



Royal College
of Surgeons
of England

ADVANCING SURGICAL CARE



The Royal College of Surgeons of England

Annual report and accounts
2019–20

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President's foreword



I am pleased to present this report, which summarises the achievements of my predecessor, Professor Derek Alderson, in his final year as President. I want to record my gratitude to Derek for his leadership of RCS England during the past three years. Throughout his period in office, Derek provided an exceptionally strong voice for the surgical profession and his wealth of experience has been a major asset to us. This was never more important than in 2019–20, which presented unique challenges for RCS England, our fellows and members, and the NHS as a whole.

For many of those working in the health service, the COVID-19 pandemic has made the last few months the hardest of their professional lives and their continuing commitment to patient care has been nothing short of extraordinary. RCS England's focus since the crisis began has been on doing everything we can to support our membership, including developing a wide range of professional guidance documents, running a regular series of webinars on key issues arising during the pandemic, and representing fellows' and members' views in our ongoing discussions with ministers and senior health officials. Furthermore, much of our core business, for example around learning and examinations, has also had to adapt rapidly to the realities of a post-COVID world, and I am extremely grateful to the RCS England staff for their hard work and professionalism in achieving this.

While COVID-19 has undoubtedly been the defining feature of the last 12 months, we have also continued to progress a number of other important projects during 2019–20, not least the preparations for moving into our new building next year. While none of us could have imagined the wider circumstances in which we would be doing so, this remains an extremely exciting prospect for all of those involved with RCS England and I feel very privileged to hold the presidency as this new era for our institution begins. Over the last year, we have also taken important steps to extend our global reach, and to maintain strong relationships with MPs and peers across the political spectrum following the UK's general election in December.

Since I was elected as the new President of RCS England in March, the world has changed dramatically. However, while there will be significant challenges ahead, both RCS England and the surgical profession as a whole have demonstrated admirable resilience and agility. I therefore look ahead to 2020–2021 knowing that although the next 12 months may not be easy, we are nonetheless well placed to continue to move forwards and advance surgical care.

Professor Neil Mortensen
President

“ RCS England's focus since the crisis began has been on doing everything we can to support our membership.

Chief Executive's statement



We set out this year to build further on our success of recent years, particularly in learning, assessment and research, and by the end of February, we were on course for further achievements in many areas of our work. COVID-19 has caused so much devastation to lives and livelihoods, and like many organisations, RCS England too has been badly hit by its effects.

In the event, I am extremely proud of our staff, who, working remotely, stepped up to deliver what was needed. Operationally, our biggest concern was to reinstate examinations, especially the MRCS, which enable trainee surgeons to progress towards full qualification, along with maintaining our learning offer. From responding quickly to provide our fellows and members as well as the wider profession with specific guidance, support and toolkits to navigate the challenges they faced through to finding virtual solutions to ensure that exams, courses and events could continue to be delivered wherever possible, their dedication to RCS England, our membership and to the NHS has been exemplary.

Despite the impact on our activities in the final quarter of the year, our membership has continued to grow and I have been encouraged by our engagement on the issues that have mattered to them, from responding to our surveys on testing, personal protective equipment, COVID-light sites and now the resumption of surgery, as well as joining our popular weekly webinars. As we

continue to navigate our way through the pandemic, I am also pleased that we have seen good progress in some of the themes from the Future of Surgery commission.

The redevelopment of the Barry building has continued, albeit with an expected delay to the planned completion date of end of November as a result of social distancing measures. We can now see the shape of what will be a magnificent home for RCS England, and a wonderful facility for our fellows and members. As we continue to modernise more broadly, we embarked on a programme to replace our core information system, with the new system incorporating our membership

database and learning systems coming online in early 2021. This is the first stage of a programme to strengthen our digital platform to support all our major activities and enhance our global access.

We have worked hard to develop even stronger relationships with our sister colleges, especially RCS Edinburgh, with whom we have made a joint commitment to greater cooperation. As a gesture of goodwill, we have begun to use our full and formal name – The Royal College of Surgeons of England – in all our branding and communications. This commitment is an important step for the surgical profession as a whole and we look forward to strengthening the ties between the two colleges.

The Faculty of Dental Surgery has continued to flourish, making its mark particularly in the promotion of oral health and in the case for better provision of children's dental services. We continue to support the Faculty of General Dental Practice (UK) in its plans to establish an independent college for primary care dentistry.

Finally, I would like to record my sincere thanks to Professor Derek Alderson, who completed his term as President of RCS England in July 2020, for his astute leadership and unstinting support over the past three years. I welcome our new President, Professor Neil Mortensen, who is already making an impact, especially in promoting greater diversity. As an institution, we remain committed to a continuing process of transformation into a modern, sustainable and forward-thinking organisation that embraces our heritage and reflects a professional approach to our work within a landmark building. This report documents the activities of The Royal College of Surgeons of England and presents our financial statements for the year ended 30 June 2020.

Andrew Reed
Chief Executive

“As an institution, we remain committed to a continuing process of transformation into a modern, sustainable and forward-thinking organisation.

Our surgical
affiliate member
numbers now
reach more than
2,500

1,026 new fellows,
members,
affiliates and
associates

Our Women in
Surgery network
now has over
6,700 members

Trustees' report

The trustees of The Royal College of Surgeons of England are pleased to present their report for the year ended 30 June 2020.

Our objects and aims

RCS England was established for the study and promotion of the art and science of surgery.

Our mission

Our mission is to advance surgical care.

Our strategic aims

We will achieve our mission by:

- » advancing surgical standards and reducing variability of patient outcomes;
- » attracting, educating, developing and supporting high-quality surgeons; and
- » influencing and shaping future health policy and practice to advance standards of surgical care nationally and internationally.

Working for the public benefit

We deliver public benefit through a wide range of activities that influence and support the professional development of surgeons and the delivery of surgical services for the benefit of patients, surgeons and trainee surgeons. We provide strong leadership and support for surgeons in all matters relating to their surgical practice throughout their careers. Our activities and achievements, which all lead to public benefit, reinforce our strategic aims and demonstrate our commitment to maintain the highest standards of surgical practice and patient care.

The trustees confirm that they have paid due regard to the guidance issued by the Charity Commission on public benefit, and further confirm that the activities of RCS England are carried out for public benefit. Our work is based on a number of the charitable purposes defined in the Charities Act 2011 (chiefly, the advancement of education, the advancement of health or the saving of lives and the advancement of the arts, culture, heritage or science). We engage directly with the public through the Hunterian Museum, the media, our publications and our journals (the *Annals*, the *Bulletin* and the *FDJ*).

Our core values

We will:



put the interests of patients at the heart of all we do;



provide leadership and support for surgeons of all specialties;



develop the potential of surgeons through education, training and research;



work closely with the specialty associations and other organisations to achieve our mutual aims;



foster and develop our employees;



promote equality of opportunity and act against discrimination in all aspects of College life; and



be fair, responsible, open and accountable for all we do.



The atrium roof in the new RCS England headquarters

What we have achieved this year



Anxiety?
Financial worries?
Sleepless nights?

**Call our Confidential
Support & Advice Service.**

020 7869 6221

If you are struggling with work or personal matters, or you just need someone to talk to, you can contact us. We've teamed up with Health Assured to offer you practical advice and emotional support — whenever you need it.



Natasha Jiwa shared her COVID-19 experience on the RCS England blog.

Membership and engagement

Supporting and engaging with our members

During the past 12 months, we have welcomed 1,026 new fellows, members, affiliates and associates.

Throughout the year, we have worked hard to support our membership with a wide range of resources, not least the creation of a hub of COVID-19 information and resources, signposting our own related materials and services, including a significant amount of new guidance, as well as resources from other organisations. We have kept members up to date through regular newsletters, updates and active social media, leading to a 270% increase in our web traffic from social media.

Our programme of webinars has expanded, culminating in a series of weekly webinars during the pandemic with participant numbers frequently exceeding 500.

The publication of our three journals has continued apace: the *Annals* with its research, case reports and technical papers; our flagship member magazine, the *Bulletin*, containing surgical news, opinion pieces and feature articles; and the *FDJ*, providing expert opinion on issues relevant to the whole dental community. During the pandemic, we also developed a new blog series, *COVID-19: Views from the NHS Frontline*.

Over the last 12 months, we have continued to work with our network of regional and devolved nation directors to support our membership right across the UK, and we have worked with our regional representatives to review more than 270 consultant job descriptions.

The mental health and wellbeing of our members is critically important, and we have expanded our Confidential Support and Advice Service to offer 24/7 emotional advice from trained counsellors as well as legal and financial information and guidance.

Direct input from members is vital to inform our lobbying efforts, and we have conducted a number of member surveys asking about issues including personal protective equipment (PPE), testing and the recovery of surgery.

The trainee voice is an important one in our work. We work closely with the Association of Surgeons in Training and the British Orthopaedic Trainees Association on our activities and through our committees to ensure that the trainee voice is heard and supported.

Attracting and supporting a diverse and representative workforce in surgery is a vital priority for us. Our Future Surgeons Forum supports those with surgical career ambitions. We continue to champion and fund surgical career development activities in the regions, and our surgical affiliate member numbers continue to rise, reaching more than 2,500 this year. Our Women in Surgery programme supports and inspires women in their surgical career ambitions through a programme of events, social media campaigns and funding of regional activities. The number of members joining our Women in Surgery programme is on the rise and the network now numbers more than 6,700.

**270% increase
in our web traffic
from social media**

Influence and engagement

COVID-19

Since its onset, the outbreak of COVID-19 has dominated our influencing and engagement activity. Throughout the pandemic, RCS England has been the leading voice of surgery, championing the views of surgeons and trainees. We have received extensive coverage across broadcast, print and radio media outlets, and our position and recommendations on key aspects of the pandemic have been quoted repeatedly by leading politicians across all political parties. Our engagement has also included extensive interaction with the Department of Health and Social Care and NHS England.

Almost 2,000 RCS England members responded to our survey on PPE and coronavirus testing in April 2020. The results highlighted a postcode lottery in access to PPE for surgeons and trainees. We were at the forefront of the campaign to ensure sufficient PPE, alongside regular testing of all healthcare workers, to protect those working on the frontline. Meanwhile, we wrote intercollegiate guidance and advice, supporting the redeployment of surgeons to assist with the national effort to combat the virus.

We ensured that the latest international evidence on how to undertake surgery safely during the pandemic was well understood. Cognisant of the new risks and challenges, we worked with the surgical specialties to produce prioritisation guidance, aiming to keep patients as safe as possible through the crisis, and focusing resource at those patients with the most acute needs.

After the UK peak, we turned our attention to how to safely restore planned and elective surgery. Our elective surgery report in June 2020 was informed by responses from over 1,700 surgeons across the UK. It highlighted the range of challenges facing surgical teams, including slow access to test results, continuing difficulty accessing COVID-light facilities and a lack of interdependent services such as diagnostics. We made a series of urgent recommendations in oral and written evidence to Parliament's Health and Social Care Committee, as part of its inquiry into the delivery of NHS services during the COVID-19 pandemic. Our evidence session to the health select committee received extensive media coverage, and we began fortnightly meetings with the Secretary of State for Health and Social Care to discuss how to restore surgery.

Building on the publication of our guidance for the recovery of surgical services and the intercollegiate surgical prioritisation guidance, our influencing and engagement activity has positioned RCS England at the cornerstone of the NHS plans for the commencement of urgent and planned surgery across each of the four nations.

With widespread variation in different parts of the UK, we continue to call for the establishment of dedicated COVID-light sites, either within hospitals or on separate ground, to enable surgery to continue safely through a potential second wave or local outbreaks.

**Reviewed
more than 270
consultant job
descriptions**

**Our Confidential
Support and
Advice Service
offers 24/7
advice**



Haneen Abed shared her COVID-19 experience on the RCS England blog.





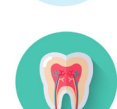
What we have achieved this year

Waiting times and the *Manifesto for Surgery*

Prior to the COVID-19 outbreak, we campaigned about the long waiting times for non-urgent surgery and the lack of a plan to clear the backlog of patients waiting for elective treatment.

Our waiting times survey in November 2019 explored the various reasons behind rising waiting times for elective surgery. The survey report helped inform our extensive conversations with government, NHS England and other stakeholders as we built support for tackling the problem of lengthening waits.

In the run up to the 2019 general election, we launched our *Manifesto for Surgery*, which outlined five key recommendations:

-  develop a five-year plan to tackle lengthening waits for operations;
-  abolish the pension 'tax trap';
-  protect patients, staff and standards in future Brexit negotiations;
-  support the recommendations of RCS England's Commission on the Future of Surgery; and
-  improve the oral health of children and older people.

The publication of our manifesto received extensive media coverage and our members pressed their local candidates to back its recommendations to show their support for surgical patients.



What we have achieved this year

Other issues championed this year

Pensions 'tax trap'

We successfully lobbied to abolish the pension 'tax trap' for surgeons, which penalised doctors financially for taking on extra work. An unforeseen consequence of a 'taper' in the NHS Pension Scheme was the creation of perverse incentives that deterred surgeons from taking on additional surgery. Doctors were effectively 'paying to work' and receiving unpredictable, large tax bills if they agreed to work extra weekend shifts on waiting list initiatives.

Our campaign included a survey of our membership, which investigated the scale of the problem and the resulting impact on waiting times for planned surgery. The survey received over 1,800 responses, and the findings were widely covered by the print and broadcast media. We briefed MPs at the party conferences and secured widespread political support. As a result, in November 2019, the government announced a temporary resolution to the issue for the 2019–20 tax year and a permanent solution in the March 2020 budget.

Improving tracking and safety of surgical implants

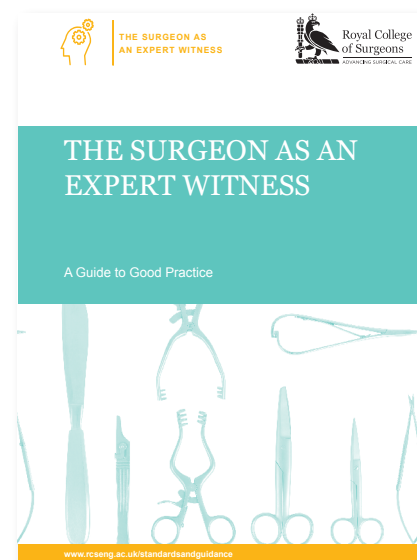
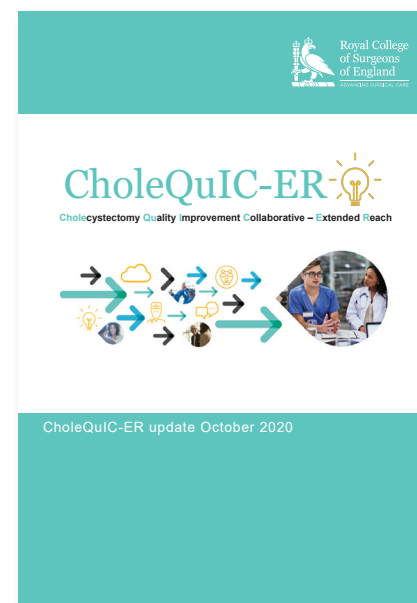
We continue to be at the forefront of the campaign to drive improvements in patient safety, following a series of safety problems with surgical implants. In July 2020, the Independent Medicines and Medical Devices Safety Review published its final report, *First Do No Harm*, including a recommendation proposed by RCS England that a 'central patient-identifiable database should be created by collecting key details' including the patient, the implanted device and the surgeon.

To see this implemented, we briefed parliamentarians to table amendments to the Medicines and Medical Devices Bill. This gives the government powers over the regulatory framework for medicines and medical devices after the Brexit transition period ends, providing a good opportunity to strengthen regulations relating both to medical device tracking and to patient safety. Parliamentarians supported our calls for more detailed proposals to track medical devices implanted in patients and new powers for the health secretary to create registries of medical devices.

We successfully lobbied to abolish the pension tax trap for surgeons

Our good practice guidance has been central to our work to support the response to COVID-19

Research and quality



Quality improvement

Having in 2018 successfully concluded our flagship quality improvement initiative, the Cholecystectomy Quality Improvement Collaborative (CholeQuIC), in July 2019 we launched CholeQuIC-ER, a new 'extended reach' collaborative aiming to improve care for patients with acute gallstone disease. Building on the substantial achievements of sites in the project's first eight months, our team of surgical and quality improvement experts are now supporting 24 hospitals across the UK on how best to deliver care to patients needing cholecystectomy as operating recommences following COVID-19. We will support these hospitals until December 2020, before reviewing our learning and planning the project's third phase.

Good practice guidance

Prior to the COVID-19 crisis, we delivered a wide ranging programme of good practice guidance about the ethical and legal aspects of surgical practice. Our key publication, *The Surgeon as an Expert Witness*, was launched at our national event in Newcastle in November 2019.

Since March 2020, our good practice guidance has been central to our work to support surgeons, surgical care teams and patients in their response to COVID-19. In addition to contributing to crucial wider guidance published across the surgical and healthcare sector, we have led the development of the following resources:

- » COVID-19: Good practice for surgeons and surgical teams
- » Guidance on the recovery of surgical services during and after COVID-19
- » Recovery tool 1: Checklist for restarting elective services
- » Recovery tool 2: Safety considerations and risk assessment
- » Recovery tool 3: Information for patients
- » Recovery tool 4: Virtual consultations
- » Recovery tool 5: Consent to treatment while COVID-19 is present in society



What we have achieved this year

Invited review and accreditation

We undertook important work to assure and improve the quality and safety of patient care, completing 38 individual, service and clinical record reviews. Our accreditation team accredited 175 continuing professional development events, 29 senior clinical fellowships, 20 surgical education centres, 14 surgical courses and 2 surgical care practitioner programmes.

Research fellowships and surgical trials

Despite the various challenges engendered by COVID-19, which led to rescheduling the research fellowship awards planned to be undertaken in Germany as part of the presidential visit, online vivas of 33 shortlisted applicants over 3 nights using Zoom software achieved the desired outcome. Throughout the year, we established new partnerships with the Sir John Fisher Foundation and the Society of British Neurological Surgeons, we supported a further two-year fellowship with the Circulation Foundation, we received funding for two Blond McIndoe fellowships, the Newman Foundation supported for the first time our Fulbright scholar to go to Stanford University in the US, and we are particularly delighted that Sir Roy and Lady Calne agreed to support a series of fellowships and pump priming grants in transplantation.

The Rosetrees Trust, the Enid Linder Foundation, the George Drexler Foundation and the Freemasons continue to support both our chairs in surgical trials and research fellowships. Seventeen surgical specialty leads are in post to support our trials initiative, including new appointments in trauma and orthopaedics, and urology, and funding has been agreed to support three more in hand, bariatric and neurosurgery.

In March 2020, as lockdown was introduced across the UK, we set up a COVID-19 research group and within weeks established more than 50 COVID projects nationwide in all of the surgical specialties. We have also facilitated funding for several of the participating groups through the generosity of Lionel Colledge, Bjorn Saven and the Rosetrees Trust.

