



Combined group annual report and consolidated accounts 2011-12

Comprising the Royal College of Nursing of the United Kingdom, its trading subsidiaries, and the RCN Foundation.



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31 March 2012

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Introduction

Message from the President

People often ask me: “What is the best thing about being President of the RCN?” For me, it is a question with an obvious answer. In this role I am lucky enough to meet inspirational people each and every week; ordinary nurses doing extraordinary things.

At Congress this year, I told delegates about some of the superb nursing staff I have met in the last 12 months. I have been privileged enough to meet nursing staff who have gone above and beyond to deliver. Nurses who, despite attacks on their pensions, pay and reputation, have stopped at nothing to ensure that the patient is put first. I’ve met nurses who have revolutionised dementia care, providing patients with an ‘intensive’ care unit, which enables each patient to constantly have a nurse by their side. I have seen nurses who have built their practice around young adults, providing care via Skype and in the evening, to make sure teenagers get the support they need. And I have met nurses working in a central London hospice who, when a patient said their dying wish was to spend time with horses, moved mountains to make it happen.

Stories like these make it all the more difficult to accept the critical coverage that nursing has attracted in some parts of the media in the past year. It is of course undeniable that poor care happens, but instead of blaming only the nursing profession, we must acknowledge the systemic failings that cause care to go wrong. When staffing levels are too low, nurses are stretched too thin and our health care assistants aren’t given enough support and supervision, it is no surprise that patient care is sometimes affected. I am determined that the RCN, and our members, will continue to fight unfair criticism, promote excellent care and celebrate the values of nursing that make it so special.



Andrea Spyropoulos
RCN President
March 2012

Message from the Chair of Council

If there is one word to sum up the past 12 months, it is 'pivotal'. The challenges that have presented themselves in the last year have meant that your RCN Council has had to make some very hard decisions.

As many reading this will know, the last year has seen a lot of activity around the subject of NHS pensions. In summer 2011, the Government issued its first set of proposals, which would have meant all nurses and health care assistants would have had to work longer, pay more and, eventually, get less. The RCN worked hard to influence, engage and improve things for our members. We met regularly with Government officials and, come December 2011, the offer on the table was an improvement. It gave protection for a large number of RCN members, as well as an improvement in the accrual rate.

However, for many of our members the offer was still unacceptable and would see them work years longer, only to receive a reduced pension. We wanted to know what our members thought and, in January 2012, RCN Council authorised a vote on whether members wanted to accept or reject the proposals. The result was disappointing. Only 16 per cent of members cast their vote. Of those that did vote, the majority (60 per cent) voted to reject the proposals. RCN Council has taken this forward and, in May decided to continue the fight against the most objectionable proposal, namely that nursing staff may have to work until the age of 68.

Looking ahead, the next year will see important activity around the *This is nursing* workstreams. The seven areas of work will focus on the aspects of nursing which have the most significant impact on patient care and the public perception of nursing. They are: education and training, staffing levels, the development and regulation of our health care assistants, professional attitudes and behaviours, principles of nursing practice, leadership, and the burden of paperwork.

The next 12 months will be just as important for our profession as the last and I very much hope you'll be at the heart of the action.



Professor Kathleen McCourt CBE FRCN
Chair of Council
March 2012

Message from the Chief Executive & General Secretary

Our Annual Report is one of the most important documents we produce each year. As you'll see from the pages within, it clearly sets out the financial position of the RCN, as well as detailing the work the College has undertaken in the last year. It demonstrates just how much the College does for people like you, our members; from legal representation to career advice, from welfare and counselling to campaigning against cuts in health budgets.

As you can see from this year's report, the RCN continues to be in strong financial health. This can only be a good thing, when our members are being asked to do more with less, jobs are being lost from the health service and the need for RCN help continues to grow.

The last 12 months have been incredibly busy.

The RCN has fought hard on behalf of our members and their patients. One example of this would be the activity around the Government's controversial Health and Social Care Act, affecting the NHS in England. The RCN sought to engage with the reforms and influence the proposals for the better. Thanks to the work of our members, we saw some important amendments made. However, despite our hard work and promises to the contrary, the Government stopped listening. It soon became apparent that our concerns were not being heard and in January 2012 the RCN moved to oppose the legislation. Disappointingly, the bill passed through Parliament and has become law. The RCN must now work to support our members on the ground, as they will be the ones tasked with making the reforms a reality.

We have worked tirelessly in the other countries of the UK too. In Northern Ireland, we worked on the Review of Health and Social Care. The RCN outlined a range of workforce and professional issues, highlighting the key role of nursing in securing the vision outlined in the Review. In Wales, we used our *Time to Care* campaign to draw political attention to the positive contribution of nursing and the real need to protect numbers, skills and time to ensure quality of care for patients.

For the first time, members of the Scottish Parliament's Health Committee and Local Government Committee were brought together to discuss the integration of health and social care at an event organised by the RCN. Coupled with the development of the RCN's *Principles for Delivering the Integration of Care*, this allowed the RCN to represent the views of our members at the Health Committee's inquiry into integration, and to influence its report on the issue, as the Scottish Government's plans to change the way health and social care work together continue to progress.

The challenges that face the nursing profession are significant and will require all of our strength and resolve to overcome. However, I have no doubt that nursing will use its voice and campaign for what we all know to be right: high-quality care, fair terms and conditions, and a professional reputation for nurses and health care assistants everywhere.



Dr Peter Carter OBE
Chief Executive & General Secretary
March 2012

The report of Council

Our 2011-12 Council priorities

Each year RCN Council provides the organisation with a picture of the significant activities and targets required during the next financial year – and how these link to the five-year strategic plan. RCN Council's priority activities for 2011-12 are given below, with a summary of their purpose and the outcomes being sought.

The 2011-12 priorities were grouped into three key areas of RCN activity:

- being a trade union
- being a professional organisation
- being a business.

These groups were further divided to address objectives that were:

- business as usual
- transformational.

Finally, the priorities themselves were described by their:

- outputs
- outcomes.

1. Trade union – business as usual

- a. Partnership working in a new political and economic climate.
Protecting, supporting and representing members in a difficult economic climate (using the *Frontline First* campaign). Maximise facilities time, and increase and improve the capabilities of our activists.
Leading to:
Greater co-operation between trade unions and employers.
Increased influence with employers and governments (and their health policies).
Increased membership and retention.
Right pay, terms and conditions, and equality for members.
- b. Maintain investment in all our activists (including branches and forums).
Leading to:
Implementation of mentorship through the *Future Activist* programme.
Proficient, effective, and valued activists.
Optimised officer resources.
Convenor development.
- c. *Future Officer* programme.
Leading to:
RCN officer programme implemented.
Proficient, effective officers.
Trade union and professional role balance.
Engaged forums.

2. Trade union – transformational

- a. The RCN's position and involvement at a time of workforce modernisation and new ways of working in the health care sector.
Leading to:
New jobs/roles.
Better support for trade union activity.
- b. Become an organisation that thinks globally.
Leading to:
Increased influence at European level.
Take advantage of international opportunities.
Involvement in and influence on European health and employment policy and European Union directives.
Participation in activities that aim to achieve the millennium development goals.
Ensure European Union and international dimension to professional activity, for example patient safety and nursing education.

3. Professional – business as usual

- a. Campaigning on key health care issues.
Leading to:
Frontline First and *Time to Care*.
- b. Working on key health care projects.
Leading to:
Tools and resources to assist health care professionals in the fields of dementia, patient safety, community nursing and health visiting.

4. Professional – transformational

- a. Bringing health care assistants (HCAs) into full membership and striving for HCA regulation.
Leading to:
Health care assistants fully integrated into RCN decision-making and business.
Culture changes in terms of staff and members recognising the importance of their inclusion.
Regulation of health care assistants.
- b. Nursing education.
Leading to:
Development of a clear position regarding education, including lobbying the Nursing and Midwifery Council (NMC).
- c. Positioning of nursing in health care.
Leading to:
New models of health care delivery, led by nursing.
Nurses leading multi-professional policy, practice, and projects across the UK.
- d. Continue to build an authoritative body of RCN professional knowledge.
Leading to:
Guidelines, standards, good practice, patient and public engagement.
Evidence-based papers, briefings.
Communications based on this evidence.
Professional standing and engagement at local and national level, with public and patients.
Professional influences on policy and practice.
Work with other royal colleges.

5. Business – business as usual

- a. Membership growth in a time of economic challenge.

Leading to:

An objective for all members of staff.
Publicise our successes.
Enhancing our recruitment processes.
Higher-profile recruitment and marketing initiatives.
Improved membership growth and retention.

- b. Broaden our focus beyond the NHS.

Leading to:

A dedicated independent sector strand in our stakeholder strategy.
More targeted material for non-NHS sectors.
More specific membership database for independent sector.
Different roles for different sectors.
Relationship building/networking with non-NHS sectors.
More recognition agreements in the independent sector.
More business relationships and partnerships.
A higher percentage of independent sector membership.

6. Business – transformational

- a. RCN workforce modernisation and ways of working.

Leading to:

Appropriate forums for this work.
Incentivised staff (and members).
Collaborative working using new technology.
Better realisation of existing investments, for example Political Leadership Programme.
Better staff engagement.
Positive staff survey outcomes.
Better skills signposting.

- b. Ethical-sustainability/internal development.

Leading to:

More formal relationships with organisations sharing this interest.
A reputation amongst such organisations that the RCN is an exemplar organisation.
Publicising relevant stories and relevant key performance indicators to support that reputation.

- c. Implementation of the customer service programme.

Leading to:

Improved member experience.
Accreditation for our service delivery with the Institute of Customer Service (ICS).

Our 2011-12 activities and achievements

Trade union – business as usual

- 1. Consult with members regarding pay, pensions and workforces issues – and represent RCN views in the media and lobbying strategies to safeguard our members' jobs, pay and terms and conditions.**

Members have been involved extensively on multiple consultations on pay issues – mostly on specific employer proposals, for example NHS Direct, Care Quality Commission and Central Manchester University Hospitals Foundation Trust – and nationally on pensions issues, backed by a high-profile media communications strategy. In particular, all members were sent voting papers in a ballot asking whether they wanted to accept or reject the Government's NHS pension proposals. RCN Council members have also steered a task group involving a wide range of representatives from across the UK. This work generated principles which RCN national negotiators have successfully incorporated in staff side approaches on pay and pensions nationally. The extent of coverage of RCN views in the media and parliamentary lobbying is reported to RCN Council on a weekly basis.

- 2. Understand and influence finance and workforce planning across the health care sector, to ensure an evidence-based, authoritative voice on issues of safe staffing and equality of access within the context of economic downturn.**

The findings of our *Frontline First* campaign regarding cuts, waste and innovation, were presented to RCN Congress 2011 and regular reports were sent to policy makers and the press.

We tabled amendments on the Health and Social Care Act regarding safe staffing levels, and contributed to forums about workforce planning complexity and its associated concerns. Our recommendations on safe staffing levels were produced in March 2012.

- 3. Deliver effective election campaigns.**

Across the countries, we engaged with members, influenced national politicians on their behalf, and ensured the voice of nursing was heard. Our methods ensured that members were involved from the start in developing key campaign tasks and then remained involved throughout the campaigns. A full range of member communication channels was utilised, and for the first time a range of online tools supported member participation.

- 4. Seek to safeguard time off arrangements for activists by working with employers to clearly establish the benefits that accredited representatives bring to their organisation.**

Changes to NHS structures have generated anxiety among members in terms of how they could lead to significant re-engineering and cuts to the service. Our activists and staff have been fully engaged in responding to these agendas.

- 5. Maximise the recruitment of representatives and progress a learning and development response that delivers and evaluates a UK-wide framework to quality assure the learning and development of RCN activists.**

Our learning and development pathway for representatives has been externally accredited and quality assured; the feedback received during accreditation confirmed consistently high standards of pathway management and delivery.

The rights and responsibilities of our representatives have been clarified in our *RCN Representatives' statement of expectations* document.

Research was undertaken into the ICT skills of activists and an action plan implemented to address findings. Information literacy competences have been embedded within the activists' programme, with accompanying skills sessions.

- 6. Monitor and assess the level of RCN support being provided for members, ensuring an equitable level across the UK through the most effective use of resources.**

We have supported members through guidance and advice on welfare, careers, immigration, and through our counselling

service and the Work Injured Nurses Group and Disability Nurses Network. More than 13,000 sessions have been delivered in support of members, during a year when referrals for counselling increased by nine per cent and significant growth was experienced in emergency counselling.

We supported an unprecedented number of members facing job insecurities, advising more than 1,700 members on benefit entitlement in circumstances such as ill health, job loss, suspension or bereavement – providing a 100 per cent success rate on welfare benefit and ill health retirement appeals.

We have assisted more than 400 members to negotiate in excess of £500,000 worth of debt during periods of sudden drop in income or job loss, and helped more than 100 members avoid repossession of their property.

7. Manage the *Future Officer Programme* to support the changing role of the RCN officer in line with the direction of the organisation.

The third cohort is going through the programme, after which there will be an evaluation before the fourth cohort in 2013. Feedback from participants and their managers has been positive. The programme has been timely in terms of the changes in NHS architecture, and the roles our officer community have, in delivering these changes in a strategic fashion.

Trade union – transformational

8. Transition to a new phase of the *Frontline First* campaign: cuts, waste and innovations. Develop further external campaigning partnerships, and deliver learning and development content that matches the top 10 call-drivers from the *Frontline First* activity.

Frontline First has continued its core work to monitor and expose cuts, but has also evolved to become a tool with which we effectively engage members and empower them to speak out on a range of other important issues, for example the Health and Social Care Act and NHS pension changes.

We closely monitored the issues raised by members, and used their top 10 call-drivers to ensure our learning and development content aligned with members' concerns. For example, issues relating to disciplinary

matters gained prominence throughout the year, and we subsequently produced a number of films on disciplinary matters, appeals and investigations.

External partnerships and opportunities for joint working with key stakeholders continued to develop: for example working with Mencap on cuts in learning disability nurse posts.

9. Use the *Frontline First* campaign and other strategies to gather intelligence, disseminate information and briefings and co-ordinate local activities to underpin successful action on NHS deficits and cuts. Gather and verify intelligence on finance and workforce issues at NHS board level, and support activists with the tools to understand, influence and communicate NHS board workforce and financial plans. Profile nursing as a force for positive change in health and social care.

The *Frontline First* campaign has been critical in conveying the impact of job losses and other cuts on patient care and the working lives of our members. It has supported the RCN's ongoing influencing work on finance and workforce issues and has been widely recognised and respected by key stakeholders and in the media. The campaign has continued to gain momentum with members and key external audiences including: media, politicians and influential organisations and individuals.

