



Royal College
of Physicians



500 years of medicine

Annual report 2018



500 years of medicine

Annual report 2018

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About the RCP

The Royal College of Physicians (RCP) is a professional membership body for physicians, with over 36,000 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 also work to ensure that physicians are educated and trained to provide high-quality care.

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.

500 years of medicine





Royal C



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



**Andrew Goddard,
RCP president**

2018 was not a quiet year for the RCP, being both a celebration of the past 500 years and the heralding of the future of our college in the next 500. It was always going to be hard to get the balance right between ‘business as usual’ and the quincentenary celebrations but with a mixture of major events and smaller scale contributions by individual physicians we did not get too distracted by the big birthday.

The annual conference, celebratory dinners in London and Liverpool, garden party and various television appearances all showed the RCP in its best light. There were three standout memories for me though – the visit of Her Majesty the Queen in February, the first-ever membership and fellowship ceremony in Wales, and the amazing support for our RCP500 charter wherever it was taken (including by me on a bicycle).

Her Majesty’s visit was a marvellous occasion with trainees, consultants, fellows, staff and friends aplenty there to welcome her. She had something to say to everyone and seemed genuinely delighted to be here. She unveiled our RCP500 charter, a commitment by members and fellows to provide high-quality healthcare for our patients, support each other, and to champion education and research.

The 500-year celebrations allowed us to forge new links with friends throughout the world and more locally in Liverpool and surrounding regions. The Spine, our new building in that city, has started to take physical form as the concrete is poured. In less than 2 years it will be part of our fabric, a visible commitment to high-quality training and education nationally, to our commitment to improve public health from an inequalities standpoint, and to improving clinical and academic links outside of London.

The huge amount of activity that has gone on in the past year outside of these two major work programmes can be seen by reading the report of trustees. The RCP has an increasingly high profile and is being listened to by many in government and the wider NHS. We have much to say.

Each year that passes sees senior officers come and go. We said farewell to Margaret Johnson, our academic vice president whose legacy will be the ongoing work of Research for all, a welcome focus on embedding clinical research in the NHS. We also bid a sad au revoir to Jane Dacre, my predecessor, a modernising president who will be missed by all. Her damehood was richly deserved and it has been a joy to work with her over the past 4 years. There is much for all of us to live up to in 2019.

Report of trustees

The trustees of the RCP are pleased to present their annual report for the year ended 31 December 2018. The report is based on the five strategic areas and presents our activities, significant achievements and successes in 2018 against our plans, as well as outlining our strategy for the future. Highlights of Federation activities are included in this report.

The year 2018 was a significant landmark for the RCP. We celebrated our 500th anniversary by holding a number of high-profile events throughout 2018. This report includes an overview of those events.

RCP strategy

Our 5-year strategy covers the period 2015–20 and is set out under five key areas:

- 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.
- 2 **Developing physicians throughout their careers**
Our education and training programmes support physicians to fulfil their potential. We enable doctors to deliver the best possible patient care and become excellent clinicians.
- 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.
- 4 **Shaping the future of health and healthcare**
The insight of physicians and their patients helps to shape our vision for the future of health and healthcare. We listen to physicians, patients and the public and champion their aspirations.
- 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 500 years to 1518. We want to invest in our future while promoting and preserving our history.

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 Royal College of Physicians of London. Together, the colleges represent more than 50,000 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).

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 2018, 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
- › support physicians throughout their careers
- › develop health services that promote patient safety, patient experience, staff wellbeing and service improvement.

Our key achievements

Supporting service improvement

The RCP is at the forefront of quality improvement (QI) in the NHS, providing support to clinicians and their teams. In 2018 we:

- › recruited more clinicians across the UK to join our QI faculty of experts to promote, develop and support quality improvement NHS-wide. We now have 57 experts on board
- › held RCPQI breakthrough collaboratives for 150 delegates, with 50 more signed up for the first part of 2019. The topics covered included smoking cessation and inflammatory bowel disease.
- › delivered presentations on QI at the International Forum on Quality and Safety in Healthcare in Amsterdam, the World Health Summit, and CleanMed Europe.

The Falls and Fragility Fracture Audit Programme (FFFAP) team ran a QI training day for trainees in Leicester. The trainees reported a lack of participation in and completion of an audit cycle and related QI projects. This steered the team to develop an educational programme planned to start in early 2019. This will use FFFAP data as a basis for QI projects, include teaching days and peer support from a QI fellow.

Our Accreditation Unit helps clinical teams work collaboratively towards common improvement goals. Accreditation services aim to improve the quality, safety and outcomes of healthcare, the patient experience and service delivery. In 2018, 551 endoscopy services, 36 liver services, 25 allergy services were part of an accreditation scheme, as well as 91% of immunodeficiency services and 71% of pulmonary rehabilitation services across the UK.

Patient panels were recruited for two of our audit programmes to represent the views of patients and make suggestions for improvements. The FFFAP team was highly commended for its resources for patients on secondary hip fractures. And the National Lung Cancer Audit team's first booklet for patients was also highly commended by the British Medical Association and described as 'an exceptional resource'.



The National Early Warning Score (NEWS) is the best available system for assessing physiological risk in deteriorating patients. The single warning score offers a unified language ... and can be used by all healthcare professionals in all settings'

Dr Matt Inada-Kim, consultant acute physician



Setting standards

The National Guideline Centre (NGC) supports evidence-based guideline development for NICE (National Institute of Health and Care Excellence). A number of clinical guidelines were published this year covering renal replacement therapy, chronic heart failure, rheumatoid arthritis, hearing loss, Lyme disease, venous thromboembolism, and acute medical emergencies.

Over 120,000 records about chronic obstructive pulmonary disease (COPD) patients have now been included in the National COPD Audit, which is believed to be the largest COPD dataset worldwide. There are half a million records now entered to the National Hip Fracture Database making it the largest hip fracture audit worldwide. The National Lung Cancer Audit reported on nearly 40,000 patients diagnosed with lung cancer in 2016 – the highest number so far. Each of these was achieved by clinicians in hospital teams nationwide sharing data with our audit teams in order to access big data and enable local improvement.

NEWS2, the updated National Early Warning Score, has been identified by NHS England as the standard approach required across all acute and ambulance trusts for the care of deteriorating patients. The NEWS2 e-learning platform now has more than 215,000 registered users. The score is being adopted across the world – NEWS2 was downloaded over 226,000 times in 2018.



Our vision of the future hospital and health service design

Our Quality Improvement Programme continues to build on the legacy of our Future Hospital Programme, which drew to a close in 2017.

Our Health Informatics Unit (HIU) supported the digital health agenda by contributing to RCP digital policy and guidance to fellows and members. The HIU supported events on the impact of new technologies on professional regulation, and a roundtable with industry, professional leaders and experts on artificial intelligence (AI), which resulted in the publication of the RCP's position statement on AI. The HIU also developed an e-learning resource to support implementation of electronic discharge summaries with junior doctors in eight hospitals, and supported integrated care standards by enabling sharing of information across care settings.

Through our work with the Federation we:

- implemented stage 1 of the internal medicine training curriculum
- began development work on all specialty curricula
- engaged with specialist advisory committee (SAC) clinical and trainee representatives to design curricula.

Developing health services

Our National Mortality Case Record Review Programme to improve the quality and safety of inpatient care held its first annual conference and published an annual report.

The Joint Advisory Group (JAG) endoscopy team, working in partnership with Newcastle University, received funding from the Health Foundation to advance the use of data to improve the quality of endoscopy care in the UK. In November 2018, the Lancet Commission reported on how IQILS accreditation is improving the standards of care for patients with liver disease.

Medical Care, the RCP's online guide to service design, was used by over 1,600 people a month during 2018. The website (www.rcpmedicalcare.org.uk) covers 29 medical specialties as well as overarching themes.

Through the Federation we launched the general internal medicine and acute internal medicine quality criteria at an event with three presidents and a live webstream. Quality criteria are designed to enhance the educational experience of trainees, provide a more supportive working environment and ultimately improve patient safety and experience.

The new criteria apply from 2018 and will be monitored via the General Medical Council's (GMC) annual national training surveys.

Improving inpatient care

Our 3-year National Mortality Case Record Review Programme (NMCRR) aims to improve the quality and safety of inpatient care and share best practice by reviewing deaths in hospital.

We held our first NMCRR annual conference at RCP London, which attracted more than 130 delegates and excellent feedback. A high-quality programme was delivered by prominent speakers from mortality, QI and patient safety. More than 200 people also tuned in to watch the livestream.

Since its launch in November 2016, the Structured Judgement Review (SJR) has been implemented as the method of reviewing and learning from deaths in more than 100 acute NHS trusts across England.

We also published our first NMCRR annual report. It includes case studies from acute trusts evidencing the improvements in patient care and safety that can be realised as a result of conducting SJRs.



7
new NICE
guidelines
produced

19,000
users of our service
design website
Medical Care

226,000
downloads of NEWS2, the updated
National Early Warning Score

Looking forward

In 2019 we plan to carry out the following activities:

- deliver evidence-based national guidance on behalf of NICE
- provide training for healthcare professionals in critical appraisal, systematic reviews and meta-analysis
- continue to build membership of the QI faculty to 70 experts supporting improvement and safety work
- provide QI coaching to the Innovation for Improvement Programme
- support clinical teams to achieve accreditation of clinical services in endoscopy, liver, allergy, occupational health, and immunodeficiency, and launch a new accreditation scheme for pulmonary rehabilitation
- roll out the National Endoscopy Database
- deliver learning collaboratives to support clinical teams to improve smoking cessation services, inflammatory bowel disease care, and fracture liaison services
- deliver national clinical audit programmes to drive improvement in COPD and asthma care, falls and fragility fracture care, and lung cancer services
- deliver the National Mortality Case Record Review Programme, enabling clinical teams to learn from deaths in hospital
- appoint to a new clinical director for digital health role and develop a college-wide digital health strategy
- carry out an extensive launch campaign to promote new curriculum, assessment methodology and clinical judgements for the new internal medicine training in August 2019
- complete specialty curricula submissions to the GMC
- undertake development work in GIM and AIM quality criteria working in conjunction with NHS Employers and the GMC
- expand international development – integrating IMT to international partners and expansion of accreditation assessments
- develop a second edition of the *State of physicianly training* report.



2

Developing physicians throughout their careers

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

Our objectives

In 2018, 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

The RCP Assessment Unit was established at RCP North in Liverpool. The team successfully delivered their first physician associate national examinations to 370 candidates using a new exam delivery system and tablet-based electronic marking. The Assessment Unit will be responsible for delivering examinations for physician associates, MRCP(UK) PACES and the two RCP professional diplomas: in geriatric medicine and tropical medicine and hygiene.

A new development programme, 'Emerging women leaders', targeted female consultant physicians and specialty and associate specialist (SAS) doctors to help address the underrepresentation of women in medical leadership roles. A generous donation from the Lord Leonard and Lady Estelle Wolfson Foundation supported scholarships for a pioneer cohort of 12 women selected from a strong field. The programme runs to summer 2019.

Credentialing is high on the agenda for medicine and other health professions as a means to providing career flexibility, meeting evolving service needs and safeguarding quality and safety. We worked on developing prototype credentials, currently focused in gender identity healthcare, obstetric medicine, clinician research, and advanced clinical practitioners.

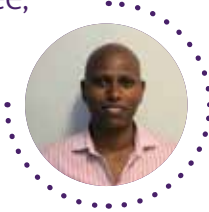
In 2018 we recruited a strong third cohort of 57 chief registrars from a wide variety of specialties to our scheme. Our chief registrar scheme continues to be a very successful leadership development programme for senior trainees. The scheme is predominantly work-based and supported by RCP training days and resources, mentorship and an active peer-support network. Chief registrars are making a real difference in their workplaces.

Working in collaboration through the Federation we approved the new internal medicine (IM) stage 1 curriculum, and carried out design work and engagement for the specialty curricula.



The chief registrar scheme has been life changing. My understanding of the complex systems necessary for delivery of frontline services has skyrocketed.'

Dr Ruwani Rupesinghe – chief registrar and respiratory medicine trainee, York Teaching Hospital NHS Foundation Trust

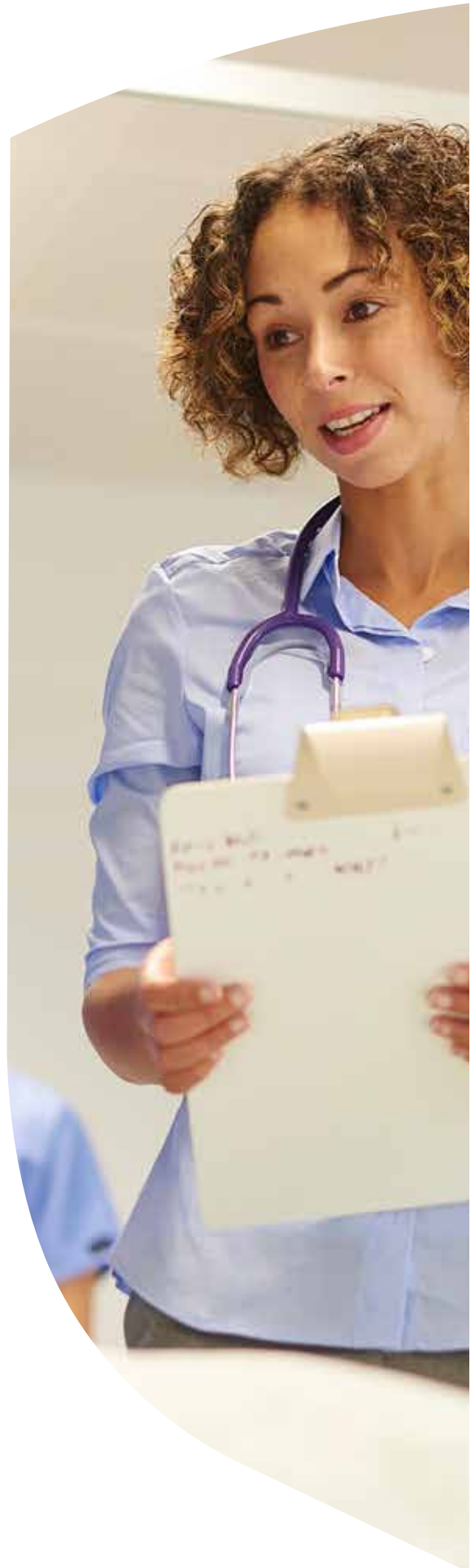


High-quality education across the world

We expanded our teaching internationally to new regions in South Asia and the Middle East. In 2018, we taught 47 days of international training.