Clinical effectiveness

RCS England's Clinical Effectiveness Unit works closely with the surgical specialty associations to conduct large-scale studies into the quality of surgical care. Its portfolio of work covers four national clinical audits on breast, bowel, prostate and oesophagogastric cancer as well as national studies of vascular surgery, emergency bowel surgery, and the care received by children with cleft lip and palate. These studies publish annual 'state of the nation' reports that are used by NHS services, healthcare regulators and policy makers to improve the quality of care for patients. Summary reports for patients and the public, written with charities like Breast Cancer Now, are also produced. Of the various initiatives that flow from this work, a recent highlight has been establishing a quality improvement programme with the Vascular Society to improve the care of patients with critical limb threatening ischaemia.



Learning and assessment

Learning

Our learning offer is central to our strategic aims, supporting our membership and meeting the current and future needs of the surgical workforce. Highlights of this year have included:

- » developing our learning aspirations, focusing on evidence-based and technology-enhanced learning, accessibility and equitability;
- » the continued success of our online Postgraduate Certificate in Surgery course, nearly doubling the number of modules sold the previous year;
- » establishing the Expert Advisory Network, bringing together knowledge and expertise from industry, healthcare and educational sectors to provide advice to RCS England on innovation and research in surgical education and training; and
- » starting a series of new innovation projects, focusing on technology-enhanced learning, and establishing new partnerships with industry and academia.

We responded to the educational needs of the surgical workforce and surgical care team during COVID-19 by setting up an online resource bank that supported over 15,000 users from 132 different countries. We adapted relevant existing material and made it free on our virtual learning environment. We also developed a new series of online webinars, podcasts and other learning material to support our membership while face-to-face courses were paused.

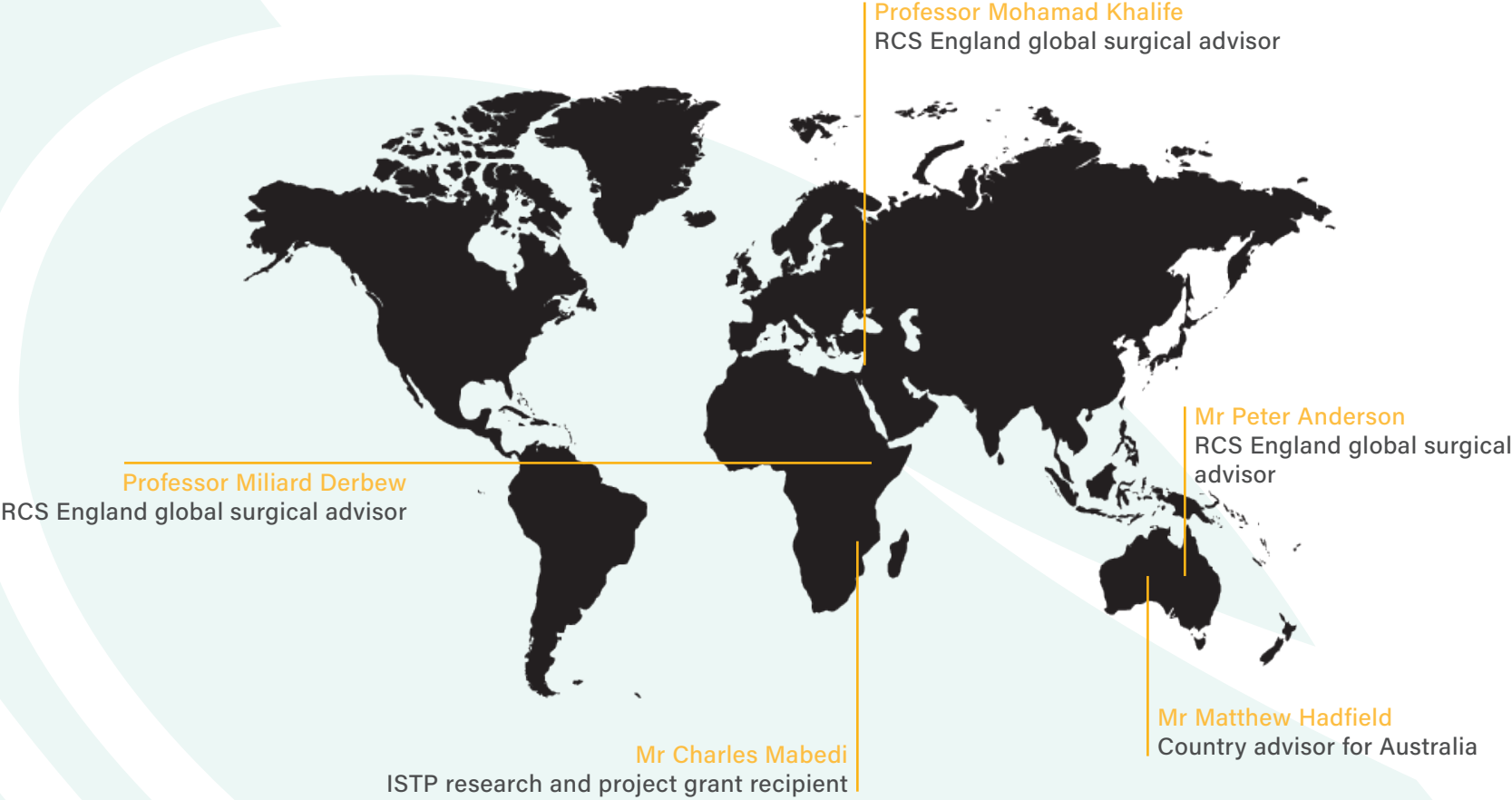
We have established more than 50 COVID research projects nationwide, in all of the surgical specialties

Our online resource bank supported over 15,000 users from 132 countries during the COVID-19 pandemic



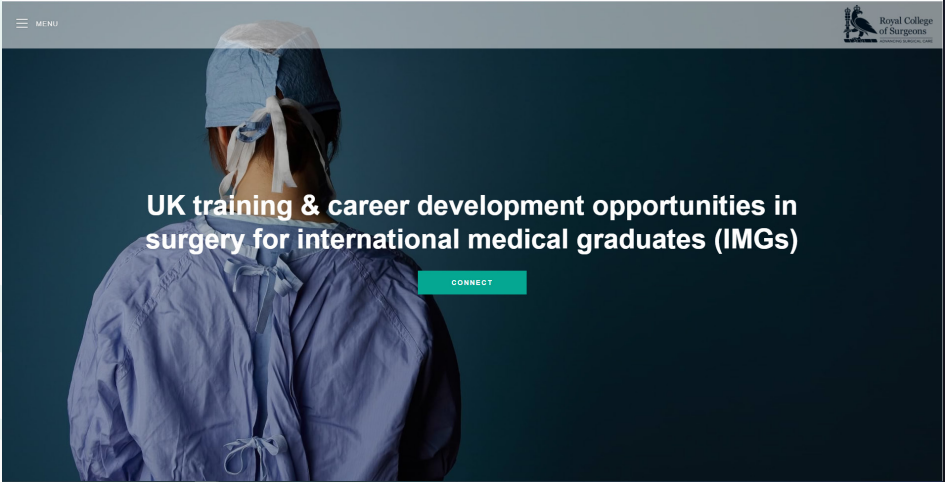
What we have achieved this year

Global engagement



This year saw the appointment of Professor Miliard Derbew, Professor Mohamad Khalife and Mr Peter Anderson as RCS England’s first global surgical advisors for sub-Saharan Africa, the Middle East and North Africa, and the Western Pacific Region. In addition, Mr Matthew Hadfield was appointed country advisor for Australia. These appointments play an important and strategic role in the representation of RCS England globally, and in the development of engagement plans for our fellows and members within the respective regions.

The Global Affairs team launched a new training website (<https://training.rcseng.ac.uk/>) for high-quality international medical graduates seeking to obtain registration with the General Medical Council (GMC) and undertake specialist training in the NHS through our International Surgical Training Programme (ISTP) and the GMC’s Sponsorship Scheme. In 2019–20, the team facilitated 92 placements for international medical graduates (35 through the ISTP and 57 through the Sponsorship Scheme). The Global Affairs team also awarded the first ISTP research and project grant to Mr Charles Mabedi, ISTP fellow and urologist based in Malawi.



What we have achieved this year

Training and assessing surgeons

We are a leading national and international centre for surgical and dental assessment. Across the 14 different qualifications for which we run assessment, we have sought to address the considerable challenge of COVID-19 by delivering the majority of these remotely from autumn 2020. This has been imperative to ensuring that there are no further delays to candidates able to sit our assessments, particularly when this is a requirement of progression within or exit from surgical or dental training programmes.

In adapting our existing assessments in this way, we have strived to ensure that their overall purpose can be achieved through judicious changes to structure or format where necessary. We have also ensured that candidates have been able to familiarise themselves with the revised context to as great a degree as possible, to enable them to perform to their full potential in unusual circumstances. Although forced in terms of timeframes, many of the changes made are likely to prove very positive and we will make sure that improvements identified will be retained in the future where appropriate. This will enable many of our assessments to become more modern and accessible; this befits a forward-looking organisation with a global candidate base of surgeons and dentists using our assessments as a benchmark for demonstrating their knowledge, skills and professional behaviours.

The Joint Committee on Surgical Training, which we host on behalf of all four surgical colleges in the UK and Ireland, enrolled 735 new specialty trainees as well as evaluating 235 Certificate of Eligibility for Specialist Registration applications and reviews on behalf of the GMC during 2019–20.

We continued our work with Health Education England on the Improving Surgical Training pilot in partnership with our sister surgical colleges in Edinburgh, Glasgow and Ireland, along with NHS Education for Scotland, and Health Education and Improvement Wales. The pilot, which will be subject to an independent evaluation in 2021, trials improvements in the quality of training, creating a better balance between service and training for trainees, professionalising the role of trainers and making better use of simulation. It also provides the ideal opportunity to develop the concept of the ‘modern firm’, where multidisciplinary teams provide junior doctors with the support they require in a positive and collaborative environment.

RCS England undertook a major review of the cosmetic surgery certification scheme in collaboration with the British Association of Plastic, Reconstructive and Aesthetic Surgeons, the British Association of Aesthetic Plastic Surgeons and other relevant surgical specialty associations. This review has culminated in a streamlined process, a new online portal, a reduced fee and new intercollegiate, cross-specialty governance arrangements. We continue to work with the GMC around creating a cosmetic surgery credential and work is underway to deliver a new online aesthetic masterclass to support the scheme.

We actively engaged with Health Education England, the Academy of Medical Royal Colleges, NHS England, the GMC and the surgical trainee associations to support trainees whose training was affected by the COVID-19 pandemic. We used our influence to ensure that trainees were able to regain access to training opportunities, particularly where these take place in the independent sector, and to ensure that no trainees were disadvantaged as a result of their involvement in supporting the NHS and patient care during the pandemic.

We worked with our partners on the Improving Surgical Training pilot

The Joint Committee on Surgical Training enrolled 735 new specialty trainees

We have used our influence to ensure that trainees were able to regain access to training opportunities



What we have achieved this year

The work of our dental faculties

During 2019–20, the Faculty of Dental Surgery (FDS) continued to press the government to improve children's oral health, publishing a new position statement on the issue in August 2019. This achieved extensive media coverage on launch, making the FDS the second most cited health organisation in the country that month. The statement updated the Faculty's 2015 report on the state of children's oral health in England and called for the introduction of a supervised tooth brushing scheme in England, something the government confirmed that it planned to move forwards with during a parliamentary debate in March 2020. The statement also highlighted the need to limit children's exposure to TV and online advertisements for high sugar products, and in July 2020, it was announced that the government will implement measures to address this.

From March 2020, COVID-19 disrupted both the academic work of the FDS and the health sector as a whole. The Faculty's response has taken the form of a COVID-19 web hub, guidance to members, webinars, blogs and newsletters, member surveys and press work. Notably, specialty-specific guidance has been available to members to supplement national guidance, which has been developed in partnership with the dental specialty associations. Recommendations for urgent and emergency care during the COVID-19 pandemic were updated in the first week of June 2020 to focus on the recovery of dental services, looking at how to manage waiting lists as the profession works towards a return to routine practice.

Since the COVID-19 outbreak began, the press work of the FDS has typically aimed to provide an expert voice on dentistry and the resumption of dental services. Furthermore, throughout the course of the pandemic, we have also sought to highlight members' concerns about issues such as personal protective equipment in our discussions with senior health officials.

The FDS continues to be a leading provider of dental education nationally and internationally, supporting as many as 6,000 dentists and other members of the dental team worldwide. We offer a wide spectrum of courses and training programmes from general professional training for dentists and allied professionals to specialist training and continuing education (including courses for examination preparation, core continuing professional development, specialist masterclasses, hands-on workshops, professional development, diploma courses and blended modular learning programmes).

In collaboration with NHS England, we continue to develop a route to blended learning via the highly successful interactive online educational package e-Den. E-Den is a great example of translating evidence into practice, providing evidence-based training and education for the whole dental team. The year has seen further expansion to over 41,000 registered users and a continued increase in international audiences.

Significant progress has been made in establishing specialist and academic partnerships. Collaborations now exist with the British Society of Dental and Maxillofacial Radiology, the British Association of Oral Surgeons, the Advisory Committee for Community Dentistry, the British Orthodontic Society, the British Society of Paediatric Dentistry, the Craniofacial Society of Great Britain and Ireland, Great Ormond Street Hospital and Health Education England. This year marks significant progress and collaboration with the Eastman Dental Institute, and the launch of our customised specialty masterclasses to an international audience, which is likely to encourage new overseas members to apply to join the FDS.



What we have achieved this year

Recognising the severe challenges facing our members due to COVID-19, we presented a united front to the profession by engaging with our sister colleges to deliver a series of intercollegiate COVID-19 webinars, providing support, advice and additional resources to our membership during this difficult time. October 2020 will see the launch of our Emerging Techniques and Advances in Clinical Practice webinar series, which boasts renowned presenters from around the world.

The *Faculty Dental Journal* provides expert opinion and commentary, continuing to inform, challenge and inspire its readers. The journal has attracted contributors from the UK and worldwide, and is now available in print and digital media at major institutions around the world.

The Faculty of General Dental Practice (UK) (FGDP[UK]), the professional home for primary care dentistry, is working to develop that role as the separate College of General Dentistry. In the meantime, the FGDP(UK) continues to serve its members and the wider dental profession.

In the recovery from COVID-19, the FGDP(UK) worked with the developing College of General Dentistry to publish seminal guidance on dentists' return to practice. A wide community of experts and practitioners assembled in the drafting of the guidance, which was achieved with agility and pace. Meanwhile, the Faculty's summaries of the plethora of guidance from elsewhere have gained a great deal of attention and appreciation. The Dean's blog provided a sympathetic touchstone for members and the wider profession through the early stages of the pandemic.

New publishing arrangements for the FGDP(UK)'s member journal, *Primary Dental Journal*, have provided early access to articles via the Sage journals platform online. The partnership with Sage has also enabled a greater international reach for the journal. The indispensable *Standards in Dentistry* publication, recently revised and updated, has also been made available online, free of charge.

It was announced in November 2019 that the examination for Membership of the Joint Dental Faculties (MJDF) would be replaced with a new programme of assessments. The FGDP(UK) is working with the College of General Dentistry to construct a new Postgraduate Certificate in Dental Practice, awarded by the new college and serving as a qualification for membership.

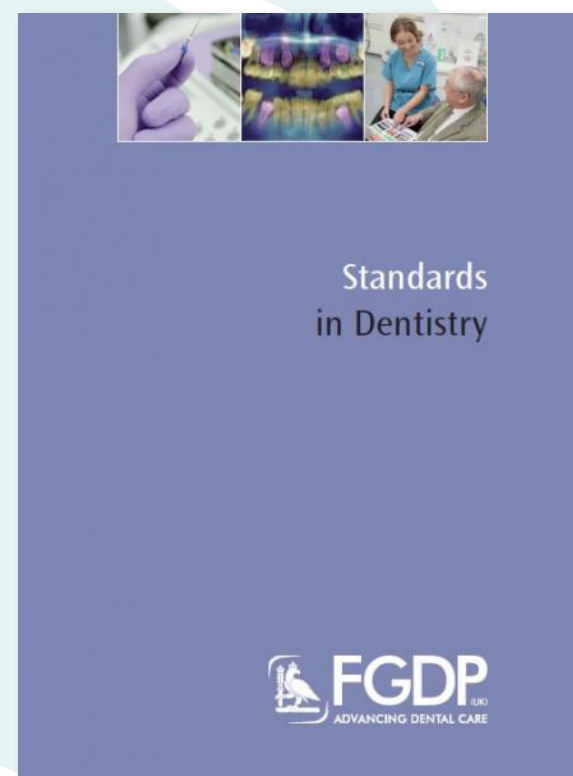
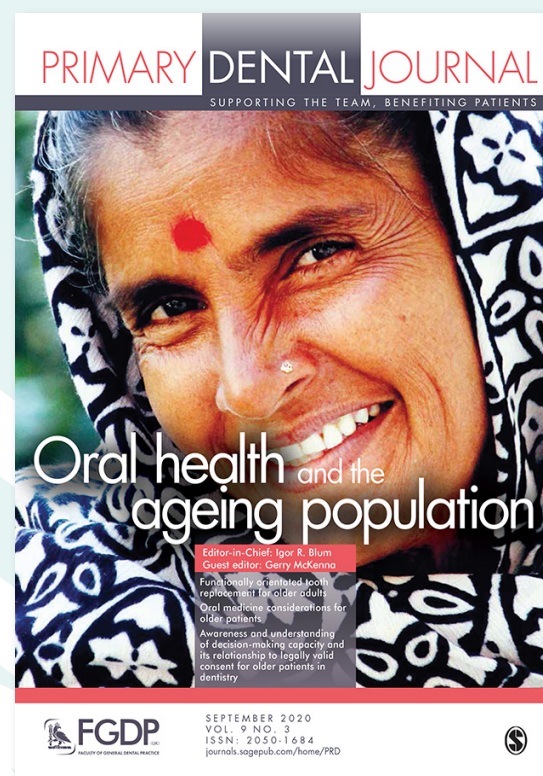
The FGDP(UK)'s Postgraduate Certificate and Diploma in Restorative and Aesthetic Dentistry has grown in strength with the recruitment of a second cohort. The new programme introduces a new level of flexibility of study, as successor to a programme that has supported over 500 students between 2005 and 2018.

A Faculty Academy has been established to recognise significant and ongoing contributions to the academic work of the FGDP(UK) at a national level in support of its core purposes, and to foster intellectual leadership in the profession. Membership is for a three-year term, renewable.