10. Undertake policy lobbying for European Union mutual recognition arrangements and international migration and mobility for nurses, patients and services.

Extensive member consultation has taken place to inform a European Union (EU) mutual recognition response. Indeed, much of the RCN's green paper position has been integrated into the European Commission's subsequent draft legislation.

Specific topics of work have been focused on minimum standards of nursing education, and the mobility of nurses across Europe (especially the European Federation of Public Service Unions' work on reviewing migration), both of which require mutual recognition agreements.

11. Work with the Home Office, Department of Health, and internal stakeholders to provide a regulatory framework meeting the legal procedures and safeguards required by members.

We have been a continuing influence on the Law Commission's review of a single act for health professional regulation.

Our legal challenge to the Home Secretary's advice to chief constables (alongside continued lobbying) about levels of disclosure of non-conviction material held on police records led to our involvement with 54 cases, including 14 civil court claims, about prejudicial disclosure.

A judicial review of the Home Office guidance for police on information to be disclosed in Criminal Records Bureau (CRB) enhanced certificates, directly resulted in an invitation to the RCN to contribute to the drafting of new guidance.

The NMC withdrew, in the face of threatened legal proceedings, potentially unfair guidance for their Fitness to Practice panels on appropriate sanctions, and is now consulting on revised guidance.

In handling more than 1,000 cases before the NMC, we secured 'no case to answer' in 87.5 per cent of all referrals.

12. Determine country and regional targets for safe operating levels of accredited representatives and develop plans to meet those targets.

A mapping exercise of our representatives to their regions/organisations/workplaces has identified the number of active stewards we currently have representing our members. This allowed us to set regional targets throughout 2012 to ensure an appropriate number of stewards to meet local requirements.

Progress towards meeting the targets is monitored on an ongoing basis and the targets are a key organisational performance indicator.

13. Implement the accredited representatives marketing plan to ensure the RCN has the optimal number to support recruitment and retention strategies.

We have analysed and audited data around RCN representatives, so that gaps in representative data can be identified and addressed. This allows us to set and monitor evidence-based recruitment and retention targets and to implement representing and influencing strategies for our representatives.

14. Create a targeted campaign to encourage HCAs to become workplace representatives.

The RCN has designed a leaflet aimed at recruiting HCA members as representatives – based on the current representative recruitment leaflet with a focus on the skills that being a representative will give you. This was published in April 2012.

As part of the *Future Activist* programme a film titled *Why become an RCN Rep?* has been distributed, uploaded to YouTube, and appears on the RCN website, as well as in the Activists' Zone.

15. Further develop the role of learning representatives through implementing learning agreements with employers which ensure learning is protected.

Twenty six employers have been working with us to develop learning agreements, of which six are currently ready for signature. Subsequently, an online learning agreement toolkit and e-learning package for staff and activists has been prepared for 2012, along with publications for employers in the NHS and independent sector.

16. Increase our influence at European level and take advantage of international opportunities. Address the organisation's position as a member of the International Council of Nurses (ICN). Link with international immigration services and respond to issues affecting current and prospective members.

We have refreshed and reshaped our European and international work, capitalising on our strong networks to bring in evidence of good nursing practice outside the UK, which can be brought in to UK policy work. Our relationships with other nursing associations led to pilot projects that support nursing in other countries, through development of partnerships with national nursing associations (NNAs).

There has been RCN leadership in both European Public Services Union and European Federation of Nurses activities. In particular on European health and safety issues such as the needlestick injuries agreement, and on EU health workforce development.

The RCN has been proactive in its work with the ICN, providing significant contribution into proposed changes to the ICN membership fees model and provided recommendations to the next ICN strategic plan.

17. Review the organisation's provision of legal indemnity for members, ensuring an appropriate framework for dealing with future cases aligned to the changing health care environment.

The RCN has reviewed the nature and scope of the financial protection provided by its legal indemnity arrangements. Changes to the scheme were approved by Council that minimise future financial risks to the RCN by limiting claims from those members employed by general practitioners.

18. Ensure that Phase 3 of the Legal and Governance Review clarifies the trade union governance structure, ways of working and decision-making processes across the organisation.

The RCN Board review activity has clarified our Governance structure, with RCN Council reaffirming the priorities for 2012 to update election processes, to review the Congress constitution and rules, and to proceed with proposals to address the composition of boards and consider transition plans for each.

Professional – business as usual

19. Continue to gather and share information to inform areas of the wider RCN with an aim to collect member feedback and shape policy, particularly with regards to *Frontline First*.

We have delivered tools that have enabled members to share their views on issues, including NHS pension changes, and have developed processes by which these are relayed to senior staff in the organisation.

The campaign has also allowed us to survey our members on issues relating to policy and practice, and then use this data to shape briefings and advice we deliver.

Furthermore, using social media, we have continuously engaged with staff on issues raised by members, constantly assessing the issues faced, and feeding local intelligence to relevant RCN staff.

20. Support activity to conduct a scoping exercise to identify the specialist skills and input needed for commissioning services on: mental health, long-term conditions, learning disabilities, primary care and infection prevention.

We have been successful in some areas, for example we have defined the role of a commissioning nurse on Clinical Commissioning Groups (CCGs) – and plans are in place to continue the scoping and identification of specialist skills in these areas.

21. Extend and develop RCN activities to promote the image of nursing. Promote objectives and information to members, maximising impact through the RCN website, publications, e-communications and other communications initiatives.

Trusts are using the *Principles of Nursing Practice* (PNP) in quality improvement, recruitment and preceptorship. Nursing schools have incorporated the principles into curricula and students on placement are trialling them as a reflective learning tool. Workshops about PNP continued, for example with the Parliamentary and Health Service Ombudsman now trialling them in investigations and advice. Macmillan Cancer Support aligned its Human Rights Framework in cancer care practice development to PNP and is developing associated behavioural quality standards.

22. Develop and build links and/or networks with existing Royal Colleges.

We have successfully worked with other Royal Colleges on the Health and Social Care Act, and ensured all our professional workstreams have been developed in partnership with other Royal Colleges. We have continued our work with the National Institute for Health and Clinical Excellence (NICE) and the Healthcare Quality Improvement Partnership.

In addition, we have worked with Care Quality Commission (CQC) to share information about regulation and monitoring compliance, ensuring our members are continually updated with the latest information. The PNP were mapped to the CQC's essential standards of quality and safety, helping members to understand how they could contribute to compliance with essential standards.

RCN members have sat on CQC specialist advisory groups, and provided advice and

support for work programmes, such as our domiciliary care and dignity and nutrition thematic inspections.

23. Continue to deliver the Clinical Leadership Programme across the UK and internationally.

We have continued to deliver facilitator development programmes to support the RCN Clinical Leadership Programme, and forecast further programmes throughout 2012-13.

In addition, we supported the Clinical Leadership Programme country leads in Australia and Switzerland.

The RCN Consultancy Service has run one cohort of the Leading for Quality Care programme, and is about to begin working with two further cohorts, and hoping to recruit to a further two cohorts.

24. Provide consultation responses, ensuring appropriate experts from the membership are engaged and contribute.

All live consultations were made available on the RCN website. Throughout 2011-12, 87 formal consultations were received through the Chief Executive & General Secretary's office, of which the RCN responded to 63. A wide variety of methods were used to facilitate member engagement including podcasts, short films and events. Furthermore, for some policy issues the RCN used a bespoke panel of expert members to advise and formulate policy responses – for example social care policy.

In addition to consultation responses, the RCN also produced briefings for members on a range of policy issues.

Professional – transformational

25. Support the value and need for health care assistant (HCA) regulation. Influence this policy by lobbying the views of RCN at relevant strategic partnerships.

Full RCN membership for HCAs was recognised and approved at the RCN Annual General Meeting. In addition, the need for HCA regulation was tabled by the RCN in the amendments we submitted to the Health and Social Care Bill.

26. Consult with members and formulate a lobbying strategy on the Health and Social Care Bill and Public Health White Paper.

We have secured nursing involvement in Clinical Commission Groups (CCGs), and actively supported amendments to policy on staffing levels and HCA regulation.

We have been seen as one of the leading and influential players on this topic – not only inputting to the consultation, but also actively influencing it. We generated an extensive number of briefings used in political and parliamentary activities (press statements, MP lobbying, plus extensive member consultation to inform responses to both the Health and Social Care Bill and Public Health White Paper.

27. Establish closer relationships between RCN forums and branches. Work closely with forum activists and representatives, specifically supporting the *Frontline First* campaign by engaging RCN forums and activists in identifying waste, cuts in services and innovations.

Closer relationships are developing, with the active engagement of our forums in *Frontline First* campaigns, successful joint events, and the ongoing development of joint continuing professional development during 2012.

28. Manage forum projects and launch a transparent reporting system of forum contributions. Produce a comprehensive map of the different RCN networks across the four countries and recommendations for the future vision and structure. Support activity to map forum membership and activists to each region, to develop a comprehensive source of data on key local contacts or spokespeople.

This year we have approved the process for national and local networks. We still need to map activists in each region. We produced an annual report for forums.

29. Strengthen HCA integration into wider membership and decision making at branch and board levels including professional forums.

The 2011 Annual General Meeting vote has led to HCAs and assistant practitioners (APs) being given full membership of the RCN. Subsequently, the RCN's Governance Support Committee is to work on the required constitution upgrades.

30. In line with the RCN's management of change framework, review the RCN Learning and Development Institute to ensure that it is fit for purpose by redefining its purpose and implementing an appropriate structure.

Our review of the RCN Accreditation Unit has developed a remodelling of the service to provide new processes, implementation of new pricing models, and an enhanced marketing plan: all for implementation during 2012.

31. Continue the wider educational work of the RCN, addressing all levels of nursing. Increase access to, and uptake of, learning and development programmes and resources by individuals and teams based in the independent sector and social care settings.

The RCN, in partnership with the RCN Foundation, is ensuring the modernisation of the library at 20 Cavendish Square has a strong focus on educational resource. This is to incorporate a history of nursing centre, exhibition areas, seminar space, group working areas and a cafe – all underpinned with an improved level of information technology, and supporting a remote eLibrary.

32. Ensure that the Legal and Governance Review reinforces the RCN's role in education and development as a Royal College and as the leading authority on nursing in health and social care – and encourages nurse leaders and Fellows to be active in all parts of our governance structure.

Work progressed throughout 2011-12, and this activity is now incorporated into the *Future Nurse, Future Workforce* programme. The Nursing Practice and Policy Committee has taken a significant role in progressing this work, providing a governance lead in the RCN response to the issues that have been highlighted.

33. The RCN Ethics Committee to deliver an ethical decision-making framework for the organisation.

The RCN Ethics Committee has completed this activity, with the consequence that a series of processes and templates are to be embedded throughout the organisation to ensure that ethical considerations are a critical first step for any RCN projects or activities undertaken by staff or members.

Business – business as usual

34. Agree country and regional membership targets and implement new higher profile marketing campaigns to grow overall membership by 0.5 per cent.

There has been an ongoing increase in total membership numbers: overall membership grew by 0.7 per cent, with full membership growing by 0.3 per cent, student membership by 0.4 per cent, and HCA membership by 20 per cent.

Membership categories have been reviewed, and planning put in place to use greater marketing intelligence to reach our targets. Meanwhile our marketing campaigns have been linked to the greater inclusion of all RCN staff.

35. Continue to develop networking opportunities for the pharmaceutical industry – promoting the way that the RCN works with corporate partners and showcases best practice.

We have showcased our work to our sponsors through invitation to corporate events and receptions, creating valuable ways in which sponsors can support our work. We also ensured a presence at exploratory meetings with potential sponsors, involving ourselves in discussions on key nursing issues.

We attend the communications sub group on ethical relations between the pharmaceutical industry and health care organisations, working to support a high-level group of presidents and chief executives.

36. Enhance existing activities that maximise the non-membership income in to the organisation. Income-generate through the marketing and delivery of RCN support and advice services to an external market such as RCN Consultancy Service.

It is recognised that the current marketplace makes non-membership income generation more difficult. However, the importance of income generation is registered across the organisation, and processes such as quarterly trading accounts are in place that make better information available for decision making on income generation.

Business - transformational

37. Implement a five-year workforce planning strategy. Engage with managers to create and support the desired culture through the choices made at recruitment, and provide skills and personality profiling to enable managers to develop their teams.

A workforce strategy has been drafted and is to be consulted on by RCN senior managers and the GMB trade union during 2012.

A 360-degree assessment programme is currently being piloted, before wider rollout among the RCN's management team.

38. Provide regular reports to governance committees and senior managers on RCN staff absence, turnover, and workforce profile.

Staff absence/turnover data is collected and formally reported to the Executive Team monthly, quarterly, and in an annual report. Key highlights are published to Council as an RCN key performance indicator.

39. Continue the RCN HQ replan: ensure it supports new ways of working in staff areas, enhances conference services and the library.

The Cavendish Square HQ replan is on schedule, with a fifteen-month work programme that started in February 2012.

40. Contribute to, and implement the recommendations from, the customer service project – working across the organisation to achieve customer service accreditation and embed the customer service ethos with all staff.

We continue working towards accreditation and compliance, changing attitudes and identifying training needs within the organisation.

41. Optimise the use of IT and electronic systems used by the organisation – to enable more effective working internally, with our members, with stakeholders, and with the wider public. Improve and redevelop the membership database in line with the changing demands of the organisation and make it fit for purpose moving forward.

Following a review of the RCN information systems, it is recognised that the linchpin is the underlying infrastructure: work has progressed to enhance this, in advance of planned enhancements to associated software and services.

The membership database project is underway, and investigations have led to a consideration of alternatives that will realise organisational benefits quicker than originally planned.

42. Evaluate and publish a review of outcomes delivered from the implementation of the *Single Equality Scheme*.

While a number of uncertainties have occurred around the content and implementation of the legislation, these have been resolved during the year, and the RCN's *Single Equality Scheme* was published in April 2012.

43. Review the organisation's procurement processes to ensure value for money and a restructure appropriate to organisational needs.

The RCN Executive Team and the Business Committee approved a new procurement process in October 2011. This will be launched during 2012 alongside the RCN's new financial regulations.

Our future plans

Our key activities will be aligned with Council's priorities, the organisation's five-year strategy, and our key performance indicators. In addition, the activities will reflect our planning framework ie being a trade union, being a professional organisation, and being a business.

We will be working tirelessly to safeguard members' jobs, pay, and terms and conditions. Consequently, there will be significant focus on both our *Frontline First* campaign and *This is nursing* work stream, supporting activists, and further developing customer services. Our energies will also focus on continuing to drive up the quality of patient care by rigorously promoting and implementing our standards.

During the year, we will be working towards a new strategic plan. This will be launched at Congress 2013.