Through our work with the Federation we:

- carried out successful piloting of a new PACES 2020 carousel – the practical MRCP(UK) examination for doctors, consisting of five stations
- launched three new partnerships beginning delivery of Core Medical Training (CMT) UK equivalent training in Wayanad (WIMS), KIMS Global and Trivandrum
- delivered the first European Specialty Examinations in Gastroenterology and Hepatology. A pilot of the European Board Examination in Endocrinology, Diabetes and Metabolism was also held. Both were delivered in partnership with the European Union of Medical Specialists among other partners
- established the first MRCP(UK) Diploma centres in the USA and East Africa
- held the first PACES exams at new centres in India and Myanmar
- implemented the shorter MRCP(UK) Part 2 written exam, now taking place in a single day.



Promoting lifelong learning

The CPD diary scheme, shared by the three physician colleges, is now used by over 19,000 consultant physicians. To complement the diary, in 2018 we launched a new Federation Physicians' CPD app, achieving over 5,000 downloads in the first 4 months as well as very good user reviews. The new app syncs with the CPD diary, lists several thousand approved activities, functions offline and online, and incorporates voice transcription. We achieved greater engagement with the CPD scheme with monthly usage up by 25%. We also supported the Faculty of Physician Associates to adopt the Federation CPD diary scheme for its members.

We continued to offer an extensive programme of educational workshops and events both internationally and in the UK. In 2018, over 4,000 delegates attended a total of 160 education courses.

During 2018, we designed and piloted new professional development workshops for physician associates and now plan to deliver these nationally.

A team of over 75 leading clinicians and academics supported the development of the third edition of *Medical Masterclass*, which launched in September. Considered the most comprehensive MRCP(UK) revision package available, the complete set of 12 books in the new edition has over 2,500 pages of relevant information and up-to-date content.

We launched a new report, *Never too busy to learn*, to help healthcare teams make the most of daily learning opportunities in the workplace. The report has the potential to greatly improve the frequency, value and effectiveness of opportunistic learning across the team, with consequent benefits for the quality of patient care.

Supporting physicians throughout their careers

We supported training for over 300 international medical graduates in the NHS at any one time during the year through the Medical Training Initiative, a scheme that provides junior doctors from all over the world with the opportunity to work and train in the UK.

We trained over 200 doctors in East Africa, providing them with specialist training in detecting and treating cancer and neurological conditions. The ambitious Medical Training and Fellowship (METAF) Programme is a partnership with the British Council and sponsored by the East African Development Bank (EADB).

The RCP led an Academy of Medical Royal Colleges grant-funded project on patient feedback. The key findings and recommendations were published in the report *Improving patient feedback for doctors*. The report followed Sir Keith Pearson's independent review of revalidation for the GMC which called for an invigoration of the purpose of patient feedback and a more sophisticated, technology-supported approach to making use of it for doctors' professional development, appraisal and revalidation.

We launched a new RCP500 Code of Conduct. The code provides a clear set of expectations as to how members and fellows conduct themselves when working for or representing the RCP. The project led to the creation of a set of ten principles. The code will be used among the fellowship proposal criteria and at new member and fellow ceremonies.

With the Federation we implemented a number of improvements to the ePortfolio, including the addition of a trainee's programme, ability for trainees to self-administrate their own accounts, and a new GIM educational supervisor's report for dual trainees.

Promoting medicine as a career

Work continued on the HEE-funded flexible portfolio training pilot, a model to address the shortfall in medical registrars in locations with recruitment challenges. It focuses on specialties that participate on the acute medical take and protects 1 day a week for an ST3 trainee to develop skills in clinical informatics, medical education, quality improvement or research. As well as increasing the number of trainees in the posts concerned, it is hoped that it will improve trainee morale and retention, and trusts will benefit from the project work and develop a reputation as an excellent place to work. The application process will commence in January 2019.

We promoted the RCP and medicine as a career at a number of career events throughout 2018.

Innovation in Medicine 2018

Our annual conference took place at ExCeL London on 25–26 June 2018 and was our biggest yet, attended by over 900 physicians and healthcare professionals.

The conference marked our 500th anniversary, delivering an extensive programme of lectures and discussions that not only reflected on the tremendous progress made in medicine across all 30 medical specialties, but also looked forward to the future. It covered diverse topics including obesity, digital health, quality improvement and healthcare sustainability.

Jeremy Hunt, then secretary of state for health and social care, delivered the keynote speech congratulating the RCP on '500 remarkable years'. Other key speakers included Dr Danielle Ofri, Professor Toby Young, Professor John Wass and Professor Sir Michael Marmot.

We received fantastic feedback on the conference, with over 90% of respondents rating it as good or excellent.



57

chief registrars recruited – the future clinical leaders of the NHS

19,000

doctors use the CPD diary, now complemented by a new app

4,000

doctors received face-to-face training from our educationalists

Looking forward

In 2019 we plan to:

- provide a portfolio of educational activities and learning resources to support the continuing professional development of doctors and physician associates at all stages of their careers
- provide learning opportunities online and at multiple sites in the UK and overseas
- the recently formed RCP Assessment Unit will complete its start-up processes and provide high-quality leadership and administration of a range of high stakes clinical examinations
- commence a pilot run of the flexible portfolio training programme with around 60 trainees across eight NHS regions
- hold Medicine 2019, our annual conference for physicians of all grades and specialties
- further develop the RCP's Chief Registrar Programme
- continue with credential developments, influenced by the outcomes of the GMC consultation on a proposed credentialing framework
- hold a development day on the IM curriculum for international training partners, and promote it at careers events for doctors
- hold PACES exams at a new centre in Ajman Emirate, UAE
- agree the future of European Certificate in Nephrology, and European Board Examination in Endocrinology, Diabetes and Metabolism
- promote the CPD diary and app to new members and fellows
- explore new income-generating streams associated with CPD activity approval processes
- implement training for examiners and host centres across the Federation ahead of the launch of PACES 2020
- implement equality and diversity training for PACES examiners
- develop the ePortfolio to integrate the new IM curriculum and assessment methodology
- continue to develop MRCP(UK)'s academic profile and complete a review of regulations.

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 2018, we planned 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

The RCP Advisory Appointment Committees (AAC) Unit delivers a job description approval and quality assurance process and AAC panel representative service for the NHS in England, Wales and Northern Ireland. In 2018, 834 job descriptions were reviewed by our national network of advisers, and 442 college representatives attended as an external assessor on NHS advisory appointments committees. AAC college representatives helped to appoint more than 500 NHS consultants this year.

Medicine Jobs, the RCP's new jobs board, launched in November. Advertising a wide variety of hospital vacancies including consultant, speciality doctor, physician associate and trust grade jobs, the board is designed to enhance RCP membership and offer an alternative to NHS health authorities recruiting doctors.

We launched a new kitemarking service offering NHS recruiters to place an 'RCP approved' stamp on their consultant and SAS job descriptions before they are advertised. This helps physicians applying for consultant positions to know that the job meets required standards and has been independently quality assured.

The Invited Service Review (ISR) team works with specialist societies to help NHS trusts improve patient care. The team completed 18 reviews in 2018 and, to improve joint working, we signed memorandums of agreement with a number of speciality societies.

We published the RCP's *Guidance on safe medical staffing* working party report, which aims to help those planning and organising core hospital medical services to determine how many doctors and with what capabilities, are needed to provide safe, timely and effective care for patients with medical problems.

Our report *Advancing medical professionalism*, published in December 2018, aims to support doctors to improve their practice and maintain professional satisfaction throughout their careers.

We supported the newly founded East, Central and Southern Africa College of Physicians, whose first trainees started their programmes in September 2018.



As a member you're part of the community.'

Dr Ajay Verma FRCP
Consultant gastroenterologist,
RCP member for 13 years



Increasing our reach and relevance

In 2018 we launched 'Join the best', our new membership campaign. This enabled us to increase our reach to 36,000 members across 33 specialties, and we are on track to achieve our target of 40,000 members in 2020.

We held the third Excellence in Patient Care Awards to celebrate the work that physicians do to improve patient-centred care, increasing the number of applications to the awards. Eight award winners each received an award plaque and £1,000 in prize money. We hope that those thinking of applying for the awards in 2018 will be inspired by the successes of past winners in driving forward improvements in patient care.

We supported the Student and Foundation Doctor Network to develop new resources for those starting their career in medicine and provided an opportunity to help shape our policy, services and activities.

Supporting our members

More than 10,000 delegates (up from 8,000 in 2017) came to our regional events held across the country, including regional updates in medicine. Feedback has been first-rate – following our update in Cardiff, one delegate said, 'Excellent event – great update in general medicine important to me – I work in palliative medicine but it has made me feel more knowledgeable about general medicine and confident in my care for patients'.

As part of the RCP500 celebrations, each regional update included a quincentennial lecture delivered by a local trainee, awarded on a competitive basis. The scheme was so successful it has now become the Turner-Warwick lecture.

We continued our support for college and associate college tutor roles, including hosting our largest conference yet to provide training, sharing of best practice and networking opportunities.

In Wales, new fellows and members attended the first-ever RCP membership ceremony in Cardiff.



The specialty recruitment process includes coordination of recruitment to posts at specialty training (ST3) level in 24 specialties. In May, human error in transferring data meant that several people received incorrect job offers. As soon as the mistake was picked up, it was investigated, we apologised and re-ran the process. Together with other organisations and individuals, we worked hard to support those affected and to resolve the issue quickly. The resilience and reliability of the system has been improved to avoid anything like this happening again. Meanwhile, in August, the Specialty Recruitment Office moved to a new base at Health Education England.

New developments in our library services benefited RCP members. Members can now select the resources that they want thanks to the introduction of a demand-driven acquisitions purchasing model that means the Library only pays for what members want. The Library team developed a 'Discovery portal' that allows members to search all online resources on one page. Members now have access to academic libraries around the UK through the Library's membership of the SCONUL Access scheme.

Delivering an exceptional membership experience

We offered free membership to medical students and reduced subscription fees for doctors in specialty training.

A new fellowship system was introduced, with three rounds per year (previously one per year), and has increased the acceptance rate by 10% compared with 2017.

We continued to expand and support the Faculty of Physician Associates (FPA), including delivering the national PA examination.

Members and fellows continued to receive our much-valued journals and membership magazine in 2018 and enjoyed their educational and supportive content. Downloads of articles in *Clinical Medicine* topped 100,000 for the first time in October, bringing our rolling yearly downloads to well over 1 million. *Future Healthcare Journal* featured an editorial on sustainability in June by London Mayor Sadiq Khan. High-quality issues of *Commentary*, our membership magazine, continued to stimulate debate and cover a wide variety of topical content, including an interview with Sir Terence Stephenson, the chair of the GMC, in the wake of the Bawa-Garba case. In February we coordinated a focus on end-of-life care for all three publications, which was very well received. And finally, editor-in-chief Ed Nicol stepped down at the end of his tenure and was thanked for his very valuable contribution.

We ensured that our membership records continue to be held to the highest governance standards by implementing a GDPR compliance programme.

Increasing our understanding

Our Medical Workforce Unit published the results from the 2017 UK consultant and higher specialty trainee census. The census provides the RCP, our partners and stakeholders with robust data on the state of the workforce in the UK. Results of the census were particularly important in 2018 as Health Education England (HEE) and its partners develop a 10-year health and care workforce strategy for England. A series of snapshot surveys during the year concentrated on wellbeing and outpatients and we established a workforce survey for SAS grade doctors to understand their needs, views and experiences.

We undertook a census of physician associate grades looking at the increasing geographic and specialty spread of this grade and their scope of practice.

We published findings from the latest post-CCT survey, run in collaboration with JRCPTB. This reported on the experiences of and outcomes for certificate of completion of training (CCT) holders within 1 year of gaining their CCT in the medical specialties in the UK.

Join the best

Members and fellows join the RCP for different reasons. We undertook a major research project to help us understand more about our members. The project results enabled us to arrange our members into groups based on their motivations for joining. This means we are able to tailor RCP communication to ensure that we only contact members about things we know will interest them.

This was closely linked to our new membership campaign: 'Join the best' celebrates RCP membership and encourages involvement in our community. The campaign features members talking about the benefits of being part of the RCP and what they value most. We are delighted that it helped us to reach the fantastic milestone of 36,000 members at the end of 2018.

Join the best
rcplondon.ac.uk/join

Join the RCP
'A professional body
speaking on your behalf'



10,000

delegates came to
our regional events

36,000

members of the
RCP in 2018

1,000,000

rolling yearly downloads of articles from
Clinical Medicine

Looking forward

Our specific plans for 2019 include:

- ▶ continuing to develop our membership campaign and grow our membership in the UK and internationally
- ▶ conducting the 2019 consultant and HST census and publishing the results from the 2018 census
- ▶ conducting the annual physician associate census and a nationwide SAS doctor survey
- ▶ providing support for the 2019 round of the National Clinical Excellence Awards
- ▶ delivering the 2019 Excellence in Patient Care Awards
- ▶ sustainably evolving the publication model for our journals *Clinical Medicine* and *Future Healthcare Journal*
- ▶ developing and promoting library collections to support members and inform other audiences
- ▶ continuing support for our college tutor and associate college tutor network, focusing on the implementation of the new IM curriculum
- ▶ supporting the ongoing development of the East, Central and Southern Africa College of Physicians
- ▶ expanding the Medical Training Initiative
- ▶ increasing the number of specialist societies to work with our Invited Review Service
- ▶ continuing to grow the CPD offering through our regional events
- ▶ developing the Faculty of Physician Associates to support this growing profession.