The second Faculty Medal (the highest honour bestowed by the organisation) was awarded in 2020 to Professor Mike Mulcahy, FGDP(UK) Past Dean, founding member of the Faculty and Honorary Fellow of RCS England, who has continued to serve the FGDP(UK) and the wider profession in his active contributions to education and the Faculty's restorative and aesthetic dentistry programme in particular.

Seminal guidance on dentists' return to practice in recovery from COVID-19 was published

A Faculty Academy has been established to recognise contributions to the academic work of the FGDP(UK)



What we have achieved this year

Promoting public and professional engagement



The Barry building library in progress

Library

Our library has continued to provide fellows and members with access to a wide range of important electronic resources. There has been a marked increase in e-journal, e-book and anatomy resource usage, with a 6.5% increase compared with the previous year. Article downloads from e-journals and chapter downloads from e-books both increased by almost 13%. A total of 131 literature searches were conducted for members, a 41% increase on last year. Knowledge sharing has been aided by publishers making research freely available throughout the COVID-19 pandemic. This has resulted in open access (OA) usage approximately doubling from last year.

As part of the library's commitment to enabling greater digital access to information, we have switched almost all of our subscriptions to electronic only. We also purchased the 2020 update to the Visible Body® *Human Anatomy Atlas*, which contains over 100 new anatomical refinements.

During the year, the library issued 66 specialty *Updates* to members and a further 3 *Updates* to RCS England departments, including a new surgical education *Update*. Furthermore, seven special COVID-19 *Updates* were produced between March and July 2020, which summarised global journal and research content as well as emerging guidance and policy relating to COVID-19. These emails received excellent 'open' and 'click through to full text' rates. Additionally, all past issues of *Updates* were archived and made accessible via the library's catalogue, SurgiCat+.

The library was approached by the National Clinical Improvement Programme to work on a pilot project assisting with the development of a best practice resource for orthopaedics. Planning for the project is now complete and the work will commence in the next financial year. The library is also working closely with The Royal College of Radiologists to support the development of a large set of referral guidelines.

Work to prepare for the opening of the new library in the Barry building in 2021 continues, including the move of the library and archives collections, and the resumption of services. Despite the library and the Hunterian Museum currently being closed, there continued to be strong online engagement with library, museums and archives collections information throughout the year, with 26,610 search sessions on SurgiCat+. RCS England collections data are also now live on the National Bibliographic Knowledgebase, making our collections more discoverable by the wider research community.

Literature searches for members have increased by 41% on last year

Usage of e-journal, e-book and anatomy resources has increased by 6.5% on the previous year

A digital exhibition, *Medicinae Plantae: healing plants through time*, was launched

Archives

Our collections were accessible for most of the year, courtesy of an arrangement with the London Metropolitan Archives to temporarily store and provide access to our archives while our building programme is ongoing. In total, 65 researchers accessed the collections and 282 archives enquiries were answered up until March 2020 when lockdown occurred. During the same period, the library also answered 561 enquiries.

Several online blog posts were created and published, as well as other social media posts, aimed at both members and the general public. In addition, a new digital exhibition, *Medicinae Plantae: healing plants through time*, was launched to showcase herbals held in the library's collection. This received excellent feedback and strong viewing figures. This was followed by another digital exhibition, undertaken in collaboration with the RCS England Engagement team, relating to the transformation of the building.

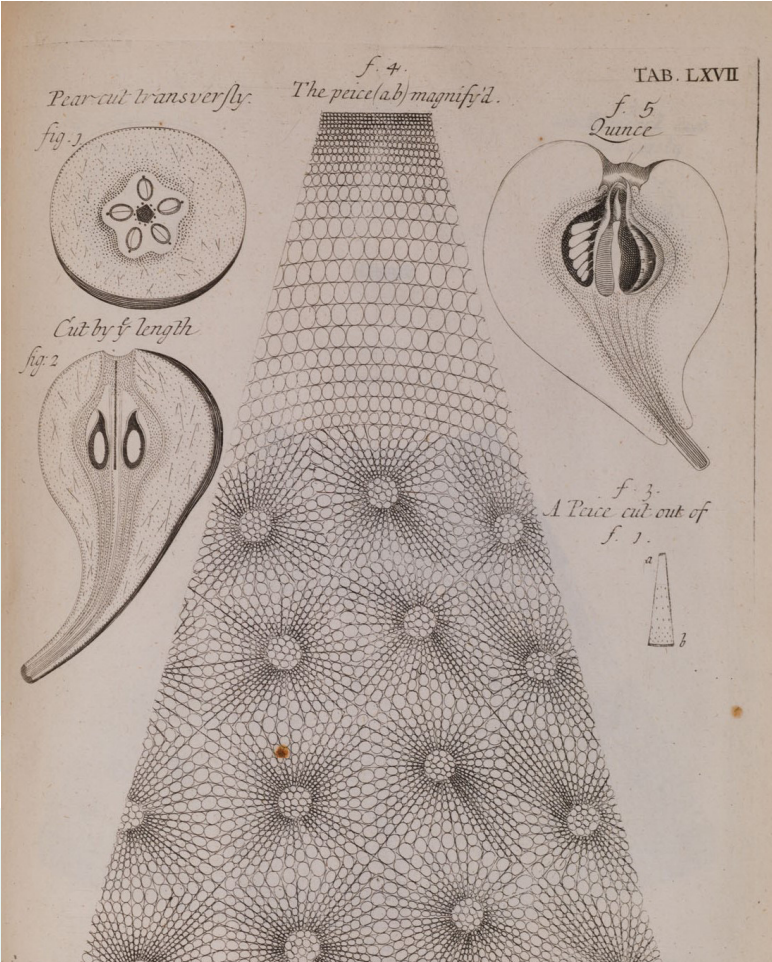
Work continued on submitting biographies to *Plarr's Lives of the Fellows*, with 9,753 records having been made available online by the end of the year. Work on copyright and image use within *Plarr's Lives* is underway to make use of photographs in biographies.

Hunterian Museum

The Hunterian Museum team continued to provide an extensive outreach programme of public talks and events as well as school and family workshops, working in partnership with London Metropolitan Archives, King's College London, the Museum of Life Sciences, the London Museums of Health and Medicine, the Old Operating Theatre Museum, the Royal College of Physicians and the Royal College of Anaesthetists.

Until March 2020, access to the museum's collections continued, for research purposes, at the Natural History Museum, at the London store of the fine art specialist Constantine and at RCS England in Lincoln's Inn Fields. A moratorium on loans from the Hunterian Museum was put in place in July 2019 to allow planning and preparation for the move of collections back to the new building and external storage locations. Loans, arranged before July 2019, were made to the Museum of Freemasonry for *William Perfect – Enlightenment Mason, Medic and Man of Letters*, and to the MK Gallery in Milton Keynes for *George Stubbs: 'all done from Nature'*.

In October 2019, Arts Council England approved the Hunterian Museum Provisional Accreditation for another year.



Images displayed as part of our digital exhibition

What we have achieved this year

Fundraising

We receive significant charitable funds every year from our donors and supporters. These funds support year on year an impressive range of projects and activities in pursuit of our charitable objects. This last year has been another strong year for fundraising. Funds raised for surgical research, education, and the library, museums and archives as well as for the redevelopment of our headquarters reached more than £2.75m. We extend our thanks to our donors and supporters, and also to those who have remembered us in their wills, with these gifts received totalling £202k this year.

Practical completion is now set for the middle of March 2021

Our new headquarters

Construction work has continued apace during the course of the year and a 'topping out' ceremony took place as planned in January 2020 to symbolically mark the installation of the last beam atop the building frame. Construction was paused for two days at the start of the national lockdown to prepare for government working guidelines. Site operations have since continued, albeit at a reduced level. Practical completion is now set for the middle of March 2021 and we are on course to move our staff back into the new building in May 2021.

Considerable work has gone into completing the developed design for the new Hunterian Museum. Work has been focused this year on preparing the audiovisual briefs, graphic layouts and style guide, and also on preparing the tender packages for the showcase and other fit-out contractors. A decision was made to deliver the museum base build outside the main base build contract and now the teams are working together to deliver the Hunterian Museum with a provisional opening in late 2022.

With staff continuing to work well from home since the lockdown in March 2020, this has afforded an early opportunity to start planning the return to the new Barry building. There is much work to do to ensure the careful management and safe transportation of our precious collections into their new home.

Further information can be found at: www.rcseng.ac.uk/transform



The Barry Building in progress

Professor Derek Alderson and Sir James Wates attend the 'topping out' ceremony



Our plans for the future

We are committed to a continuing process of transformation into a modern, sustainable and forward-thinking organisation that embraces our heritage and reflects a professional approach to our work within a landmark building.

The emergence of COVID-19 meant that our focus for the final three months of 2019–20 was on supporting the profession through the pandemic, advising the NHS, and securing business continuity and the safety of our staff.

During the course of 2020–2021, we will review our plans for the next five years, particularly in the light of this experience. This will continue to encompass the challenges of a digital age, global economies, professional specialisation, leadership and workforce diversity, sustainability, better involved and informed patients, and changing attitudes to work. The completion of our redeveloped London home will both enable and symbolise this change, providing outstanding new facilities for our membership, course attendees and exam candidates as well as a superb office and meeting space for our staff.



Architect's open sided model of the Barry building



Financial review

The outbreak of the global COVID-19 pandemic early in 2020 and the resulting national lockdown in the UK are unprecedented events to have impacted our financial performance this year. They led to the suspension of all examination, course and events activity from 16 March, and therefore a difficult final four months without the expected revenue flow.

A healthy net gain on our investments this year of £2.4m has helped turn a net expenditure position of £2.25m into a small overall increase of £177k (2019: £30k) and move total funds managed to just shy of £137m.

Our financial position continues to carry substantial property charges associated with the temporary accommodation arrangements and if we discount these and the FRS 102 pension liability adjustment, this reveals an underlying surplus of £498k and a deterioration of £2.1m in our operating position from 2019 as set out below.

Underlying position	2020 £000	2019 £000	Change £000
Net income/(expenditure) before investment gains	(2,248)	(642)	(1,606)
Operating lease and leasehold depreciation	2,610	2,587	23
Loss on disposal of fixed assets	-	-	-
FRS 102 pension liability change	136	688	(552)
Underlying net income/(expenditure)	498	2,633	(2,135)

£1.17m of this deterioration is the result of a £1.5m drop in restricted and endowed income this year while related expenditure activity has remained close to prior year levels. This leaves £0.97m in respect of unrestricted activity, broadly reflecting the impact of COVID-19 on this year’s results.

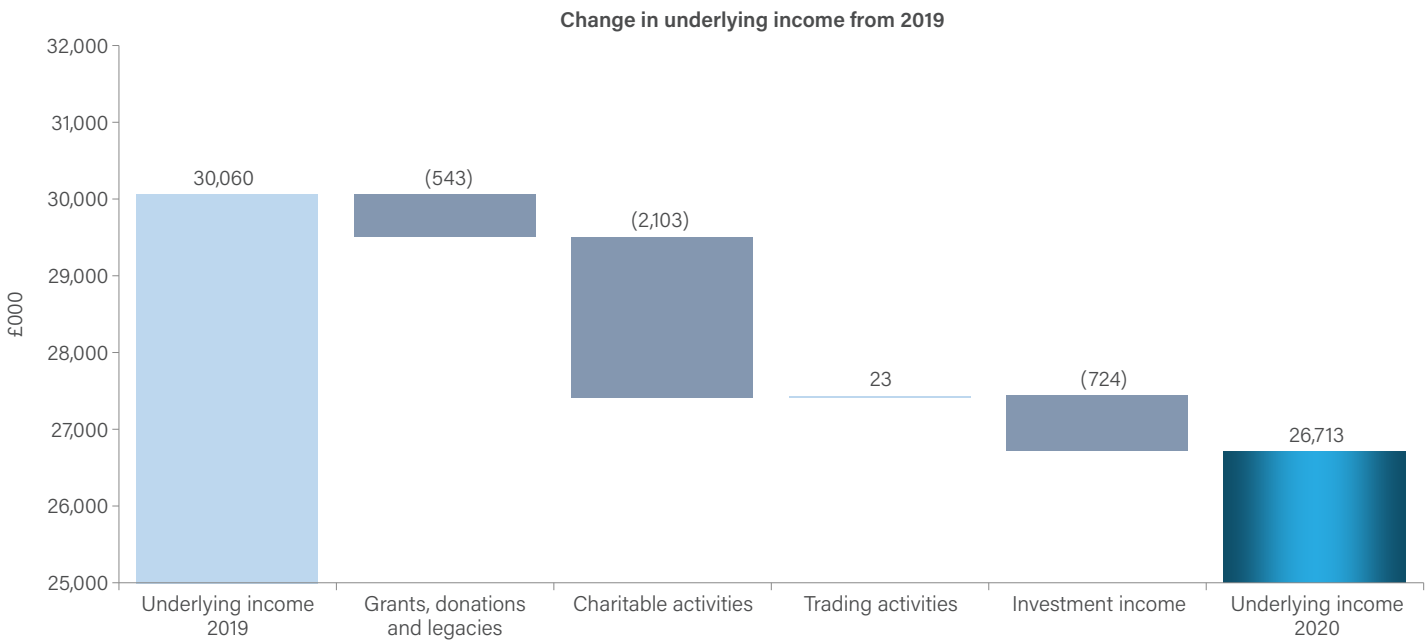
The table below shows the change in the underlying income and expenditure levels from 2019, and the split in the underlying surplus between unrestricted activity and restricted and endowed activity. Restricted and endowed activity levels can vary quite significantly from year to year. 2019 was unusual in that income almost matched expenditure and the net expenditure position we see in 2020 is actually closer to positions reported in recent years. Despite COVID-19, we have managed to deliver an underlying unrestricted surplus of £1.86m, which demonstrates that we were on track to record another respectable surplus before the pandemic took hold.

Underlying position	2020 £000	2019 £000	Change £000	
Underlying income	26,713	30,060	(3,347)	(11%)
Underlying expenditure	26,215	27,427	(1,212)	(4%)
Underlying net income/(expenditure)	498	2,633	(2,135)	
Net contribution as % of income	2%	9%		
Unrestricted funds	1,858	2,825	(967)	
Restricted and endowed funds	(1,360)	(192)	(1,168)	
Underlying net income/(expenditure) by source of funds	498	2,633	(2,135)	

Endowed funds increased by 4% to £37.9m, having benefitted from the 6.9% gain on investments. Restricted funds decreased overall by £3.2m. Fundraising totalling £3m in respect of the capital development has now been released to unrestricted reserves, helping to raise unrestricted funds by 2% to £94.6m.

Underlying income

Income is down £3.35m or 11% to £26.7m. 2019 benefitted from substantial one-off restricted funding, including a £1m grant from the Moondance Foundation and the final tranche of grant funding from Health Education England for improving surgical training. Nevertheless, a 10% and £2m fall in income from our core charitable activities is the main contributing factor for the fall in income. Unsurprisingly, both examination and course fee income recorded a 23% decrease from 2019, with examination income suffering the biggest fall in absolute terms of £1.38m following the suspension of activity in March. However, subscription income has remained stable, rising 2% on 2019. The pandemic outbreak coincided with the April membership renewal cycle and while renewals were understandably slow at first, rates recovered to expected levels.



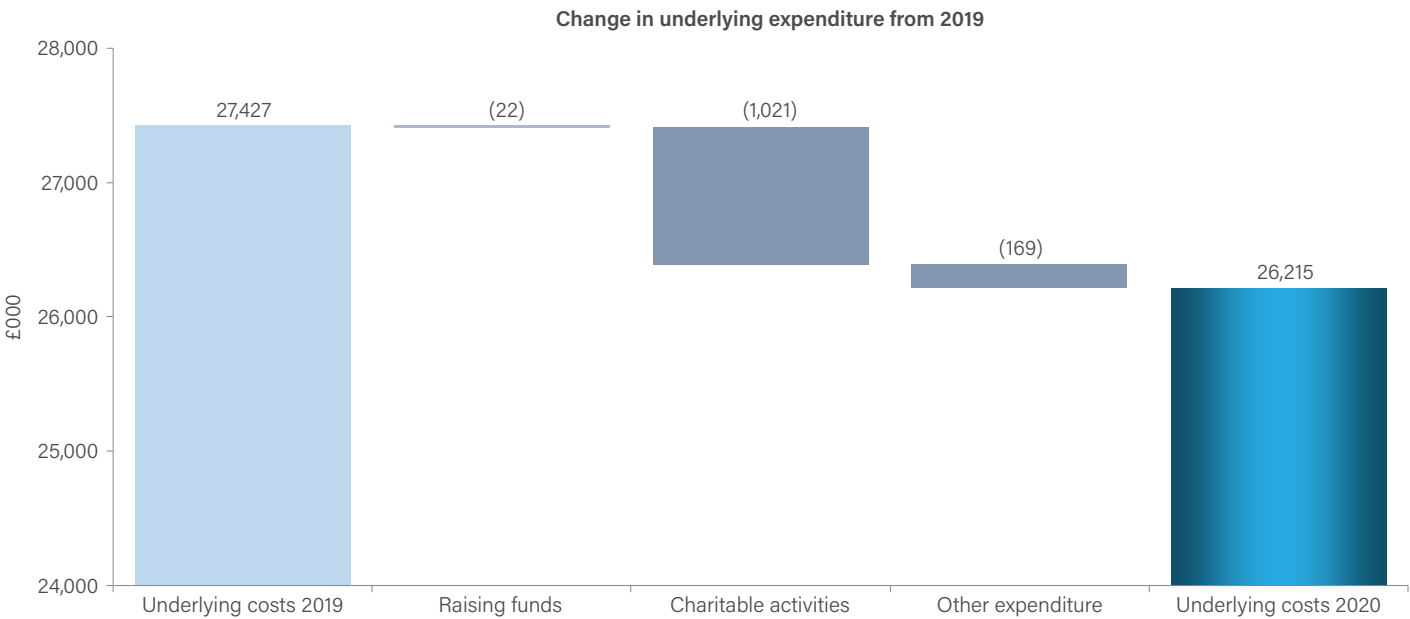
Investment income has fallen to below £2m (2019: £2.7m). 2020 has been a year of change with the appointment of new fund managers in February 2020. A timely liquidation of the portfolios just prior to a significant stock market correction in March helped crystallise a sizeable restricted and endowed gain and limit an unrestricted loss within the portfolios. There has been a gradual reinvestment of restricted and endowed funds into the market since then but a tactical delay in reinvesting the unrestricted funds. This has contributed to the reduction in income this year.

Overall, grants, donations and legacies remain at 18% as a share of income (2019: 18%), and charitable activities represent 74% of income this year (2019: 72%).

Underlying expenditure

Underlying expenditure has fallen £1.2m or 4% to £26.2m. Unrestricted expenditure is £0.9m down on 2019. This reflects broadly cost savings from suspended activities although we have also reported higher training and assessment costs this year arising from increased exam activity in the period prior to COVID-19 as well as one-off intercollegiate costs. We also invested in a substantial engagement programme to support our membership during the pandemic, which has given rise to a cost increase on 2019.