Summary of our future plans

Trade union:

- Campaign and act to safeguard and enhance members' working conditions. Increase national-level lobbying activities with the government around pensions, pay and jobs.
- Deliver, evaluate and improve learning and development for activists.
- Ensure satisfaction with services and that the highest standard of representation is achieved for our members.
- Develop commercial relationships that promote the value of RCN trade union knowledge to the non-NHS independent sectors.

Professional:

- Embed the PNP and nursing innovations, and contribute to national quality and research initiatives that support and develop the nursing family – to improve the patients' experience and health outcomes.
- Use *Frontline First* findings to build on our activists' base information, preparing them for local issues and providing necessary tools.
- Influence local providers of services to adopt RCN PNP in the local development of metrics/standards.
- Provide quality assured learning and development products/services through our Learning Zone, Clinical Leadership Programme, consultancy service and accreditation role – developing and supporting excellence in nursing practice.

Business:

- Pursue our independent sector strategy. In particular, identify suitable areas for pursuing equal pay claims in the independent sector.
- Ensure that the new RCN governance arrangements and ways of working embrace and support all members working in health care whomever they are employed by.
- Assess the learning gained from our success within Best Companies 2012, for relevant work streams for future years.

Thank you to our supporters

Abbott Nutrition
Alliance Pharmaceuticals
Blackpool Fylde and Wyre Hospital
Capital Health
Care Quality Commission
CareFusion
Castlebeck Services
Coloplast
Crucell
Danone
EMAP Healthcare
Flora pro.activ
Genus Pharmaceuticals
Guy's and St Thomas'/King's Partnership
Health and Safety Executive
ID Medical
Intel
Medisis
Merck Sharpe & Dohme Limited
Napp Pharmaceuticals Ltd
NHS Choices
NHS Institute for Innovation & Improvement
National Institute for Health and Clinical Excellence
Norgine Pharmaceuticals Limited
North East Strategic Health Authority
Northumbria University
Novartis Pharmaceuticals UK Limited
Nursing and Midwifery Council
Partnerships in Care
Queensland Health
Royal Air Force
Sanofi Pasteur MSD
Saudi Aramco
Standex Systems
University of Durham
University of Newcastle
University of Sunderland
University of Teeside

Reference and administrative details

Registered office

The main educational centre, library and central administrative office of the Royal College of Nursing of the United Kingdom (RCN) is: 20 Cavendish Square, London W1G 0RN

The RCN also has two offices in Scotland, three in Wales and one in Northern Ireland, as well as 10 regional offices located in England.

Bankers

National Westminster Bank PLC
1 Cavendish Square, London W1A 4NU

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside, London SE1 2RT

Lawyers

Bates Wells and Braithwaite
2-6 Cannon Street, London EC4M 6YH

Chief Executive & General Secretary

Dr Peter Carter OBE

Structure, governance and management

Legal structure – history

The Royal College of Nursing of the United Kingdom was established in 1916. It was incorporated by Royal Charter in 1928 and became a charity in 1963.

In 1977 the RCN was registered as a special register trade union under the Trade Union and Labour Relations (Consolidation) Act and the Royal College of Nursing, as a whole, was removed from the register of charities. Its property and income were registered as a charity and a declaration of trust was executed over the property held by the charter body at that time and the Royal College of Nursing Charitable Trust created with the RCN Council as corporate trustees.

In 2010 the RCN Charitable Trust and the RCN Property & Income Charity were removed from the Charity Commission register and an independent RCN Foundation (charity number 1134606) was established. A Charity Commission order provided for the assets of the RCN Group

to be divided between the College and the new registered charity (RCN Foundation).

Current legal structure

The RCN remains a Royal College set up by Royal Charter and a special register trade union established under the Trade Union and Labour Relations (Consolidation) Act 1992.

The RCN has three trading subsidiaries: RCN Licensing Limited, RCN Membership Services Limited and RCN Publishing Company Limited.

The RCN Foundation is registered as a company limited by guarantee and the RCN is the sole member. The RCN Foundation is an independent registered charity, which forms part of the RCN Group.

Governance

Council

RCN Council is responsible for the overall governance of the RCN and ensures it meets its statutory purposes. It sets the strategic direction of the organisation and has ultimate responsibility for its long-term financial sustainability.

There are currently 29 members of RCN Council, with two members each from Scotland, Wales, Northern Ireland and from each of the nine English regions. They are directly elected by members in their region or country. RCN Council also includes the President and Deputy President, the Chair of RCN Congress and two student members. In October 2011, RCN members voted to amend the Standing Orders to establish two seats on Council to represent health practitioners such as HCAs and APs. This will take effect from October 2012 and mean that there are 31 members of Council in future.

Council committees

There are two Council committees, which assist Council with policy development covering the trade union and professional sides of the College. Both committees are made up of Council members. They are:

RCN Membership and Representation

Committee (MRC): this committee supports, oversees and takes decisions on behalf of Council on matters affecting the RCN membership and member representation. This includes pay, terms and conditions, health and safety, and workforce planning.

RCN Nursing Practice and Policy Committee (NPPC): this committee supports, oversees and takes decisions on behalf of Council in relation to professional nursing issues and health policy. This includes promoting best practice and influencing the health and social care agenda.

Council sub-committees

There are also four Council sub-committees, which assist Council with policy development and carry out work delegated by Council. Members of the diversity, ethics and international committees are appointed by Council based on their experience and skills. The agenda committee is elected by voting members at RCN Congress. They are:

RCN Agenda Committee: recommends the agenda for Congress week to Council and acts as a source of advice for members about the business of Congress.

RCN Diversity Committee: is working to help the RCN achieve its goal of being a world-class champion of diversity, equality and human rights in the health and social care sector by mainstreaming good diversity practice across the College.

RCN Ethics Committee: advises Council on all ethical issues.

RCN International Committee: advises Council on issues that affect nurses around the world, as well as reviewing the RCN's work with international organisations.

Governance committees

There are four governance committees to assist Council with particular responsibilities. Each committee is made up of Council members and external advisers who bring professional expertise. They are:

RCN Audit Committee: reviews the RCN's financial and risk management arrangements, making sure that things are run efficiently, and also making recommendations to Council on the appointment and work of external and internal auditors.

RCN Business Committee: advises Council on the development of its financial and business strategies.

RCN Remuneration Committee: is appointed by Council to assist it in discharging its responsibilities for RCN staff, it advises Council on the pay and other terms and conditions for

RCN staff, as well as agreeing the remuneration of the RCN Chief Executive & General Secretary. The chair of the committee will answer any questions from the membership at the AGM about all matters within its responsibilities.

RCN Governance Support Committee:

champions good governance practice across the organisation, making sure that the RCN's ways of working and governance policies are effective. The committee also oversees the current Legal and Governance Review.

Governance groups

These groups advise MRC and NPPC about the governance of the RCN's representative committees. The membership varies from group to group to meet their individual needs.

Reporting to Membership and Representation Committee:

RCN Students Governance Group: acts as a regulatory mechanism for the RCN Students Committee and ensures that student issues are embraced and promoted by the rest of the organisation and that the work of the RCN Students Committee helps the RCN meet its strategic objectives.

RCN Trade Union Governance Group: acts as a regulatory mechanism for the UK committees (the UK Stewards', Learning Representatives' and Safety Representatives' Committees), making sure that good governance practices are adhered to and that the work of the committees helps the RCN meet its strategic objectives.

Reporting to Nursing Practice and Policy Committee:

Forums Governance Group: acts as a regulatory mechanism for RCN Forums, making sure that good governance practices are adhered to and that the work of the forums helps the RCN meet its strategic objectives.

RCN Research and Development Governance Group: ensures good governance of all research activity in the RCN, allocating funds and making sure that research is effective and helps the RCN meet its strategic objectives.

Representative committees

These committees provide a network for feedback of information and also influence policy. They contain members from across the UK or across the range of nursing specialisms to represent their part of the RCN's membership.

Reporting into Nursing Practice and Policy Committee:

RCN Forum Chairs Committee: works together to promote the work of forums (UK-wide groups of RCN members working in a similar nursing specialty) and ensures they work together to inform RCN practice and policy. It is made up of the chair of each forum.

Reporting into Membership and Representation Committee:

RCN Students Committee: considers issues of importance to nursing and midwifery students, promotes activities to help students and influences policy. Members of the committee are elected by RCN student members.

RCN Stewards' Committee: provides a network for the feedback of information to boards and local stewards, and advises on the RCN's employment policies. It also provides a means for boards and local representatives to feed up their concerns and priorities to the Trade Union Governance Group and MRC.

RCN Learning Representatives' Committee: provides a network for the feedback of information to boards and local learning representatives, and advises on the development of RCN policy on lifelong learning. It also provides a means for boards and local representatives to feed up their concerns and priorities to the Trade Union Governance Group and MRC.

RCN Safety Representatives' Committee: provides a network for the feedback of information to boards and local safety representatives, and advises on the RCN policy on workplace health and safety issues. It also provides a means for boards and local representatives to feed up their concerns and priorities to the Trade Union Governance Group and MRC.

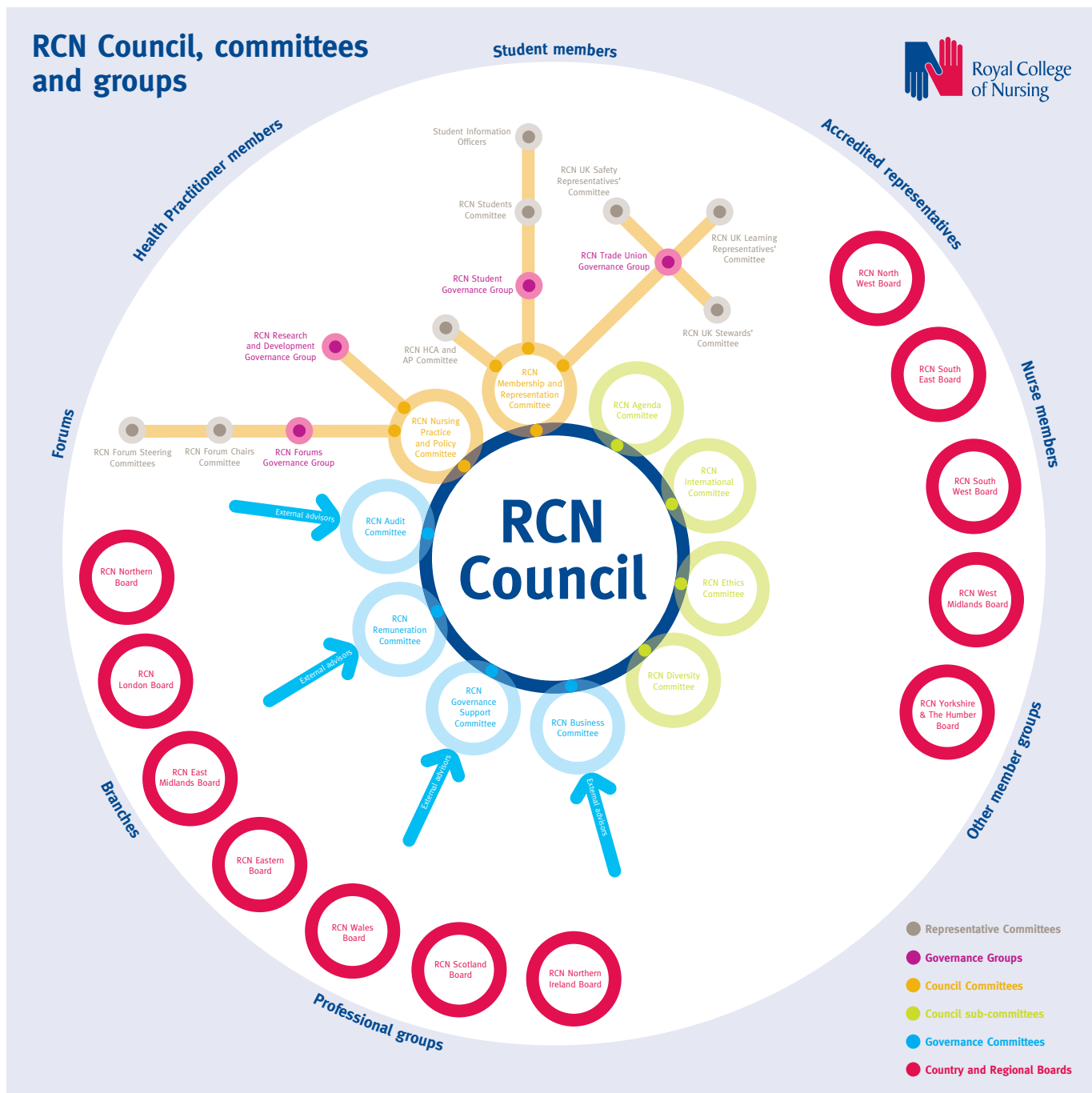
RCN HCA and AP Committee (Shadow Committee): considers issues of importance to health care assistants (HCAs) and assistant practitioners (APs), promotes their role in the College and influences policy. This is a shadow committee until it is formally constituted in 2012 following the outcome of the RCN's Legal and Governance Review.

Country and Regional boards

There are three country and nine regional boards to advise and support their directors on matters relating to the country or region. Boards also carry out work delegated to them by Council. A review of boards is currently being undertaken as part of the RCN's Legal and Governance Review.

Working

The diagram below shows how the different committees and groups work together.



Over the past two years we have put in place a new reporting and decision-making framework based on a scheme of delegation which sets out where decisions are made and by whom. It aims to ensure:

- decision making is informed by members' views, concerns and expertise; and
- there is good two-way communication between Council members, the committees, RCN boards and the representative committees.

We are continuing to review our governance structures and improve our ways of working as part of the ongoing Legal and Governance Review, and to ensure that the membership of Council and its committees and groups reflect as broad a range of our members and their skills and experience as possible.

Elections and appointments

The core principles followed in all elections and appointments are that members are encouraged to participate, that our paperwork is as informative as possible and our systems and processes are objective, fair, equitable and

transparent. All these systems and processes are being reviewed and documented as part of the Legal and Governance Review.

Induction and development

The RCN has an induction and development programme for all Council, board, and committee members focused on ensuring that there are ongoing training and development opportunities for members to help them to develop the skills they require to fulfil their various roles in the RCN.

Disciplinary policy

In 2011 a new RCN disciplinary policy was launched which built on the work of the dignity charter launched the previous year.

Membership and communications

General meetings

A general meeting of the members of the College is held at least once every calendar year and is the main opportunity in the year for an open, two-way discussion between Council and its members. Its business is to receive the annual report and financial statements and to discuss matters of professional importance to the interests of the members. In November 2011 RCN Council agreed to alter the timing of this meeting to ensure that from 2014 it can be held at the same time as RCN Congress.