4

Shaping the future of health and healthcare

The insight of physicians and their patients helps to shape our vision for the future of health and healthcare. We listen to physicians, patients and the public and champion their aspirations.

Our objectives

In 2018, 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

We continued to work with the media to maximise the profile of the RCP's work. We enjoyed major coverage on high-profile issues such as safe staffing limits and the call for more medical school places, new guidance on caring for dying patients, audit and QI, improved public health, preparing for winter, the impact of Brexit and new models for outpatient services.

We enjoyed a growing presence on social media. We used Twitter more proactively to share news and direct messaging with members and interest groups. Our Twitter followers grew to 43,000, a 23% increase on last year, with the number of people on other platforms growing steadily. Our website also went from strength to strength in 2018. The total number of visits was nearly 1,800,000 (up 19% from 2017). Visitors to our website downloaded almost 600,000 PDFs of our reports, audits and policy documents (up 30%).

We campaigned for the introduction of statutory regulation for physician associates and were delighted when this was announced in October 2018.

We received plaudits on a number of subjects from key stakeholders, including NHS England's medical director, the secretary of state for health and the shadow health team. The RCP president, registrar and vice president for Wales met with the chief medical officer for Wales, the NHS Wales chief executive, and the new Health Education and Improvement Wales chief executive, among other senior stakeholders. Other successes included developing a position and growing profile on the use of artificial intelligence (AI) in healthcare, and increasing political engagement at party conference roundtables.

To improve equality and diversity, we raised the issue of potential bias in the consultant appointment process. Through insights from a survey by our Medical Workforce Unit, we shared the finding that CCT (completion of certificate of training) holders from black and minority ethnic backgrounds were less likely to be shortlisted or appointed to consultant roles. This information was shared with partner organisations and the NHS, creating important awareness of the issue and need for change. Published in a *Guardian* newspaper exclusive, we were praised for our candour and commitment to change.

The sites for 1,500 new medical school places were announced in 2018. This was a major policy win for the RCP, which lobbied heavily for the expansion.

Ensuring that patients shape everything that we do

The RCP Patient and Carer Network welcomed its new chair Sally Brearley in September 2018 and gave considerable thanks to the immediate past chair, Elisabeth Davies. It was a successful year of involvement for the network, including close working with the care quality improvement teams and contributing to RCP policy development on artificial intelligence and outpatient care. A particular highlight was the production of person-centred care guidance, following a workshop with patients and doctors in 2017.

Our Patient Involvement Unit assisted with recruiting lay representatives to the National Guideline Centre programme board, the NEWS independent advisory group and the Faculty of Physician Associates Board.

Improving public health

We managed and developed the RCP's messages and partnerships on public health in the UK and EU, including on air pollution, tobacco, alcohol, obesity and sustainability.

We published *Hiding in plain sight: Treating tobacco dependency in the NHS* to address the harms and costs arising from smoking in the patients we see every day, and explore a new approach to treating their addiction. The report argues that responsibility for treating smokers lies with the clinician who sees them in hospital, and that our NHS should be delivering default, opt-out, systematic interventions for all smokers at the point of service contact.

We were delighted that this recommendation was incorporated into NHS England's Long Term Plan and that it will be piloted in several hospitals.

Following a major study on the global burden of alcohol we called for a change in society's perception of alcohol consumption so that public education reflects the risks. The study concluded that there was no healthy level of alcohol consumption.

We marked 2 years since the publication of our report *Every breath we take: the lifelong impact of air pollution* by publishing a progress update. We also held a Westminster event that brought stakeholders and parliamentarians together to accelerate action on air pollution. As part of this programme of work we also helped shape the clean air strategy.

We campaigned for improvements to population health in Wales alongside Healthy Air Cymru, Obesity Alliance Cymru and the Wales Tobacco Control Alliance.



Fostering innovation

Our Future Health was a year-long project in 2018 to coincide with our 500th anniversary. It addressed some of the difficult dilemmas facing doctors and the NHS now and in the future. Over the course of the year we hosted podcasts, articles and blogs, webinars, videos and reports. The project brought together a range of voices to discuss prevention, AI, quality versus quantity of life, and health inequalities. Outputs included the thought-provoking report *Talking about dying*, about holding conversations with patients much earlier after the diagnosis of a progressive or terminal condition.

We continued to promote a research active workforce through engagement with the National Institute for Health Research (NIHR) and the Academic Leads of the Academy of Medical Royal Colleges. We began to develop a credential to support clinicians who would like to be more involved in research but feel they need support with research skills. The academic vice president and policy team also seized opportunities to highlight messages in research for all through publication in the *BMJ* and various conference presentations.

Two key reports published in 2018 sought to encourage innovation in practice. *Outpatients: the future* argued that the traditional model of outpatient care is no longer fit for purpose and provided proven examples of alternative, sustainable models. It received a wealth of traditional and social media coverage. *Advancing medical professionalism* aimed to help doctors improve their professionalism in practical ways, focusing on seven key aspects of practice.

Successful campaign to increase overseas doctors

With workforce an RCP priority and staff shortages an ongoing membership concern, the policy team successfully campaigned for the removal of the government cap on tier 2 visas for overseas health professionals. The issue first came to light in February, following a number of doctors' visas being refused. The tier 2 visa route had an annual cap of 20,700 in place since 2011, but the end of 2017/start of 2018 saw the number of applications exceed the monthly allocation of available places. We were delighted when the government responded to pressure to remove this restrictive cap in June. The move means there will be no restriction on the numbers of doctors and nurses who can be employed through tier 2 visas – giving the ability to recruit more international doctors and nurses to provide outstanding patient care when required.

To have a pool of qualified overseas doctors ready and waiting but unable to work was a huge source of frustration for our overstretched NHS. The campaign was successful because it was targeted – directly addressing an issue of concern for members, and collaborative – engaging with partners in the BMA and NHS Employers.



The [RCP] report argues that the traditional model of outpatient care is no longer fit for purpose. The time has come to grasp this nettle ... to ensure that reforms are in the interests of all concerned and sustainable in the long term.'

Professor Stephen Powis,
national medical director
of NHS England



43,000
people follow us
on Twitter

5,000
downloads of
our *Talking about
dying* report

1,800,000
visits to our website in 2018

Looking forward

Specific plans for 2019 include:

- improving the way we monitor and evaluate the impact of our work
- enhancing integrated approaches across all teams and networks, and publishing a set of principles for what 'good' integration looks like
- growing our research enablement and leadership role. We will focus on increasing the number of physicians who have protected time for research and supporting NIHR to increase the research activity of organisations
- improving patient involvement for a range of RCP projects
- helping to ensure the UK has a sustainable medical workforce that meets the needs of patients. We will focus on a doubling of medical school places, and an increase in the number of places on the Medical Training Initiative
- reducing health inequalities by focusing on prevention. We will develop a strategic approach to health inequality and prevention by establishing a steering group to coordinate our public health work
- developing online content and interaction for the RCP journals *Clinical Medicine* and *Future Healthcare Journal*
- leading a strategic approach to using social media more effectively
- reviewing and improving the way we communicate internally against organisational best practice
- focusing political and stakeholder engagement on RCP key priorities of workforce, integration, research and innovation, and public health, as well as on Brexit
- supporting the development of RCP North
- supporting physicians to have a greater understanding of the impact of new technology and big data on their role, particularly artificial intelligence
- developing a statement on new technology, particularly the use of genomics and personalised medicine in the NHS.



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 500 years to 1518. We want to invest in our future while promoting and preserving our history.

Our objectives

In 2018, 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

In 2018 we delivered a financial result (net operating deficit of £2.1 million) that was in line with our 5-year financial plan for 2015–20. This included the additional costs of RCP500 anniversary events.

Our Giving Health fundraising appeal has been a huge success, raising £400,000 to date for the RCP's charitable causes and development projects. The Linacre Wall has pride of place in our Regent's Park home, and features the names of those who have donated £1,518 or more. Our fundraising team is developing relationships with major philanthropic organisations and key commercial partners to support our activities.

We were pleased to see our mean gender pay gap shrink from 12.8% in 2016/17 to 10.3% in 2017/18. We have well-defined grade pay bands and equal pay within each band, so this gap arises from proportionally more men in senior grade jobs.

Following the move of the National Guideline Centre to our main London office, we realised savings from the closure of our Great Portland Street annexe. We also made savings by introducing a tighter travel and expenses policy and new online travel booking processes, a managed print service, and the replacement of the defined contribution trust-based pension scheme with a new flat-rate group personal pension scheme.

We brought in new service providers for the defined benefit pension scheme, and a liability-driven investment approach to further reduce the risk of interest rate changes to the pension deficit.

Our new purchase order procurement (POP) system was tested and rolled out to a pilot group.

During the year we restructured our conferences and events team and developed a new professional conference organiser strategy. We were rewarded with a record second-half performance and a growing number of new business opportunities.

The Federation achieved an additional £0.5 million surplus through efficiency savings and improved processes by implementing best practice in risk management, managing programmes and operational processes.

An excellent organisation

We were delighted to agree a new enhanced memorandum of agreement (MoA) with the Scottish colleges, effective from the beginning of 2019. The MoA sets out how the three colleges will continue to collaborate on key education, training and assessment activities through the Federation of the Royal Colleges of Physicians.

The legal and logistical arrangements for the Faculty of Medical Leadership and Management's demerger to form their own charity from 31 December 2018 were completed.

A new programmes management office is being developed to drive excellence in project and change management delivery, including transition to Liverpool.

To support the governance of the RCP, we administered around 120 committee meetings and managed open elections and appointments for the RCP officer roles of president, academic vice president, councillors, registrar and censor.

Our Audit and Risk Committee went from strength to strength, and we conducted three internal audits on financial budgeting and planning, VAT and risk management.

We continued to modernise our technology, upgrading our customer relationship management (CRM) and SharePoint document management systems, and rolling out Windows 10 and Skype for Business. A new back-up and disaster recovery solution was tested. We also introduced new software to support the delivery of Faculty of Physician Associate exams.

Our cyber information security function was given a higher profile and operational independence. We worked to achieve GDPR compliance across the RCP, and upgraded a number of important cyber protection systems, with the goal of reaching the government's Cyber Essentials certification by mid-2019.

A responsible organisation

We ran a successful project to agree new core values for the RCP. The 'values project' engaged staff across the organisation and led to announcement of our new values: taking care, learning and being collaborative. The values are linked to a new Code of Conduct for our members and fellows, which provides a clear set of expectations as to how members, fellows and other healthcare professionals conduct themselves when representing the RCP.

In our London offices we replaced ageing plant and machinery, installed LED lighting, and achieved the prestigious Carbon Trust Standard accreditation to add to our ISO14001 environmental certification.



We are very proud to be the first royal college to receive the Carbon Trust Standard. Our new office in Liverpool will be one of the most sustainable buildings in the UK.'

– Ian Bullock, RCP CEO



7,000
people visited
our exhibitions

1
new building – work
began on The Spine,
our new office
in Liverpool

£400,000
raised through our Giving
Health fundraising appeal

Benefit present and future generations

Our presence in Liverpool is growing with 34 staff based at our interim RCP North offices in the University of Liverpool building. We signed off the final design for the new building (The Spine) with Liverpool City Council. Construction of the CatA core and shell has commenced, and the building, scheduled to open in Q4 2020, is on track with the lift shafts and the first eight floor plates already erected. Detailed design and planning of the CatB internal fit-out is under way towards RIBA stage 3. RCP at The Spine will become a major operational and administrative centre for the RCP.

We held a programme of events throughout 2018 to celebrate our 500th anniversary, including six successful public events and two popular exhibitions on William Harvey and women in medicine. We held more than 30 events including our monthly RCP Museum late openings and a 1-day conference on the history of medicine.

Additional library, archives and museum highlights included:

- revealing some of the treasures in the collections through digitisation projects, including a commercial collaboration with the publisher Wiley
- receiving the Symons Collection, formally gifted to the RCP by Jean Symons Hon FRCP through the Government's Cultural Gifts Scheme
- acquiring a portrait of president Professor Dame Jane Dacre by Paul Benney, case records of Alfred Swaine Taylor (forensic medicine pioneer, 1806–80) and the research and slides of Professor John Brocklehurst on ageing-related conditions
- loaning items from the collections to other libraries, museums and galleries including William Caxton's *Recuyell of the historyes of Troye* (published 1473) – loaned to the Groeningemuseum Bruges and Johann Zoffany's portrait of William Hunter demonstrating at the Royal Academy – loaned to the Hunterian Museum, University of Glasgow
- adding more than 1,000 images of the Museum collection to the publicly accessible catalogue
- publishing a facsimile of the *Pharmacopoea Londinensis* in its 400th anniversary year
- publishing an illustrated history of 500 years of the RCP as well as the final three volumes in our RCP reflections series of 10 books.

Two excellent exhibitions

We held two major exhibitions in our 500th year. 'Ceaseless motion: William Harvey's experiments in circulation' explored the work of the RCP's most famous fellow. William Harvey (1578–1657) discovered the circulation of blood and encouraged his fellow physicians 'to search and study out the secrets of nature by way of experiment'. We were delighted to give Her Majesty the Queen a guided tour during her visit to the RCP in February.