Much of our programme of professional activity as outlined in the trustees’ report is supported by our restricted and endowed funds. Total expenditure against these funds was £6.3m this year, down £0.3m on 2019. Our programme of research and clinical effectiveness projects has delivered almost £4.5m of activity this year (2019: £4m), and 79 research awards were made, up from 71 in 2019, including 4 new 2-year research fellowships.



Net assets

Net assets have increased by £177k to £136.87m. Net unrealised gains on our externally managed investment portfolios amounted to £2.38m and there was also a marginal gain on the value of investment property. Capital additions totalled £39.3m (note 9), compared with £15.4m in 2019, reflecting the progress in the capital development works this year. Cash holdings have consequently decreased by £37.7m and current liabilities have increased by £3.8m, leading to a negative working capital position (2019: current ratio of 3.4). The year-end liabilities include £4.7m in respect of the capital development, which will be financed through a drawdown of credit from a short-term facility that has been put in place post year-end.

Hunter Trading Ltd

Our financial statements consolidate the results and financial position of our wholly owned subsidiary, Hunter Trading Ltd (note 15). The company ceased marketing of conference and residential facilities at the end of 2016–2017 to allow RCS England to prepare its Nuffield property for accommodation of its operations. The company is continuing to trade but at a significantly reduced level, mainly online museum sales, delivering a profit of £7k for this year (2019: £9k).

Financial outlook

We are now in the final year of the capital development works with completion scheduled for March 2021. Construction works have continued to progress throughout the year despite the coronavirus pandemic. Works were halted for only a few days in March before recommencing, albeit at a reduced activity level to accommodate social distancing measures. This has led to a 15-week time delay in the programme, extending the completion date from November 2020 to March 2021. However, with the construction process entering its final phases and on-site activity much improved, we remain confident that the new building will be completed in sufficient time to allow the return of operations to our new headquarters to take place before the end of the next financial year.

The redevelopment has been financed to date primarily through the sale in 2017 of a long lease over the Nuffield property. Our organisational transformation programme set up in June 2016 has brought about operational efficiencies that are delivering ongoing additional cash and improved underlying operating surpluses for the charity. We have also gratefully benefitted from generous donations from many of our longstanding supporters and benefactors.

We put in place a short-term credit facility through JP Morgan soon after the year-end to provide interim bridging finance. We have also successfully secured long-term investment through a £40m private placement issue with a UK-based insurance company. This financing will be in place in November 2020 and will initially repay the credit facility. This investment will provide us with the financial certainty to complete the construction project, the financial stability to support our operations during this turbulent and uncertain period created by the global pandemic crisis, and importantly, the financial opportunity to deliver our exciting transformative agenda over the next 5–10 years.

We are committed to delivering continuous improvement so that we are in the best position both professionally and financially to respond to the challenges of an ever changing world. The global pandemic has thrown up the more immediate challenge of how we can continue to deliver our core examinations and courses in a socially distanced and travel restricted world but this event has helped to advance our emerging plans on how we can use digital technology to deliver these services in a more cost and time effective way.

Agile working will also be a central tenet of how we wish to operate as an organisation in the future. COVID-19 has presented immediate financial challenges but we are meeting these with a combination of prompt actions to maintain services and contain costs, and the pursuit of new innovative approaches to bring about our vision of a modern, technologically intelligent operation that will reinforce our longer-term financial sustainability. We remain focused on creating an agile and forward-thinking organisation underpinned by strong and resilient finances that will provide investment capacity for our professional and business priorities as well as ensuring that we meet our repayment obligations under the private placement.

The financial position of the USS pension scheme and the level of support it seeks from employers continue to be a cause for concern. While the liability we disclose in respect of this scheme has been revised down this year following the completion of the 31 March 2018 valuation in September 2019, the annual employer costs will increase again in 2021. Following the 2018 valuation, the USS has introduced a new Monitoring and Action Framework to meet the requirements of the Pensions Regulator. Recent market volatility has had a significant impact on the funded status of the USS and such events can now potentially trigger a requirement for short-term actions to be taken, such as an accelerated valuation or even a request for higher contributions sooner than October 2021. We continue to consider how we may manage the impact of this on our future position.

Reserves policy

Our reserves comprise unrestricted funds, and restricted and endowed funds. The restricted and endowed funds result from grants, donations and legacies, which can only be applied for a purpose specified by the donor or grantor and are not available for general purposes. We aim to carry out the activities and projects supported by these funds on a timely basis in accordance with the purposes and conditions specified. Restricted and endowed funds total £42.3m at 30 June 2020 (notes 17 and 18).

The unrestricted funds represent the accumulated surpluses generated from general business activities and are funds that are available for use at the discretion of the trustees. They comprise the fixed assets fund, designated funds and general funds.

Fixed assets fund

The fixed assets fund comprises the funds invested in fixed assets that the trustees consider essential in enabling us to implement effectively our operational strategy. The fund represents the net book value of unrestricted tangible and intangible fixed assets. We held £77.85m in the fixed assets fund at 30 June 2020 (2019: £39.1m). The fund includes £73.4m of assets in the course of construction in respect of our new London headquarters.

Designated funds

Designated funds are funds that the trustees have earmarked for specific purposes. Since 2014 and prior to this year, a total of £72.8m of general funds had been designated to be held for specific purposes, with £70.7m of funds set aside for the redevelopment of our London premises, and £2m of funds earmarked to support the digital and IT transformation agenda. As at 30 June 2020, £72.6m of these funds have been expended. A total of £0.22m of designated funds now remains at 30 June 2020 in respect of digital transformation.

General funds

In accordance with Charity Commission guidance, the trustees set a target range for the level of free reserves, or general funds, that we should maintain to ensure our financial security and funding of our business plan. Free reserves or general funds are defined as total unrestricted funds less fixed assets and designated funds. The trustees determine that a prudent target range for our free reserves is between 75% and 100% (ie between 9 months and 12 months) of gross annual unrestricted operational expenditure. This equates to a target range of £17m to £22.7m for 2019–20.

This range is set taking into account:

- » the risk of fluctuating income and expenditure levels;
- » the risk of an unexpected need for funds;
- » the need to provide working capital for our current operational and future development activities;
- » the fact that our resources expended had regularly exceeded our incoming resources prior to the 2013–2014 financial year; and
- » the funding shortfalls in the USS and SAUL defined benefit pension schemes, and the future increases in employer contributions to eliminate these shortfalls.

General funds stand at £18.3m at 30 June 2020. This is a fall of £4.97m or 21% on the prior year (2019: £23.28m). This represents 81% (2019: 97%) of unrestricted operating expenditure and remains therefore falls within the target range. The pension liability represents the discounted value of the deficit funding contributions and does not imply a significant constraint over the use of reserves for the foreseeable future other than to ensure monthly contributions are met which are budgeted for accordingly. The general reserves have reduced broadly as a result of investment in fixed assets and in the capital development works. There are £4.7m of accrued construction costs, which will be financed from a credit facility in place post year-end, and remaining costs to completion will also be financed from the longer-term debt financing arrangement. Going forwards, the fixed assets fund disclosure will be the net book value less any associated debt. The fixed assets fund has also been adjusted this year to include the net book value of intangible fixed assets.

RCS England is prudently projecting reduced operating surpluses over the next 24 months in the light of the uncertainty caused by the current pandemic but we continue to pursue with rigour our longer-term objectives of financial sustainability so that we not only meet our future annual debt obligations but also continue to ensure that our free reserves remain within the target range.

Fundraising

We receive significant charitable funds every year from our donors and supporters. These funds support year on year an impressive range of projects and activities in pursuit of our charitable objects, and in 2017, we embarked on a major new fundraising campaign in support of the Barry redevelopment.

RCS England aims to raise funds in accordance with best practice and in an open, legal and fair manner, and has effective systems in place to monitor and maintain these standards, and to ensure that communications with supporters are undertaken in a considered and balanced manner.

We are registered with the Fundraising Regulator and undertake our fundraising activities with reference to the Code of Fundraising Practice. We review each year our data protection processes to ensure full compliance with the General Data Protection Regulation (2018). We do not engage commercial partners or volunteers to raise funds on our behalf. Complaints and concerns raised are taken seriously, and are responded to promptly and handled in accordance with our complaints procedures, which are available on the RCS England website. We did not receive any complaints in respect of our fundraising activity in 2019–20 (2018–19: nil).

Investment policy

We invest for the long term, and we invest to generate the best returns possible from our unrestricted and endowed funds in order to support both ongoing operational activity and activity undertaken in line with the specific purposes of the endowed funds. We seek to achieve this through diversified risk-controlled investment.

In 2019–20, we made a number of changes to our investment strategy. We reviewed in particular the income-only distribution approach that has applied to the unrestricted portfolio and also the prevailing asset allocation strategies for both unrestricted and endowed portfolios. We determined that these were no longer consistent with our policy of seeking the best overall return in the most diversified way over the long term.

We have now moved to a total return strategy for all of our invested funds, and we have adopted a more global and broader asset allocation strategy in order to ensure that we continue to achieve the best returns going forwards in what is a changing investment landscape. We considered also that this unified approach would be best supported by appointing a single investment partner, which would provide us with a more coordinated and streamlined service. We appointed JP Morgan as our investment partner towards the end of 2019 and they assumed investment management responsibilities in February 2020 following the transfer of funds from our previous fund managers, Cazenove Capital Management and Sarasin & Partners.

Both portfolios are expected to deliver a minimum total return of CPI plus 4% and will continue to provide sufficient cash to support the relevant expenditure commitments. Our new investment partner will phase in the revised long-term asset allocation strategy, reflecting greater geographical and asset class diversification during the next financial year.

Our investment policy excludes direct or indirect investments in tobacco stocks and through regular ethical screening, we ensure that our exposure to any areas of ethical concern, such as fossil fuels and armaments, remains within the range of an ethically efficient portfolio. We continue to consider options for reducing our exposure in these areas but we are mindful of the need to strike a balance between pursuing important ethical investment preferences and the level of return that is required from the invested portfolio to support annual professional and operational activities.

Short-term cash not required to support general operations is placed on short-term fixed term deposits with approved investment managers.

Investment performance

The Finance and Investment Committee oversees all matters pertaining to financial planning and performance, including investment management, and advises and reports on a regular basis to the Board of Trustees on the performance of the investment portfolios and the appointed fund managers.

We appointed JP Morgan as our new investment fund manager during the year. The portfolios were liquidated in February 2020, crystallising a substantial net gain. Reinvestment of the endowed portfolio commenced soon after but on a phased basis, helping to limit the impact of severe volatility in the investment markets following the World Health Organization announcement of a global pandemic in March. Owing to continuing market uncertainty, the liquidated proceeds from the unrestricted portfolio were retained as cash for the remainder of the year. This change has inevitably affected this year's investment performance, with income down £0.7m to £1.6m (2019: £2.3m). Both portfolios are now managed on a total return basis and are structured to enable us to continue to receive an annual distribution up to £2m in total to support our ongoing operations and restricted activities.

Total return accounting

RCS England adopted total return accounting for its permanently endowed funds in 2014–2015. A base date of 24 June 1992 was approved for determining the permanent capital value of the endowed funds, based on the market value of the permanent endowments at that date, plus the original value of any subsequent additions. The value of these investments was frozen and classified as frozen permanent capital, and the remaining value of the investments was classified as unapplied total return.

We seek to preserve the value of the endowments in real terms over the medium to long term. A target spending rate of between 3.5% and 4.5% of the value of the endowments is considered achievable without diminishing the value of the portfolio in real terms and represents our best estimate of the long-term real rate of return on the endowments. This target range is kept under review to ensure that it remains appropriate.

A total of £1.5m was applied in the year and together with investment management fees of £198k, the total applied from the endowed funds was £1.7m. This represents an application of 4.4% in the year, which is just below the top of the target rate range. The cumulative total applied since the adoption of total return accounting remains below the cumulative maximum target level for this same period.

Key management personnel

Key management personnel are defined as members of the executive team and directors as set out on [page 23](#) of the trustees’ report.

The Remuneration and Nominations Committee has responsibility for approving salaries and conditions of service at director level and above. It receives recommendations from the Head of Human Resources based on a detailed market review benchmarked to similar organisations carried out bi-annually as well as through the annual performance appraisal process. Based on this advice, the Committee makes recommendations to the Board of Trustees on the remuneration and benefits of the Chief Executive and other senior postholders.

Details of remuneration for the year ended 30 June 2020 are set out in note 8 of the financial statements.

Risk management

The Board of Trustees has overall responsibility for determining RCS England’s risk appetite and tolerance, and for ensuring that we have appropriate and adequate risk management processes in place to support the delivery of our strategic plans. The trustees reviewed the risk appetite statement in February 2020. The Audit and Risk Committee is responsible for advising the Board on the statutory financial reporting, and for overseeing and reviewing the systems of financial governance and risk management. These systems are designed to manage rather than eliminate risk and provide reasonable assurance that mitigating actions are adequate.

Key areas of risk are identified in line with our strategic plan. Risks and the controls in place to manage them are assessed in terms of financial and reputational impact, and their status is assessed both before and after mitigating actions. Risks are recorded on the risk register. The management and monitoring of these risks is assigned to key management personnel and related business areas. Key areas of risk are reviewed by the Audit and Risk Committee as well as by executive management on a regular basis. We work with our internal audit provider as part of our objective to ensure that risk management and internal control systems remain effective and adequate.

We have established a robust governance and assurance framework to monitor and mitigate risk and build effective resilience to respond to a changing internal and external environment. The key areas of risk and uncertainty are linked fundamentally to the delivery of organisational transformation and improvement, to the redevelopment of our estate and to the development of our long-term strategy.

RCS England is alert to the strategic and operational risks that transformation creates and has put appropriate measures in place to manage the demands of change on the organisation and to ensure its objectives of creating an operationally

efficient, technologically smart and financially sustainable organisation are successfully met. The plan to redevelop our estate forms a central plank of the transformation programme and brings with it strategic and financial risks that require prudent oversight, robust planning and effective professional support to ensure that optimum value is delivered for RCS England, its membership and its external stakeholders.

Organisational transformation is underpinned by the development of our long-term strategy, which aims to position RCS England as the leading voice of surgery in the UK and overseas. The strategy is developed through extensive consultation of our membership and engagement with policy makers in the healthcare sector and other stakeholders to ensure that it is relevant and forward-looking, and that it provides the basis for an effective and innovative programme of investment of our charitable resources.

Throughout this period of development, we must remain attentive to external risks (particularly in relation to reputation) that may have an adverse impact on the delivery of our objectives, for example changing priorities of the NHS or changing regulatory and data security requirements. Our communication and engagement strategies and governance framework ensure that we can respond appropriately.

The coronavirus pandemic and the possibility of a second wave in the coming winter presents us with a significant financial risk, especially in terms of our ability to run examinations and courses under these circumstances. We have already taken action to deliver some of our exams online in the new year, and we are actively looking at further online delivery for other exams and courses. Other RCS England revenues, such as membership fees, are recognised as being more resilient, with our webinars, policy and press communications, and wellbeing initiatives providing important support for our fellows and members. We also have plans in place to quickly reduce operating costs in order to protect our financial position if necessary.

Going concern

The disruption that the global pandemic and further national or local lockdowns, quarantine restrictions and social distancing measures may cause to our professional and business activities for an indeterminate period has created significant financial uncertainty. We have undertaken a robust review of our immediate financial position and our financial resilience in the face of future disrupted revenues and activities for the period up to 30 June 2022.

A provisional budget for the new year was prepared in late spring, and this involved a thorough and prudent reassessment of the impact of the outbreak and government restrictions on our revenue streams. The trustees concluded that our primary revenue streams were broadly resilient, that demand remained stable, and that most of our exams and courses offer could reasonably be delivered under social distancing measures. With our membership directly impacted by the coronavirus outbreak, this crisis has also demonstrated keenly the differential value that we can provide for our members and membership revenues have held up well. The budget will be regularly reviewed and updated to reflect emerging situations, and to enable us to take prompt action to manage and minimise any further adverse impact on our financial position. We are also actively researching transformative opportunities to deliver exams and courses online, which would create further financial resilience.

We have prepared and revised our long-term revenue and cash projections, reflecting a phased recovery in the operating position over the next 18–24 months. With £40m of long-term financing to be settled in the coming autumn, we have cash certainty to complete our redevelopment, and we will have sufficient cash reserves to support operations during the post-completion period and during this extended period of unprecedented disruption. The projections set out the minimum long-term operating surplus target that we must achieve in order to meet our interest and repayment obligations. The projections have also been stress-tested. Management will therefore continue to drive forwards with the transformation agenda and development of the new business model in order to deliver longer-term financial sustainability.

The trustees are satisfied that RCS England is in a position to successfully manage its operational and financial risks. The trustees consider that it is reasonable to expect that we have adequate resources to continue in operational existence for the foreseeable future and therefore support the going concern basis in preparing the annual accounts.

Corporate trustee responsibilities

RCS England is a corporate trustee of the Colledge Family Memorial Fellowship Trust. This trust holds investments and assets in its own name, and its activities are entirely separate from those of RCS England.

Colledge Family Memorial Fellowship Trust

RCS England is one of three trustees of the Colledge Family Memorial Fellowship Trust, which was set up to award travelling fellowships to surgeons. The other trustees of this fund are Mr T George and Professor A Narula. We provide a number of services to the trust, namely the preparation of annual accounts, the submission of these and the annual return to the Charity Commission, and liaison with the investment fund managers, Cazenove Capital Management, to ensure that the funds are invested in accordance with the wishes of the trustees. The trust's financial statements are audited by Crowe U.K. LLP.

The value of the Colledge Family Memorial Fellowship Trust endowed fund at 30 June 2020 was £2.3m (2019: £2.8m) and its restricted fund was £70k (£2019: £101k).

Other trustee responsibilities

Sir Ratanji Dalal Research Scholarship Fund

Our President is one of two trustees of the Sir Ratanji Dalal Research Scholarship Fund, the other being the President of the Royal College of Physicians. We provide administrative and accounting services to the fund and its trustees, preparing the annual accounts and annual return for submission to the Charity Commission.

The value of the Sir Ratanji Dalal Research Scholarship endowed fund was £0.6m at 30 June 2020 (2019: £0.8m) and its restricted fund was £91k (2019: £80k). The financial statements are audited by Crowe U.K. LLP.



Artist's rendition of the Barry Building atrium

Funding partnerships

As a registered charity (charity number: 212808), we rely on charitable support to underpin our work in advancing surgical standards through education, research and training.

We are grateful to our many supporters, whose donations and encouragement are crucial as the demands on our limited resources become ever greater. We would like, in particular, to acknowledge the following charitable trusts, foundations, companies and individuals.

