were £79k (2019: £76k) for the defined benefit pension scheme and employer pension contributions of £1,407k (2019: £1,334k) for the defined contribution pension scheme.

There are two defined contribution schemes. One scheme closed to new members in 2018 – employer contribution rates for this defined contribution scheme are determined by the members' age bands with incremental rates for older members. The new scheme opened for new membership has a flat employer contribution rate of 7%.

The defined benefit pension scheme is closed to new members and closed to future accrual. There is no further salary linkage. For the purposes of FRS 102 the valuation of the defined benefit scheme has been calculated under FRS 102 as at 31 December 2020 by a qualified actuary.

The valuation, details of which are given below, shows £20.29 million of assets and £24.53 million of liabilities. The deficit of £4.24 million remained broadly the same as 2019. Although there was an increase in scheme liabilities over the year due to a change in financial assumptions this was off-set by assets performing well over the period.

The scheme's assets and liabilities as at 31 December 2020, analysis of pension costs and details of the valuation were as follows:

Principal assumptions	2020	2019	2018	2017	2016
	% per annum	% per annum	% per annum	% per annum	% per annum
Discount rate	1.30	2.00	2.9	2.5	2.7
Aggregate long-term expected rate of return on assets	1.30	2.00	2.9	2.5	2.7
Rate of increase of salaries	n/a	n/a	n/a	n/a	n/a
RPI inflation assumption for pensions in payment	2.75	3.00	3.25	3.2	3.6
CPI inflation assumption for deferred pensions	2.15	2.00	2.25	2.2	2.6
Pension increases	2.75	2.95	3.15	3.1	3.4
Pension commencement lump sum taken at retirement	18.75% of benefit value	18.75% of benefit value	18.75% of benefit value	18.75% of benefit value	18.75% of benefit value

Mortality tables: 90% of S2PMA tables for males and 80% of S2PFA tables for females using CMI 2018 projections with a 1.25% long-term rate of improvement based on year of birth.

The assets valued below are in the form of monies invested with Standard Life, Newton Investment Management and Legal and General Investment Management, together with the trustees' bank account. The assets in the scheme and the expected rate of return were:

Assets breakdown	2020	2019
	%	%
Real return and absolute return funds	-	-
Diversified Growth Fund	-	28.3
UK Government index-linked gilts	-	-
Corporate bonds	-	-
Multi asset credit	34.44	25.7
UK corporate bonds	14.12	14.4
Liability driven investments	27.33	22.8
Equities	14.91	-
Cash	9.20	8.8
Total market value of assets	100	100

Notes to the financial statements continued

The pension scheme has not invested in any of Royal College of Physicians' own financial instruments, nor in properties or other assets used by the Royal College of Physicians. The assets are all quoted in an active market.

Movement in deficit during the year	2020	2019
	£000	£000
Pension scheme liability at the beginning of the year	(4,243)	(2,978)
Actuarial losses and gains on present value of obligations	(2,315)	(2,470)
Experience gains and losses on defined benefit obligations	-	-
Gains/(losses) on return of scheme assets	1,713	596
Employer contributions	685	685
Net interest on the net defined benefit liability	(79)	(76)
	(4,239)	(4,243)

Reconciliation of the opening and closing balances of scheme liabilities	2020	2019
	£000	£000
Present value of scheme liabilities at beginning of the year	22,482	19,966
Interest cost	443	571
Actuarial (loss)/gain on scheme liability assumption changes	2,315	2,470
Benefits paid	(714)	(525)
Present value of scheme liabilities at the end of the year	24,526	22,482

Reconciliation of the opening and closing balances of the fair value of assets	2020	2019
	£000	£000
Fair value of scheme assets at beginning of the year	18,239	16,988
Interest income	364	495
Return on scheme assets	1,713	596
Employer contributions	685	685
Benefits paid	(714)	(525)
Fair value of scheme assets at the end of the year	20,287	18,239

Reconciliation of the present value of scheme liabilities and fair value of assets to the asset and liability recognised in the balance sheet	2020	2019
	£000	£000
Fair value of scheme assets	20,287	18,239
Value of liabilities (defined benefit obligation)	(24,526)	(22,482)
Funded status	(4,239)	(4,243)
Recognised pension scheme liability	(4,239)	(4,243)

Analysis of pension scheme assets and liabilities for the current and previous five financial periods	2020	2019	2018	2017	2016	2015
	£000	£000	£000	£000	£000	£000
Present value of scheme liability	(24,526)	(22,482)	(19,966)	(22,604)	(22,962)	(18,925)
Fair value of scheme assets	20,287	18,239	16,988	16,690	15,683	13,870
Deficit	(4,239)	(4,243)	(2,978)	(5,914)	(7,279)	(5,055)

At the date of the last triennial statutory actuarial assessment as at 1 January 2018, the market value of the scheme was £19.3 million and the actuarial value of those assets represented 83% of the value of the benefits which had accrued at that date, allowing for future pension increases.