Our second exhibition, 'This vexed question: 500 years of women in medicine' was our most ambitious to date, featuring 40 loans from organisations including the Imperial War Museum, the Wellcome Collection and the Science Museum. Focusing on women in medicine, from early women healers and herbalists to the admittance of the first female licentiate of the RCP in 1909, the exhibition highlighted a long history of tension between formal, regulated medical practice and women healers.

Together, these exhibitions had 7,000 visitors. Feedback included: 'We thoroughly enjoyed this exhibition. It was informative and eye opening. We hope to be part of the future of female doctors which is made possible by the women who came before us.'



Looking forward

Specific plans for 2019 include:

- delivering a financial result that is in line with our 5-year financial plan for 2015–20
- securing up to £12 million funding for RCP at The Spine and working to deliver the new building design with our contractors and partners
- continuing to embed the new RCP values into all our processes and communications
- continuing with our action plan to close the gender pay gap
- reviewing and improving our finance systems and processes, and moving our finance team to Liverpool
- rolling out the new POP system to the remaining suppliers
- moving our IT server infrastructure to third-party hosted or Cloud service providers, and delivering the final phase of Skype Unified Comms project
- continuing to develop a wider digital and IT strategy, and achieving Cyber Essentials accreditation
- managing RCP GDPR and copyright compliance activities
- delivering the improvements identified by internal audits, and commissioning the 2019 internal audit plan
- completing the installation of LED lighting, and maintaining our Carbon Trust and ISO14001 environmental certifications
- developing subletting opportunities for the terrace Houses 1–8, and securing new tenants from a medical-related field
- running a programme of exhibitions and events, including ‘Under the skin: Illustrating the human body’, an exhibition on anatomical illustrations, and ‘Catch your breath’, a collaborative exhibition exploring breath and breathlessness
- redeveloping the RCP500 website as the RCP history website
- submitting an application to Arts Council England for designated status for the RCP Library
- implementing conservation plans for each collection area
- preparing for the 2019 archive accreditation review panel
- developing new Federation IT systems to improve training, exam delivery and CPD.





Celebrating 500 years

2018 was a very special year for the RCP, marking the college's 500th anniversary, which was established by a royal charter granted by King Henry VIII.

Our celebrations took the form of a variety of exciting events which aimed to raise the RCP's profile, engage with our membership, celebrate our history, and look forward to our future. This approach was in contrast with previous centenaries – events in 1918 made it impractical to celebrate, although the anniversary was marked by fellows on the Western Front.

In February, we opened our celebrations with a rare visit from Her Majesty the Queen, who was warmly welcomed to the RCP in London by a large gathering of members, fellows and staff. We also closed the year with a spectacular event, holding a gala dinner in the magnificent St George's Hall in Liverpool, with 400 attendees comprising our membership and representatives of the local academic and business community. Both events were designed to celebrate our long history as well as look forward to the future.

In between those landmark events was a series of activities which were planned and publicised to fulfil the objectives of the celebration and involve our membership. For example, we enhanced our annual regional updates around the country with historical displays and a travelling exhibition of artefacts. We also awarded quinquennial lectureships to medical trainees, to showcase their clinical research in current patient care. Our regional events had a higher attendance than in any previous year.

In London, we held major exhibitions on William Harvey and women in medicine; published books related to the RCP's history and heritage; held a historical reflections conference; and a 500 years lecture series. We also organised four public lectures in Liverpool, and developed enduring resources, such as our online timeline.



Events such as membership admission ceremonies and our annual conference were enhanced to reflect the celebration and raise awareness of our work, including the first new fellows admission ceremony to be held in the USA, marking our collaboration and relationship with the American College of Physicians. To commemorate the fact that we were based in the City of London until 1825, we took part in the popular and widely viewed Lord Mayor's Show for the first time in the RCP's history.

On 23 September, the actual date of our royal charter, we held a series of events, including the culmination of the 2,018 for 2018 cycle ride during which fellows and members around the country and beyond were invited to sign the RCP500 charter. This was not a legal document in the manner of the 1518 charter, but a modern set of promises made by the signatories in the spirit of the original, pledging best practice and professional commitment to modern patient care.

It was drawn up and agreed by the RCP Council, and Her Majesty the Queen unveiled a copy during her visit in February, with a portrait of King Henry VIII looking on. Also on 23 September, we held a very special dinner that was designed to recognise and celebrate the contributions made by a wide range of people, from trainees to trustees, who make the RCP the brilliant organisation it is today.

Overall, these activities drew attention to the continuing history and heritage of the RCP but also our vital work in the context of modern healthcare standards, which had been Henry VIII's intention. The work to fulfil our charitable purpose is achieved through the commitment of our members and staff and through these activities we were able to involve as many as possible in the celebration of our work, and its impact on public benefit through the advancement of health, education, and heritage and science.

RCP boards, committees and lists

Officers of the RCP

Visitor

Her Majesty the Queen

President

Professor Dame Jane Dacre (demitted September 2018)
Professor Andrew Goddard (appointed September 2018)

Vice president for education and training (senior censor)

Dr Emma Vaux

Clinical vice president

Professor David Oliver

Academic vice president

Professor Margaret Johnson (demitted July 2018)
Professor Cheng-Hock Toh (appointed August 2018)

Treasurer

Professor Chuka Nwokolo

Registrar

Professor Andrew Goddard (demitted September 2018)
Professor Donal O'Donoghue OBE
(appointed September 2018)

Censors

Dr Celia Bielawski (appointed August 2018)
Dr David Cohen
Dr Andrew Douds
Professor Kevin Harris
Dr Adrian Jennings (demitted July 2018)
Dr Andrew Macleod
Dr Robert Wright

Vice president for Wales

Dr Gareth Llewellyn

Linacre fellow

Dr Ananthakrishnan Raghuram

Harveian librarian and deputy treasurer

Professor Simon Bowman

Vice president – global (Hans Sloane fellow)

Professor Ali Jawad

Editor and clinical director of publications

Wing Commander Ed Nicol

Clinical director for quality improvement and patient safety

Dr John Dean

Medical director, of CME and CPD

Dr Emma Vaux

Senior examiner of the London College

Dr Tanzeem Raza

Director, Medical Workforce Unit

Dr Nigel Trudgill

Deputy directors, Medical Workforce Unit

Dr Sarah Logan and Dr Rifca le Dieu (job-share)

Director, Health Informatics Unit

Professor John Williams

New technologies clinical lead

Professor Jeremy Wyatt

Patient involvement officer

Dr Helen Gentles

Director, invited service reviews

Dr Peter Belfield

Clinical director for audit and accreditation

Dr Ian Woolhouse

Director, National Guideline Centre

Professor Bernard Higgins

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, training and development

Professor David Black

International medical director, assessment

Dr Donald Farquhar

Associate medical director, CPD

Dr Adrian Jennings

Associate medical director, written examinations

Dr Derek Waller

Associate medical director, quality

Dr Phil Smith

Deputy medical director, JRCPTB

Dr Alastair Miller

Medical director, MRCP(UK)

Professor Andrew Elder (demitted August 2018)

Board of Trustees

Ex officio members

Professor Andrew Goddard, president
(appointed September 2018)
Professor Dame Jane Dacre, president
(demitted September 2018)
Professor Donal O'Donoghue, registrar
(appointed September 2018)
Professor Andrew Goddard, registrar
(demitted September 2018)
Professor Chuka Nwokolo, treasurer
Professor David Oliver, clinical vice president
Professor Cheng-Hock Toh, academic vice president
(appointed August 2018)
Professor Margaret Johnson,
academic vice president (demitted July 2018)
Dr Emma Vaux, vice president education
and training and senior censor

Members nominated from Council

Dr David Nicholl (demitted December 2018)
Dr John Firth (demitted December 2018)
Dr Adrian Jennings
Dr Robin Lachmann
Dr Sarah Clarke (appointed January 2019)
Dr John Dean (appointed January 2019)

Lay members

Tom Vyner CBE (demitted March 2018)
Professor Charles Baden-Fuller (appointed June 2018)
Sarah Barzycki (appointed July 2018)
Andrew Chandler
Graham Meek

Members of Council

Professor Andrew Goddard (appointed September 2018)
Professor Dame Jane Dacre (demitted September 2018)
Dr Emma Vaux
Professor David Oliver
Professor Margaret Johnson (demitted July 2018)
Professor Cheng-Hock Toh (appointed August 2018)
Professor Chuka Nwokolo
Professor Donal O'Donoghue OBE
(appointed August 2018)
Dr Gareth Llewellyn
Dr David Price (appointed August 2018)
Professor Kevin Harris (appointed August 2018)
Professor Aine Burns
Professor Sue Carr
Dr Sarah Clarke (appointed August 2018)
Dr Parijat De (appointed August 2018)
Dr John D Dean
Dr John Firth (demitted December 2018)
Dr Adrian Jennings (appointed August 2018)

Professor Namita Kumar
Dr Robin Lachmann
Dr Pippa Medcalf
Dr David Nicholl (demitted December 2018)
Dr Roby Rakhit
Dr Tanzeem Raza (appointed October 2018)
Dr Michael Rose (demitted July 2018)
Dr Joanna Szram (appointed August 2018)
Professor Raymond Tallis
Professor Simon Taylor-Robinson (demitted July 2018)
Dr Olwen Williams OBE (appointed August 2018)
Professor Ashley Woodcock OBE
Dr Celia Bielawski (appointed August 2018)
Dr Andrew Douds (appointed August 2018)
Dr Andrew Macleod
Professor Carol Seymour
Dr Anne de Bono
Dr Alan Boyd (demitted November 2018)
Professor John Middleton
Dr Carl Waldmann
Ms Jeannie Watkins
Dr John W Dean
Dr Tun Aung
Dr Andrew Freedman (demitted July 2018)
Dr Michael Trimble
Dr Nick Levell (demitted July 2018)
Dr Elizabeth Price (appointed May 2018)
Professor Martin Lombard (demitted May 2018)
Dr Cathryn Edwards (appointed May 2018)
Dr Peter Lanyon (demitted April 2018)
Dr Eileen Burns (demitted November 2018)
Dr Lisa Davies (demitted December 2018)
Dr Jonathan Bennett (appointed December 2018)
Professor Timothy Higenbottam
(appointed November 2018)
Dr Nick Scriven
Professor Mary Reilly
Professor John Wilding (demitted December 2018)
Dr Tajek Hassan
Dr Aisling Carroll (demitted July 2018)
Dr Chee-Seng Yee (demitted July 2018)
Dr Ruth Murphy (appointed July 2018)
Professor Tahir Masud (appointed November 2018)
Dr Alastair Gilmore (appointed August 2018)
Dr Ajay Verma (appointed August 2018)
Professor Simon Ray (appointed June 2018)
Dr Carol Postlethwaite (demitted October 2018)
Dr Michael Fitzpatrick (appointed October 2018)
Dr Matthew Roycroft (appointed October 2018)
Dr Orod Osanlou
Dr Warshad Ali
Ms Elisabeth Davies (demitted July 2018)
Ms Sally Brearley (appointed August 2018)

Finance and Resources Board

Professor Charles Baden-Fuller
Laura Gibbs
Dr Ananthakrishnan Raghuram
Professor Anthony B Ward
Professor Chuka Nwokolo, treasurer
Dr Andrew Goddard, president
Professor Simon Bowman, Harveian librarian and deputy treasurer
Dr David Cohen
Professor Donal O'Donoghue OBE, registrar
Roger Speddy

Audit and Risk Committee

Andrew Chandler
Graham Meek
Ray Sadler
Tim Golbourn
Roger Speddy

Investment Advisory Panel

Professor Chuka Nwokolo
Professor Simon Bowman
Consuelo Brooke
James Hordern
Adam Matthews
Michael Donaghy
Dr Richard Long
Dr Brian Cooper
Simon Ellen
Ganesh Subramanian
Peter Allen

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 Sadaf Farooqi

Croonian lecture

Professor Rebecca Fitzgerald

FitzPatrick lecture

Dr Nick Levell

Graham Bull prize and Goulstonian lecture

Professor Mona Bafadhel MRCP

Harveian orator

Professor Mary Dixon-Woods

Linacre lecture

Dr Claire Raphael
Lady Estelle Wolfson lecture
Professor Srinivasan Madhusudan

Parkes Weber lecture

Dr John McGrath

Samuel Gee lecture

Professor Ashley Woodcock

Teale essay prize for trainees

Dr Eileen Parkes

Fellowships and bursaries

Dr JD Ramsay bursaries in cardiology

Dr Matthew Carter
Dr Samuel Conway

John Glyn bursary

Dr Michael Hughes

RCP and NIHR Clinical Research Network joint research awards

Dr Mark Hill
Professor Athimalaipet Ramanan
Dr Ameet Bakhai
Dr Reem Al-Jayyousi
Dr David Chadwick
Mark Samaan
Dr Peter Saunders
Dr John McDermott
Dr Maria-Angeliki Gkini

RCP medical student elective bursary

Fiona Vincent
James Robb
Jonathan Mok
Joseph Watson
William Ries
May Slivnik
Rebecca Zhao
Tabitha Hill
Zofia Tuharska

RCP travelling bursary in endocrinology and diabetes mellitus

Dr Ali Al Jumaah

Samuel Leonard Simpson fellowships in endocrinology

Dr James Pittaway

Elections and admissions

New fellows

1,047 elected under bye-law 39 (a, c and d)
 12 elected under bye-law 39 (b)
 2 elected under bye-law 39 (e)
 20 elected under bye-law 39 (f)
 124 elected under bye-law 39 (g)
 12 elected under bye-law 43

New honorary fellows

Ms Pat Anderson
 Professor Ross Hector Andrews
 Mr Paul Belcher
 Dr Ruth Bishop
 Dr Elizabeth Helen Blackburn
 Dr (Isobel) Jane Cox
 Professor Mary Dixon-Woods
 Professor Debra Humphris
 Dr Mark S Palmer
 Professor Richard Rodney Anthony Syms
 Lady Estelle Wolfson of Marylebone
 Professor Ian Young

Major donors for 2018

The Amberstone Trust
 The Backstage Trust
 JABBS Foundation
 The McMillan-Stewart Foundation
 The Garfield Weston Foundation
 The Lord Leonard and Lady Estelle Wolfson Foundation

Principal advisers

Solicitors

Fieldfisher LLP
 Riverbank House
 2 Swan Lane
 London EC4R 3TT

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

Auditor

Crowe U.K. LLP
 St Bride's House
 10 Salisbury Square
 London
 EC4Y 8EH

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

Principal address

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

Chief executive

Dr Ian Bullock

Supported by key management personnel

Deputy chief executive

Clive Constable

Executive director, membership support and global engagement

Matthew Foster

Executive director, care quality improvement

Rhona Buckingham

Executive director, education

Della Freeth

Executive director, corporate services

Justin Smith

Executive director, strategy, communications and policy

Nick Samuels (left August 2018)
 Claire Burroughs

Chief operating officer, NGC

Norma O'Flynn

Director, human resources

Linda Asamoah

Chief operating officer – Federation

Yasmin Becker

Chief operating officer – FMLM

Kirsten Armit

Financial powers and policies

This section should be read in conjunction with the financial statements on pages 47 to 72. An overview of the financial results is given in the treasurer's report on pages 42 to 44.