Foundations, charitable trusts, associations and individuals	
Association of Breast Surgery	Joseph Strong Frazer Trust
Association of Coloproctology of Great Britain and Ireland	Knights of the Round Table Benevolent Fund
Association of Upper Gastrointestinal Surgeons	Lord Leonard and Lady Estelle Wolfson Foundation
Blond McIndoe Research Foundation	Mary Kinross Charitable Trust
Bowel Cancer UK	Masonic Charitable Foundation
Bowel Disease Research Foundation	Miss Leela Kapila
Breast Cancer Care	Mr Leon J Grant
British Association of Paediatric Surgeons	National Joint Registry
British Association of Plastic, Reconstructive and Aesthetic Surgeons	Pancreatic Cancer Research Fund
British Orthopaedic Association	Pancreatic Cancer UK
British Society for Surgery of the Hand	Reuben Foundation
Brock Webb Trust	Rockcliffe Charitable Trust
Bryan Guinness Charitable Trust	Roger Vere Foundation
Cadogan Charity	Rosetrees Trust
Circulation Foundation	Shears Foundation
Dame Sue Street	Sir John Fisher Foundation
Edwin George Robinson Charitable Trust	Society for Cardiothoracic Surgery in Great Britain and Ireland
Enid Linder Foundation	Society of British Neurological Surgeons
Frances and Augustus Newman Foundation	Sparks (GOSH)
Freemasons' Fund for Surgical Research	St Jude's Charity
GD Herbert Charitable Trust	Swann-Morton Foundation
George Drexler Foundation	Univeristy of Oxford
Gilbert and Eileen Edgar Foundation	Vascular Society for Great Britain and Ireland
GM Morrison Charitable Trust	Westminster Foundation for Research
Golden Bottle Trust	Worshipful Company of Barbers
Heartburn Cancer UK	Worshipful Company of Needlemakers
Huggard Charitable Trust	Wyndham Charitable Trust

Corporate support	
B Braun Medical	New Media Ghost
Chase de Vere	Open Medical
Edwards Lifesciences	Pfizer
EIDO Healthcare	Rociale
Ethicon UK	Smith & Nephew Healthcare
GS Medical	Stryker
Incision Academy	TRIPOM
Karl Storz Endoscopy (UK)	TruCorp
Limbs & Things	Wellbeing Software
Lohmann & Rauscher	Wesleyan Financial Services
Mölnlycke Health Care	Zimmer Biomet

Endowed and restricted funds	
Alban Barros D'Sa Scholarship Fund	Henry Lumley Charitable Trust
Arthritis Research Trust Fund	Margaret Witt Scholarship Fund
Blond McIndoe Fund	Philip and Lydia Cutner Fund
Doctor Shapurji H Modi Memorial ENT Fund	Preiskel Family Fund
Fellows Fellowship Fund	Sorab (Soli) Jamshed Lam Research Fund
Harold Bridges Bequest	Vandervell Research Fund

Legacies	
The late A Belsham for surgical research	The late Mr TR Peacock for general charitable purposes
The late Miss MA Blandy for neurological and urological research	The late Mr JR Penrose for general charitable purposes
The late Miss PA George for education and training	The late Mrs JB Proffitt for general charitable purposes
The late Mr MW Lakin for surgical research	The late Mr IL Roth for general charitable purposes
The late Mr AH Lancaster for surgical research	

The Royal College of Surgeons of England was established by Royal Charter in 1800 to promote and encourage the study and practice of the art and science of surgery. Its earlier history lies in the records of the City Companies of Surgeons and Barber Surgeons. The affairs of RCS England are regulated by its founding and subsequent charters and ordinances. The most recent of these charters was granted in April 2015 and the one prior to that in March 1992. RCS England is a charity, with the registered number 212808.

For administrative purposes, RCS England comprises the Commonality of Surgeons, the Faculty of Dental Surgery (FDS) and the Faculty of General Dental Practice (UK) (FGDP [UK]).

The Board of Trustees, which came into effect with our new charter in April 2015, comprises the RCS England Officers, the Deans of the dental faculties, three elected trustees (elected by and from Council) and four lay trustees appointed by the Board.

President	Professor N Mortensen (from 9 July 2020)
	Professor D Alderson (to 9 July 2020)
Vice-Presidents	Miss S Hill (to 9 July 2020)
	Professor N Mortensen (to 9 July 2020)
	Professor C Shearman
	Mr T Mitchell (from 9 July 2020)
	Mr T Goodacre (from 9 July 2020)

FDS Dean	Mr M Garrett (from 19 June 2020)
	Professor M Escudier (to 19 June 2020)
FGDP(UK) Dean	Mr I Mills

Mr J Abercrombie	Mr P Davé (from 16 August 2019)
Mr P Kay	Mr R Greig (from 23 July 2020)
Miss F Myint	Mr M Hussey
	Sir A Morse
	Mr J Robinson (to 24 July 2019)
	Mr D Whitney (to 2 July 2020)

Council consists of 24 elected surgical fellows, 10 appointed surgical specialty association members and 2 dental surgery fellows elected by the Board of the Faculty of Dental Surgery. Surgical Council members are elected by postal ballot by fellows and members of RCS England. Specialty association members are appointed by a transparent and democratic procedure that has been determined by their appointing surgical specialty association and approved by Council. In addition, during the year a number of invited members representing specific interests attended Council meetings.

Mr J Abercrombie	Mr P Lamont
Mr A Ahmed (from 9 July 2020)	Professor V Lees
Mr S Ahmed (to 11 July 2019)	Professor I Loftus (from 9 July 2020)
Professor D Alderson (to 9 July 2020)	Mrs S McNally
Mr W Allum	Professor N Mortensen
Professor F Bhatti	Mr T Mitchell
Mr M Bircher (to 9 July 2020)	Miss F Myint
Professor P Brennan (from 9 July 2020)	Mr A Nanu
Professor T Briggs (to 11 July 2019)	Mr P O'Flynn
Mr S Chadwick (to 11 July 2019)	Miss V Pegna
Professor M Escudier (to 25 June 2020)	Professor S Porter
Miss H Fernandes (to 11 July 2019)	Professor T Rockall
Professor P Friend	Professor F Smith (from 9 July 2020)
Miss R Hargest (from 9 July 2020)	Professor N Standfield (to 11 July 2020)
Miss S Hill	Mr T Terry (to 9 July 2020)
Mr P Kay	Miss S Vig
Mr R Kerr	Mr L Wijesinghe (from 9 July 2020)

Mr S Dover	Mr E Nicholls
Mr J Glass	Mr R Page (to 11 July 2019)
Mr T Goodacre	Mr N Phillips
Mr D Jones (to 11 July 2019)	Professor P Sagar
Mr S Kendall	Professor J Skinner
Mr N Markham (to 11 July 2019)	Mr P Spraggs
Mr I Martin (to 11 July 2019)	Professor C Shearman
Mr A Nanu (to 11 July 2019)	Mr A Swift (to 11 July 2019)

Governance

The Board of Trustees has responsibility for the overall direction of RCS England but delegates all substantive matters relating to professional and public policy to Council, and allows Council to further delegate its powers.

All trustees and Council members are given an induction and ongoing training on their responsibilities and other matters as required.

The trustees are aware of the Charity Governance Code published in 2017, which sets out the principles and recommended practice for good governance within the sector. The trustees are committed to maintaining high standards of governance and are satisfied that RCS England applies the principles of the Code within its current governance arrangements. Our compliance with the Code will be reviewed on an annual basis.

The committees of the Board of Trustees were:

Committee	Chair
Audit and Risk Committee	Mr P Davé (from 16 August 2019)
Finance and Investment Committee	Sir A Morse
Remuneration and Nominations Committee	Mr R Greig (from 2 July 2020) Mr D Whitney (to 2 July 2020)
Project 2020 Committee	Professor C Shearman

The committees of Council were:

Committee	Council member
Learning and Assessment Committee	
Overall responsibility	Mr C Shearman
Learning	Mr T Mitchell
Dental and Surgical Examinations	Miss F Myint
Library, Museums and Archives	Miss F Myint
Quality Assurance	Mr A Nanu
Research and Quality Committee	
Overall responsibility	Mr T Goodacre
Research Fellowships and Lectureships	Professor P Friend
Global Committee	
Overall responsibility	Ms S Hill
Global Resources and Development	Mr P O'Flynn
Global Policy and Advocacy	Mr A Nanu
Global Surgery Programmes	Professor V Lees
Membership Engagement Committee	
Overall responsibility	Mr T Mitchell
Annals and Bulletin Editorial	Mr J Glass
Commission on the Future of Surgery	Mr R Kerr
Regional and Devolved Nations	Ms S Hill

The Faculty of Dental Surgery reports to Council and forms part of the business of the Board of Trustees. The Faculty of General Dental Practice (UK) reports to the Board of Trustees. Each faculty has its own committee structure and has a Dean to chair the boards of each of their respective faculties. The results of both dental faculties are included in RCS England's financial statements.

The Board of Trustees delegates to the Chief Executive responsibility for the day-to-day management of RCS England and the Chief Executive delegates management of specific functions to executive directors, each of whom is responsible for a portfolio of directorates.

Subscribing fellows and members elect the members of Council and the boards of the two dental faculties.

Fellows and members as at 30 June 2020	2020	2019
Commonalty of Surgeons		
UK	13,517	13,295
Overseas	5,438	5,031
Affiliates	2,518	1,910
Total	21,473	20,236
Faculty of Dental Surgery		
UK	2,677	2,719
Overseas	705	677
Total	3,382	3,396
Faculty of General Dental Practice (UK)		
UK	2,225	2,300
Overseas	24	40
Affiliates	137	160
Total	2,386	2,500
Joint members of FDS and FGDP(UK)		
UK	501	458
Overseas	32	33
Total	533	491
Joint members of FDS and FGDP(UK) (MJDF)		
UK	715	882
Overseas	259	217
Total	974	1,099
Total fellows and members		
UK	22,290	21,724
Overseas	6,458	5,998
Total	28,748	27,722

Management

Principal managers employed during 2019–20

Chief Executive	Mr A Reed
Deputy Chief Executive	Mrs J Weller
Executive Director (Resources)	Ms J Porritt
Executive Director (Learning and Quality)	Mr S Hills
Director of Finance	Ms C Hibbs
Director of Engagement	Ms L Davies
Director of Learning	Ms L Goldring
Director of Library and Archives	Mr R Williams
Director of Membership	Ms N Rowe
Director of Museums	Ms D Kemp
Director of Quality Improvement	Mr R Tomlinson (from 1 November 2019)
Head of Research	Mr M Coomer
Director of Strategy, Training and Workforce	Ms K Smith (from 1 November 2019)
Director of Surgical Exams	Mr A Landau
Registrar of the Faculty of Dental Surgery	Ms H Johnstone
Director of the Faculty of General Dental Practice (UK)	Mr S Thornton-Wood



Artist's rendition of the Barry Building Portugal Street entrance

Statement of trustees' responsibilities

The trustees are responsible for preparing the report of trustees 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom 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 their net incoming/outgoing resources for that period. In preparing these financial statements, the trustees are required to:

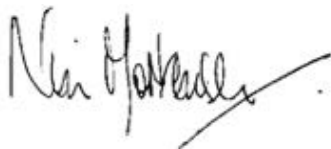
- » select suitable accounting policies and then apply them consistently;
- » observe the methods and principles in the *Charities Statement of Recommended Practice*;
- » make judgements and estimates that are reasonable and prudent;
- » state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- » 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 proper accounting records that are sufficient to show and explain the charity'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. They are also responsible for safeguarding the assets of the charity, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Crowe U.K. LLP has indicated its willingness to be reappointed as the company's auditor for the coming year.

Signed on behalf of the members of the Board of Trustees on 19 November 2020.



Professor N Mortensen
President of Council
Chair of the Board of Trustees



Mr C Shearman
Vice-President of Council
Member of the Board of Trustees



Artist's rendition of the
Barry Building open
plan office space

Independent auditor's report

to the members of The Royal College of Surgeons of England

Opinion

We have audited the financial statements of The Royal College of Surgeons of England for the year ended 30 June 2020, which comprise the consolidated statement of financial activities, the parent and consolidated balance sheets, the consolidated cash flow statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- » give a true and fair view of the state of the group's and of the parent charity's affairs as at 30 June 2020, and of the group's incoming resources and application of resources, including its income and expenditure 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) 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 Financial Reporting Council'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 International Standards on Auditing (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 (Accounts and Reports) Regulations 2008 require 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 24](#), 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 International Standards on Auditing (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 part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London
7 December 2020

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.

Financial statements

Consolidated statement of financial activities for the year ended 30 June 2020

	Notes	Unrestricted funds £000	Restricted funds £000	Endowed funds £000	Totals £000	2019 £000
Income from						
Grants, donations and legacies	5a	743	4,074	-	4,817	5,360
Charitable activities	5b	19,588	45	-	19,633	21,736
Trading activities	5c	310	1	-	311	288
Investment income	5d	1,170	129	653	1,952	2,676
Total income		21,811	4,249	653	26,713	30,060
Expenditure on						
Raising funds	6a	254	239	198	691	713
Charitable activities	6b	19,660	5,825	-	25,485	26,506
Other expenditure	6c	2,785	-	-	2,785	3,483
Total expenditure		22,699	6,064	198	28,961	30,702
Net income/(expenditure) before investment gains/(losses)		(888)	(1,815)	455	(2,248)	(642)
Net gains/(losses) on investments	11	(222)	138	2,509	2,425	672
Net income/(expenditure)		(1,110)	(1,677)	2,964	177	30
Transfer between funds	16, 17	3,039	(3,039)	-	-	-
Application of total return	18	-	1,499	(1,499)	-	-
Net movement in funds for the year		1,929	(3,217)	1,465	177	30
Balances brought forward at 1 July	19	92,660	7,633	36,399	136,692	136,662
Balances carried forward at 30 June	19	94,589	4,416	37,864	136,869	136,692

The notes to the financial statements are on [pages 29 to 43](#).



Artist's rendition of the
Barry Building cafe

Consolidated balance sheet as at 30 June 2020

		2020		2019	
	Notes	Group £000	RCS England £000	Group £000	RCS England £000
Fixed assets					
Tangible fixed assets	9	76,989	76,989	39,115	39,115
Intangible fixed assets	9	860	860	995	995
Investments	11	65,968	65,968	63,685	63,685
Total fixed assets		143,817	143,817	103,795	103,795
Current assets					
Stock		66	66	44	44
Debtors	12	7,337	7,344	5,737	5,737
Cash and short-term deposits		6,149	6,149	43,874	43,874
Total current assets		13,552	13,559	49,655	49,655
Creditors: amounts falling due within one year	13	(18,646)	(18,653)	(14,791)	(14,791)
Net current assets/(liabilities)		(5,094)	(5,094)	34,864	34,864
Long-term liabilities					
Creditors: amounts falling due after more than one year	13	(74)	(74)	(51)	(51)
Defined benefit pension liability	20	(1,780)	(1,780)	(1,916)	(1,916)
Total long-term liabilities		(1,854)	(1,854)	(1,967)	(1,967)
Net assets		136,869	136,869	136,692	136,692
Funds					
Fixed asset funds	9	77,849	77,849	39,115	39,115
Capital development fund		-	-	31,825	31,825
Other designated funds		216	216	358	358
Pension reserve	20	(1,780)	(1,780)	(1,916)	(1,916)
General funds		18,304	18,304	23,278	23,278
Total unrestricted funds	16	94,589	94,589	92,660	92,660
Restricted funds	17	4,416	4,416	7,633	7,633
Endowed funds	18	37,864	37,864	36,399	36,399
Total funds		136,869	136,869	136,692	136,692

The notes on [pages 29 to 43](#) form part of these financial statements.

The parent charity surplus for the year is £177k (2019: £30k).

Approved on behalf of the members of the Board of Trustees and authorised for issue on 19 November 2020.



Professor N Mortensen
President of Council
Chair of the Board of Trustees



Mr C Shearman
Vice-President of Council
Member of the Board of Trustees

Consolidated cash flow statement
as at 30 June 2020

		Total funds	
		2020 £000	2019 £000
Net cash provided by/(used in) operating activities	A	(83)	2,066
Cash flows from investing activities:			
Dividends, interest and rents from investments		1,952	2,676
Purchase of property, plant and equipment		(39,736)	(15,377)
Proceeds from sale of investments		5,518	6,847
Purchase of investments		(5,376)	(6,582)
Net cash provided by/(used in) investing activities		(37,642)	(12,436)
Cash flows from financing activities:			
Repayments of borrowing		-	-
Cash inflows from new borrowing		-	-
Receipt of endowment		-	-
Net cash provided by/(used in) financing activities		-	-
Change in cash and cash equivalents in the reporting period		(37,725)	(10,370)
Cash and cash equivalents at the beginning of the reporting period	B	43,874	54,244
Change in cash and cash equivalents due to exchange rate movements		-	-
Cash and cash equivalents at the end of the reporting period	B	6,149	43,874

A. Reconciliation of cash flows from operating activities

Net income for the reporting period (as per statement of financial activities)	177	30
Adjustments for:		
Depreciation charges	1,997	2,024
(Gains)/losses on investments	(2,425)	(672)
Dividends, interest and rents from investments	(1,952)	(2,676)
Loss/(profit) on sale of fixed assets	-	-
(Increase)/decrease in stocks	(22)	54
(Increase)/decrease in debtors	(1,600)	563
Increase/(decrease) in creditors	3,742	2,743
Net cash provided by/(used in) operating activities	(83)	2,066

B. Analysis of cash and cash equivalents

Current and short-term deposits	6,149	43,874
Total cash and cash equivalents	6,149	43,874

The notes on pages 29 to 43 form part of these financial statements.



Artist's rendition of the
Barry Building atrium

Notes to the financial statements for the year ended 30 June 2020

1. Charity information

The Royal College of Surgeons of England was established by Royal Charter in 1800. It is a registered charity in England and Wales (charity number: 212808).

2. Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of listed investments, and in accordance with the Statement of Recommended Practice (*Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland [FRS 102]*), effective from 1 January 2015, and the Charities Act 2011. RCS England constitutes a public benefit entity as defined by FRS 102.

The financial statements consolidate on a line-by-line basis the financial statements of The Royal College of Surgeons of England and of its subsidiary undertaking, Hunter Trading Ltd (company number: 3110552), for the financial year ended 30 June 2020. Inter-group transactions are eliminated on consolidation. Hunter Trading Ltd is a private limited company incorporated in England and Wales.

The financial statements have been prepared on a going concern basis. The disruption that the global pandemic and further national or local lockdowns, quarantine restrictions and social distancing measures may cause to our professional and business activities for an indeterminate period has created significant financial uncertainty. RCS England has undertaken a robust review of its immediate financial position and its financial resilience in the face of future disrupted revenues and activities for the period up to 30 June 2022.