Notes to the financial statements continued

27	Lease obligations	2020	2019
		£000	£000
	Operating leases on land and buildings, by expiry date:		
	Under 1 year	123	182
	1 to 5 years	58	71
	5 years plus	27,571	22
	Total future minimum operating lease commitments	27,752	275
	Operating leases on office equipment and computers, by expiry date:		
	Under 1 year	20	2
	1 to 5 years	11	2
	5 years plus	-	-
	Total future minimum operating lease commitments	31	4
	Finance leases on IT equipment by expiry date:		
	Under 1 year	91	-
	1 to 5 years	294	-
	5 years plus	-	-
	Total future minimum finance lease commitments	385	-

In August 2019 the RCP signed an agreement for lease for 69,890 square feet over seven floors of 'The Spine' with Liverpool City Council for 25 years. The rental for the total period is £27.5 million. The lease came into effect at the end of June 2020.

The new finance lease in year, relates to a 5 year agreement entered into for IT infrastructure.

28 Related party transactions

The Royal College of Physicians, a charity registered (charity number 210508) in England and Wales, is the ultimate controlling parent of its subsidiary undertaking, The RCP Regent's Park Limited, which is consolidated on a line-by-line basis in these group accounts. During the year the Royal College of Physicians received £530k income from The RCP Regent's Park Limited. At 31 December 2020 The RCP Regent's Park Limited owed the RCP £275k in relation to an inter-company loan and the RCP owed the trading company £214k in respect of inter-company transactions.

Mr Justin Smith is the executive director of Corporate Services for the RCP, during the year transactions worth £3k (2019: £16k) were incurred with Maya Blue Limited, as supplier to the RCP, of which the directors are Mr Justin Smith and Mrs Elizabeth Mullings-Smith, the spouse of Mr Justin Smith. There were no other related party transactions in the period.

Notes to the financial statements continued

29 Comparative notes from the prior year

a Consolidated statement of financial activities for the year ended 31 December 2019

		Unrestricted funds	Restricted funds	Endowment funds	Total funds	
	Notes	£000	£000	£000	31 Dec 19	31 Dec 18 restated
		£000	£000	£000	£000	£000
Income from:						
Fundraising	2	125	349	120	594	258
Charitable activities						
Care quality improvement	3	3,201	5,329	-	8,530	9,143
Education and Federation	4	16,948	1,034	-	17,982	18,009
Membership support and global engagement	5	8,061	35	-	8,096	8,436
Communications, policy and research*	6	47	83	-	130	175
Heritage and investing in our future	7	73	-	-	73	73
Meetings and events (medical)		4,269	-	-	4,269	4,115
Activities to generate funds						
Investment income	8	708	28	349	1,085	1,033
Meetings and events (non-medical) – trading	25	1,772	-	-	1,772	1,831
Other income		197	4	-	201	108
Total income		35,401	6,862	469	42,732	43,181
Expenditure on:						
Raising funds						
Fundraising costs		253	-	-	253	230
Investment management fees		123	3	33	159	135
Meetings and events (non-medical)	25	1,713	-	-	1,713	1,569
		2,089	3	33	2,125	1,934
Charitable activities						
Care quality improvement	9	5,237	5,368	-	10,605	11,356
Education and Federation	10	13,003	1,135	-	14,138	15,262
Membership support and global engagement	11	4,472	196	-	4,668	4,577
Communications, policy and research	12	3,953	63	-	4,016	4,096
Heritage and investing in our future	13	2,265	-	-	2,265	2,718
Meetings and events (medical)		6,016	-	-	6,016	5,265
Trusts and fellowships		-	5	61	66	115
Total expenditure	14/15	37,035	6,770	94	43,899	45,323
Net operating (loss)/gain		(1,634)	92	375	(1,167)	(2,142)
Net gains/(losses) on investment assets		2,617	73	1,022	3,712	(3,007)
Net income/(expenditure)		983	165	1,397	2,545	(5,149)
Transfers between funds	21/22	34	4	(38)	-	-
Actuarial (losses)/gains on defined benefit pension scheme	26	(1,874)	-	-	(1,874)	2,105
Net movement in funds for the year		(857)	169	1,359	671	(3,044)
Funds brought forward at 1/1/19	21/22/23	33,998	3,187	9,616	46,801	49,845
Funds carried forward at 31 December 2019		33,141	3,356	10,975	47,472	46,801