Fundraising

The RCP is grateful to the generous donors, members and fellows, charitable trusts and foundations, and companies who supported our work in 2018.

Philanthropic support and corporate sponsorship play a key role in funding the work of the RCP, including research, education and training, clinical improvement and patient safety, and the maintenance and development of our facilities – all with the wider charitable aim of improving healthcare. This report allows us to show how our charitable funds are distributed and spent. It demonstrates the benefits and effect that the funds have had on supporting physicians and improving patient care.

Principal fundraising activities and performance

Launched in 2017, 'Giving Health' is the RCP's ongoing fundraising appeal to raise 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 leading physicians in east, central and southern Africa to create a new training college in a region desperately short of well-trained doctors
- The Physicians' Fund – the award of grants to trainees and new consultants pursuing innovation in medicine
- RCP at The Spine – the construction of a state-of-the-art facility in Liverpool for the education and examination of physicians, which will also pioneer advances in medical education
- Heritage – the improvement of our offices in London, including renovation of our exhibition spaces and new, welcoming spaces for meeting and collaboration.

Income from donations to these restricted funds increased by 66% in 2018 to £252k (2017: £151k). Income from unrestricted donations in 2018 grew by 100% to £170k (2017: £84k). Income from legacies in 2018 was £10k (2017: £31k).

The Linacre Wall, displaying the names of donors who have contributed to our 'Giving Health' campaign, was installed in the RCP's grade I listed home in London in autumn 2018. So far, over 350 donors are listed on the wall, their names framing a portrait of the RCP's founding president Thomas Linacre.

In addition to the above donations, the RCP also received a pledged capital gift of £250k towards RCP at The Spine, which is scheduled to open in 2020.

In 2018 the RCP invested in the growth of its fundraising programme by recruiting a new team of four, focusing on generating philanthropic and sponsorship income from individual donors, companies, trusts and foundations, and legacies.

During this financial year fundraising was carried out by a newly formed RCP team, under the regular and close supervision of the CEO, deputy CEO, senior officers and trustees. No complaints were received during this period.

Fundraising controls and regulation

We are aware 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 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 which ensures that we only receive donations from individuals and organisations whose aims and objectives are compatible with our own. All of our fundraisers receive compulsory training in this area. We also joined the Fundraising Regulator (ref 128235) and formally adopting the Code of Fundraising Practice in 2018.

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 and managers from the RCP Finance Department. The panel reports to the Finance and Resources Board.

Management

Funds required in the medium to short term are invested directly by the RCP in fixed-term deposits with banking institutions with a minimum A rating. The remaining funds are invested with external fund managers who have discretionary powers of investment within agreed restrictions as agreed in the Statement of Investment Principles.

The external funds are managed by Cazenove Capital Management (previously called Schroder and Co. Ltd) and by Ruffer LLP. 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 investment managers Morgan Stanley, in the form of hedge funds that are in the course of being liquidated and transferred to the current fund managers.

The RCP's objective is to invest its investment assets to maximise returns, with low level of risk, 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 assets and control of the various risks to which the RCP is exposed.

Where appropriate, the Finance and Resources Board has approved benchmarks for the proportion of the portfolios invested in different asset classes and permitted control ranges within which these proportions may fluctuate. These ranges limit the risk of concentration in one asset class and control and reduce volatility.

For some parts of the portfolio, the Finance and Resources Board has approved investment in a specific investment fund. The nature of this fund also limits the risk of concentration in one type of investment and controls and reduces volatility. The principal fund managers will maintain and report on these investments until instructed otherwise by the Finance and Resources Board.

The bye-laws do not specify any form of restriction on the investment of funds, but the Board of Trustees have stated that the RCP's funds are not to be directly invested in:

- companies that derive their turnover from the sale of tobacco products
- land or property (investment in property funds is permitted).

Objectives

The RCP's investment objectives are:

- main fund: annual income requirement – £550,000; target a total return of inflation plus 3–5%
- trust funds: annual income requirement – £250,000; target capital growth in line with inflation
- leasehold fund: annual income requirement – target growth return – in excess of inflation plus 3–5%.

The annual income requirements will grow in line with inflation and will be met from dividend income and bond interest receipts. In 2018 overall income targets were met with income of £1,033k.

The below table shows the performance of our investments during the year:

Fund	Target	1-year performance (%)	Prior year performance (%)	Performance since inception*	
				Actual	Target
Main	RPI +3–5%	(4.7)	8.9	5.7	6.8
Trust	RPI	(3.5)	8.6	6.9	2.8
Leasehold	RPI +3–5%	(6.4)	1.0	3.3	6.8

*inception taken from 31 March 2011

Ethical Investment Policy

The Ethical Investment Policy is in line with guidance issued by the Church of England Investment Fund. We continue to hold minimal tolerances on the proportion of indirect funds linked to production or supply of tobacco, armaments, pornography, gambling and sale or production of alcohol. In addition, we now hold minimal tolerances on the proportion of indirect funds linked to extraction of tar sands and thermal coal, as these are considered the 'dirtiest' of the fossil fuels. A review of this policy is underway involving listening to our members and fellows as well as pressure groups, including those interested in climate change and air pollution.

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 at the same time 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 reserves.

The RCP's unrestricted income is relatively predictable, while its expenditure is more variable and uncertain in some aspects, hence the requirement for financial reserves. The budgets and future plans are put in place to overcome any uncertainty over income or unexpected calls on the charity's funds. 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 21 and 22 to the financial statements.

The RCP also holds reserves in the form of designated funds that are earmarked for particular purposes by the trustees. Two of the main designated funds are the intangible and fixed assets fund, represented by tangible and intangible and fixed assets, which are not readily converted into cash, and the leasehold replacement fund, the value of which is represented by external investments. The free 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 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 need for funds and a need to provide working capital for the operation.

The free reserves of the RCP as at 31 December 2018 were £15.0 million after deducting the defined benefit pension scheme deficit (2017: £15.5 million). This represents 5 months of the unrestricted operational expenditure.

Trading subsidiary

Net profit for the RCP's wholly owned trading subsidiary, The RCP Regent's Park Limited, for the year ended 31 December 2018 of £262k has been paid under gift aid to the RCP in 2018. 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. The trading results and balance sheet of the subsidiary extracted from its audited accounts are set out in note 24 to the financial statements.

Going concern

The RCP's activities, together with the factors likely to affect its future development, performance and financial position, are set out on pages 5 to 33. The financial position of the RCP, its cash flows, liquidity position and reserves are described in the financial statements on pages 47 to 72. In addition, note 1 to the financial statements includes the RCP's policies for managing its funds. The management of financial and other risks is described below.

The RCP has considerable available financial resources, comprising equities and bonds, and short-term cash instruments and deposits totalling £46 million, representing 99% of total reserves. In addition, the RCP obtains funding from a wide range of activities. As a consequence, the trustees believe that the RCP is well placed to manage its business risks successfully.

The trustees consider that the RCP has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual 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 now 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 four times a year. It is responsible for:

- defining RCP policy, agreeing the RCP business plan and monitoring the progress of RCP affairs
- ensuring the safe management and custody of all RCP assets.

The RCP is committed to ensuring best practice governance and the Board of Trustees met in December 2018 to consider the Charity Governance Code and how best to enhance 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 2019, trustees will review how the RCP's broad-ranging 500-year-old charitable purpose is applied today and will take an active part in the development of the RCP's new strategy, for launch in 2020, to ensure that the RCP continues to use its resources effectively.
- Leadership – in addition to setting strategy, the Board of Trustees seeks to provide leadership throughout 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 current review of the bye-laws will enable tighter governance processes and provide greater clarity around the respective roles of the Board of Trustees and Council.
- Integrity – trustees are expected to follow *The 7 principles of public life* drawn up by the Committee on Standards in Public Life. Following consultative processes the RCP has recently launched a Code of Conduct, and organisational values have been reviewed and relaunched across the organisation. Anyone working with or for the RCP, including trustees, is expected to follow these. A statement relating to the Modern Slavery Act has been prepared and placed 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 on finance and governance and risk

management during 2018, and the executive team are working on addressing recommendations made to streamline processes and ensure clarity. Actions include: revision of delegation of powers, review of committee terms of reference, and improved risk identification and reporting processes.

- Board effectiveness – it was noted the members of the Board reflected the complexity of the organisation. The Board decided to re-evaluate the skillset of trustees and to use this to influence appointments, in order to address the skills gap and support the work of the RCP moving forward. Consideration will also be given to having a lay chair to enhance board effectiveness.
- Diversity – the Board currently has a diverse membership, and this will be kept under review.
- Openness and accountability – the RCP had many touchpoints with a wide variety of stakeholders. As part of the bye-law review consideration will be 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.

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 to the fellows 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 (four).

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 and meetings of the Board are usually preceded by a training session on a specific topic. A web-based governance hub makes material more accessible to trustees and an online declaration of personal interests and good standing of trustees supports good governance processes.

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 general meeting (AGM) or Comitia of fellows is combined with the annual presidential election, and by act of parliament is held on the first Monday after Palm Sunday.

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 and 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
- Audit and Risk Committee
- Remuneration Committee.

Four boards report on the operational work of the RCP under our five strategic 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
- Strategy, Communications and Policy Board.

Finance and Resources Board

In 2018 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 reviews the preparation of the annual financial statements before making an appropriate recommendation to the Board of Trustees. During the year the committee commissioned a series of internal audits carried out by haysmacintyre which seek 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 UK Generally Accepted Accounting Practice (UK Accounting Standards 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 methods and 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. They have fulfilled this during 2018 by receiving regular reports on the development of the Commission's guidance. They have taken account of public benefit guidance in the development and approval of the RCP's operational plan and supporting budgets for 2019, which were approved in 2018.

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 members of the RCP 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 2018. This is available to view at www.rcplondon.ac.uk/modern-slavery-and-human-trafficking-act-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 are:

Area of risk	Risk	Mitigating factors
Governance	Complex range of activities and organisational structure.	<ul style="list-style-type: none"> Adequate internal controls and policies in place. Appointment of internal auditors in 2017 to help focus on high-risk areas.
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 2018. Detailed operational plans have been developed. Relevant professional advice has been sought at each stage of the negotiations.
Operational risks	Information technology: migration from old database systems and websites to more modern systems.	<ul style="list-style-type: none"> Monitoring by the Knowledge and Information Systems Committee in line with the RCP's overall strategy.
Operational plans	Ageing and inflexible (grade I) estates infrastructure and the new expansion plans in Liverpool.	<ul style="list-style-type: none"> A developing property and facilities team.
Operational plans – RCP North	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 management. Focus on financial management/planning, supported funding proposals. Regular staff communication.
Financial risks	A deficit in the closed defined benefit pension scheme, for which we have agreed a repayment over the next 7 years.	<ul style="list-style-type: none"> A new agreed deficit repayment over the next 7 years. A strong Defined Benefit Trustee Board.
Financial risks	Ability to generate income/fundraise and grow/diversify the revenue base and our ability to control costs, causing cash management strain.	<ul style="list-style-type: none"> Increased focus of cash management and planning Newly appointed team looking at the capacity of the RCP to grow in this area.
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.

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 26 June 2019 and signed on its behalf by:



Professor Andrew Goddard
President



Professor Chuka Nwokolo
Treasurer

Treasurer's annual report

I am pleased to present my report, as part of the annual report of trustees, for the year ending 31 December 2018.

During this landmark year of our 500th anniversary, the RCP continued to deliver the 5-year (2015–20) strategic investment plan. Pleasingly, income increased by 3%, while expenditure was level compared with 2017. The net operating deficit reduced from (£3,698k) in 2017 to (£2,142k) in 2018, due mainly to good cost management.

The turbulent investment markets towards the end of 2018 resulted in the investment portfolio declining by 6% (£3,007k). This was partly offset by a reduction in the pension fund actuarial deficit of £2,105k, resulting in an overall net deficit funds movement of (£3,044k) (2017: (£1,002k)).

	----- 2018 (£000) -----				2017 (£000)
	Unrestricted	Restricted	Endowment	Total	Total
Total income	35,013	7,870	298	43,181	41,759
Total expenditure	36,784	8,449	90	45,323	45,457
Net operating result	(1,771)	(579)	208	(2,142)	(3,698)
Net (losses)/gains on investment assets	(2,294)	(63)	(650)	(3,007)	2,114
Other net gains/(losses)	2,105	0	0	2,105	582
Transfers	(25)	25	0	0	0
Net movement in funds for the year	(1,985)	(617)	(442)	(3,044)	(1,002)

Income and expenditure

The RCP's consolidated total income in 2018 was £43.2 million (2017: £41.7 million). Growth of 8% in unrestricted income was driven by membership, MRCP(UK) exams, and education, and increased the proportion of unrestricted income from 78% to 81% of the total. Restricted income recorded a slight decline due to reduced clinical standards and guidelines work.