A provisional budget for the new year was prepared in late spring, and this involved a thorough and prudent reassessment of the impact of the outbreak and government restrictions on our revenue streams. The trustees concluded that our primary revenue streams were broadly resilient, that demand remained stable, and that most of our exams and courses offer could reasonably be delivered under social distancing measures. With our membership directly impacted by the coronavirus outbreak, this crisis has also demonstrated keenly the differential value that RCS England can provide for its members and membership revenues have held up well. The budget will be regularly reviewed and updated to reflect emerging situations, and to enable RCS England to take prompt action to manage and minimise any further adverse impact on its financial position. RCS England is also actively researching transformative opportunities to deliver exams and courses online, which would create further financial resilience.

RCS England has prepared and revised its long-term revenue and cash projections, reflecting a phased recovery in the operating position over the next 18–24 months. With £40m of long-term financing to be settled in the coming autumn, RCS England has cash certainty to complete its redevelopment, and it will have sufficient cash reserves to support operations during the post-completion period and during this extended period of unprecedented disruption. The projections set out the minimum long-term operating surplus target that RCS England must achieve in order to meet its interest and repayment obligations. The projections have also been stress-tested. Management will therefore continue to drive forwards with the transformation agenda and development of the new business model in order to deliver longer-term financial sustainability.

The trustees are satisfied that RCS England is in a position to successfully manage its operational and financial risks. The trustees consider that it is reasonable to expect that RCS England has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties for the period to 30 June 2022 that call into doubt the ability of RCS England to continue as a going concern.

3. Critical accounting judgements and key sources of estimation uncertainty

Preparation of the financial statements requires management to make judgements and estimations in the process of applying RCS England’s accounting policies that may have a significant effect on the carrying amounts of assets and liabilities in the accounts. The nature of estimation and judgement means that actual outcomes may differ from

expectation, and may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

The treatment of pensions is considered a key area of critical accounting judgement and estimation uncertainty in respect of the financial statements to 30 June 2020. The judgement and estimation are disclosed in detail under accounting policy 4.10 (*Post-employment benefits*) and note 20 (*Pension liabilities and charges*).

4. Principal accounting policies

4.1 Income

Income is recognised when the entitlement is established, there is probability of receipt and the amount can be reliably measured. Income received relating to future accounting periods is deferred and shown as a creditor on the balance sheet.

4.1.1 Course and examination fees are recognised in the financial statements in the period in which the relevant course and examination takes place.

4.1.2 Membership subscription fees are accounted for on an accruals basis.

4.1.3 Grant income (revenue and capital) is accounted for on a receivables basis.

4.1.4 General and specific donations are credited in full in the year of receipt.

4.1.5 Legacy income is recognised when notified, providing the amount is measurable and receipt is probable.

4.1.6 Investment income is credited on a receivables basis.

4.1.7 Other income is accounted for on an accruals basis and recognised in the financial statements to the extent that the contract or service is completed.

4.2 Expenditure

All expenditure is accounted for on an accruals basis, and, with the exception of support costs, is attributed directly to each activity undertaken.

Expenditure in respect of charitable activities is categorised to reflect those areas of activity that support the delivery of our strategic priorities.

4.2.1 Employee costs include the net movement in year on the provision for annual leave accrued by employees in respect of services rendered as required by FRS 102.

4.2.2 Support costs are allocated to activities on a basis consistent with the use of these resources: building services costs are charged to departments and faculties based on area occupied; portering and cleaning services, finance, IT and human resources costs are allocated based on the number of full-time equivalent staff.

4.2.3 Governance costs comprise those costs incurred in relation to the overall strategic management of RCS England and the costs of compliance with statutory requirements, and under FRS 102 these are disclosed as part of support costs and allocated to other professional activities.

4.2.4 Overheads in relation to grant-funded projects are charged, where appropriate, on the basis of their activity.

4.2.5 Grants payable are charged in full in the period in which the recipients are notified of their award.

4.2.6 Fundraising costs comprise the costs incurred in encouraging others to make voluntary contributions to RCS England and its activities.

4.3 Taxation

RCS England is a registered charity incorporated by Royal Charter. As such, it is exempt from taxation on its income and gains to the extent that they are applied for its charitable purposes.

RCS England’s wholly owned subsidiary, Hunter Trading Ltd, is liable to corporation tax but all profits earned on its trading operations are gifted each year to RCS England.

RCS England is partially exempt for the purposes of VAT and is only able to reclaim a percentage element of VAT charged on goods and services purchased.

4.4 Tangible and intangible fixed assets

4.4.1 Tangible fixed assets

Freehold land and buildings are stated in the balance sheet at historic cost and are not depreciated. RCS England has a policy of maintaining them in such a condition that their value, taken as a whole, is not impaired by the passage of time, that any provision for depreciation would not be material and that the buildings are worth at least their book value. Capital projects that are not completed at the year-end are shown as ‘assets in the course of construction’ and are not depreciated. All other fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Fixed assets are reviewed for impairment on an annual basis.

- i. Refurbishments and plant are capitalised and depreciated over ten years.
- ii. Leasehold improvement costs carried out in respect of the Nuffield property in order to provide suitable accommodation for RCS England staff during its capital development project are capitalised and depreciated over the term of the operating lease.
- iii. Expenditure on equipment, furniture, and fixtures and fittings less than £1,000 is written off to the income and expenditure account in full in the year of acquisition.
- iv. Expenditure on equipment, furniture, and fixtures and fittings greater than £1,000 is capitalised and depreciated from the date of acquisition of the asset over an expected useful life of four years.

4.4.2 Intangible fixed assets

Intangible fixed assets are measured at cost less accumulated amortisation and any impairment losses. Software development costs are recognised as an intangible fixed asset where these create an identifiable software asset from which future economic benefit will be derived. Any enhancements to existing software assets that result in additional functionality and therefore enhance the value of the asset to the business are also capitalised. Amortisation is charged so as to allocate the cost of the assets over their estimated useful lives using the straight-line method. The amortisation rate used is 25% per annum.

4.5 Fixed asset investments

Fixed asset investments are stated at market value at the balance sheet date. These investments include cash held by the investment managers intended for investment or held as part of the portfolio. The statement of financial activities includes the net unrealised gains and losses arising on revaluation, and the realised gains and losses arising from disposals in the year. Investment property is stated at market value and valuations are carried out in accordance with *Valuation – Global Standards 2017* of the Royal Institution of Chartered Surveyors. Market value represents the estimated amount for which the property should exchange at the valuation date between a willing buyer and seller in an arm’s length transaction.

Endowments are accounted for under the total return approach using a base date of 24 June 1992 to determine the permanent capital of each endowment.

4.6 Heritage assets

Heritage assets are books, manuscripts, specimens, objects or other assets that have historic, scientific, artistic, technological, geophysical or environmental qualities, and are held and maintained principally for their contribution to knowledge and culture.

RCS England’s heritage assets comprise mainly the numerous specimens and artefacts collected by John Hunter in the 1700s and presented to RCS England in 1799, and leading to the establishment of the Hunterian Museum. RCS England is by law the proprietor of these specimens, and the Hunterian trustees have a duty to ensure that RCS England maintains the specimens and does not dispose of them. RCS England also owns historic books related to surgery and medicine that were bequests in the 19th century; these are preserved and maintained in the library, and are not to be disposed.

The Hunterian Museum and the library closed in June 2017 ahead of the redevelopment of the estate, and the collections were stored in appropriate secure facilities.

No value has been attributed to these heritage assets in the balance sheet on the grounds that the trustees consider there is no reliable method of establishing historic cost information for these artefacts and that the costs of valuation would be disproportionate to the benefit of the resultant information. No heritage assets have been purchased or disposed of by RCS England in the last five years. RCS England received some donated heritage assets in this accounting period but none are deemed to have an individual value greater than £1,000.

4.7 Stock

Stock comprises goods produced for resale, including course manuals purchased or printed, and is stated at the lower of cost and net realisable value.

4.8 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, and cash held on readily realisable short-term deposit with Cazenove Capital Management.

4.9 Financial instruments

A financial instrument is broadly defined as a contract that gives rise to a financial asset in one entity and a financial liability in another entity. These financial assets and liabilities are recognised when RCS England becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are classified according to the substance of the contractual arrangements entered into. RCS England has financial instruments that fall into the category of basic financial instruments as defined under section 11 of FRS 102. FRS 102 requires disclosure of the measurement bases of these instruments.

Financial assets measured at amortised cost include cash, trade debtors, other debtors and accrued income. Financial assets measured at fair value include investments. Financial liabilities measured at amortised cost include trade creditors, other creditors and accruals.

4.10 Post-employment benefits

RCS England contributes to four pension schemes on behalf of its employees: the Universities Superannuation Scheme (USS), a multi-employer externally funded hybrid scheme providing defined benefits and defined contribution benefits; the Superannuation Arrangements of the University of London (SAUL), a multi-employer externally funded defined benefit scheme; the NHS Pension Scheme, a statutory unfunded multi-employer defined benefit public sector scheme; and Standard Life, a defined contribution scheme set up for employees in 2014. The USS pension scheme changed from a defined benefit only scheme to a hybrid pension scheme with effect from 1 October 2016, providing defined benefits (for all members) as well as defined contribution benefits.

The trustees are satisfied that the schemes provided by USS and SAUL meet the definition of a multi-employer scheme whereby the participating entities are not under common control and the schemes represent industry-wide schemes. Where the employer has entered into an agreement with a multi-employer scheme that determines how the employer will fund a scheme’s deficit, FRS 102 requires that the employer recognises the liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in the income and expenditure account.

The assets of the USS and SAUL multi-employer schemes are held in separate trustee-administered funds. Given the mutual nature of these schemes, the schemes’ assets are not attributed to individual institutions and a scheme-wide contribution rate is set. RCS England is thus exposed to actuarial risks associated with other entities’ employees and is unable to identify RCS England’s share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis. RCS England is therefore required under section 28 of FRS 102 (‘Employee benefits’) to account for these schemes as if they were defined contribution schemes. The amount charged to the income and expenditure account represents the contributions payable to the schemes in respect of the accounting period.

Formal valuations of USS and SAUL are undertaken every three years by professional qualified and independent actuaries using the projected unit method, in which the actuarial liability for benefits makes allowance for projected increases in earnings. The Pensions Act 2004 introduced a new scheme-specific funding regime, requiring schemes to adopt a statutory funding objective and ensure that the schemes’ assets are sufficient and appropriate to cover their technical provisions.

RCS England accounts for the NHS Pension Scheme as a defined contribution scheme, and the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. RCS England contributes also to a defined contribution scheme with Standard Life, and the pension costs charged to the income and expenditure account represent the contributions payable for the accounting period.

4.11 Other provisions for liabilities

Provisions are recognised when RCS England has a present obligation (legal or constructive) as a result of a past event, it is probable that RCS England will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised is the best estimate of the consideration required to settle this obligation at the end of the reporting period.

4.12 Operating leases

Rentals payable under operating leases are charged to the statement of financial activities on a straight-line basis over the lease term.

4.13 Funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of RCS England’s general charitable objectives.

Designated funds are unrestricted funds that have been designated by the trustees to be applied for specific purposes in the future.

Fixed assets funds represent the net book value of the unrestricted tangible and intangible fixed assets less any associated debt raised to finance fixed assets, and the trustees consider that these assets are essential to the implementation of RCS England’s operational strategy and that their disposal could have an adverse impact on RCS England’s ability to deliver its aims.

Restricted funds represent donations, legacies or other grants given for specific purposes to be expended in accordance with the terms of the donation, legacy or grant.

Endowed funds represent donations or legacies given to RCS England, the terms of which stipulate that the original capital cannot be spent. The funds are invested to generate an income and capital growth, which can then be expended in accordance with the purposes stated by the donor.

5. Income

Income from:	Unrestricted funds £000	Restricted funds £000	Endowed funds £000	2020 £000	2019 £000
5a. Grants, donations and legacies					
Donations	41	918	-	959	769
Grants	2	3,122	-	3,124	4,323
Legacies	700	34	-	734	268
Total	743	4,074	-	4,817	5,360
Major legacies or gifts notified but not included in the financial statements as they do not meet the income recognition criteria of entitlement, probability of receipt and measurement at the balance sheet date amount to £64k (2019: £140k).					
5b. Charitable activities					
Courses	3,223	7	-	3,230	4,181
Examinations	4,720	-	-	4,720	6,102
Subscriptions	9,391	10	-	9,401	9,259
Quality and standards income	1,019	-	-	1,019	1,009
Other charitable income	1,235	28	-	1,263	1,185
Total	19,588	45	-	19,633	21,736
5c. Trading activities					
Income from charitable trading	278	1	-	279	255
Income from taxable trading	32	-	-	32	33
Total	310	1	-	311	288
5d. Investment income					
Investment property income	122	-	-	122	145
Investment portfolio income	867	129	653	1,649	2,286
Interest received	181	-	-	181	245
Total	1,170	129	653	1,952	2,676
Income total	21,811	4,249	653	26,713	30,060

6. Expenditure

Expenditure on:	Unrestricted funds £000	Restricted funds £000	Endowed funds £000	2020 £000	2019 £000
6a. Raising funds					
Fundraising costs	173	228	-	401	381
Investment management fees	81	11	198	290	332
Total	254	239	198	691	713
6b. Charitable activities					
Quality and standards	1,271	2,099	-	3,370	3,786
Career and professional development	4,170	578	-	4,748	5,717
Influence and engagement	1,865	-	-	1,865	1,762
Training and assessing surgeons	4,786	-	-	4,786	4,441
Promoting public and professional engagement	2,258	291	-	2,549	2,410
Research and fellowships (note 7)	-	2,784	-	2,784	2,517
Faculty of Dental Surgery	2,123	73	-	2,196	2,229
Faculty of General Dental Practice (UK)	3,187	-	-	3,187	3,644
Total	19,660	5,825	-	25,485	26,506
6c. Other expenditure					
Leasehold improvements depreciation	1,266	-	-	1,266	1,243
Nuffield operating lease	1,344	-	-	1,344	1,344
Other expenditure	175	-	-	175	896
Total	2,785	-	-	2,785	3,483
Expenditure total	22,699	6,064	198	28,961	30,702

Nuffield operating lease

RCS England entered into a leaseback arrangement to 30 June 2021 following the sale of a long lease over its Nuffield property in 2017. The leaseback represents a rent-free period asset that has been valued using an average market rent for similar space and location. It is considered prudent at this time to assume that RCS England may occupy the property for the full term of the lease agreement and the rent-free period asset is therefore unwound over this period, representing 45 months in total. The charge for 2019–20 is £1.3m (2019: £1.344m).

Allocated support costs

Support costs comprise building and facilities services, finance and IT services, human resources and governance costs. These costs are allocated to activities on a basis consistent with the use of these resources. The allocation method and cost of each support service is summarised below.

Support services	Allocation basis	2020 £000	2019 £000
Building services	Space occupied	626	644
Facilities services	Full-time equivalent staff	922	913
Human resources	Full-time equivalent staff	393	343
Finance services	Full-time equivalent staff	1,372	1,438
IT services	Full-time equivalent staff	2,109	2,042
Governance costs	Other professional activities	564	522
Total support costs		5,986	5,902

Governance costs include fees payable to RCS England's auditors in respect of audit and non-audit services.

Auditors' remuneration	2020 £000	2019 £000
Auditor fees – parent charity	55	47
Auditor fees – Hunter Trading Ltd	4	4
Auditors' non-audit fees	4	17
Total	63	68

Support costs allocation Expenditure on:	Direct costs £000	Grants made £000	Support costs £000	2020 £000	2019 £000
Raising funds					
Fundraising costs	345	-	56	401	381
Investment management fees	290	-	-	290	332
Total	635	-	56	691	713

Charitable activities					
Quality and standards	2,509	-	861	3,370	3,786
Career and professional development	3,603	-	1,145	4,748	5,717
Influence and engagement	1,011	-	854	1,865	1,762
Training and assessing surgeons	3,562	-	1,224	4,786	4,441
Promoting public and professional engagement	1,807	-	742	2,549	2,410
Research	504	2,133	147	2,784	2,517
Faculty of Dental Surgery	1,792	-	404	2,196	2,229
Faculty of General Dental Practice (UK)	2,634	-	553	3,187	3,644
Other charitable activities	-	-	-	-	-
Total	17,422	2,133	5,930	25,485	26,506

Total expenditure	18,057	2,133	5,986	26,176	27,219
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7. Research grants

	2020 £000	2019 £000
Research grants expenditure		
Research fellowships	2,086	1,944
Travelling fellowships and other projects	47	34
Surgical trials units	210	151
Administration	441	388
Total expenditure	2,784	2,517
Research fellowships		
Liabilities at the start of the year	(1,745)	(2,025)
Paid in the year	2,147	2,224
Liabilities at the end of the year	1,684	1,745
Charge for the year	2,086	1,944
Awards	No.	No.
Research awards	79	71
Travel awards	14	15
Total	93	86
Research awards include:		
1-year fellowships	28	34
2-year fellowships	4	-
3-year fellowships	-	-
Dental fellowships	2	4
	£000	£000
Grants awarded to individuals at institutions with which members of Council are connected	839	926

Grants totalling £839k were awarded to individuals at institutions with which members of Council are connected (2019: £926k). These members of Council did not participate in the decisions to award the respective grants.

Surgical research fellowships awarded by RCS England are only eligible to surgical trainees who are members of RCS England (MRCS) and who have entered their period of specialty training (specialty registrars). The overriding objective of the surgical research projects is to improve care of surgical patients and the projects are based on the principles of translational research (ie research examining a specific clinical problem). Details of the research fellowships awarded and other research projects undertaken are available in the annual research report published by RCS England’s research department.

8. Employee information

	2020 £000	2019 £000
Salaries and wages	8,849	8,907
Social security costs	954	948
Pension costs	1,307	1,984
Total	11,110	11,839
Salaries and wages include £19.5k redundancy and termination payments arising from restructuring activities during the year (2019: £nil).		
The number of staff employed by RCS England as at 30 June was as follows:		
	2020 No.	2019 No.
Clinical Effectiveness Unit	19	13
Communications	36	36
Dental and Surgical Examinations	16	18
Development	5	6
Learning	19	20
Executive Office	5	5
Faculty of Dental Surgery	9	9
Faculty of General Dental Practice (UK)	16	15
Global Affairs	3	4
Joint Committee on Surgical Training	20	17
Library and Museum	22	22
Professional and Clinical Standards	12	16
Project Transform	3	3
Research	5	5
Support Services	37	38
Total	227	227
At 30 June, the numbers of employees whose emoluments exceeded £60k were:		
£60,000 – £70,000	11	7
£70,001 – £80,000	5	5
£80,001 – £90,000	4	3
£90,001 – £100,000	-	1
£100,001 – £110,000	2	2
£110,001 – £120,000	2	1
£120,001 – £130,000	-	-
£130,001 – £140,000	-	-
£140,001 – £150,000	-	-
£150,001 – £160,000	1	1

The key management personnel of RCS England are set out on [page 23](#) of the trustees’ report. The total employee benefits received in the year by the key management personnel amounted to £1.813m (2019 restated: £1.558m).