RCN Congress

RCN Congress meets annually and is the delegate body of the organisation. It is where members inform the RCN's agenda and influence nursing and health and social care policies through debate. RCN members also meet to learn, develop professionally and share examples of excellence in nursing practice.

Membership of the Council, governance and Council committees, and country and regional boards

Council

Professor Kathleen McCourt CBE FRCN (Northern)
Chair of Council from October 2011
Michael Brown (Scotland) Vice Chair of Council
from October 2011
Sandra James MBE (South East) Chair of Council
until October 2011
Ann Marie O'Neill (Northern Ireland) Vice Chair of
Council until October 2011

Andrea Spyropoulos RCN President
Cecilia Anim, RCN Deputy President
Lorrae Allford (South West)
Kevin Bell (Northern Ireland)
Jenifer Booth (South East) until October 2011
Jane Bovey (South West) until October 2011
Saffron Brown Student Member of Council until
October 2011
Tracey Budding (West Midlands) until October 2011
Gill Cort (East Midlands) until October 2011
Tim Coupland (South West) from October 2011
Carol Evans (Eastern)
Sue Fern (West Midlands)
Eileen Frame (Scotland) until October 2011
Ann Griffiths (Wales) until October 2011
David Harding-Price (East Midlands) from
October 2011
Stacey Hunter (Yorkshire and Humber) Honorary
Treasurer until October 2011
Gaynor Jones (Wales)
Hamish Kemp (North West)
Anne Kennedy (Yorkshire & the Humber)
Professor Janet Marsden FRCN (North West) until
October 2011
Andrew McGovern (London) Honorary Treasurer
from October 2011
David Miller (East Midlands)
Ian Norris (London)
Andrew Patrick (Scotland) from October 2011
Christopher Piercy (Northern) from October 2011
Gemma Selby Student Member of Council from
October 2011
Christine Thomas (Wales) from October 2011
Professor Rod Thomson FRCN Chair of Congress
Roy Tomlinson (Yorkshire and the Humber) from
October 2011
Mike Travis (North West) from October 2011
Rachel Trencher (South East) from October 2011
Sue Warner (West Midlands) from October 2011
Anne Wells (Eastern)
Cate Woolley-Brown (Northern) until October 2011
Stuart Young Student Member of Council

Governance Committees

Audit Committee

Ian Norris, Vice Chair from December 2011
Jane Bovey, Vice Chair until October 2011
Lorrae Allford from October 2011
Tracey Budding until October 2011
Saffron Brown until October 2011
Sue Fern
Gaynor Jones
Ann Marie O'Neill from October 2011
Andrew Patrick from October 2011
Gemma Selby from October 2011

External Advisers

Elizabeth Butler, Chair until March 2012
Sophia Bhatti

Michael Parker
Geraldine Walters

Observer

Andrew McGovern, Honorary Treasurer from October 2011
Stacey Hunter, Honorary Treasurer until October 2011

Remuneration Committee

Anne Wells, Chair from October 2011
Michael Brown from October 2011
Eileen Frame until October 2011
Professor Janet Marsden FRCN until October 2011
Christine Thomas from October 2011

External Adviser

Ann Smart

Observer

Andrew McGovern, Honorary Treasurer from October 2011
Stacey Hunter, Honorary Treasurer until October 2011

Governance Support Committee

Sandra James MBE, Chair from October 2011
Kevin Bell, Vice Chair from October 2011
Jenifer Booth, Chair until October 2011
Gill Cort, Vice Chair until October 2011
Michael Brown
Tim Coupland from October 2011
Ann Griffiths until October 2011
Stacey Hunter until October 2011
Andrew McGovern
Christopher Piercy from October 2011
Andrea Spyropoulos
Mike Travis from October 2011
Anne Wells until October 2011

External Adviser

Frank McKenna

Business Committee (created May 2011)

Andrew McGovern, Chair from October 2011
Stuart Young, Vice Chair
Stacey Hunter, Chair until October 2011
Lorae Allford until October 2011
Ann Griffiths until October 2011
David Harding-Price from October 2011
Hamish Kemp from October 2011
Anne Kennedy from October 2011
Ian Norris from October 2011
Cate Woolley-Brown until October 2011

External Advisers

Shona Brown
Bernard Crotty
Simon Ellen

Council Committees**Nursing Policy and Practice Committee**

Ian Norris, Chair from October 2011
Carol Evans, Vice Chair from October 2011
Andrew McGovern, Chair until October 2011
Jane Bovey, Vice Chair until October 2011
Cecilia Anim
Kevin Bell until October 2011
Jenifer Booth until October 2011
Saffron Brown until October 2011
Tim Coupland from October 2011
Sue Fern
Ann Griffiths until October 2011
Hamish Kemp
Professor Janet Marsden FRCN until October 2011
Andy Patrick from October 2011
Chris Piercy from October 2011
Gemma Selby from October 2011
Andrea Spyropoulos
Rachel Trencher from October 2011
Sue Warner from October 2011

Membership and Representation Committee

Anne Wells, Chair from October 2011
David Miller, Vice Chair
Tracey Budding, Chair until October 2011
Lorae Allford
Cecilia Anim
Kevin Bell from October 2011
Michael Brown
Gill Cort until October 2011
David Harding-Price from October 2011
Sandra James MBE from October 2011
Gaynor Jones
Anne Kennedy
Ann Marie O'Neill
Christine Thomas from October 2011
Roy Tomlinson from October 2011
Mike Travis from October 2011
Cate Woolley-Brown until October 2011
Stuart Young

Council Committee Sub-groups**Forums Governance Group**

David Miller, Chair from October 2011
David Harding-Price from October 2011
Sandra Grieve, Forum Chair from October 2011
David Quayle, Chair of Forum Chairs Committee from October 2011
Sue Warner from October 2011
Barry Wroe, Forum Chair from October 2011

Research and Development Governance Group

Sue Bale, Chair
Helen Allbutt
Claire Chatterton from October 2011
Ruth Davies until October 2011

Linda Dobrzanska
Leslie Gelling
Hamish Kemp from October 2011
Professor Ruth Northway from October 2011
Maqi Sque
Annie Topping
Alison Twycross

RCN Students Governance Group (established December 2011)

Ian Norris, Chair
Jayne Parker
Gemma Selby
Anne Wells
Gavin Wollacott
Stuart Young

Trade Union Governance Group

Roy Tomlinson, Chair from October 2011
Michael Brown, Chair until October 2011
Lorrae Allford
Tracey Budding until October 2011
Lisa Falconer until March 2012
Catriona Forsyth
Paul Hopson until October 2011
Anne Kennedy until October 2011
Catherine Leach from October 2011
Professor Janet Marsden FRCN from January 2012
Margaret McCambridge
Robert Moore
Andrew Patrick from October 2011
Pauline Pearsall
Helen Williams until June 2011

Council sub-committees

Agenda Committee

Professor Rod Thomson FRCN, Chair
Stuart McKenzie, Vice Chair
Tom Bolger from April 2011
Michael Brown
Lisa Crooks until April 2011
Billy Drysdale from April 2011
Geoff Earl from April 2011
Sandra James MBE, Chair of Council until October 2011
Professor Kathleen McCourt CBE FRCN
Maria Nicholson until April 2011
Charlie Sloan until April 2011
Dominic Walsh until April 2011
BJ Waltho from April 2011

Awards Committee

Andrea Spyropoulos, Chair
Cecilia Anim
Michael Brown from October 2011
Jane Denton, Fellow's Convenor from October 2011
Sandra James MBE until October 2011
Professor Kathleen McCourt CBE FRCN
Ann Marie O'Neill

Diversity Committee

Sandra James MBE, Chair
Anne Wells, Vice Chair
Jane Bovey until October 2011
Michelle Cowen
Vivienne Ferris
Gill Francis
Ali Handscomb
Tamsin Kilgour
Ofrah Mulflahi
Rachael Ridley
Rosemary Strange
Jane Wray

Ethics Committee

Margaret Kelly, Chair
Cecilia Anim
John Bridson
David Edwards
Ann Gallagher
Judith Hill from October 2011
Janet Holt
Martin Johnson
Ann King
Carolyn Roberts
Sue Warner from October 2011
Kerry Welch

International Committee

Professor Kathleen McCourt CBE FRCN, Chair
Cecilia Anim
Saffron Brown until October 2011
Andrew Clarke
Alan Finnegan
Paula Hancock
Judith Malan
Andrea Spyropoulos
Rachel Trencher from October 2011

External Advisers

Dr Scott Greer
Monika Kosinska
Dr Kwalombota Kwalombota
Pia McRae until December 2011

Country and regional boards

Northern Ireland Board

Ann Marie O'Neill, Board Chair
Robert Moore, Vice Chair
Michael Battersby
Kevin Bell
Eamonn Connolly
Louise Dorman
Martain Fiddis
Margaret Graham
Donna Hanna
Francis Lavery
Joseph McCambridge
Margaret McCambridge
William McCormick

Alison Milliken
Margaret Meehan
Lorna Mercer
Gillian Moore
Ann Scott
Rosemary Strange
Mary Walker

Scotland Board

Michael Brown, Board Chair from October 2011
Stewart Donnelly, Vice Chair from October 2011
Eileen Frame Chair until October 2011
Evelyn Ryan Vice Chair until October 2011
(remained on board)
Gordon Anderson
Sean Bingham until January 2012
Neil Brown
Elspeth Caithness
Lisa Falconer
Rosemary Glass
Paul Hopson
Kathy Kenmuir
Norma Laurenson
Mary Ann Lewis until May 2011
Mary McDermott until April 2011
Stuart McKenzie
Joan McKie
Kathleen McLaren
Stuart McLauchlan
Andy Patrick from October 2011
Graham Revie
Evelyn Ryan
Jane Thompson until March 2012
Eric Watson

Wales Board

Christine Thomas, Chair from October 2011
Anne Stevenson, Vice Chair from October 2011
Ann Taylor Griffiths, Chair until October 2011
Dave Williams, Vice Chair until November 2011
Jane Carroll
Delyth Clarke
Moir Davies
Carol Dent until September 2011
Christine Edwards-Jones
Jan Evans
Gaynor Jones
Grace Jones
Alison Kedward
Tamara Morgan
Pamela Parsons
Elizabeth Rees
Jim Richardson
Sandra Robinson-Clark
Fiona Salter
Yvonne Thomas
Yvonne Whitfield
Helen Williams

East Midlands Board

David Miller, Board Chair from October 2011
David Harding-Price, Acting Vice Chair
Gill Cort, Chair until October 2011
Laura Archer
Martin Birchenall
Marva Duncan
Pat Edkins
Ed Fairley
Roger Hancock
Ruth Hartley
Michael Hayworth
Robert Johnson
Roger Milligan
Pauline Smolak
Simon Ralls
Lindsey Randell
Jeanette Robinson
Liam Whitelaw

Eastern Board

Anne Wells, Chair
Trevor Allen, Vice Chair
Carol Evans
Sue Devenish
Becky Judge
Pauline Kingston
Jayne Mewis
Pauline Newson
Lisa Nobes
Ed Phillips
Bernadette Smith
Marcia Turnham
Tessa Woodcock

London Board

Andrew McGovern, Chair
Christopher McDonnell, Vice Chair from
December 2011
Karen Barrett
Ursula Gallagher
Susan Howkins
Hannah Marriage until August 2011
Tom Morahan
Ian Norris, Vice Chair until October 2011
Lisa Oluyinka
Yemi Osho
Karen Sanders
Mike Smith
Kevin Takooree until October 2011
Zoe Tennant until August 2011
Barbara Walters
Neslyn Watson-Druée
Andrew White

Northern Board

Chris Piercy, Chair from October 2011
Professor Kathleen McCourt CBE FRCN, Vice Chair
Cate Woolley-Brown, Chair until October 2011
Neil Anderson

Karen Dutton
Denise Elgie
Pat Ferguson
Sue Lawrence
Amanda McEwan
Denise McLaughlin
Mark Tull
Margaret Wardrobe
Jan Weightman

North West Board

Hamish Kemp, Chair
Professor Janet Marsden FRCN, Vice Chair
Suzanne Butler
Claire Chatterton
Catriona Forsyth
Julie Gorry from May 2011
Ali Handscomb
Marcia Jones
Catherine Leach
Amanda O'Connor
Jean Rogers
Shirley Smith from May 2011 to October 2011
Alison Taylor
Mike Travis from October 2011
Pauline Wright until October 2011

South East Board

Sandra James MBE, Chair from October 2011
David Collins, Vice Chair from October 2011
Jenifer Booth, Chair until October 2011
Kathy Doughty
Paul Irving
Patricia Kemish
Susan Kewell
Karen McNay from July 2011
Angela Mohamed
Jayne Parker
Beng Poh
Trish Pullen
Glyn Scott
Sylvia Simmons
Andrea Thorne
Rachel Trencher from October 2011
Malachy Ujam
Karen Wood until January 2012

South West Board

Lorrae Allford, Chair
Sharon McGinn, Vice Chair (voted Vice Chair in December 2011)
Jane Bovey until October 2011
Teresa Cole
Tim Coupland from October 2011
Darren Eaves
Kathryn Lawrie
Laura Matless
Kathy Moore
Debra Nicholson until October 2011
Lesley Pallett
Mena Parnell

Verna Phillips until May 2011
Susan Pickett
Edna Piper
Valerie Radmore
Margaret Richens until December 2011
Vanda Squire
Amanda Yates

West Midland Board

Sue Fern, Chair from October 2011
Lisa Evans-Dimmock, Vice Chair from October 2011
Tracey Budding, Chair until October 2011
Lesmarie Crawford
Alex McKenzie-Slight
Phil Noyes
Pauline Pearsall
Sue Warner
Mitzi Wilson from October 2011

Yorkshire & The Humber Board

Roy Tomlinson, Chair from October 2011
Pam McIvor, Vice Chair from October 2011
Anne Kennedy, Chair until October 2011
Richard Brownhill
Cora Browning
Tony Daniels
Cath Gleason until September 2011
Kate Harper
Susan Panther
John Pinney
Carol Popplestone
Paul Smith
Tina Sykes
Wendy Train

RCN Students Committee

Stuart Young, Chair
Michelle Watt (Scotland) Vice Chair
Saffron Brown until October 2011
Gemma Selby from October 2011
Alex Thompson (Scotland) until 2011
Andrew Wyllie (Scotland) from October 2011
Joanne Sharkey (Northern Ireland) until October 2011
John McAteer (Northern Ireland) from October 2011
Stephen Kells (Northern Ireland)
Tamara Morgan (Wales)
Susan Doyle (Wales) until October 2011
Sadie Young (Wales) from October 2011 until March 2012
Paul Young (Northern) until October 2011
Steven Walton (Northern) from October 2011
Joy Griffiths (North West)
Craig Dominique-Smith (Yorkshire & The Humber) until January 2012
Helen Ballantyne (Yorkshire & The Humber) from March 2012
Phil Schneider (East Midlands) until October 2011
Gavin Wollacott (East Midlands) from October 2011
Alexis Mackenzie-Slight (West Midlands)
Jessica Curtis (Eastern)
Gary Stockwell (London)

Claire Barber (South West) until October 2011
 Claire Jeeves (South West) from October 2011
 Jayne Parker (South East) from October 2011

Management

Executive Team

The Executive Team (ET) is made up of the senior directors and supports the Chief Executive & General Secretary in fulfilling the responsibilities of Council and the committees. ET is responsible for ensuring Council decisions are implemented and oversees the day-to-day operation of the RCN. A group of senior managers (SMT) meet quarterly and support ET in delivering corporate policies.