2018 saw membership numbers ending the year at around 36,000, a growth of 4% across all categories. The Federation of the Royal Colleges of Physicians activities (examinations, training and CPD), in collaboration with the two Scottish physician colleges, had a strong year growing both at home and internationally.

RCP income from medical and non-medical meetings and events had a strong second half assisted by RCP500 anniversary events and a one-off filming booking during the summer. Meetings and events remains an important income stream in an increasingly competitive market, and we continue to invest in audio-visual technologies and value-added PCO (professional conference organiser) services to make us stand out from the crowd and increase the demand for our services.

Despite our continued investment into the RCP's strategy and additional expenditure demands around the RCP500 anniversary (mainly funded from legacies), expenditure of £45.3 million was flat against £45.4 million in 2017. This was achieved through careful cost management, mainly through reducing the headcount of permanent staff by 10%, and focusing on efficiency initiatives.

We continued to refresh and update our London estate to reflect the future needs of the RCP and continued to build up staff numbers to 34 in phase 1 of RCP North at the University of Liverpool. In August we signed an agreement for a 25-year lease for RCP North phase 2 with Liverpool City Council on attractive commercial terms. This is due to open in 2020 in Liverpool's Knowledge Quarter, and will create an impressive hub to engage members and fellows in the north.

We continue to sharpen our commercial and business development focus and hope to grow a number of our income streams. We are examining options to fund the £15 million RCP North project (RCP at The Spine) from a range of sources including bank loan, liquidation of investments, and support from the newly created Fundraising Directorate. Funding facilities will be put in place by mid-2019.

Investments

As at 31 December 2018 our investments stood at £43.9 million. After a long period of solid stock market gains, 2018 saw more difficult investment conditions with concerns around global economic growth and international trade.

In Q4 markets fell leaving the portfolio (6%) down over the year, while the UK stock market was down 10%. During the year (£2.7) million funds were used from the £4 million cash deposits in the portfolio to support RCP operational activities. Early in 2019, £0.7 million was returned to the investment portfolio.

The objectives of our investment strategy are to achieve long-term growth at an acceptable level of risk while maintaining the value of the investment portfolios in real terms, and to generate income as required for the RCP's work. Our investments are split across two principal fund managers Cazenove and Ruffer, on the advice of our knowledgeable Investment Advisory Panel, in order to achieve a steady balanced 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.

Pensions

As at the end of 2018, the deficit of the defined benefit pension scheme, which has been closed to new members since 2002 and to further accrual from 2008, decreased from (£5.914) million to (£2.978) million on an FRS 102 basis. This reduction was due to many factors including the impact of the RCP's pension deficit reduction plan and changes within the actuarial assumptions on the scheme. The triennial actuarial review of the scheme position as at 1 January 2018 was completed in the year and resulted in a revised pension deficit reduction plan agreed with the pension trustees with lower annual contribution by (£0.3) million. The trustees have also agreed to implement liability driven investment strategy to reduce the risk in the scheme from inflation and interest moves.

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

The RCP continues to have a strong balance sheet, with net assets of £47 million, of which £44 million is the market value of our investment portfolio (which is highly tradeable and liquid) and £2.3 million in cash. Endowment and restricted funds comprise £12.8 million, therefore unrestricted funds comprise £34 million of which general reserves (net of the long-term defined benefit pension deficit) have fallen slightly to £15 million, equivalent to 5 months' unrestricted expenditure.

Future financial plans

The trustees and I remain vigilant in seeking to protect the assets that we hold on behalf of fellows, and to use the resources available to fulfil the RCP's objectives and promote its work in the most efficient way possible. Our reserves policy is to maintain the level of general reserves at or above 5 months of unrestricted operational expenditure.

Our future financial plans indicate that the RCP's financial position remains strong, and we continue to track the original 5-year strategic financial plan aiming to return from an operating deficit to a break-even position in 2020. This will strengthen the financial position to give the RCP headroom to make a significant investment in the fit-out of RCP North phase 2, and the transition of around half of our 400 staff roles to the north. We continue to increase our investment in the development of our staff knowledge and skills, the estates in the north and the south, IT systems and continued support to our members, while diversifying our income streams for long-term sustainability.

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 Corporate Services team 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

26 June 2019

Independent auditor's report to the trustees of the RCP

Opinion

We have audited the financial statements of the Royal College of Physicians for the year ended 31 December 2018 which comprise 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 2018 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. 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 we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 37, 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.

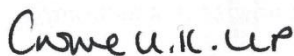
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

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.

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

Statutory auditor

London

8 July 2019

Crowe U.K. 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 2018

	Notes	Unrestricted funds	Restricted funds	Endowment funds	Total funds	
		£000	£000	£000	31 Dec 2018	31 Dec 2017 Restated*
Incoming resources						
Fundraising	2	170	82		252	151
Income from charitable activities						
Care quality improvement	3	3,617	5,526		9,143	9,909
Education and Federation	4	16,208	1,801		18,009	16,946
Membership support and global engagement	5	8,179	257		8,436	7,786
Strategy, communications and policy	6	77	98		175	187
Heritage and investing in our future	7	69	10		79	17
Meetings and events (medical)		4,115			4,115	3,578
Activities to generate funds						
Investment income	8	639	96	298	1,033	1,215
Meetings and events (non-medical) – trading income	24	1,831			1,831	1,890
Other income		108			108	80
Total income		35,013	7,870	298	43,181	41,759
Resources expended						
Expenditure on raising funds						
Fundraising costs		230			230	512
Investment management fees		95	3	37	135	129
Meetings and events (non-medical)		1,569			1,569	1,187
		1,894	3	37	1,934	1,828
Expenditure on charitable activities						
Care quality improvement	9	5,129	6,227		11,356	12,609
Education and Federation	10	13,484	1,778		15,262	13,912
Membership support and global engagement	11	4,278	299		4,577	4,261
Strategy, communications and policy	12	4,026	70		4,096	5,001
Heritage and investing in our future	13	2,708	10		2,718	1,948
Meetings and events (medical)		5,265			5,265	5,009
Trusts and fellowships			62	53	115	889
Total expenditure	14	36,784	8,449	90	45,323	45,457
Net operating loss		(1,771)	(579)	208	(2,142)	(3,698)
Net gains on investment assets		(2,294)	(63)	(650)	(3,007)	2,114
Net (expenditure)/income		(4,065)	(642)	(442)	(5,149)	(1,584)
Transfers between funds	21/22	(25)	25		-	-
Actuarial gains/(losses) on defined benefit pension scheme	25	2,105			2,105	582
Net movement in funds for the year		(1,985)	(617)	(442)	(3,044)	(1,002)
Funds brought forward at 1 Jan 2018	20/21/22	35,983	3,804	10,058	49,845	50,847
Funds carried forward at 31 December 2018		33,998	3,187	9,616	46,801	49,845

*NOTE – 2017 restated to reflect restructuring of categories in SOFA to mirror the strategic themes of the organisation. The notes on pages 51 to 72 form part of these financial statements. All of the above relate to the continuing activities of the group. There are no recognised gains and losses other than those shown above.

Consolidated and RCP balance sheets as at 31 December 2018

	Notes	2018		2017	
		Group £000	RCP £000	Group £000	RCP £000
Fixed assets					
Intangible assets	16a	2,702	2,702	2,717	2,717
Tangible fixed assets	16b	11,783	11,783	11,771	11,771
Investments	17	43,901	43,901	49,497	49,497
		58,386	58,386	63,985	63,985
Current assets					
Stocks		159	159	163	163
Debtors	18	4,328	4,133	3,903	3,793
Balance at bank:					
Investment accounts		1,123	1,117	676	676
Cash		1,277	1,236	2,370	2,327
		6,887	6,645	7,112	6,959
Creditors					
Amounts falling due within 1 year					
Creditors and accrued expenses	19	(9,261)	(9,019)	(9,558)	(10,108)
Examination and other income received in advance	19	(6,233)	(6,233)	(5,780)	(5,780)
		(15,494)	(15,252)	(15,338)	(15,888)
Net current liabilities		(8,607)	(8,607)	(8,226)	(8,929)
Provisions for liabilities and charges		0	0	0	0
Net assets excluding pension liability		49,779	49,779	55,759	55,056
Defined benefit pension scheme liability	25	(2,978)	(2,978)	(5,914)	(5,914)
Net assets including pension liability	23	46,801	46,801	49,845	49,142
Represented by					
Unrestricted funds:					
Designated funds					
	23				
Leasehold Replacement Fund		4,283	4,283	4,483	4,483
Fixed and Intangible Assets Fund		14,485	14,485	14,488	14,488
Legacies Development Fund		145	145	1,297	1,297
Clinical Standards		115	115	160	160
		19,028	19,028	20,428	20,428
General charitable fund		17,948	17,948	21,469	20,766
Less: Pension scheme liabilities	25	(2,978)	(2,978)	(5,914)	(5,914)
		14,970	14,970	15,555	14,852
Total unrestricted		33,998	33,998	35,983	35,280
Restricted	21	3,187	3,187	3,804	3,804
Endowment	22	9,616	9,616	10,058	10,058
		46,801	46,801	49,845	49,142

The results of the parent charity for the year ended 31 December 2018 was a deficit of (£3,270) (2017: £2,287k).

Approved for and on behalf of the RCP (Charity Registration No. 210508) on 26 June 2019 and authorised for issue.



President: Andrew Goddard



Treasurer: Chuka Nwokolo

Consolidated statement of cash flow for the year ended 31 December 2018

		2018	2017
		£000	Restated £000
Cash flows from operating activities			
Net cash provided by / (used in) operating activities	A	(2,366)	(1,545)
Dividends, interest and rents from investments		1,033	1,215
Purchase of property, plant and equipment		(1,206)	(2,098)
Purchase of intangible assets		(695)	(984)
Proceeds from sale of investments		2,663	100
Purchase of investments		(74)	(303)
Net cash provided by (used in) investing activities		1,721	(2,070)
Change in cash and cash equivalents in the reporting period			
Change in cash and cash equivalents in the reporting period		(646)	(3,615)
Cash and cash equivalents at the beginning of the reporting period	B	3,046	6,661
Cash and cash equivalents at the end of the reporting period	B	2,400	3,046

Notes to consolidated statement of cash flow for the year ended 31 December 2018

	2018 £000	2017 £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)	(5,149)	(1,584)
Adjustments for:		
Depreciation charges	1,194	891
Amortisation charges	710	565
Loss/(Gains) on investments	3,007	(2,114)
Dividends, interest and rents from investments	(1,033)	(1,215)
(Gain) on valuation of defined benefit pension scheme	(831)	(856)
(Increase)/Decrease in stocks	4	(9)
(Increase)/Decrease in debtors	(424)	178
Increase in creditors	157	2,599
Net cash provided by/(used in) operating activities	(2,366)	(1,545)
B. Analysis of cash and cash equivalents		
Cash in hand	1,277	2,370
Notice deposits and investment accounts (less than 30 days)	1,123	676
Total cash and cash equivalents	2,400	3,046

Notes to the financial statements for the year ended 31 December 2018

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. The charity registration number is 210508. The RCP is a Public Benefit Entity and its registered office is 11 St Andrews Place, London NW1 4LE. The RCP is now registered at Companies House as a company incorporated by royal charter, no. RC000899.

Basis of preparation

The consolidated financial statements comprise the financial statements of RCP, and its subsidiary undertaking, 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.

The functional currency of RCP and its subsidiary entity is considered to be GBP because that is the currency of the primary economic environment in which the group operates. The consolidated financial statements are presented in GBP.

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

After making enquiries, the trustees consider that the RCP has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the report of trustees on page 37.

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. 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.

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:

- secretariat and finance: proportion of total time spent
- human resources: number of staff in the cost centres
- buildings and office services: square footage of office space occupied.

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 in the year of purchase or acquisition, or on assets in the course of construction.

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.

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 20.

Restricted funds

Restricted funds are subject to specific conditions laid down by the donors as to how they may be used. Note 21 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 22.

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 22 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 25.

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.

Post balance sheet event

In December 2018 an agreement was signed to gift the net assets and ongoing operation of The Faculty of Medical Leadership and Management into an independent registered charity as at 1 January 2019. The Faculty of Medical Leadership and Management had previously operated as a restricted fund within the RCP.