No trustees received any remuneration for services as members of the Board of Trustees in the current and preceding years.

9. Fixed assets (Group and Charity)

Tangible fixed assets	Freehold properties £000	Furniture, fittings and vehicles £000	Leashold improvements £000	Computer equipment £000	Assets in course of construction £000	2020 £000
Cost at 1 July 2019	1,945	364	4,740	974	34,237	42,260
Additions during the year	-	4	70	68	39,205	39,347
Disposals during the year	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
At 30 June 2020	1,945	368	4,810	1,042	73,442	81,607
Depreciation at 1 July 2019	-	(353)	(2,183)	(609)	-	(3,145)
Charge for the year	-	(4)	(1,301)	(168)	-	(1,473)
Disposals during the year	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
At 30 June 2020	-	(357)	(3,484)	(777)	-	(4,618)
Net book value 2019	1,945	11	2,557	365	34,237	39,115
Net book value 2020	1,945	11	1,326	265	73,442	76,989

Intangible fixed assets	Computer software £000	Assets in course of construction £000	2020 £000
Cost at 1 July 2019	2,383	124	2,507
Additions during the year	41	348	389
Disposals during the year	-	-	-
Transfers	126	(126)	-
At 30 June 2020	2,550	346	2,896
Depreciation at 1 July 2019	(1,512)	-	(1,512)
Charge for the year	(524)	-	(524)
Disposals during the year	-	-	-
Transfers	-	-	-
At 30 June 2020	(2,036)	-	(2,036)
Net book value 2019	871	124	995
Net book value 2020	514	346	860

Assets in the course of construction represent expenditure incurred in respect of the redevelopment of RCS England's London headquarters (£73.4m) and the digital transformation agenda (£346k).

The freehold property cost of £1.95m represents the cost of land associated with the Barry building, which is being redeveloped. Demolition work in respect of the Barry property was completed in October 2018.

The sale of a 155-year lease in October 2017 over the Nuffield property gave rise to a disposal of land and building. No value was attached to the reversionary interest in the lease as management considers a valuation to be problematic given the length of the lease and unlikely to be of material value.

The lease agreement gives RCS England the right to remain in the Nuffield property until 30 June 2021. The agreement provides for a lease at a peppercorn rent up to 31 May 2020, with rental charges becoming payable totalling £3m for extended occupation to 30 June 2021. (See note 23 [*Operating lease*].)

Leasehold improvements totalling £4.81m represent the costs incurred to provide suitable accommodation for RCS England staff within the leased Nuffield property during the period of redevelopment.

10. Heritage assets

Heritage assets can be acquired by gift, bequest, exchange or purchase on the open market.

RCS England’s heritage assets comprise the Designated collections held by the library, museums and archives. The Hunterian Museum and the library closed in June 2017 ahead of the redevelopment of the estate, and the collections are now stored in appropriate secure facilities and with partner organisations across a number of locations for the period of the redevelopment.

Most archive and library material can be accessed via a research service based at the London Metropolitan Archives, and research access to the museum collections is available on request. All enquiry and online services continue to be available, and are detailed on the RCS England website. Preservation and conservation costs continue to be incurred. No heritage assets were capitalised during the year as none exceeded the capitalisation threshold of £1,000.

The Hunterian Museum represents a world-class surgical heritage resource that seeks to tell the story of surgeons and surgery over the last three centuries. The main collection is the Hunterian collection, which comprises approximately 3,700 anatomical specimens and artefacts. These were collected by John Hunter in the 1700s and presented to RCS England in 1799.

The RCS England museum collection holds approximately 3,500 objects associated with surgical and dental research and training since 1800, including anatomy and pathology specimens that are over 100 years old. The historical surgical instruments collection comprises approximately 9,000 surgical instruments.

The special collections include fine and decorative art (including portraits and furniture), with over 5,300 objects in this collection.

The library collections became a Designated collection under the Designation Scheme of the Arts Council England in 2013. They comprise an estimated 115,000 books and pamphlets dating from the 15th century as well as an important collection of rare journals dating from the 17th century onwards.

The 20th century collections focus on surgery, dentistry, anatomy, physiology and pathology while the subjects in the earlier collections reflect the evolution of medicine and surgery. Natural history and other scientific subjects are represented in the library collections, reflecting the work of 19th century RCS England museum curators responsible for the Hunterian Museum. Further information on all of these collections is available on the RCS England website.

11. Investments

	Portfolio £000	Property £000	2020 £000	2019 £000
Investments				
Quoted securities at market value	40,390	-	40,390	59,774
Deposits with investment managers	22,318	-	22,318	696
Investment properties at market value	-	3,260	3,260	3,215
Market value at 30 June 2020	62,708	3,260	65,968	63,685
Movements in the year:				
Market value at 1 July	60,470	3,215	63,685	63,278
Additions	5,376	-	5,376	6,582
Disposals	(5,518)	-	(5,518)	(6,847)
Net gain/(loss) during the year	2,380	45	2,425	672
Market value at 30 June	62,708	3,260	65,968	63,685
Cost at 30 June 2020				
	63,204	336	63,540	51,861
Portfolio UK investments			22,787	37,517
Portfolio overseas investments			39,921	22,953
Portfolio market value at 30 June 2020			62,708	60,470

As part of the overall management of funds, the investment fund manager has entered into commitments to purchase various currencies under forward rate contracts at 30 June 2020 in respect of the restricted and endowed investment portfolio. Maturity dates were 22 July 2020. These forward contracts are included within total investments at a market value of -£1,273 at 30 June 2020 (2019: £65,476).

A full valuation of RCS England’s investment properties at 50 Lincoln’s Inn Fields was carried out as at 30 June 2020 by Gerald Eve. This resulted in the carrying value of these assets increasing marginally to £3.26m, reflecting a limited change in the commercial market for properties of this nature during this financial period.

12. Debtors

	2020		2019	
	Group £000	RCS England £000	Group £000	RCS England £000
Trade debtors	770	770	1,791	1,791
Membership debtors	1,807	1,807	1,698	1,698
Accrued income	1,818	1,818	975	975
Prepayments	806	806	719	719
Other debtors including taxation	2,136	2,143	554	554
Total	7,337	7,344	5,737	5,737

13. Creditors

	2020		2019	
	Group £000	RCS England £000	Group £000	RCS England £000
13a. Amounts falling due within one year				
Accruals	6,988	6,988	5,185	5,185
Membership income in advance	3,792	3,792	3,651	3,651
Deferred income	4,797	4,797	2,891	2,891
Research grants payable	1,610	1,610	1,694	1,694
Trade creditors	501	501	715	715
Other creditors	709	716	396	396
Taxation and social security	249	249	259	259
Total	18,646	18,653	14,791	14,791
13b. Amounts falling due after one year				
Research grants payable	74	74	51	51
Defined benefit pension liability	1,780	1,780	1,916	1,916
Total	1,854	1,854	1,967	1,967
13c. Analysis of deferred income				
Brought forward at 1 July	2,891	2,891	2,606	2,606
Received during the year	4,797	4,797	2,891	2,891
Released as income during the year	(2,891)	(2,891)	(2,606)	(2,606)
Carried forward at 30 June	4,797	4,797	2,891	2,891

Deferred Income comprises education course fees and examination fees.

In July 2020, RCS England entered into a committed revolving credit facility agreement with JP Morgan Bank Luxembourg SA, acting through its London branch, JPMBL, established at 25 Bank Street, Canary Wharf, London E14 5JP. This agreement makes available to RCS England up to £30m of credit for a period of two years to fund the capital development and support its general purposes. The facility carries a margin rate of 0.85%, a commitment fee of 0.25% on the undrawn amount and an arrangement fee of £150k or 0.5% of the maximum credit amount. The unrestricted invested assets and seven of the invested endowed funds have been pledged as security for this facility, the latter under a s105 order issued by the Charity Commission.

RCS England will shortly undertake a private placement issue with a UK insurer, which will provide £40m of unsecured funding with a maturity date of 30 years and a weighted average life of 20 years. This funding will be available in early November 2020 and will be used to initially repay the credit drawn under the facility agreement, thereby releasing all security pledged, and to fund the capital development and support operations during the next few years.

14. Financial instruments

	2020 £000	2019 £000
Financial assets measured at amortised cost	10,947	48,644
Financial assets measured at fair value	62,708	60,470
Financial liabilities measured at amortised cost	(9,658)	(7,990)

15. Hunter Trading Limited

	2020 £000	2019 £000		2020 £000	2019 £000
Profit and loss account			Balance sheet		
Income	32	32			
Expenditure	25	23	Debtors	7	9
Profit before tax	7	9	Creditors: due within 1 year	(7)	(9)
Profits gifted to RCS England	(7)	(9)			
Result for the year	-	-	Net assets	-	-

RCS England holds the entire issued £1 share capital of Hunter Trading Ltd.

Residential and conference trading ceased in 2017 ahead of the capital redevelopment programme but a small level of trading activity remains.

16. Unrestricted funds

	2019 £000	Increase £000	Decrease £000	Gains/(losses) £000	Transfers £000	2020 £000
Fixed assets fund	39,115	38,734	-	-	-	77,849
Capital development fund	31,825	-	(31,825)	-	-	-
Other designated funds	358	-	(142)	-	-	216
Pension reserve	(1,916)	-	136	-	-	(1,780)
General funds	23,278	-	(7,791)	(222)	3,039	18,304
Total	92,660	38,734	(39,622)	(222)	3,039	94,589

Unrestricted reserves have increased overall by £1.9m in the year, represented by a net expenditure position for the year of £1.1m offset by a £3m transfer of funds from restricted reserves. This transfer represents the value of the net funds raised at 30 June 2020 in respect of the capital development programme and that have now been allocated towards the cost of the tangible asset under construction. General funds have declined overall by £4.97m. There are £4.7m of year-end accrued fixed asset costs that have been funded by general funds. These liabilities will be funded from the credit facility in place following year-end and the general funds will therefore be replenished by this amount.

The capital development fund has been fully drawn down this year, reflecting the increased investment in the new building. The associated costs have been capitalised and disclosed as assets in the course of construction under tangible fixed assets, and are matched by an increase in the fixed assets fund. The trustees designated £1.4m in 2015 to support the digital transformation agenda, of which £1.18m has been utilised to date and the remaining fund is shown under other designated funds. Reserves also include a negative pension reserve of £1.78m to fund the FRS 102 USS pension deficit liability. (See note 20 [Pension liabilities and charges].)



Artist's rendition of the Barry Building Lincoln's Inn Fields entrance

17. Restricted funds

	2019 £000	Income £000	Expenditure £000	Gains/(losses) £000	Transfers £000	2020 £000
Trust funds	2,606	414	(714)	138	-	2,444
Other restricted funds	5,027	3,835	(3,851)	-	(3,039)	1,972
Total restricted funds	7,633	4,249	(4,565)	138	(3,039)	4,416
RCS England has 25 trust funds and their position is set out below:						
Research trust funds:						
Moondance Foundation	748	12	(403)	47	-	404
Surgical Research Fund	271	41	(73)	18	-	257
Mr Sorab J Lam Legacy	207	4	(23)	14	-	202
Ethicon Travelling Fellowship	186	3	(12)	13	-	190
Sir Alan Parks Research Fund	-	185	-	-	-	185
Saven Research and Development Programme	117	120	(63)	-	-	174
Arthritis Research Trust	141	2	(8)	10	-	145
Modi Fund	121	2	(2)	8	-	129
RCSE Fellows Fellowship Fund	80	30	-	-	-	110
Blond McIndoe Fund (joint fund with Education)	95	1	(4)	6	-	98
Preiskel Fund	60	3	(4)	4	-	63
Phyllis A George Legacy	50	-	-	-	-	50
Miss Carol Rummey Legacy	79	-	(31)	-	-	48
Fletcher Legacy	32	-	(2)	-	-	30
Dunhill Medical Trust	50	-	(20)	-	-	30
H Speight Discretionary Trust	13	6	-	-	-	19
Curry Legacy Damage/Pain	15	-	-	-	-	15
Rex and Jean Lawrie Overseas Fund	5	-	-	-	-	5
Cutner Legacy	20	-	(17)	-	-	3
Shrimpton Fund	1	-	-	-	-	1
Ethicon Research Fund	1	-	-	-	-	1
Maureen A Blandy Legacy	50	-	(50)	-	-	-
Education and training trust funds:						
E&T Haddock Legacy	100	2	(1)	7	-	108
Faculty of Dental Surgery funds:						
JW McLean Fund	161	3	(1)	11	-	174
Faculty of General Dental Practice (UK) funds:						
Research Fund	3	-	-	-	-	3
Total trust funds	2,606	414	(714)	138	-	2,444
Other restricted funds:						
2020 fundraising	3,081	191	(233)	-	(3,039)	-
e-Den – e-Learning for Dentistry	235	16	-	-	-	251
George Drexler Chair	160	70	-	-	-	230
National Vascular Registry	185	370	(333)	-	-	222
FDS-NAC	161	11	(23)	-	-	149
Mary Kinross Professorial Chair	115	110	(90)	-	-	135
National Prostate Cancer Audit	128	315	(313)	-	-	130
PCCT Transplant Fellowships	134	-	(22)	-	-	112
Other balances <£100,000	828	2,752	(2,837)	-	-	743
Total other funds	5,027	3,835	(3,851)	-	(3,039)	1,972
Total restricted funds	7,633	4,249	(4,565)	138	(3,039)	4,416



Artist's rendition of the
Barry Building West
Committee Room

18. Endowed funds

	Unapplied total return £000	Permanent capital £000	Total endowment £000
Endowed funds at 1 July 2019	21,448	14,951	36,399
Investment income	653	-	653
Investment gains	2,509	-	2,509
Total income and gains	3,162	-	3,162
Application of total return	(1,499)	-	(1,499)
Investment management fees	(198)	-	(198)
Total application and fees	(1,697)	-	(1,697)
Net movement in year	1,465	-	1,465
Total endowed funds	22,913	14,951	37,864

RCS England has 22 endowed funds and the 2019–20 position is set out below by fund:

Fund name	Unapplied total return 2019 £000	Investment income £000	Investment gains £000	Applied total return 2019 £000	Investment fees £000	Unapplied total return 2020 £000	Permanent capital £000	2020 total £000
RCSE Research Fund	5,085	159	610	(480)	(48)	5,326	3,784	9,110
RCSE Education Fund	4,154	115	441	(376)	(35)	4,299	2,262	6,561
RCSE Cancer Research Fund	2,869	83	319	(215)	(25)	3,031	1,756	4,787
President's Finch Fund	877	53	205	(3)	(16)	1,116	2,108	3,224
Dental Science Research Fund	1,481	46	177	(42)	(14)	1,648	1,016	2,664
Rank Chair of Physics in Surgery	1,317	41	156	(106)	(12)	1,396	955	2,351
RCSE Library Fund	1,205	37	140	(95)	(11)	1,276	833	2,109
MacRae Webb-Johnson for Hunterian	820	22	86	(58)	(7)	863	425	1,288
RCSE Biochemical Research Fund	689	19	73	(50)	(6)	725	374	1,099
Moser Trust (FDS)	422	11	41	(2)	(3)	469	173	642
HS Morton Travelling Fellowship	335	10	37	(15)	(3)	364	200	564
Groves Bequest for Hunterian	373	9	37	(21)	(3)	395	161	556
George Qvist Fund for Hunterian	307	9	36	(21)	(3)	328	209	537
John Kinross Fund	331	8	30	(1)	(2)	366	104	470
RCSE Prize Fund	299	6	25	(1)	(2)	327	61	388
Sims Commonwealth Travelling Fellowship	189	5	20	(1)	(2)	211	106	317
Witt Fund	98	5	19	(1)	(2)	119	182	301
Commemoration Fund (FDS)	157	4	15	(1)	(1)	174	66	240
RCSE Scholarship Fund	138	3	13	(1)	(1)	152	51	203
Rishworth Fund for Annals	109	3	11	(1)	(1)	121	50	171
Darlow Fellowship Fund	92	3	11	(3)	(1)	102	67	169
RCSE Museum Fund	101	2	7	(5)	-	105	8	113
Total endowed funds	21,448	653	2,509	(1,499)	(198)	22,913	14,951	37,864

9 of the 22 funds have closing balances greater than £1m, amounting to £33.2m of the £37.9m of funds at 30 June 2020. A brief description of their purposes is provided below.

Fund name	Purpose of fund
RCSE Research Fund	To promote, carry on, and fund study and research into surgery and related subjects, and to publish useful results of such study and research
RCSE Education Fund	To educate surgeons, medical practitioners and the general public in the art, scienceand practice of surgery and related subjects, and to further instruction and training in surgery
RCSE Cancer Research Fund	To promote, carry on, and fund study and research into cancer and its preventative treatment and care, and to publish useful results of such study and research
Dental Science Research Fund	For the promotion of research into improving dental treatment and dental health
President's Finch Fund	Income to be applied for charitable purposes which will be of service for the welfare and advancement of the science and art of surgery
Rank Chair of Physics in Surgery	To support research work
RCSE Library Fund	To promote, carry on, maintain and fund the establishment of libraries of RCS England for the furtherance of study and research into surgery and related objects
MacRae Webb-Johnson Fund for Hunterian	To support museum projects
RCSE Biochemical Research Fund	To further biochemical research by such means as the trustees shall from time to time see fit

The remaining 13 funds with balances of less than £1m, and amounting to £4.7m, are summarised under the following categories:

Research funds	Faculty of Dental Surgery funds	Travelling fellowship (F/S) funds	Other funds
Darlow Fellowship Fund	Commemoration Fund	HS Morton Travelling F/S	Rishworth Fund for Annals
Scholarship and prize funds	Moser Trust	Sims Commonwealth Travel F/S	John Kinross Fund
RCSE Prize Fund	Museum funds		
RCSE Scholarship Fund	RCSE Museum Fund		
Witt Fund	Groves Bequest for Hunterian		
	George Qvist Fund for Hunterian		

19. Analysis of net assets between funds

As at 30 June 2020:	Unrestricted funds £000	Restricted funds £000	Endowed funds £000	2020 £000
Tangible fixed assets	76,989	-	-	76,989
Intangible fixed assets	860	-	-	860
Investments	25,201	2,884	37,883	65,968
Current assets	9,951	3,600	1	13,552
Current liabilities	(16,632)	(1,994)	(20)	(18,646)
Liabilities after 1 year	(1,780)	(74)	-	(1,854)
Total funds	94,589	4,416	37,864	136,869

As at 30 June 2019:	Unrestricted funds £000	Restricted funds £000	Endowed funds £000	2019 £000
Tangible fixed assets	39,115	-	-	39,115
Intangible fixed assets	995	-	-	995
Investments	25,493	2,002	36,190	63,685
Current assets	41,296	8,041	318	49,655
Current liabilities	(12,272)	(2,410)	(109)	(14,791)
Liabilities after 1 year	(1,967)	-	-	(1,967)
Total funds	92,660	7,633	36,399	136,692

20. Pension liabilities and charges

	2020 £000	2019 £000
USS defined pension liability	1,780	1,916
Liability less than 1 year	-	-
Liability greater than 1 year	1,780	1,916
Summary of pension scheme charges to statement of financial activities:		
USS	754	1,460
SAUL	457	421
Standard Life	75	74
NHS	21	29
Total	1,307	1,984
Charges in respect of the USS scheme to statement of financial activities:		
Employer contributions	890	772
Contributions allocated to deficit provision	(64)	(64)
Change in contributions from past expectations	(115)	719
Total pension contribution cost	711	1,427
Interest payable	43	33
Total pension charge	754	1,460
Charges in respect of the SAUL scheme to statement of financial activities:		
Employer contributions	457	421
Release of liability provision	-	-
Total pension charge	457	421
Scheme employee members	No.	No.
USS	83	80
SAUL	90	82
Standard Life	24	31
NHS	4	4
Total RCS England employees in a pension scheme	201	197
Total RCS England employees at 30 June	227	227

RCS England participates in two multi-employer defined benefit pension schemes: USS and SAUL. The SAUL scheme reported a technical provisions surplus at the latest triennial valuation of 31 March 2017. The USS scheme reported a funding shortfall deficit at 31 March 2017 and a significant change in contribution rates. This led to the decision to carry out a further valuation and review of the scheme’s financial position as at 31 March 2018. It has been agreed that the next valuation will be carried out as at 31 March 2020 and this is now underway.