Chief Executive & General Secretary

Dr Peter Carter OBE

Members of the Executive Team during and subsequent to the year were:

Jane Clarke	Director, Governance Support
David Cooper	Director, Human Resources and Organisational Development
Chris Cox	Director, Legal Services
Janet Davies	Director, Nursing and Service FRCN Delivery
Tina Donnelly	Director, RCN Wales
Theresa Fyffe	Director, RCN Scotland
Tim Golbourn	Director, Finance and Corporate Services
Fiona Johnson	Director, Communications
Janice Smyth	Director, RCN Northern Ireland
Tom Sandford	Director, RCN England
FRCN	
Rhonda Oliver	Director, RCN Publishing Company Limited

Risk management

During the year, our risk management processes allowed us to monitor the business environment so that new risks were identified and the potential impact of existing risks was recognised. As a result, we believe that major risks have been identified and measures were put in place to address these.

We have continued the year-on-year improvements to our internal controls, and our internal audit partners carried out a programme of internal audits that were prioritised. This programme included using a risk-based approach; these included an audit of the RCN risk management framework itself.

Our Audit Committee has been presented with a risk report at each of its meetings. These reports highlighted the significant corporate risks, those that had been mitigated, and those that could pose a future threat or opportunity. The reports also allowed the committee to gain assurance on the overall system of risk management, and to report that assurance to Council.

The ET undertook monthly risk reviews as a fixed agenda item at its business meetings, and at these reviews the relative severity of risks was assessed and any new or potential risks identified.

In particular, we have considered:

- financial and economic risk including liquidity risk
- employee risk
- membership risk
- technological risk
- governance and management risk
- reputation risk
- legal risk
- compliance risk
- infrastructure risk.

Subsequent to each review, the corporate risk register was updated with the details of each risk, the controls in place, and the assurance those controls gave. The register also identified further actions needed to mitigate the risk.

Financial review

The group income and expenditure statement, balance sheet and cash flow statement for the year ended 31 March 2012 are set out on pages 30, 32 and 33. These financial statements are presented under the format required by UK Generally Accepted Accounting Practice (UK GAAP) and the Trade Union and Labour Relations (Consolidation) Act 1992.

The group results report the combined results of the RCN, its three trading subsidiaries (RCN Licensing Limited, RCN Membership Services Limited and RCN Publishing Company Limited) and the RCN Foundation, consolidated on a line-by-line basis.

The financial statements also include a Statement of Recognised Gains and Losses (STRGL) on page 31. This represents the movement in the balance sheet, which is not included within the income and expenditure statement.

The group results for the year ended 31 March 2012 report a surplus before taxation of £9.7m (2010-11: £10.8m).

The total net assets of the RCN Group, including the effect of the RCN pension scheme deficit, decreased from £58.8m to £43.1m. This includes charitable funds of £24.9m which are not available for general use. The main reasons for the significant movement are the increase in the pension scheme deficit from £17.2m to £39.3m which has been partially offset by the surplus in the year.

The net assets of the RCN UK, including the effect of the RCN pension scheme deficit, decreased from £29.9m to £13.3m. The movement is a result of the increase in the pension scheme deficit offset in part by the surplus in the year. The RCN reported a net surplus before tax for the year ended 31 March 2012 of £7.9m (2010-11: £8.1m). The RCN did not incur a tax liability in 2011-12 and has surrendered its losses to the group resulting in no tax charges for any entity within the year.

Total income for the RCN was £72.0m (2010-11: £71.1m). This represented a 1.2 per cent increase from the previous year. Subscription income increased by £1.0m due to continued membership growth, which has increased by 0.7 per cent during the year. There was no increase in member subscription rates in January 2012. Other operational income reduced slightly in year due to the challenges in generating income in the current economic climate. The RCN has also experienced a reduction in income from external venue hire due to the HQ replan at 20 Cavendish Square.

Total RCN expenditure was £64.3m (2010-11: £63.1m). RCN expenditure in 2011-12 includes the continued heavy demand placed on the provision of legal representation services as well as costs for the pension ballot. The additional cost of legal representation was offset by higher than budgeted subscription income, VAT recovery and timing of recruitment to new posts for communication support staff in regions and RCN Direct.

The RCN total pension scheme liability at 31 March 2012 was £39.3m (2010-11: £17.2m). This represents an adverse movement of £22.1m. Despite the value of the scheme assets increasing by 7.5 per cent this has been offset by the increase in the scheme's liabilities. The value of the scheme's liabilities has increased by 21.2 per cent due to low bond yields, which directly impact the discount rate used in calculating the liability. Council continues to be committed to reducing the deficit. A payment of £2.4m was paid against the scheme deficit in year; this was significantly higher than the amount required under the agreed deficit funding plan. Further details of pension scheme matters can be found in note 16 of the financial statements.

The Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) scheme deficit has been reclassified in 2011-12 from the pension scheme liability within the balance sheet. A provision for £1.7m has been made, as the deficit is likely to crystallise in the foreseeable future as the last active member leaves the scheme, more details can be found in note 16.2.

The RCN wholly owns three trading subsidiaries; RCN Publishing Company Limited (RCN PC), RCN Membership Services Limited (RCN MS) and RCN Licensing Limited (RCN L).

The principal activities of RCN PC are communications through journal publishing, exhibitions and public relations within nursing and related fields. This includes the publication of *Nursing Standard*. The company made a pre-tax profit of £935k for the financial year (2010-11: £924k), an increase of 1 per cent on the previous year. Both income and expenditure increased at a similar rate within the year. Corporation tax due from HMRC is £6k for 2011-12 (2010-11: £215k tax liability).

The activities of RCN MS consist of procuring insurance, financial and ancillary products and services, and the marketing and publicising of the same, to the RCN and its members. The company receives its income from a share of commission generated by this service. The company made a pre-tax profit of £289k for the financial year (2010-11: £302k). The tax liability for the 2011-12 is nil (2010-11: £111k).

The activities of RCN L consist of licensing the RCN's logo and trademarks, the supply of catering and ancillary services, and the provision of the RCN Consultancy Service. The company made a pre-tax profit of £85k for the financial year (2010-11: £191k). Corporation tax credited to the income and expenditure account is £219 (2010-11: £52,000 charge).

The RCN is the sole member of the RCN Foundation, a charitable company limited by guarantee. The RCN Foundation prepares its financial statements following the Statement of Recommended Practice on Accounting and Reporting by Charities (SORP) 2005, as updated in 2008. Its net assets of £24.9m are consolidated in these financial statements but are not available for non-charitable activity. The main asset base of the RCN Foundation is the investment portfolio, with a year end valuation of £17.1m. The remainder of its assets are cash. In 2012, the RCN Foundation reported net outgoing resources of £388k.

Statement of Council members' responsibilities

The Trade Union and Labour Relations (Consolidation) Act 1992 as amended by the Employment Relations Act 1999 requires the RCN Council to:

- prepare an annual report and financial statements for each year which give a true and fair view of the state of affairs of the organisation
- prepare an annual return to the Certification Officer
- provide members of the RCN with financial statements for each year; and
- keep proper accounting records.

In so far as the Council members are aware:

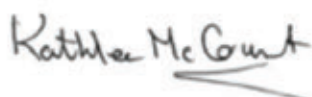
- there is no relevant information of which the RCN's auditor is unaware; and
- the Council members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

RCN Standing Orders require members of the RCN to be provided with an annual report and financial statements for the year at its Annual General Meeting and for a summary of the financial statements to be published in the *RCN Bulletin*.

The maintenance and integrity of the RCN website is the responsibility of RCN Council. The work carried out by the auditors does not involve the consideration of these matters, and accordingly, the auditors accept no responsibility for any changes that may have occurred in the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and the other information included in annual reports may differ from legislation in other jurisdictions.

On behalf of Council



Professor Kathleen McCourt CBE FRCN
Chair of Council
March 2012

Independent auditors' report to the members of The Royal College of Nursing in the United Kingdom

We have audited the financial statements of the Royal College of Nursing in the United Kingdom for the year ended 31 March 2012, which comprise the Group and parent entity Income and Expenditure accounts, Group and parent entity Balance Sheets, Group and parent entity Statement of Total Recognised Gains and Losses, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Council members and auditors

As explained more fully in the Statement of Council Members' Responsibilities, the Council members are responsible for the preparation of financial statements in accordance with United Kingdom accounting standards.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Council's members as a body in accordance with section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992 and section 17 of the Royal College of Nursing Royal Charter and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent entity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council members; and the overall presentation of the financial statements. In addition, we read all the financial and nonfinancial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

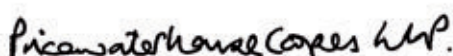
In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent entity's affairs as at 31 March 2012 and of its surplus and cash flows 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 Trade Union and Labour Relations (Consolidation) Act 1992 and section 25 of the Royal College of Nursing Standing Orders.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Trade Union and Labour Relations (Consolidation) Act 1992 requires us to report to you if, in our opinion:

- proper accounting records have not been kept with respect to the Council's transactions and its assets and liabilities; or
- the Council has not established and maintained a satisfactory system of control over its accounting records, its cash holdings and all its receipts and payments; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors, London
Date: 25 July 2012

Financial statements

Income and expenditure accounts for the year ended 31 March 2012

	Note	RCN UK 2012 £'000	RCN UK 2011 £'000	RCN Group 2012 £'000	RCN Group 2011 £'000
INCOMING RESOURCES					
Membership income	4	69,108	68,114	69,108	68,114
Trading income		-	-	13,147	13,488
Other income	4	2,878	2,956	3,227	3,402
TOTAL INCOME		71,986	71,070	85,482	85,004
RESOURCES EXPENDED					
Staff costs	9-10	39,031	37,394	43,974	42,185
Premises and estate costs	10	7,129	8,711	9,530	9,453
Travel and accommodation	10	2,692	2,972	2,717	3,080
Other service delivery costs	10	15,407	13,989	20,451	21,176
TOTAL COSTS		64,259	63,066	76,672	75,894
OPERATING SURPLUS		7,727	8,004	8,810	9,110
Investment income	5	165	84	750	371
Net investment gains	12	-	-	184	1,284
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		7,892	8,088	9,744	10,765
Tax	8	-	(222)	6	(607)
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		7,892	7,866	9,750	10,158

There is no difference between the surplus on continuing activities before for the year stated above and the historical cost equivalent.

The notes on pages 34 to 51 form part of these financial statements.

Statement of total recognised gains and losses for the year ended 31 March 2012

	Note	RCN UK 2012 £'000	RCN UK 2011 £'000	RCN Group 2012 £'000	RCN Group 2011 £'000
Actuarial (losses)/gains on defined benefit pension scheme – Pensions Trust	16.1	(25,636)	12,353	(25,636)	12,353
Actuarial gains on defined benefit pension scheme - NILGOSC	16.2	-	21	-	21
Recognition of NILGOSC	16.2	570	(777)	570	(777)
Revaluation reserve adjustment	21	(64)	(63)	(64)	(63)
Unrealised gains on fixed asset investments	12	-	-	(368)	9
Dividends received from subsidiary	6	708	-	-	-
Transfer of charitable funds to subsidiary charity		(111)	-	-	-
Transfer of reserves from subsidiary charity	1	-	32,269	-	-
Other net recognised (losses)/gains		(24,533)	43,803	(25,498)	11,543
Surplus in year		7,892	7,866	9,750	10,158
TOTAL RECOGNISED (LOSSES)/GAINS SINCE LAST FINANCIAL STATEMENTS		(16,641)	51,669	(15,748)	21,701

Reconciliation of movements in funds for the year ended 31 March 2012

	RCN UK 2012 £'000	RCN UK 2011 £'000	RCN Group 2012 £'000	RCN Group 2011 £'000
Surplus in year	7,892	7,866	9,750	10,158
Other net recognised (losses)/gains	(24,533)	11,534	(25,498)	11,543
Movement of reserves following restructure	-	32,269	-	-
Net additions to/(deductions from) funds	(16,641)	51,669	(15,748)	21,701
Accumulated funds at 1 April	29,911	(21,758)	58,837	37,136
Accumulated funds at 31 March	13,270	29,911	43,089	58,837

Details of the 2010-11 group reorganisation and transfer can be found in note 1.