Notes to the financial statements continued

Incoming resources

	Unrestricted	Restricted/ endowment	2018	2017
	£000	£000		Restated £000
2 Fundraising				
Donations	160	-	160	53
Legacies	10	-	10	31
Library and museum	-	3	3	15
RCP North	-	23	23	19
Physicians' fund	-	56	56	33
	170	82	252	151
3 Care quality improvement				
National Guideline Centre	271	3,234	3,505	3,418
Clinical standards	3,208	2,292	5,500	6,396
Invited Service Reviews	138	-	138	95
	3,617	5,526	9,143	9,909
4 Education and Federation				
Education and conferences	4,710	263	4,973	4,448
Continuing professional development	195	-	195	232
MRCP(UK) examinations	9,677	-	9,677	9,320
Physicians Training Board	1,626	-	1,626	1,720
Faculty of Medical Leadership and Management	-	1,538	1,538	1,226
	16,208	1,801	18,009	16,946
5 Membership support and global engagement				
Membership	7,273	-	7,273	6,689
UK regional offices	516	-	516	384
International	379	257	636	687
Medical Workforce Unit	11	-	11	26
	8,179	257	8,436	7,786
6 Strategy, communications and policy				
Professional affairs	-	-	-	17
Publications	77	-	77	93
External communications	-	98	98	77
	77	98	175	187
7 Heritage and investing in our future				
Library and museum services	26	10	36	17
RCP500	37	-	37	-
RCP North	6	-	6	-
	69	10	79	17
8 Investment income				
Dividends	86	33	119	325
Interest on investments	553	361	914	878
Interest on deposits	-	-	-	12
	639	394	1,033	1,215

Notes to the financial statements continued

Resources expended

	Unrestricted	Restricted/ Endowment	2018	2017
	£000	£000	£000	Restated £000
9 Care quality improvement				
National Guideline Centre	469	3,234	3,703	4,172
Clinical standards	4,471	2,993	7,464	8,283
Invited Service Reviews	189	-	189	154
	5,129	6,227	11,356	12,609
10 Education and Federation				
Education and conferences	6,308	220	6,528	4,990
Continuing professional development	177	-	177	155
MRCP(UK) examinations	5,704	-	5,704	6,132
Physicians Training Board	1,295	-	1,295	1,418
Faculty of Medical Leadership and Management	-	1,558	1,558	1,217
	13,484	1,778	15,262	13,912
11 Membership support and global engagement				
Membership	2,167	-	2,167	1,739
UK regional offices	1,097	-	1,097	1,026
International	711	299	1,010	1,191
Medical Workforce Unit	303	-	303	305
	4,278	299	4,577	4,261
12 Strategy, communications and policy				
President's office	169	-	169	155
Professional affairs	612	1	613	1,013
Committees	378	-	378	343
Publications	1,114	-	1,114	1,712
External communications	1,753	69	1,822	1,778
	4,026	70	4,096	5,001
13 Heritage and investing in our future				
Library and museum services	1,516	10	1,526	1,421
RCP 500	687	-	687	129
RCP North	505	-	505	398
	2,708	10	2,718	1,948

Notes to the financial statements continued

14 Total resources expended	Direct costs	Staff costs	Other support costs	Total 2018	Total 2017 Restated
	£000	£000	£000	£000	£000
Cost of generating funds					
Fundraising and publicity costs	45	129	56	230	512
Investment management fees	135	-	-	135	129
Meetings and events (non-medical)	815	-	754	1,569	1,187
Charitable expenditure					
Care quality improvement	2,872	6,566	1,918	11,356	12,609
Education and Federation	4,548	6,678	4,036	15,262	13,912
Membership support and global engagement	1,160	1,342	2,075	4,577	4,261
Strategy, communications and policy	1,037	1,904	1,155	4,096	5,001
Heritage and investing in our future	926	899	893	2,718	1,948
Meetings and events (medical)	2,841	699	1,725	5,265	5,009
Trusts and fellowships	115	-	-	115	889
Total for 2018	14,494	18,217	12,612	45,323	45,457
Total for 2017	14,880	18,385	12,192	45,457	
				2018	2017
The analysis of other support costs is as follows:				£000	£000
Administrative overheads				1,428	1,455
Information technology costs				2,911	2,138
Building overheads				2,114	3,061
Travel, meetings, subscriptions and journals				1,516	1,083
Governance costs				104	82
Other costs, including staff costs of central services				4,539	4,373
				12,612	12,192

Governance costs include fees payable to the auditors from audit fees of £55k (2017: £40k) and non-audit services of £3k (2017: £10k).

Notes to the financial statements continued

15 Employees and trustees	2018	2017
The average number of employees in the year was:	426	432
The number of employees whose emoluments exceeded £60,000 were:		
£60,001– £70,000	15	13
£70,001– £80,000	3	5
£80,001– £90,000	3	2
£90,001–£100,000	6	4
£100,001–£110,000	1	2
£110,001– £120,000	0	1
£130,001– £140,000	0	0
£140,001– £150,000	1	1
	2018	2017
The total costs of salaries and wages were as follows:	£000	£000
Salaries and wages	15,198	15,290
Social security costs	1,586	1,635
Pension costs	1,433	1,460
	18,217	18,385

The total aggregated amount of employee benefits (including pension contributions) received by the key management personnel during the year was £1,670k (2017: £1,385k). Fifteen (2017: 26) of the above employees are members of the defined contribution pension scheme and one (2017: 4) of the above employees is a member of the defined benefit pension scheme, which is now closed. Contributions paid into the defined contribution pension scheme for the employees for the year was £1,433k (2017: £1,460k).

During the year termination payments totalling £82k (2017: £22k) were paid to five employees (2017: 3), who left employment with the RCP in 2018.

Payments made to trustees were as follows: travel expenses totalling £36k (2017: £29k) were paid to 13 trustees (2017: 12). 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.

Notes to the financial statements continued

16a	Intangible assets (Group and RCP)	Membership module	KISS Project	Assets in the course of construction	Total 2018
		£000	£000	£000	£000
	Cost at 1 January 2018	402	3,020	422	3,844
	Additions		451	244	695
	Transfers/adjustments		60	(60)	
	Cost at 31 December 2018	402	3,531	606	4,539
	Accumulated amortisation at 1 January 2018	(241)	(886)		(1,127)
	Depreciation for the year	(80)	(630)		(710)
	Accumulated depreciation at 31 December 2018	(321)	(1,516)		(1,837)
	Net book value at 31 December 2018	81	2,015	606	2,702
	Net book value at 31 December 2017	161	2,134	422	2,717

16b	Tangible fixed assets (Group and RCP)	Leasehold properties	Furniture and equipment	Total 2018
		£000	£000	£000
	Cost at 1 January 2018	21,214	2,375	23,589
	Additions	819	387	1,206
	Cost at 31 December 2018	22,033	2,762	24,795
	Accumulated depreciation at 1 January 2018	(10,604)	(1,214)	(11,818)
	Depreciation for the year	(864)	(330)	(1,194)
	Accumulated depreciation at 31 December 2018	(11,468)	(1,544)	(13,012)
	Net book value at 31 December 2018	10,565	1,218	11,783
	Net book value at 31 December 2017	10,610	1,161	11,771

17	Investments (Group and RCP)	----Unrestricted----				Total	
		Designated for leasehold	General	Restricted	Endowment	2018	2017
		£000	£000	£000	£000	£000	£000
	Market value at 1 January 2018	4,483	33,919	1,864	9,231	49,497	47,180
	Additions at cost	70	-	-	4	74	303
	Disposals	-	(2,663)	-	-	(2,663)	(100)
	Loss/Gains	(270)	(2,024)	(63)	(650)	(3,007)	2,114
	Total investments at 31 December 2018	4,283	29,232	1,801	8,585	43,901	49,497
	Historical cost as at 31 December 2018	3,730	19,529	1,337	6,373	30,969	34,774
	The above investments are held as follows:					2018	2017
						£000	£000
	Listed on UK stock exchange					23,706	37,233

Notes to the financial statements continued

18 Debtors (Group and RCP)	2018		2017	
	Group	RCP	Group	RCP
	£000	£000	£000	£000
Trade debtors	2,639	2,444	2,549	2,438
Other debtors	151	151	214	214
Prepayments	754	754	866	866
Accrued income	784	784	275	275
	4,328	4,133	3,904	3,793

19 Creditors and accrued expenses (Group and RCP)	2018		2017	
	Group	RCP	Group	RCP
	£000	£000	£000	£000
Trade creditors	3,667	3,240	3,585	3,223
Other creditors	1,678	1,669	1,729	1,729
Tax and social security creditors	256	250	269	269
Accruals	3,660	3,660	3,975	3,970
Amount due to subsidiary undertaking		200		917
	9,261	9,019	9,558	10,108
Examination and other income received in advance (Group and RCP)	Balance b/f 1 Jan 2018	Released to SOFA	Received in year	Balance c/f 31 Dec 2018
	£000	£000	£000	£000
Examination income	4,285	4,285	3,640	3,640
Other income	1,495	1,495	2,593	2,593
	5,780	5,780	6,233	6,233

Financial assets and liabilities	2018	2017
	£000	£000
Financial assets measured at amortised cost	6,306	6,084
Financial assets held at fair value	43,901	49,497
Financial liabilities measured at amortised cost	(5,393)	(5,314)
Gains, losses, income and expenditure on assets held at fair value	(1,974)	3,329

Notes to the financial statements continued

20 Unrestricted funds		-----Designated-----				Unrestricted	Total
		Leasehold replacement fund	Fixed and intangible assets fund	Legacies development fund	Clinical standards	General	
		£000	£000	£000	£000	£000	£000
Net incoming resources for the year before transfers and gains		-	-	-	-	(1,771)	(1,771)
Leasehold replacement fund							
	Transfers from general funds and additions to portfolio	70	-	-	-	(70)	-
Clinical standards							
	Transfers to general funds	-	-	-	(45)	45	-
Fixed and intangible assets fund							
Projects	Capitalised this year:						
	Intangible	-	695	-	-	695	-
	Tangible	-	1,206	-	-	1,206	-
Depreciation	of assets:						
	Intangible	-	(710)	-	-	(710)	-
	Tangible	-	(1,194)	-	-	(1,194)	-
Legacies development fund							
	Expenditure for the year	-	-	(1,152)	-	1,152	-
Net incoming / (outgoing) resources for the year after transfers		70	(3)	(1,152)	(45)	(641)	(1,771)
Losses on investments		(270)	-	-	-	(2,024)	(2,294)
Transfer from restricted fund – Clinical standards		-	-	-	-	(25)	(25)
Pension scheme actuarial gain (FRS 17)		-	-	-	-	2,105	2,105
Net movement in funds		(200)	(3)	(1,152)	(45)	(585)	(1,985)
Brought forward as at 1 January 2018		4,483	14,488	1,297	160	15,555	35,983
Carried forward as at 31 December 2018		4,283	14,485	145	115	14,970	33,998

Leasehold replacement fund – this represents funds earmarked and invested separately by the RCP as security against the declining value of leases and £208k being part of a legacy received in 2001 and 2002 and designated by the trustees to this fund. A further £70k is being transferred from general funds annually.

Fixed and intangible assets fund – this represents the net book value of the RCP's fixed and intangible assets.

Legacies development fund – no unrestricted legacy was received in the year (2017: £0k).

During 2018 £1,152k of legacy funds were utilised for the RCP500 anniversary activities.

Clinical standards – 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.

Clinical standards transfers – relate to surplus funds made in respect to closed projects, which have been transferred to the RCP's general funds for future use. An additional transfer was made from general funds to cover deficit projects held within restricted funds.

Notes to the financial statements continued

21	Restricted funds	Balance at 01/01/2018	Income and net gains	Expenses	Transfers	Balance at 31/12/2018
		£000	£000	£000	£000	£000
	Clinical standards	1,369	2,292	(2,993)	25	693
	Education	253	263	(220)		296
	National Guideline Centre		3,234	(3,234)		0
	Faculty of Medical Leadership and Management	787	1,538	(1,558)		767
	Membership Support and Global Engagement	316	257	(299)		274
	Fundraising	102	82			184
	Library and museum services		10	(10)		0
	External communications	27	98	(70)		55
	Dr Everley-Jones legacy	303	12	(34)		281
	Harold Thomas Barten Trust	97	3	(7)		93
	Frank Peacock Bequest	59	2	(4)		57
	Catherine Mills Bequest	64	3	(5)		62
	Queenie Louisa Higgins Bequest	43	1	(3)		41
	Thomas Cotton Trust	94	3	(29)		68
	The London Fever Hospital Fund	11	4	(3)		12
	The Saltwell Will Trust Research Branch	73	52	(25)		100
	Will Edmunds Clinical Research Trusts	14	9	(5)		18
	13 other funds balances below £40,000	192	7	(13)		186
	Total	3,804	7,870	(8,512)	25	3,187

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

The grants for Clinical Standards, Education, National Guideline Centre, Professional Affairs and Membership Support and Global Engagement are received in respect for specific projects.

Faculty of Medical Leadership and Management income and expenditure are restricted for the anticipated transfer to a separate legal entity in the future.

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 balance on fundraising represents income raised for the heritage museum, RCP at The Spine and Physicians' Fund.

Notes to the financial statements continued

22	Endowment funds	Unapplied total return 01/01/2018	Income and gains	Conversion to income	Transfers	Unapplied total return 31/12/2018	'Frozen' permanent capital 31/12/2018	Total endowment 31/12/2018
		£000	£000	£000	£000	£000	£000	£000
	Bradshaw Trust	219	12	(67)		164	143	307
	Eden Fellowship in Paediatrics	1,013	39	(92)		960	142	1,102
	John Rosser Scholarship	23	2	(5)		20	42	62
	Joseph Senior White Trust	79	8	(18)		69	161	230
	Lewis Thomas Gibbon Jenkins-Briton Ferry	1,095	79	(175)		999	1,250	2,249
	ORL Wison Bequest	93	5	(10)		88	44	132
	James Maxwell Grant Proffit Bequest	384	31	(99)		316	539	855
	Sadleir Trust	320	14	(29)		305	91	396
	Samuel Leonard Simpson Fellowship	551	28	(66)		513	280	793
	T K Stubbins bequest	54	5	(26)		33	104	137
	Watson Smith Trust	450	32	(78)		404	470	874
	William Withering Prize	120	5	(11)		114	38	152
	Dr J D Ramsay Scholarship	40	2	(5)		37	30	67
	Graham Bull Prize	45	2	(5)		42	25	67
	Sir Michael Perrin Lecture	67	3	(6)		64	12	76
	Lady Teale Lecture	85	4	(10)		79	44	123
	Dr Samuel Gee's Endowment Fund	20	2	(5)		17	26	43
	John Glyn	84	6	(13)		77	80	157
	Dame Sheila Kift Bequest	29	2	(5)		26	38	64
	16 other funds with balances							
	below £40,000	133	17	(15)		135	83	218
	Subtotal	4,904	298	(740)	-	4,462	3,642	8,104

Funds not included in total return	Balance at 01/01/2018	Income	Expenses and losses	Transfers	Unapplied total return 31/12/18	'Frozen' permanent capital	Balance at 31/12/2018
	£000	£000	£000	£000	£000	£000	£000
Thomas Cotton Fund	140						140
The London Fever Hospital Research Fund	148						148
Saltwell Will Trust Research Branch	806						806
Will Edmunds Clinical Research Fund	418						418
Subtotal	1,512						1,512
Total endowment	6,416	298	(740)	-	4,462	3,642	9,616

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.