*formerly Strategy, communications and policy

Notes to the financial statements continued

b Restricted funds 2019

Restricted funds	Balance at 01/01/2019	Income	Expenses	Gains	Transfers	Balance at 31/12/2019
	£000	£000	£000	£000	£000	£000
Care quality improvement*	693	2,274	(2,311)	-	(36)	620
National Guideline Centre	-	3,055	(3,057)	-	2	-
Education	296	1,034	(368)	-	-	962
Faculty of Medical Leadership and Management	767	-	(767)	-	-	-
Membership support and global engagement***	187	35	(44)	-	-	178
Drabu MTI Programme	-	65	(28)	-	-	37
Physicians for Africa***	87	61	(124)	-	-	24
Eric Watts donation	-	100	-	-	-	100
RCP North**	43	57	-	-	-	100
Physicians' Fund**	89	31	-	-	-	120
External communications	55	83	(63)	-	-	75
Dr Everley-Jones legacy	281	11	(1)	29	-	320
Harold Thomas Barten Trust	93	4	-	9	-	106
Frank Peacock Bequest	57	2	-	6	-	65
Catherine Mills Bequest	62	2	-	6	-	70
Queenie Louisa Higgins Bequest	41	2	-	4	-	47
Thomas Cotton Trust	68	-	-	-	5	73
The London Fever Hospital Fund	12	-	-	-	3	15
The Saltwell Will Trust Research Branch	100	-	-	-	24	124
Will Edmunds Clinical Research Trusts	18	-	-	-	6	24
17 other funds balances below £40,000	238	46	(7)	19	-	296
Total	3,187	6,862	(6,770)	73	4	3,356

*formerly Clinical Standards

**formerly Fundraising

***formerly included in Membership support and global engagement

Notes to the financial statements continued

c Endowment funds 2019

Endowment funds	Unapplied total return 01/01/2019	Income	Gains	Conversion to income	Transfers	Unapplied total return 31/12/2019	'Frozen' permanent capital 31/12/2019	Total endowment 31/12/2019
	£000	£000	£000	£000	£000	£000	£000	£000
Bradshaw Trust	164	11	34	(6)	-	203	143	346
Eden Fellowship in Paediatrics	960	41	110	(9)	-	1,102	142	1,244
John Rosser Scholarship	20	3	6	-	-	29	42	71
Joseph Senior White Trust	69	10	23	(1)	-	101	161	262
Lewis Thomas Gibbon Jenkins-Briton Ferry	999	86	224	(12)	-	1,297	1,250	2,547
ORL Wilson Bequest	88	5	13	(1)	-	105	44	149
James Maxwell Grant Prophit Bequest	316	32	88	(3)	-	433	539	972
Sadleir Trust	305	15	39	(2)	-	357	91	448
Samuel Leonard Simpson Fellowship	513	30	79	(9)	-	613	280	893
T K Stubbins bequest	33	5	15	(13)	-	40	104	144
Watson Smith Trust	404	34	88	(4)	-	522	470	992
William Withering Prize	114	6	15	(1)	-	134	38	172
Dr J D Ramsay Scholarship	37	3	7	(1)	-	46	30	76
Graham Bull Prize	42	3	7	(1)	-	51	25	76
Sir Michael Perrin Lecture	64	4	8	0	-	76	12	88
Lady Teale Lecture	79	5	12	(1)	-	95	44	139
John Glyn	77	6	16	(4)	-	95	80	175
Dame Sheila Kift Bequest	26	2	6	-	-	34	38	72
17 other funds with balances below £40,000	152	10	25	(26)	-	161	109	270
Subtotal	4,462	311	815	(94)	-	5,494	3,642	9,136

Funds not included in total return	Balance at 01/01/2019	Income	Gains	Conversion to income	Transfers	'Frozen' permanent capital	Balance at 31/12/2019
	£000	£000	£000	£000	£000	£000	£000
Thomas Cotton Fund	140	5	40	-	(5)	-	180
The London Fever Hospital Research Fund	148	3	20	-	(3)	-	168
Saltwell Will Trust Research Branch	806	24	118	-	(24)	-	924
Will Edmunds Clinical Research Fund	418	6	29	-	(6)	-	447
Drabu Fund	-	120	-	-	-	-	120
Subtotal	1,512	158	207	-	(38)	-	1,839
Total endowment	5,974	469	1,022	(94)	(38)	3,642	10,975

Notes to the financial statements continued

d Analysis of group net assets after pension scheme liability 2019

Analysis of group net assets after pension scheme liability				Total	
		Intangible and tangible assets	Investments	Net current assets inc. pension liability	
		£000	£000	£000	
Unrestricted:					
Designated				2019	2018
	Leasehold Replacement Fund	-	4,357	-	4,283
	Fixed Assets Fund	14,780	-	-	14,485
	Legacies Development Fund	-	-	147	145
	Care quality improvement	-	-	179	115
		14,780	4,357	326	19,028
General funds		-	32,356	(18,678)	14,970
		14,780	36,713	(18,352)	33,988
Restricted		-	1,874	1,482	3,187
Endowment		-	9,607	1,368	9,616
		14,780	48,194	(15,502)	46,801

30 Capital commitments

The Royal College of Physicians had a capital commitment of £3,284k as at 31 December 2020 (2019: £430k), the majority of which relates to the development of The Spine building.

11 St Andrews Place
Regent's Park
London NW1 4LE

The Spine
2 Paddington Village
Liverpool L7 3FA

www.rcp.ac.uk



**Royal College
of Physicians**