In accordance with section 28 of the FRS 102, RCS England is required to recognise its share of the liability for the contributions payable under any deficit recovery agreement in existence at the date of approving the financial statements and the resulting expense in the income and expenditure account. The calculated share of the defined pension scheme liability and charge to the statement of financial activities are allocated fully to unrestricted funds on the basis that the conditions pertaining to the use of RCS England’s restricted funds preclude charges of this nature.

Assumptions used to calculate the share of USS pension liability

The liability has been recalculated using the USS financial model provided with reference to a deficit recovery period from 1 October 2019 to 31 March 2028.

Calculation assumptions	2020	2019
Discount rate	1.35%	2.25%
Projected salary inflation:		
2020 to 2021	0.0%	2.0%
2021 to 2028	2.0%	2.0%
2028 to 2034	n/a	2.0%

The discount rate is based on the iBoxx Sterling AA corporate bond rate over ten years prevailing at 30 June of each relevant year. Salary inflation assumptions take into account the level of annual pay increases set in the April before the relevant year-end, prevailing CPI rates and the Bank of England long-term inflation target of 2%. The calculation reflects an assumption that there is no change in member numbers in the forward years. The assumptions underpinning the calculation reflect a prudent assessment of the available information and options but represent a key area of estimation uncertainty in the financial statements.

USS 2018 valuation

The latest formal actuarial valuation as required by the Pensions Act 2004 was carried out as at 31 March 2018 and the results were published in September 2019. These show a scheme shortfall of £3.6bn with scheme assets sufficient to cover 95% of its technical provisions liabilities.

The scheme’s actuary has determined that scheme contribution rates should increase from 28.3% of salaries (employer 19.5%, employee 8.8%) to 34.7% of salaries (employer 23.7%, employee 11.0%). This increase is being phased in over the period 1 October 2019 to 1 October 2021.

The new contribution rates provide the following:

- » the employer cost of future accrual for the defined benefit arrangement;
- » contribution towards the defined benefit past service deficit;
- » 0.4% contribution towards non-investment related administrative expenses and Pension Protection Fund levies; and
- » employer contributions towards defined contribution benefits.

A deficit recovery plan has been put in place as part of the 2018 valuation that requires a 2% deficit contribution payment from salaries from 1 October 2019 to 30 September 2021 and then a 6% deficit contribution payment from 1 October 2021 to 31 March 2028. The 2020 defined benefit liability provision reflects this plan. The past service contributions are expected to remove the deficit by 31 March 2028 based on the assumptions set out in the recovery plan.

USS 2020 Valuation

In September 2020, the Trustee of the USS pension scheme launched a consultation with Universities UK on key aspects of the scheme’s latest 2020 valuation. The scope of this exercise covers a wide range of potential outcomes reflecting issues still to be resolved on employer support as well as uncertainties for the higher education sector and financial markets in general. Based on the proposals put forward, the Trustee has indicated that the scheme’s deficit at 31 March 2020 could range from between £9.8bn and £17.9bn. The review is ongoing and the valuation is expected to be concluded in June 2021. The impact on the College’s deficit is therefore unknown at the date of approval of these financial statements.

SAUL 2017 valuation

The 2017 actuarial valuation funding principles were agreed by the scheme trustee and employers in June 2018. These will be reviewed at the next formal valuation in 2020, which is now underway. The 2017 valuation confirmed that the scheme was fully funded on its technical provisions basis at 31 March 2017 and that the deficit at the 2014 valuation has therefore been eliminated.

Supplementary scheme disclosures

Since RCS England cannot identify its share of the assets and liabilities of the USS and SAUL pension schemes, the following disclosures have been provided by the respective pension schemes to reflect those relevant for the schemes as a whole.

USS

The 2018 valuation was the fifth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions.

At the valuation date, the value of the assets of the scheme was £63.7bn and the value of the scheme’s technical provisions was £67.3bn, indicating a shortfall of £3.6bn. The assets were therefore sufficient to cover 95% of the benefits that had accrued to members after allowing for expected future increases in earnings.

Scheme summary position at 31 March	2020	2019
	2018 valuation	2017 valuation
	£bn	£bn
Scheme assets	63.7	60.0
Scheme liabilities	67.3	67.5
FRS 102 scheme deficit	(3.6)	(7.5)
FRS 102 funding level	95%	89%

2018 valuation assumptions		
Financial assumptions		
Pension increases (CPI)		Term dependent rates in line with difference between fixed interest and index listed yield curves, less than 1.3%
Discount rate (forward years)		
Years 1 to 10		CPI + 0.14% reducing linearly to CPI - 0.73%
Years 11 to 20		CPI + 2.52% reducing linearly to CPI + 1.55% by year 21
Years 21 +		CPI + 1.55%
Demographic assumptions		
Mortality base table		
Pre-retirement (males)		71% of AMC00 (duration 0)
Pre-retirement (females)		112% of AFC00 (duration 0)
Post-retirement (males)		97.6% of SAPS S1NMA "light"
Post-retirement (females)		102.7% of RFV00
Future improvements to mortality		CM1_2017 with a smoothing parameter of 8.5 and long-term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females

	2020	2019
	2018 valuation	2017 valuation
Life expectancies on retirement at age 65		
Males currently aged 65 years	24.4	24.6
Females currently aged 65 years	25.9	26.1
Males currently aged 45 years	26.3	26.6
Females currently aged 45 years	27.7	27.9

SAUL

SAUL is a centralised defined benefit scheme in the UK for the non-academic staff of over 50 colleges and institutions with links to higher education.

The SAUL Final Salary section closed at 31 March 2016 and from 1 April 2016 all members now build up pension benefits on a Career Average Revalued Earnings (CARE) basis.

RCS England is not expected to be liable to SAUL for any other current participating employer’s obligations under the Rules of SAUL. However, in the event of an insolvency event of any participating employer within SAUL, an amount of any pension shortfall (that cannot otherwise be recovered) in respect of that employer may be spread across the remaining participating employers and reflected in the next actuarial valuation.

SAUL’s statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by the scheme trustee in paying SAUL’s benefits as they fall due (the technical provisions). The scheme trustee adopts assumptions which, taken as a whole, are intended to be sufficiently prudent for pensions and benefits already in payment to continue to be paid and for the commitments that arise from members’ accrued pension rights to be met. The funding method and assumptions do not completely remove the risk that the technical provisions could be insufficient to provide benefits in the future.

The 2017 actuarial valuation showed that the market value of SAUL’s assets was £3,205m, representing 102% of the liabilities for benefits accrued up to 31 March 2017, and that the scheme therefore reported a surplus of £56m. The contribution strain increased to 6.7% from 2.6% at the 2014 valuation. The scheme trustee and the employers agreed that no changes were required to benefits or contributions. The employers’ contribution rate remains at 16% of CARE salaries. The scheme trustee considers that the scheme surplus is sufficient to meet the contribution strain over the next period.

Other pension schemes

RCS England pays a contribution rate of 9% into the Standard Life defined contribution scheme and a contribution rate of 14.38% into the NHS Pension Scheme. No contributions in respect of these schemes were outstanding at the balance sheet date.

21. Transactions with trustees

No trustees receive any fees or honoraria for services. Trustees claim travelling, subsistence and accommodation costs in carrying out their RCS England responsibilities and attending relevant meetings. The total expenses reimbursed to the trustees holding office during 2019–20 amounted to £85k (2019: £84k). This represented reimbursement to 7 trustees (2019: 9) and includes sessional payments made totalling £64k (2019: £60k).

Donations totalling £2k were received from trustees during the current period (2019: £6k).

One of RCS England’s trustees is chief executive of a company that provided professional services to RCS England in respect of the capital development programme until 2018 but no such services have been provided since. There were no other related party transactions in the period.

22. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £9.8m in respect of the design and build contract entered into in September 2017 to redevelop the estate (2019: £41.95m).

23. Operating leases

	Nuffield lease £000	Furniture, fittings and vehicles £000	2020 £000	Nuffield lease £000	Furniture, fittings and vehicles £000	2019 £000
Payments due:						
Within one year	2,000	2	2,002	1,000	11	1,011
Between 1 and 2 years	-	-	-	2,000	2	2,002
Between 2 and 5 years	-	-	-	0	-	-
Total	2,000	2	2,002	3,000	13	3,013

These represent the future minimum payments that RCS England is committed to make under operating leases.

The Nuffield lease agreement is explained under note 6 (*Expenditure*) and note 9 (*Fixed assets*).

24. Post balance sheet event

The UK government has introduced a second national lockdown in England from 5 November 2020 just prior to the signing of these financial statements. The lockdown is set to last four weeks until 3 December 2020. This lockdown permits the continuation of educational and examination activity along with other services undertaken in accordance with the COVID-secure government guidance. Since the start of the new year the College has launched remote assessment for a number of its examinations and is progressing its plans to increase its online learning provision. The actions taken to date have resulted in an improved financial projection for the new year compared to the provisional budget. The College will continue to review and update its plans and longer term projections as circumstances change and take action where appropriate to sustain and improve its financial performance. The receipt of the £40m of long term funding on 3 November (note 13) confirms that the College has sufficient cash reserves to support its plans and operations during this period of continued uncertainty. The trustees remain satisfied that the College is managing effectively its financial and operational risks during this disruptive period and that the College will continue as a going concern for the foreseeable future (note 2).

25. Restricted funds 2019 for comparison

	2018 £000	Income £000	Expenditure £000	Gains/(losses) £000	Transfers £000	2019 £000
Trust funds	1,945	1,343	(748)	66	-	2,606
Other restricted funds	5,052	3,999	(4,024)	-	-	5,027
Total restricted funds	6,997	5,342	(4,772)	66	-	7,633
RCS England has 27 trust funds and their position is set out below:						
Research trust funds:						
Moondance Foundation	-	1,000	(252)	-	-	748
Surgical Research Fund	324	35	(102)	14	-	271
Mr Sorab J Lam Legacy	271	8	(84)	12	-	207
Ethicon Travelling Fellowship	177	5	(4)	8	-	186
Arthritis Research Trust	165	4	(35)	7	-	141
Saven Research and Development Programme	-	125	(15)	-	7	117
Modi Fund	167	5	(58)	7	-	121
Blond McIndoe Fund (joint fund with Education)	89	3	(1)	4	-	95
RCSE Fellows Fellowship Fund	70	40	(30)	-	-	80
Miss Carol Rummey Legacy	81	-	(2)	-	-	79
Preiskel Fund	57	5	(4)	2	-	60
Dunhill Medical Trust	83	-	(33)	-	-	50
Maureen A Blandy Legacy	-	50	-	-	-	50
Phyllis A George Legacy	-	50	-	-	-	50
Fletcher Legacy	32	-	-	-	-	32
Cutner Legacy	25	-	(5)	-	-	20
Curry Legacy Damage/Pain	10	5	-	-	-	15
H Speight Discretionary Trust	21	-	(8)	-	-	13
Rex and Jean Lawrie Overseas Fund	14	-	(9)	-	-	5
Ethicon Research Fund	1	-	-	-	-	1
Shrimpton Fund	1	-	-	-	-	1
Sir RE Kelly Fellowship Fund Legacy	50	-	(50)	-	-	-
DBP Surgical Trust Fund	7	-	-	-	(7)	-
Clarke Legacy	4	-	(4)	-	-	-
Education and training trust funds:						-
E&T Haddock Legacy	141	4	(51)	6	-	100
Faculty of Dental Surgery funds:						-
JW McLean Fund	152	4	(1)	6	-	161
Faculty of General Dental Practice (UK) funds:						-
Research Fund	3	-	-	-	-	3
Total trust funds	1,945	1,343	(748)	66	-	2,606
Other restricted funds:						
2020 fundraising	2,749	332	-	-	-	3,081
e-Den – e-Learning for Dentistry	113	131	(9)	-	-	235
National Vascular Registry	203	322	(340)	-	-	185
FDS-NAC	173	9	(21)	-	-	161
Improving Surgical Training	144	292	(289)	-	-	147
PCCT Transplant Fellowships	205	-	(71)	-	-	134
National Prostate Cancer Audit	89	284	(245)	-	-	128
Other balances <£100,000	1,376	2,629	(3,049)	-	-	956
Total other funds	5,052	3,999	(4,024)	-	-	5,027
Total restricted funds	6,997	5,342	(4,772)	66	-	7,633

26. Endowed funds 2019 for comparison

	Unapplied total return £000	Permanent capital £000	Total endowment £000
Endowed funds at 1 July 2018	20,657	14,951	35,608
Investment income	1,071	-	1,071
Investment gains	1,553	-	1,553
Total income and gains	2,624	-	2,624
Application of total return	(1,669)	-	(1,669)
Investment management fees	(164)	-	(164)
Total application and fees	(1,833)	-	(1,833)
Net movement in year	791	-	791
Total endowed funds	21,448	14,951	36,399

RCS England has 22 endowed funds and the 2018–2019 position is set out below by fund:

Fund name	Unapplied total return 2018 £000	Investment income £000	Investment gains £000	Applied total return 2018 £000	Investment fees £000	Unapplied total return 2019 £000	Permanent capital £000	2019 total £000
RCSE Research Fund	4,959	264	383	(481)	(40)	5,085	3,784	8,869
RCSE Education Fund	4,085	192	278	(372)	(29)	4,154	2,262	6,416
RCSE Cancer Research Fund	2,758	137	198	(203)	(21)	2,869	1,756	4,625
President's Finch Fund	737	86	125	(58)	(13)	877	2,108	2,985
Dental Science Research Fund	1,411	71	102	(92)	(11)	1,481	1,016	2,497
Rank Chair of Physics in Surgery	1,304	68	99	(144)	(10)	1,317	955	2,272
RCSE Library Fund	1,159	60	87	(92)	(9)	1,205	833	2,038
MacRae Webb-Johnson for Hunterian	793	37	53	(57)	(6)	820	425	1,245
RCSE Biochemical Research Fund	667	31	46	(50)	(5)	689	374	1,063
Moser Trust (FDS)	386	17	24	(2)	(3)	422	173	595
HS Morton Travelling Fellowship	347	17	24	(50)	(3)	335	200	535
Groves Bequest for Hunterian	358	16	23	(22)	(2)	373	161	534
George Qvist Fund for Hunterian	294	15	22	(22)	(2)	307	209	516
John Kinross Fund	304	12	18	(1)	(2)	331	104	435
RCSE Prize Fund	277	10	15	(1)	(2)	299	61	360
Sims Commonwealth Travelling Fellowship	172	8	11	(1)	(1)	189	106	295
Witt Fund	82	7	11	(1)	(1)	98	182	280
Commemoration Fund (FDS)	144	6	9	(1)	(1)	157	66	223
RCSE Scholarship Fund	137	5	8	(11)	(1)	138	51	189
Darlow Fellowship Fund	84	5	6	(2)	(1)	92	67	159
Rishworth Fund for Annals	101	4	6	(1)	(1)	109	50	159
RCSE Museum Fund	98	3	5	(5)	-	101	8	109
Total endowed funds	20,657	1,071	1,553	(1,669)	(164)	21,448	14,951	36,399



27. Statement of financial activities for the year ended 30 June 2019 for comparison

	Notes	Unrestricted funds £000	Restricted funds £000	Endowed funds £000	Totals £000
Income from					
Grants, donations and legacies	5a	180	5,180	-	5,360
Charitable activities	5b	21,727	9	-	21,736
Trading activities	5c	274	14	-	288
Investment income	5d	1,466	139	1,071	2,676
Total income		23,647	5,342	1,071	30,060
Expenditure on					
Raising funds	6a	366	183	164	713
Charitable activities	6b	20,286	6,220	-	26,506
Other expenditure	6c	3,445	38	-	3,483
Total expenditure		24,097	6,441	164	30,702
Net income/(expenditure) before investment gains/(losses)		(450)	(1,099)	907	(642)
Net gains/(losses) on investments	11	(947)	66	1,553	672
Net income/(expenditure)		(1,397)	(1,033)	2,460	30
Application of total return	20	-	1,669	(1,669)	-
Net movement in funds for the year		(1,397)	636	791	30
Balances brought forward at 1 July	17	94,057	6,997	35,608	136,662
Balances carried forward at 30 June	17	92,660	7,633	36,399	136,692

Reference and administrative details

Principal advisors

Bankers

C Hoare & Co, 37 Fleet Street, London EC4P 4DQ
HSBC Bank PLC, 60 Queen Victoria Street, London EC4N 4TR

External auditor

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

Internal auditor

Mazars LLP, Tower Bridge House, St Katharine’s Way, London E1W 1DD

Solicitors

BDB Pitmans LLP, One Bartholomew Close, London EC1A 7BL
Farrer & Co LLP, 66 Lincoln’s Inn Fields, London, WC2A 3LH
Veale Wasbrough Vizards LLP, Narrow Quay House, Narrow Quay, Bristol BS1 4QA

Investment managers

Cazenove Capital Management (a trading name of Schroder & Co Ltd) (to 17 February 2020), 31 Gresham Street, London EC2V 7QA
Sarasin & Partners LLP (to 17 February 2020), Juxon House, 100 St Paul’s Churchyard, London, EC4M 8BU
JP Morgan Private Bank (from 3 February 2020), 60 Victoria Embankment, London EC4Y 0JP

Property development advisors

Lendlease Consulting Ltd, 20 Triton Street, Regent’s Place, London NW1 3BF

Registered office

The charity’s registered office is at 35–43 Lincoln’s Inn Fields, London WC2A 3PE.