Notes to the financial statements continued

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 (1800–1866): £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 Proffit Trust was received in November 1998. The endowment is an addition to the Proffit 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 (1900–1983) 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 (1633–1684), 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.
- Conversion to income in the year represents expenses of £146k and losses on investments of £594k.

Notes to the financial statements continued

23 Analysis of group net assets after pension scheme liability						
					Total	
		Intangible and tangible assets	Investments	Net current assets inc. pension liability	2018	2017
		£000	£000	£000	£000	£000
Unrestricted:						
Designated	Leasehold Replacement Fund		4,283		4,283	4,483
	Fixed Assets Fund	14,485			14,485	14,488
	Legacies Development Fund			145	145	1,297
	Clinical Standards			115	115	160
		14,485	4,283	260	19,028	20,428
General funds			29,232	(14,262)	14,970	15,555
		14,485	33,515	(14,002)	33,988	35,983
Restricted			1,801	1,386	3,187	3,804
Endowment			8,585	1,031	9,616	10,058
		14,485	43,901	(11,585)	46,801	49,845

Notes to the financial statements continued

24 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.		
	2018	2017
Profit and loss account	£000	£000
Turnover	1,831	1,890
Cost of sales	(758)	(884)
Gross profit	1,073	1,006
Administrative expenses	(811)	(303)
Operating profit	262	703
Gift aid to Royal College of Physicians	(965)	
Retained profit for the financial year	(703)	703
Included within operating costs is £755k (2017: £336k), which represents a reimbursement in respect of costs incurred by the RCP.		
	2018	2017
Balance sheet	£000	£000
Debtors	199	110
Debtor – due from RCP	187	917
Balance at bank	47	42
Current and total assets	433	1,069
Creditors due within 1 year:		
due to the RCP		
other	(433)	(366)
Total creditors	(433)	(366)
Net assets	£1	703
Capital and reserves		703
Called up share capital	£1	£1
Shareholders’ funds	£1	703

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

The operating profit for the year ended 31 December 2018 was £262k (2017: £703k), due to a re-appraisal of the overheads allocations.

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**25 Pension schemes**

Total pension costs charged for the year were £65k (2017: £48k) for the defined benefit pension scheme and employer pension contributions of £1,433k (2017: £1,526k) for the defined contribution pension scheme.

There are two defined contribution schemes. One scheme closed to new members in 2017 – 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 2018 by a qualified actuary.

The valuation, details of which are given below, shows £17 million of assets and £20 million of liabilities. The deficit of £3 million represents a decrease of £3 million compared with 2017. This is mostly due to actuarial adjustments.

The scheme's assets and liabilities as at 31 December 2018, analysis of pension costs and details of the valuation were as follows:

Principal assumptions	2018	2017	2016	2015	2014
	% per annum	% per annum	% per annum	% per annum	% per annum
Discount rate	2.9	2.5	2.7	3.7	3.5
Aggregate long-term expected rate of return on assets	2.9	2.5	2.7	3.7	3.5
Rate of increase of salaries	n/a	n/a	n/a	n/a	n/a
RPI inflation assumption for pensions in payment	3.25	3.2	3.6	3.4	3.3
CPI inflation assumption for deferred pensions	2.25	2.2	2.6	2.4	2.5
Pension increases	3.15	3.1	3.4	3.3	3.3
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 using CMI 2017 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	2018	2017
	%	%
Real return and absolute return funds	49.0	50.9
UK Government Index-linked gilts	32.3	33.0
UK Corporate bonds	9.6	9.9
Hedge funds	0.0	0.1
Other	0.0	0.0
Cash	9.1	6.1
Total market value of assets	100	100

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.

Notes to the financial statements continued

25 Pension schemes continued

Movement in deficit during the year	2018	2017
	£000	£000
Pension scheme liability at the beginning of the year	(5,914)	(7,279)
Actuarial losses and gains on present value of obligations	2,041	523
Experience gains and losses on defined benefit obligations	581	0
Gains/(losses) on return of scheme assets	(517)	59
	2,105	582
Employer contributions	967	967
Net interest on the net defined benefit liability	(136)	(184)
	(2,978)	(5,914)
Reconciliation of the opening and closing balances of scheme liabilities	2018	2017
	£000	£000
Present value of scheme liabilities at beginning of the year	22,604	22,962
Interest cost	558	614
Actuarial (loss)/gain on scheme liability assumption changes	(2,622)	(523)
Benefits paid	(574)	(449)
Present value of scheme liabilities at the end of the year	19,966	22,604
Reconciliation of the opening and closing balances of the fair value of assets	2018	2017
	£000	£000
Fair value of scheme assets at beginning of the year	16,690	15,683
Interest income	422	430
Return on scheme assets	(517)	59
Employer contributions	967	967
Benefits paid	(574)	(449)
Fair value of scheme assets at the end of the year	16,988	16,690
Reconciliation of the present value of scheme liabilities and fair value of assets to the asset and liability recognised in the balance sheet	2018	2017
	£000	£000
Fair value of scheme assets	16,988	16,690
Value of liabilities (defined benefit obligation)	(19,966)	(22,604)
Funded status	(2,978)	(5,914)
Recognised pension scheme liability	(2,978)	(5,914)

Analysis of pension scheme assets and liabilities for the current and previous five financial periods	2018	2017	2016	2015	2014	2013
	£000	£000	£000	£000	£000	£000
Present value of scheme liability	(19,966)	(22,604)	(22,962)	(18,925)	(20,355)	(17,635)
Fair value of scheme assets	16,988	16,690	15,683	13,870	13,868	12,710
Deficit	(2,978)	(5,914)	(7,279)	(5,055)	(6,487)	(4,925)

At the date of the last statutory actuarial assessment as at 1 January 2018, the market value of the scheme was £16.8 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

26	Lease obligations	2018	2017
		£000	£000
	Operating leases on land and buildings, by expiry date:		
	Under 1 year	229	229
	1 to 2 years	152	229
	2 to 5 years	0	152
	Total future minimum operating lease commitments	381	610
	Operating leases on office equipment and computers, by expiry date:		
	Under 1 year	2	3
	1 to 2 years	3	3
	2 to 5 years	1	2
	Total future minimum operating lease commitments	6	8

In 2017 the RCP entered into an agreement with the University of Liverpool to lease 15,290 square feet of office space for purposes of holding examinations, conferences, events and an administration office for a period of 3 years, with effect from 1 September 2017. The operating lease commitment on this agreement is £229,350 per annum being rates and service charges.

In August 2018 the RCP signed an agreement for lease for 71,352 square feet over seven floors of 'The Spine' with Liverpool City Council for 25 years. The rental for the total period is £28.7 million.

27 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.

28 Comparative notes from prior year

a Statement of financial activities 2017

	Notes	Unrestricted funds	Restricted funds	Endowment funds	Total funds	
		£000	£000	£000	31 Dec 2017 £000	31 Dec 2016 £000
Incoming resources						
Donations and legacies		84	67		151	68
Income from charitable activities						
Supporting physicians	2	7,359	511		7,870	7,233
Influencing the healthcare agenda	3	30	73		103	224
Education and training	4	15,573	1,390		16,963	16,776
Improving standards in clinical practice	5	3,070	6,839		9,909	9,236
Meetings and events (medical)		3,578			3,578	3,968
Activities to generate funds						
Investment income	6	838	37	340	1,215	1,275
Meetings and events (non-medical) – trading income	21	1,890			1,890	1,858
Other income		80			80	73
Total income		32,502	8,917	340	41,759	40,711
Resources expended						
Expenditure on raising funds						
Fundraising costs		512			512	206
Investment management fees		129			129	120
Meetings and events (non-medical)		1,187			1,187	1,170
		1,828			1,828	1,496
Expenditure on charitable activities						
Supporting physicians	7	6,465	583		7,048	6,761
Influencing the healthcare agenda	8	2,317	109		2,426	1,968
Education and training	9	14,029	1,304		15,333	14,602
Improving standards in clinical practice	10	5,337	7,481		12,818	12,530
Meetings and events (medical)		5,115			5,115	4,839
Trusts and Fellowships			333	556	889	294
Total expenditure	11	35,091	9,810	556	45,457	42,490
Net operating loss		(2,589)	(893)	(216)	(3,698)	(1,779)
Net gains on investment assets		1,529	52	533	2,114	5,597
Net (expenditure)/income		(1,060)	(841)	317	(1,584)	3,818
Transfers between funds	18/19		27	(27)	-	-
Actuarial gains/(losses) on defined benefit pension scheme	22	582			582	(2,884)
Net movement in funds for the year		(478)	(814)	290	(1,002)	934
Funds brought forward at 1 Jan 2017	17/18/19	36,461	4,618	9,768	50,847	49,913
Funds carried forward at 31 December 2017		35,983	3,804	10,058	49,845	50,847

b Restricted funds 2017

18 Restricted funds	Balance at 01/01/2017	Income and net gains	Expenses	Transfers	Balance at 31/12/2017
	£000	£000	£000	£000	£000
Clinical standards	2,011	3,446	(4,088)	-	1,369
Education	410	164	(87)	(234)	253
National Guideline Centre		3,393	(3,393)	-	-
Faculty of Medical Leadership and Management	778	1,226	(1,217)	-	787
Membership Support and Global Engagement	174	524	(616)	234	316
Fundraising donations	35	67		-	102
External communications	43	60	(76)	-	27
Dr Everley-Jones legacy	574	51	(322)	-	303
Harold Thomas Barten Trust	91	8	(2)	-	97
Frank Peacock Bequest	55	5	(1)	-	59
Catherine Mills Bequest	61	5	(2)	-	64
Queenie Louisa Higgins Bequest	39	4			43
The Cotton Trust	84	6	-	4	94
The London Fever Hospital Fund	7	-	-	4	11
The Saltwell Will Trust Research Branch	59	-	-	14	73
Will Edmunds Clinical Research Trusts	9	-	-	5	14
13 other funds balances below £40,000	188	10	(6)	-	192
Total	4,618	8,969	(9,810)	27	3,804

c Endowment funds 2017

19	Endowment funds	Unapplied total return 01/01/2017	Income and gains	Conversion to income	Transfer	Unapplied total return 31/12/2017	'Frozen' permanent capital	Total endowment
		£000	£000	£000		£000	£000	£000
	Bradshaw Trust	216	33	(30)		219	143	362
	Eden Fellowship in Paediatrics	933	97	(17)		1,013	142	1,155
	John Rosser Scholarship	19	5	(1)		23	42	65
	Joseph Senior White Trust	16	64	(1)		79	161	240
	Lewis Thomas Gibbon Jenkins-Briton Ferry	1,002	202	(109)		1,095	1,250	2,345
	ORL Wison Bequest	83	12	(2)		93	44	137
	James Maxwell Grant Proffit Bequest	398	84	(98)		384	539	923
	Sadleir Trust	295	34	(9)		320	91	411
	Samuel Leonard Simpson Fellowship	502	69	(20)		551	280	831
	T K Stubbins bequest	44	13	(3)		54	104	158
	Watson Smith Trust	548	100	(198)		450	470	920
	William Withering Prize	107	14	(1)		120	38	158
	Dr J D Ramsay Scholarship	34	6			40	30	70
	Graham Bull Prize	39	6			45	25	70
	Sir Michael Perrin Lecture	63	7	(3)		67	12	79
	Lady Teale Lecture	74	12	(1)		85	44	129
	Dr Samuel Gee's Endowment Fund	61	8	(49)		20	26	46
	John Glyn	74	14	(4)		84	80	164
	Dame Sheila Kift Bequest	24	7	(2)		29	38	67
	16 other funds with balances below £40,000	133	8	(8)		133	83	216
	Subtotal	4,665	795	(556)		4,904	3,642	8,546

Funds not included in total return	Balance at 01/01/2017	Income and net gains	Conversion to income	Transfers	Unapplied total return 31/12/2017	'Frozen' permanent capital	Balance at 31/12/2017
	£000	£000		£000			£000
Thomas Cotton Fund	140	4		(4)			140
The London Fever Hospital Research Fund	139	13		(4)			148
Saltwell Will Trust Research Branch	778	42		(14)			806
Will Edmunds Clinical Research Fund	404	19		(5)			418
Subtotal	1,461	78	-	(27)			1,512
Total endowment	6,126	873	(556)	(27)	4,904	3,642	10,058

d Analysis of group net assets after pension scheme liability 2017

20 Analysis of group net assets after pension scheme liability					Total	
	Intangible and tangible assets	Investments	Net current assets inc. pension liability	2017	2016	
	£000	£000	£000	£000	£000	
Unrestricted:						
Designated	Leasehold Replacement Fund	4,483		4,483	4,274	
	Fixed Assets Fund	14,488		14,488	12,861	
	Legacies Development Fund		1,297	1,297	1,545	
	Clinical Standards		160	160	491	
	14,488	4,483	1,457	20,428	19,171	
General funds		33,919	(18,364)	15,555	17,290	
	14,488	38,402	(16,907)	35,983	36,461	
Restricted		1,864	1,940	3,804	4,618	
Endowment		9,231	827	10,058	9,768	
	14,488	49,497	(14,140)	49,845	50,847	



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