Balance sheets as at 31 March 2012


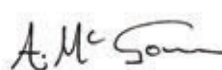
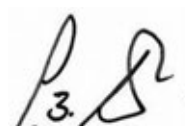
	Note	RCN UK 2012 £'000	RCN UK 2011 £'000	RCN Group 2012 £'000	RCN Group 2011 £'000
FIXED ASSETS					
Tangible assets	11	23,237	23,203	23,434	23,454
Investments	12	-	-	17,103	17,286
TOTAL		23,237	23,203	40,537	40,740
CURRENT ASSETS					
Stocks		8	9	8	9
Debtors and prepayments	13	2,259	2,283	3,113	3,183
Short-term deposits	18	43,639	33,966	54,327	45,185
Cash at bank and in hand	18	838	861	2,853	2,248
TOTAL		46,744	37,119	60,301	50,625
CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR					
Creditors and accrued charges	14.1	(8,219)	(7,302)	(9,205)	(9,376)
NET CURRENT ASSETS		38,525	29,817	51,096	41,249
TOTAL ASSETS LESS CURRENT LIABILITIES		61,762	53,020	91,633	81,989
Provisions for liabilities and charges	14.2	(9,181)	(5,931)	(9,233)	(5,974)
NET ASSETS (EXCLUDING PENSION SCHEME LIABILITY)		52,581	47,089	82,400	76,015
Defined benefit pension scheme liability	16	(39,311)	(17,178)	(39,311)	(17,178)
TOTAL NET ASSETS (INCLUDING PENSION SCHEME LIABILITY)		13,270	29,911	43,089	58,837
REPRESENTED BY:					
Pension Escrow Account	18	4,913	4,900	4,913	4,900
Revaluation reserve	21	2,420	2,484	3,557	3,989
Reserves for charitable purposes	7.2	-	-	24,894	25,282
Accumulated funds		45,248	39,705	49,036	41,844
RESERVES EXCLUDING PENSION LIABILITY		52,581	47,089	82,400	76,015
Pension reserve	16	(39,311)	(17,178)	(39,311)	(17,178)
TOTAL RESERVES		13,270	29,911	43,089	58,837

Notes on pages 34 to 51 form part of these financial statements.
The financial statements were approved by Council on 18 July 2012

Professor Kathleen McCourt CBE FRCN
Chair of Council

Andrew McGovern
Honorary Treasurer

Peter Carter OBE
Chief Executive &
General Secretary

Group cashflow statement for the year ended 31 March 2012

	Note	2012 £'000	2011 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	19.1	10,319	12,115
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest		750	371
Taxation	8	6	(607)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets	11.2	(1,327)	(985)
Acquisition of investments	12	(322)	(7,953)
Disposal of investments	12	473	7,888
(Increase)/decrease in investment cash	12	(152)	113
NET CASH INFLOW		9,747	10,942
Management of liquid resources	17	(9,142)	(9,912)
INCREASE IN CASH	18	605	1,030

Notes to the financial statements

1. Group restructuring – 1 April 2010

The RCN ceased to be a charity on 1 April 2010. The RCN Property and Income Charity (which was the charitable part of RCN UK), and the RCN Charitable Trust (RCN CT) have now been removed from the Charity Commission register. The charitable activities of the RCN are now carried out by the RCN Foundation. The assets of the RCN Charitable Trust were transferred between the RCN UK and the RCN Foundation as outlined in the Charity Commission Order.

As the RCN is no longer a charity the RCN UK no longer prepares its group financial statements in line with regulations outlined in the Charities SORP. These financial statements are prepared under the requirements of UK GAAP and the Trade Union and Labour Relations (Consolidation) Act 1992.

Under the old RCN Group structure, which ceased to exist after 31 March 2010, any surpluses arising in RCN UK were transferred to RCN CT. In the old structure all fixed assets and related costs were held in trust within RCN CT; these costs are now incurred within RCN UK. Also within the requirements of the Charity Commission Order the RCN CT has been released of all obligations relating to the RCN UK Pension Scheme.

The transfer of the RCN Charitable Trust's assets between the RCN UK and the RCN Foundation on 1 April 2010 are summarised below:

1. Fixed assets previously held on trust by RCN CT to the sum of £23.5m reverted to the RCN UK.
2. The Investment Portfolio which had been held in the name of RCN CT to the sum of £16.0m transferred to RCN Foundation.
3. RCN CT was released of any obligation relating to the RCN UK Pension Scheme which is now the obligation solely of the RCN UK. No obligation for the pension scheme was transferred to the RCN Foundation.
4. Ownership of the three trading subsidiaries RCN Publishing Company Limited, RCN Licensing Limited and RCN Membership Services Limited previously wholly owned by RCN CT transferred to the RCN UK.
5. The 2010 gift aided amounts from the three RCN UK trading subsidiaries (£1.7m) transferred to the RCN Foundation from the RCN CT.
6. Of the remaining RCN CT net assets held on 1 April 2010, after any individual item clearly identified as belonging to RCN UK or RCN Foundation transferred as appropriate; 60 per cent transferred to the RCN UK (£8.8m) and 40 per cent transferred to the RCN Foundation (£5.8m).

2. Accounting policies

The consolidated financial statements presented show the consolidated income and expenditure account, statement of total recognised gains and losses, balance sheet and cash flows of the RCN Group for the year ended 31 March 2012.

The group financial statements consolidate the accounts of the RCN UK, RCN Foundation and RCN UK's subsidiary companies. The trading subsidiary companies are RCN Publishing Company Limited (RCN PC), RCN Licensing Limited (RCN L) and RCN Membership Services Limited (RCN MS). The transactions of the RCN UK include amounts relating to activities as a Trade Union registered under the Trade Union and Labour Relations (Consolidation) Act 1992 as reported in these financial statements. RCN UK represents the combined Trade Union (representation) and professional college (other college) activities of the RCN UK.

(a) Accounting convention

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of freehold land and buildings and investments, and are in accordance with applicable United Kingdom accounting standards. The financial statements have been prepared on a going concern basis and in accordance with the accounting policies set out below, all of which have been applied consistently.

(b) Income

Income is accounted for on an accruals basis. Any tax credit arising on income received net of tax is accrued as part of the income arising. Membership income is apportioned between representation activities and other college activities in line with expenditure. Revenue grants for specific purposes in the RCN Foundation are recognised on receipt as restricted income. Legacy income is accrued at the point that the entitlement, measurability and certainty of the amount becomes known.

(c) Deferred income

Subscription and membership income relating to the current year is recognised on receipt, and any portion relating to future periods is deferred. Commission received in advance is recognised as income when it is earned. Government grants are recognised as income when any specific conditions are met.

(d) Basis of consolidation

The Group financial statements consolidate the results of the RCN UK's trading subsidiaries and its associated charity the RCN Foundation on a line by line basis.

(e) Expenditure

Expenditure is recognised on an accruals basis. Expenditure reported in the income and expenditure statement is analysed under the following headings:

Staff costs

All payroll related costs including basic pay, employer's contributions to National Insurance and pensions including the annual funding payment against the RCN UK Pension Scheme deficit. Other costs included in this category include the cost of temporary agency staff and staff seconded to the RCN UK from external organisations.

Premises and estate costs

This includes all premises maintenance and running costs including rent, rates, general maintenance, stationery, telephony, IT revenue costs and depreciation.

Travel and accommodation

This includes all travel and accommodation costs incurred by staff, Council, other office holders, activists and other members when carrying out their duties on behalf of the RCN UK and other RCN Group entities.

Other service delivery costs

This includes legal representation costs, the cost of the member indemnity scheme, campaigns and communications, member newsletters and publications and the cost of delivering RCN UK events and conferences including RCN Congress.

(f) Pensions

Since 1 June 2007, the RCN UK offers its employees a defined benefit career average pension scheme, relating to salary and service. Prior to this date the scheme offered was a defined benefit final salary scheme. For the defined benefit scheme the amount charged to the income and expenditure account in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. Current and past service costs, interest costs and expected return on assets are included within expenditure, allocated on the same basis as the staff costs of the scheme members. Gains arising on a curtailment not allowed for in the actuarial assumptions are recognised in the income and expenditure account under incoming resources.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the statement of total recognised gains and losses under the heading of actuarial gains and losses on defined benefit pension scheme. Defined benefit schemes are funded, with the assets held separately from the group in separate trustee administered funds.

Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at bid value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency. The resulting pension scheme deficit is included on the balance sheet. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date.

(g) Irrecoverable value added tax

Irrecoverable value added tax is expensed in the related income and expenditure accounts.

(h) Deferred tax

Deferred taxation would normally be recognised in respect of all timing differences that have originated, but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

(i) Tangible fixed assets

Tangible fixed assets are included at cost except the long leasehold building of 20 Cavendish Square, which is held at the revalued amount. The revalued book amounts have not been updated as the RCN UK has previously adopted the transitional arrangements permitted by FRS 15 Tangible Fixed Assets. Dates of property valuations under the transitional arrangements are set out in note 11.

Expenditure of a capital nature over £1,000 is capitalised as fixed assets.

Minor items of furniture and equipment below £1,000, which generally represents renewals, are charged to the income and expenditure account in the year of purchase.

(j) Depreciation

Depreciation is provided on a straight-line basis at rates calculated to write off the cost or valuation of the assets less any residual value over their estimated useful lives, as follows:

Freehold buildings	50 years
Leasehold buildings	50 years, or the period of the lease if less
Computer software	5 years
Computer equipment	3 years
Furniture and other equipment	5 years

(k) Impairment of fixed assets

The need for any fixed asset impairment write down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use when there is an indication of a reduction in the carrying value. Any impairment is recognised in the income and expenditure account in the year in which it occurs.

(l) Investments

Fixed asset investments are stated at market valuation, where market value represents the mid market price on the last trading day of the year. Unlisted securities are stated at original cost. Investments purchased as part of treasury management, which are intended to be held for less than one year are shown as short-term deposits; investments held to generate longer-term income and capital growth are shown within fixed assets. Realised gains are charged to the income and expenditure account; unrealised gains are charged to the statement of total recognised gains and losses.

Investments in subsidiaries are stated at cost less provision for any impairment. Impairments are charged to the income and expenditure account.

(m) Leasing

Assets held under leasing arrangements which transfer substantially all the risks and rewards of ownership to the RCN UK are capitalised. The capital element of the related rental obligations is included in creditors. The interest element of the rental obligations is charged to the income and expenditure account so as to produce a constant periodic rate of charge. Rentals for other leased assets, held under the terms of operating leases are charged directly to the income and expenditure account over the term of the lease.

(n) Liquid resources

Liquid resources are defined as being cash balances held on deposit that are readily available (they usually require less than 24 hours notice in order to be accessed).

(o) Provisions

Provisions for future liabilities are recognised when there is a legal or constructive financial obligation that can be reliably estimated and for which there is an expectation that payment will be made.

Costs arising from the provision of legal services to members are charged to the income and expenditure accounts in the year in which they are incurred under representation. Because of the prolonged nature of litigation, and the uncertainty of the outcome of any particular case, no attempt is made to estimate future legal costs,

or recoveries of legal costs, for ongoing cases. In cases where there is litigation which falls within the professional indemnity, RCN UK includes a provision within the financial statements to cover the RCN UK's proportion of the potential liability.

(p) Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present obligations under the lease.

(q) Direct tax

Current tax is provided at amounts expected to be paid or recovered using tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

3. Surplus on ordinary activities

Surplus on ordinary activities is stated after charging:

	RCN UK 2012 £'000	RCN UK 2011 £'000	RCN Group 2012 £'000	RCN Group 2011 £'000
Depreciation	1,167	1,162	1,280	1,270
Operating leases:				
Land and buildings	1,118	1,255	1,380	1,436
Other leased assets	133	137	197	159
Auditors' remuneration:				
Audit services	105	82	142	112

4. Incoming resources – RCN UK

	Representation activities £'000	Other College activities £'000	Total 2012 £'000	Total 2011 £'000
Membership income	44,417	24,691	69,108	68,114
Other Income	746	2,132	2,878	2,956
	45,163	26,823	71,986	71,070

Representation is defined as relating to Trade Union activities.

Membership income is split: 64 per cent representation and 36 per cent other college activities in line with expenditure. See note 10 for basis of allocation.

5. Investment income – RCN Group

	2012 £'000	2011 £'000
UK equities	340	100
Overseas equities	64	10
UK fixed interest	159	176
Bank interest	187	85
	750	371

6. RCN UK Trading subsidiary undertakings

6.1 Subsidiary results

RCN Publishing Company Limited (RCN PC) is a publisher of nursing journals. RCN Membership Services Limited (RCN MS) receives commission income from companies that provide affinity type benefits to RCN UK members. RCN Licensing Limited (RCN L) receives income from companies granted licenses to use the RCN UK's logo and trademarks, the supply of catering services and the provision of the RCN UK Consultancy Service. All the subsidiaries are incorporated in the United Kingdom.

Details of the trading activities of the subsidiaries are set out below.

	RCN PC 2012 £'000	RCN PC 2011 £'000	RCN MS 2012 £'000	RCN MS 2011 £'000	RCN L 2012 £'000	RCN L 2011 £'000
Income	13,833	13,610	347	328	408	672
Costs	(12,898)	(12,687)	(58)	(26)	(323)	(482)
Net profit	935	923	289	302	85	190
Taxation	6	(215)	-	(111)	-	(52)
Retained in subsidiary	941	708	289	191	85	138

Each of the trading subsidiaries reported in the table above is wholly owned by the Royal College of Nursing of the United Kingdom.

6.2 Summarised balance sheet of subsidiary trading companies:

	RCN PC 2012 £'000	RCN PC 2011 £'000	RCN MS 2012 £'000	RCN MS 2011 £'000	RCN L 2012 £'000	RCN L 2011 £'000
Fixed assets	196	251	-	-	-	-
Current assets	4,757	5,325	489	311	265	414
Creditors: falling due within one year						
Creditors and accrued charges	(1,347)	(2,211)	(10)	(120)	(41)	(276)
Provisions for liabilities and charges	(52)	(44)	-	-	-	-
Total net assets	3,554	3,321	479	191	224	138
Capital and reserves	3,554	3,321	479	191	224	138

During the year a dividend was paid from RCN PC to RCN for £708k.

Ordinary share capital held by the RCN UK (£) is:

500,000	500,000	2	2	2	2
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7. Other group entities

7.1 Results of charitable company for whom RCN UK is sole member

RCN Foundation is a grant-making charity that supports nursing to improve health and wellbeing of the public.

Details of the charitable activities of the RCN Foundation are set out below.

	RCN Foundation 2012 £'000	RCN Foundation 2011 £'000
Income	673	1,696
Exceptional income	-	24,012
Costs	(1,061)	(426)
Net surplus/(deficit)	(388)	25,282

Refer to note 1 for details of exceptional income in 2011.

7.2 Summarised balance sheet of RCN Foundation:

	RCN Foundation 2012 £'000	RCN Foundation 2011 £'000
Fixed assets	17,103	17,286
Current assets	8,530	8,157
Creditors: falling due within one year		
Creditors and accrued charges	(739)	(161)
Total net assets	24,894	25,282
Reserves	24,894	25,282

8. Taxation note

Taxation on surplus on ordinary activities

	RCN UK 2012 £'000	RCN UK 2011 £'000	RCN Group 2012 £'000	RCN Group 2011 £'000
UK corporation tax				
Current tax on surplus for the year	-	222	-	444
Adjustments in respect of prior years	-	-	(1)	163
Total current tax	-	222	(1)	607
Deferred tax				
Movement in period	-	-	(5)	(6)
Taxation on surplus on ordinary activities	-	222	(6)	601

The tax assessed for the year is lower (2011: lower) than the main rate of corporation tax in the UK. The differences are explained below:

	RCN UK 2012 £'000	RCN UK 2011 £'000	RCN Group 2012 £'000	RCN Group 2011 £'000
Surplus on ordinary activities before tax	7,892	8,088	9,744	10,765
Surplus on ordinary activities at the main rate of corporation tax in the UK of 26% (2011: 26%)	2,052	2,264	2,533	3,014
Capital gain in capacity of trustee	-	222	-	222
Accelerated capital allowances and other timing differences	(6)	-	(2)	(14)
Sundry timing differences	(24)	-	(21)	-
Expenses not deductible for tax purposes	-	-	5	5
Group relief (claimed)/surrendered	349	-	-	-
Donation under Gift Aid	-	-	-	(166)
Losses carried forward	121	-	121	-
Adjustments in respect of prior periods	-	-	(1)	163
Income with uncertain tax status	-	(2,264)	-	(2,264)
Non-taxable income	(2,432)	-	(2,432)	-
Income covered by tax exemptions	(60)	-	(204)	(353)
Current tax charge	-	222	(1)	607

Deferred tax asset balance

The group has a deferred tax asset arising from timing differences as set out below. Shown as 24% rate for the current year (2011: 27%).

Analysis of deferred tax asset	2012 £'000	2011 £'000
Brought forward as at 1 April	34	27
Excess of capital allowances over depreciation	(11)	(16)
Short term timing differences	12	12
Pension provision	10	11
Carried forward as at 31 March	45	34

9. Staff costs – RCN Group

	2012 £'000	2011 £'000
Salaries	35,477	34,542
Social security	3,014	2,799
Pensions	5,483	4,844
Total	43,974	42,185

Of the total staff costs £25,298,000 (2011: £18,710,000) has been allocated to representation activities. In 2012, we have reviewed the allocation of costs between representation and other. This has resulted in an increase of approximately £7.0m of staff costs in the representation category due to allocation of support costs between representation and other on the same basis as allocation of direct costs.

In respect of pensions, an amount of £4,343,000 (£2,444,000 for the Pensions Trust and £1,899,000 for NILGOSC) has been paid or provided for (2011: £2,294,000) in excess of the historic employers contribution rate so as to reduce the pension fund deficit.

In 2012 we have credited the income and expenditure accounts with £2,933,000 (2011: £1,387,000) being the difference between the current annual service cost and pension contributions made. This adjustment is made every year in line with the pension calculation and is showing against pension costs in 2012.

The average number of staff employed during the year was 968 (2011: 931). The full time equivalent number of staff was 871 (2011: 844).

Full time equivalent staff numbers by department category:

	2012	2011
National Boards	106	106
English Regions	221	208
RCN Institute	80	88
RCN Direct	92	91
Other	284	262
RCN Publishing	88	89
Total	871	844

Total staff numbers		
RCN UK	866	829
RCN Publishing	102	102
Total	968	931

The total emoluments for the Chief Executive & General Secretary in the year were £149,169 (2011: £148,851).

2012 staff costs include £518,170 (2011: £399,445) in respect of compensation for loss of office due to restructuring and redundancies arising from changes following reviews of some of the RCN UK's operations.

The number of staff whose emoluments (salary and other taxable benefits) are over £60k are as follows (including RCN Publishing):

	2012	2011
£60,000-£70,000	31	34
£70,000-£80,000	15	12
£80,000-£90,000	3	3
£90,000-£100,000	6	4
£100,000-£110,000	1	1
£110,000-£120,000	2	2
£140,000-£150,000	1	1
Total	59	57

10. Breakdown of RCN UK expenditure

	Representation activities £'000	Other College activities £'000	Total 2012 £'000	Total 2011 £'000
Staff costs	25,298	13,733	39,031	37,394
Premise and estate costs	4,543	2,586	7,129	8,711
Travel and accommodation	1,695	997	2,692	2,972
Other service delivery costs	9,764	5,643	15,407	13,989
Total expenditure	41,300	22,959	64,259	63,066

	Representation activities £'000	Other College activities £'000	Total 2012 £'000	Total 2011 £'000
Employment related issues	23,222	-	23,222	21,257
Communications	259	3,455	3,714	3,361
Advisory services	1,770	556	2,326	1,971
Education and training	2,188	7,043	9,231	9,316
Nursing Department	-	3,833	3,833	3,624
Administrative expenses	13,861	8,072	21,933	23,537
Total expenditure	41,300	22,959	64,259	63,066

Representation is defined as relating to trade union activities.

Direct costs are allocated to the relevant activity. Non-direct costs are apportioned on the same proportion as the allocation of direct costs. Refer to note 9 for commentary on staff cost apportionment.

11. Fixed assets

11.1 Fixed assets – RCN UK

	Freehold land and buildings £'000	Leasehold improvements £'000	Furniture and equipment £'000	Computer software £'000	Assets under construction £'000	Total £'000
Cost or valuation						
Cost at 1 April 2011	3,225	26,905	7,294	1,510	79	39,013
Additions	125	35	54	187	868	1,269
Disposals	-	(159)	(954)	-	-	(1,113)
Transfer of assets under construction	70	-	-	9	(79)	-
Reclassification of assets	-	(113)	(87)	101	-	(99)
Balance at 31 March 2012	3,420	26,668	6,307	1,807	868	39,070
Depreciation						
Accumulated depreciation at 1 April 2011	1,213	6,844	6,696	1,057	-	15,810
Charge for year	115	688	257	175	-	1,235
Disposals	-	(162)	(951)	-	-	(1,113)
Reclassification of assets	-	(125)	(26)	52	-	(99)
Balance at 31 March 2012	1,328	7,245	5,976	1,284	-	15,833
Net book value at 31 March 2012	2,092	19,423	331	523	868	23,237
Net book value at 31 March 2011	2,012	20,061	598	453	79	23,203

The historical cost of revalued assets is:

	2012 Leasehold improvements £'000	2011 Leasehold improvements £'000
Cost	22,167	22,167
Accumulated depreciation based on historical cost	(6,487)	(6,044)
Historical cost net book value	15,680	16,123

The long leasehold property of UK headquarters was revalued on 31 March 1997 on an open market basis by Drivas Jonas, Chartered Surveyors.

Reclassification of assets relates to a reallocation of historic cost and depreciation, to more accurately reflect the categorisation of the assets.

11.2 Fixed assets – RCN Group

	Freehold land and buildings £'000	Leasehold improvements £'000	Furniture and equipment £'000	Computer software £'000	Assets under construction £'000	Total £'000
Cost or Valuation						
Balance at 1 April 2011	3,225	27,286	7,857	1,510	79	39,957
Additions	125	39	108	187	868	1,327
Disposals	-	(159)	(995)	-	-	(1,154)
Transfer of assets under construction	70	-	-	9	(79)	-
Reclassification of assets	-	(113)	(87)	101	-	(99)
Balance at 31 March 2012	3,420	27,053	6,883	1,807	868	40,031
Depreciation						
Balance at 1 April 2011	1,213	7,108	7,125	1,057	-	16,503
Charge for year	115	724	333	175	-	1,347
Disposals	-	(162)	(992)	-	-	(1,154)
Reclassification of assets	-	(125)	(26)	52	-	(99)
Balance at 31 March 2012	1,328	7,545	6,440	1,284	-	16,597
Net book value at 31 March 2012	2,092	19,508	443	523	868	23,434
Net book value at 31 March 2011	2,012	20,178	732	453	79	23,454

Reclassification of assets relates to a reallocation of historic cost and depreciation, to more accurately reflect the categorisation of the assets.

12. Investments – RCN Group

	2012 £'000	2011 £'000
Market value at 1 April	17,181	15,823
Additions at cost	322	7,953
Disposals at carrying value	(473)	(7,888)
Realised gain	184	1,284
Unrealised (loss)/gain	(368)	9
Investments at market value at 31 March	16,846	17,181
Cash held for reinvestment	253	101
Cost at UK unlisted securities:	4	4
Market value at 31 March	17,103	17,286
Historical cost at 31 March	15,960	15,777

Investments at market value comprise:

	2012 £'000	2011 £'000
Listed investments		
Fixed interest (Government securities and bonds)	4,576	4,207
UK equities	5,235	5,664
Global equities	6,287	6,451
Alternative assets	748	859
Liquid assets	253	101
UK unlisted securities	4	4
Total	17,103	17,286

	2012	2011
Holdings over 5%		
Sarasin Equisar Global Thematic Fund	23.5%	25%
Sarasin Sterling Class A income bonds	8.2%	7.6%
Sarasin CI Equisar Sterling Global Thematic Sterling Hedged	12.3%	12%
Treasury bonds – 2.25%	7.7%	7.5%
Sarasin Charity – Thematic UK equity	30.6%	33%

All investments are held by the RCN Foundation. The RCN Foundation trustees believe that the carrying value of the investments is supported by their underlying net assets.

13. Debtors

	RCN UK 2012 £'000	RCN UK 2011 £'000	RCN Group 2012 £'000	RCN Group 2011 £'000
Due within one year:				
Trade debtors	239	191	887	933
Amounts due from subsidiaries and associated undertakings	2	173	-	-
Other debtors	489	347	477	349
Taxation	-	-	6	-
Prepayments and accrued income	1,529	1,572	1,743	1,901
	2,259	2,283	3,113	3,183

There are no amounts falling due in greater than one year (2011: Nil)

14. Creditors and accrued charges

14.1 Amounts falling due within one year

	RCN UK 2012 £'000	RCN UK 2011 £'000	RCN Group 2012 £'000	RCN Group 2011 £'000
Bank overdrafts and loans	135	217	-	-
Trade creditors	868	875	1,494	1,727
Amount due to subsidiaries and associated undertakings	313	292	-	-
Pension contribution	442	428	442	428
PAYE, social security and taxation	865	801	877	1,226
Payments on account	-	-	4	146
Other creditors	265	328	362	395
Accruals and deferred income	5,331	4,361	6,026	5,454
	8,219	7,302	9,205	9,376

14.2 Provision for liabilities and charges

	RCN UK 2012 £'000	RCN UK 2011 £'000	RCN Group 2012 £'000	RCN Group 2011 £'000
Onerous leases	-	60	-	60
Provision for dilapidations	191	202	243	246
Provision for professional indemnity claims	6,174	4,629	6,174	4,629
Provision for restructuring	196	-	196	-
Provision for pension (NILGOSC)	1,679	-	1,679	-
Other provisions	941	1,040	941	1,039
	9,181	5,931	9,233	5,974

Movements – provision for liabilities and charges

	2011 £'000	New provisions £'000	Released £'000	Utilised £'000	2012 £'000
Onerous leases	60	-	-	(60)	-
Provision for dilapidations	246	21	-	(24)	243
Provision for professional indemnity claims	4,629	3,986	(892)	(1,549)	6,174
Provision for restructuring	-	196	-	-	196
Provision for pension (NILGOSC)	-	1,679	-	-	1,679
Other provisions	1,039	18	(109)	(7)	941
	5,974	5,900	(1,001)	(1,640)	9,233

Provisions likely to fall due within one year: £4,684,000 (2011: £5,707,000). Provisions likely to fall due between one and five years: £4,523,000 (2011: £207,000). Provisions likely to fall due over five years: £26,000 (2011: £60,000).

15. Leasing commitments

15.1 Operating leases – RCN UK

The annual commitment as at 31 March 2012 under non-cancellable operating leases was:

Leases expiring:	Land and Buildings 2012 £'000	Other Assets 2012 £'000	Land and Buildings 2011 £'000	Other Assets 2011 £'000
Within one year	105	33	77	249
Within two to five years	495	237	212	116
Over five years	637	-	1,107	-
	1,237	270	1,396	365

15.2 Operating leases – RCN Group

The annual commitment as at 31 March 2012 under non-cancellable operating leases was:

Leases expiring:	Land and buildings 2012 £'000	Other Assets 2012 £'000	Land and buildings 2011 £'000	Other assets 2011 £'000
Within one year	105	39	77	256
Within two to five years	676	253	393	132
Over five years	637	-	1,107	-
	1,418	292	1,577	388

16. Pensions

RCN UK staff are currently enrolled in one of two defined benefit pension schemes. Virtually all who have taken advantage of this are enrolled in the RCN UK pension scheme (16.1), a small number of staff employed within Northern Ireland have been enrolled in the NILGOSC scheme (16.2).

16.1 RCN UK defined benefit pension scheme

The RCN Group operates a defined benefit pension scheme with the assets of the scheme being held in separate trustee administered funds.

The pension cost is assessed in accordance with FRS 17: Retirement benefits, based on the advice of independent qualified actuaries using the projected unit method.

The pension scheme was subject to an actuarial valuation at 30 September 2010 by a qualified independent actuary. The valuation using the minimum funding requirement basis indicated that there was a deficit of £19,571,000. The assumptions used in the valuation were that the projected rate of return on assets is 6.7 per cent per annum and the pension increase rates pre 1 June 2007 – RPI linked 2.9 per cent per annum and post 31 May 2007 – CPI linked 2.6 per cent per annum.

The market value of the fund as at 31 March 2012, net of additional voluntary contributions was £131.7m. There was no holding greater than 5 per cent of the value of the fund at 31 March 2012.

Total FRS 17 pension costs charged to the Income and Expenditure account in the year amounted to £5,483,000 (2011: £4,931,000). As at 31 March 2012 £442,000 was due to the Pension Scheme (2011: £432,000).

Following the actuarial valuation at 30 September 2010, revised contribution rates to the Scheme were agreed, at the following rates.

Employer

From 30 September 2010 the employer's annual contribution is 12.9 per cent (2011: 12.7 per cent) of pensionable salaries plus additional annual lump sum contributions to offset the pension scheme deficit. Estimated employer contributions to be paid by the RCN UK in 2012-13 are £4.1m.

The current required annual lump sum contributions set out in the schedule of contributions agreed with the Pension Regulator and effective from 1 April 2012 are £1.5m until the end of the recovery period to 31 March 2022, with subsequent payments increasing by RPI + 2 per cent thereafter. The total deficit funding paid in 2012 was £2,444,000, which equates to £2m plus 5 per cent (RPI) plus 2 per cent accumulated since 2009.

Contributory employees

5.7 per cent (2011: 5.7 per cent) or 2.8 per cent (2011: 2.8 per cent) of pensionable salaries (depending on benefit scale) as set out in the schedule of contributions.

The final salary defined benefit pension scheme was reviewed in 2007 and formal consultation with scheme members and trustees was carried out. From 1 June 2007, benefits are no longer accrued under the final salary defined benefit pension scheme. RCN UK now provide benefits on a Career Average Revalued Earnings (CARE) basis via the occupational pension scheme. All benefits and liabilities accrued as at 1 June 2007 in the final salary defined benefit pension scheme were transferred to the new CARE scheme.

FRS 17 Retirement benefits

The tables below state the FRS 17 actuarial assumptions upon which the valuation of the scheme was based.

Under the provision of FRS 17 the current deficit in the defined benefit scheme of £39,311,000 has been included as a separate liability on the balance sheet. The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation by a qualified independent actuary at 30 September 2010 to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 31 March 2012.

The principal actuarial assumptions were as follows:

	2012	2011	2010	2009	2008
Discount rate	4.6%	5.5%	5.7%	6.7%	6.0%
Inflation assumptions (RPI)	3.1%	3.4%	3.5%	3.0%	3.5%
Inflation assumptions (CPI)	2.2%	2.9%	-	-	-
Allowance for pension payments increases accrued before 1 June 2007 (with LPI of 5%)*	3.0% (RPI)	3.4% (RPI)	3.5% (RPI)	3.0% (RPI)	3.5% (RPI)
Allowance for pension payments increases accrued after 31 May 2007 (with LPI of 5%)*	2.2% (CPI)	2.9% (CPI)	3.5% (RPI)	3.0% (RPI)	3.5% (RPI)
Rate of increase in pension deferment with LPI of 5%	3.1%	3.4%	3.5%	3.0%	3.5%

*where Limited Price Index (LPI) is a measure of Retail Price Inflation (RPI) or Consumer Price Index (CPI) with a cap of 5% per annum and floor of 0% per annum.

Life expectancies

	2012 Years	2011 Years	2010 Years	2009 Years
Longevity at age 65 for current pensioners				
- Men	23.1	22.4	22.4	22.3
- Women	24.9	24.2	25.1	25.0
Longevity at age 65 for future pensioners*				
- Men	25.4	24.6	24.5	24.4
- Women	26.8	26.1	27.1	27.0

* assumed currently aged 45

An analysis of the scheme and the expected long-term return rates at 31 March were as follows:

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Equities	95,713	88,694	81,787	53,946	64,598
Bonds	43,736	43,134	34,997	23,596	28,160
Property	6,485	5,874	5,227	6,049	7,230
Other	3,546	1,293	3,782	8,503	5,373
Insured pensioners	887	905	1,128	1,169	3,242
Total market value of assets	150,367	139,900	126,921	93,263	108,603
Actuarial value of liability	(189,678)	(156,508)	(157,083)	(111,390)	(125,476)
Net pension liability	(39,311)	(16,608)	(30,162)	(18,127)	(16,873)

	2012 %	2011 %	2010 %	2009 %	2008 %
Equities	64	63	64	58	59
Bonds	29	31	28	25	26
Property	4	4	4	6	7
Other	2	1	3	9	5
Insured pensioners	1	1	1	2	3
Total market value of assets %	100	100	100	100	100

	2012 Expected rate of return	2011 Expected rate of return	2010 Expected rate of return	2009 Expected rate of return	2008 Expected rate of return
Equities	7.3%	8.0%	8.4%	8.2%	8.0%
Bonds	4.3%	5.1%	5.2%	5.7%	4.7%
Property	6.3%	7.0%	7.4%	8.2%	8.0%
Other	0.5%	0.5%	0.5%	0.5%	5.25%
Insured pensioners	4.2%	5.1%	5.2%	5.7%	4.7%
Average rate of return	6.18%	7.0%	7.21%	6.83%	6.91%

The above asset values as at 31 March 2012, 31 March 2011, 31 March 2010 and 31 March 2009 are at bid value, as required under FRS 17.

Analysis of amounts charged to income and expenditure account

	2012 £'000	2011 £'000
Current service cost*	5,088	5,189
Interest on obligation	8,514	9,044
(Expected return on scheme assets)	(9,918)	(9,302)
Total	3,684	4,931

*The cost of Death in Service Insurance Premiums and PPF levies are paid in addition by the employer.

The current service cost includes the cost of administration expenses.

Change in the present value of the defined benefit obligation

	2012 £'000	2011 £'000
Opening defined benefit obligation	156,508	157,083
Service cost	5,088	5,189
Interest cost	8,514	9,044
Contributions by employees	1,792	1,766
Actuarial losses / (gains)	22,366	(12,842)
Benefits paid	(4,590)	(3,732)
Closing defined benefit obligation	189,678	156,508

Change in the fair value of the scheme assets

	2012 £'000	2011 £'000
Opening fair value of the scheme assets	139,900	126,921
Expected return	9,918	9,302
Actuarial gains / (losses)	(3,270)	(489)
Contributions by employer	6,617	6,132
Contributions by employees	1,792	1,766
Benefits paid	(4,590)	(3,732)
Closing fair value of the scheme assets	150,367	139,900
Actual return on scheme assets	6,648	8,813

The history of experience gains and losses are as follows:

Years ending on 31 March	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Defined benefit obligation	(189,678)	(156,508)	(157,083)	(111,390)	(125,476)
Scheme assets	150,367	139,900	126,921	93,263	108,603
(Deficit)	(39,311)	(16,608)	(30,162)	(18,127)	(16,873)
Experience gains/(losses) on scheme liabilities					
Amount	-	9,364	201	(1,989)	-
% of the present value of scheme liabilities	-	6.2%	0.1%	1.8%	-
Actual return less expected return on scheme assets					
Amount	(3,270)	(489)	22,673	(33,091)	(11,716)
% of scheme assets	(2.2%)	(0.3%)	17.9%	35.5%	10.8%

16.2 NILGOSC – Northern Ireland Local Government Officers' Pension Fund

The RCN UK currently has 18 members of the NILGOSC defined benefit scheme, one of which is active, and 17 are drawing their pension. The one active member will cease to be a member of the scheme within the foreseeable future, therefore a prudent approach has been taken and a cessation payment of £1.679m has been provided.

The pension scheme deficit was included in the Statement of Realised Gains and Losses in the 31 March 2011 financial statements and its valuation calculated in accordance with FRS 17. This deficit has now been removed and replaced by the provision now shown in the balance sheet. As a result FRS 17 disclosures have not been disclosed below for the year ended 31 March 2012.

An independent review of the funding position was undertaken following the applicable Technical Actuarial Standards. The table below shows the funding position as at 22 April 2012.

Funding position	2012 £'000
Past service liabilities	4,651
Asset share	2,972
Deficit included in provisions (note 14.2)	1,679

The following assumption has been made in calculating the provision:

Financial assumptions	Cessation 22 April 2012
Discount rate	3.3%
Salary increases*	4.8%
Pension increases	2.8%

*Salary increases are 1% pa nominal until 31 March 2012, reverting to the long-term rate shown thereafter.

Mortality

Life expectancy is based on the SAPS year of birth tables with improvements from 2007 in line with the medium cohort and a 1 per cent pa minimum improvement.

Mortality loadings were applied to the SAPS tables based on membership class. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	24.7 years	27.2 years
Future pensioners	27.6 years	30.4 years

*Future pensioners are assumed to be 45 as at 31 March 2010

The demographic assumptions used are the same as the most recent formal valuation.

Commutation

An allowance is included for future retirements to elect to take 50 per cent of the maximum additional tax free cash up to HMRC limits for pre-April 2009 service and 75 per cent of the maximum tax free cash for post-April 2009 service.

The pension cost for statutory accounts purposes in 31 March 2011 financial statements are assessed in accordance with FRS 17: Retirement Benefits, based on the advice of independent qualified actuaries using the projected unit method.

Employer

Up to 31 March 2012 the employer's annual contribution was 15.2 per cent of pensionable salaries plus additional annual lump sum contributions to offset the pension scheme deficit. Estimated employer contributions to be paid by the RCN UK in 2012 are £4,000. From 1 April the rate rises to 17.7 per cent.

The current required annual lump sum contributions set out in the schedule of contributions agreed with the pension regulator and effective to 31 March 2014 was £220,000.

Contributory employees

Up to 31 March 2012 the employees' contribution was 7.2 per cent of pensionable salaries.

FRS 17 Retirement benefits

The tables below state the FRS 17 actuarial assumptions upon which the valuation of the scheme was based as at 31 March 2011.

The latest actuarial valuation was at 31 March 2010. The valuation used for FRS 17 disclosures has been based on this valuation at 31 March 2010 and updated by a qualified independent actuary to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 31 March 2011.

The principal actuarial assumptions were as follows:

	2011	2010
Discount rate	5.5%	5.7%
Inflation assumptions	4.9%	5.0%
Rate of increase in pension deferment and payment	2.9%	3.5%

Life expectancies

	2011 Years	2010 Years
Longevity at age 65 for current pensioners		
- Men	21.5	21.5
- Women	23.6	23.6
Longevity at age 65 for future pensioners*		
- Men	22.7	22.7
- Women	24.6	24.6

*assumed currently aged 45

An analysis of the scheme and the expected long-term return rates at 31 March 2012 were as follows:

	2011 £'000	2011 Proportion	2010 £'000	2010 Proportion
Equities	2,335	77%	2,279	77%
Bonds	425	14%	414	14%
Property	182	6%	178	6%
Other	91	3%	89	3%
Total market value of assets	3,033	100%	2,960	100%
Actuarial value of liability	(3,603)		(3,737)	
Net pension liability	(570)		(777)	

	2011 Expected rate of return	2010 Expected rate of return
Equities	8.0%	8.0%
Bonds	5.1%	4.7%
Property	7.0%	8.0%
Other	0.5%	0.5%
Average rate of return	7.3%	7.7%

The above asset values are at bid value, as required under FRS 17.

Analysis of amounts charged to income and expenditure account

	2011 £'000
Current service cost	14
Interest on obligation	200
(Expected return on scheme assets)	(220)
Past service recognition	(169)
Total	(175)

Change in the present value of the defined benefit obligation

	2011 £'000
Opening defined benefit obligation	3,737
Service cost	14
Interest cost	200
Contributions by employees	4
Actuarial losses	39
Past service gains	(169)
Benefits paid	(222)
Closing defined benefit obligation	3,603

	2011 £'000
Opening fair value of the scheme assets	2,960
Expected return	220
Actuarial gains	60
Contributions by employer	11
Contributions by employees	4
Benefits paid	(222)
Closing fair value of the scheme assets	3,033
Actual return on scheme assets	280

The effect of the provision for the cessation of the NILGOSC defined benefit scheme deficit is as follows:

	2012 £'000
RCN deficit in NILGOSC defined benefit scheme	(626)
Section 75 payment provision	1,679
Settlement loss	(1,053)

17. Management of liquid resources

	2011 £'000	Cash flow £'000	2012 £'000
Cash invested in UK money market and deposit accounts	45,185	9,142	54,327

18. Analysis of changes in net funds

	2011 £'000	Cash flow £'000	2012 £'000
Cash at bank and in hand	2,248	605	2,853
Short-term deposits (including Pension Escrow Account)	45,185	9,142	54,327
	47,433	9,747	57,180

19. Notes to the cash flow

19.1 Reconciliation of changes in resources to net cash inflow from operating activities

	Note	2012 £'000	2011 £'000
Net incoming resources		9,560	9,481
Interest	5	(750)	(371)
Depreciation	11.2	1,347	1,270
Total pension contributions less current service and finance costs		(2,933)	(610)
Recognition of NILGOSC	16.2	-	(777)
Revaluation reserve adjustment		(63)	(63)
Decrease in stock		1	-
Decrease in debtors	13	69	1,034
Decrease in creditors due within one year	14.1	(171)	255
Increase in provisions for liabilities and charges	14.2	3,259	1,896
Net cash inflow from operating activities		10,319	12,115

19.2 Reconciliation of net cash flow to increase in net funds

	Note	2012 £'000	2011 £'000
Net funds at 1 April	18	47,433	36,491
(Decrease)/increase in liquid resources		605	1,030
Cash used to increase liquid resources	17	9,142	9,912
Change in net cash resulting from cash flows	18	9,747	10,942
Net funds at 31 March	18	57,180	47,433

20. Allocation of RCN UK balance sheet between representation and other activities

	Representation activities £'000	Other college activities £'000	Total 2012 £'000	Representation activities £'000	Other college activities £'000	Total 2011 £'000
Fixed assets						
Tangible assets	-	23,237	23,237	-	23,203	23,203
Total fixed assets	-	23,237	23,237	-	23,203	23,203
Current assets						
Stock	8	-	8	9	-	9
Trade debtors	62	177	239	49	142	191
Other debtors	166	325	491	89	431	520
Prepayments and accrued income	936	593	1,529	615	957	1,572
Cash at bank and in hand	17,193	27,284	44,477	10,253	24,574	34,827
Total current assets	18,365	28,379	46,744	11,015	26,104	37,119
Liabilities						
Bank overdraft	(68)	(67)	(135)	(79)	(138)	(217)
Trade creditors	(551)	(317)	(868)	(333)	(542)	(875)
Other creditors	(1,051)	(834)	(1,885)	(755)	(1,094)	(1,849)
Accruals and deferred income	(2,175)	(3,156)	(5,331)	(1,938)	(2,423)	(4,361)
Total liabilities	(3,845)	(4,374)	(8,219)	(3,105)	(4,197)	(7,302)
Total assets less current liabilities	14,520	47,242	61,762	7,910	45,110	53,020
Provisions	(7,728)	(1,453)	(9,181)	(4,981)	(950)	(5,931)
Net assets (excluding pension deficit)	6,792	45,789	52,581	2,929	44,160	47,089

For assets and liabilities in the name of the RCN UK there is no distinction between representation and other college activities.

Current assets and liabilities, which can be identified as representation or other college, are allocated directly to the appropriate activity type. Other current assets and liabilities are apportioned based on direct income-expenditure.

Representation activities are disclosed in the RCN's Annual Return for a Trade Union (AR21).

21. Revaluation reserve

	Balance 31 March 2011 £'000	Transfers to accumulated funds £'000	Investment unrealised gain £'000	Balance 31 March 2012 £'000
Land and buildings	2,484	(64)	-	2,420
Investments	1,505	-	(368)	1,137
	3,989	(64)	(368)	3,557

22. Capital commitments

The value of contracts committed to but not provided for was £2,210,277 (2011: nil). Of this figure, £2,064,344 relates to work on the HQ replan.

23. Contingent liabilities

Contingent liabilities are estimated at £580,000 (2011: £930,000) which relates to the member's professional indemnity scheme. The 2011 figure included amounts for other legal and trading disputes of approximately £500,000, which did not materialise.

In 2011 there was a contingent liability due to the uncertain tax status of the RCN as a result of the group reorganisation. The tax status of the RCN is now agreed with HMRC.

24. Trade Union and Labour Relations (Consolidation) Act 1992

A member who is concerned that some irregularity may be occurring, or have occurred, in the conduct of the financial affairs of the union may take steps with a view to investigating further, obtaining clarification and, if necessary, securing regularisation of that conduct.

The member may raise any such concern with such one or more of the following as it seems appropriate to raise it with: the officials of the union, the trustees of the property of the union, the auditor or auditors of the union, the Certification Officer (who is an independent officer appointed by the Secretary of State) and the police.

Where a member believes that the financial affairs of the union have been or are being conducted in breach of rules of the law or in breach of the union and contemplates bringing civil proceedings against the union or responsible officials or trustees, he should consider obtaining independent legal advice.

25. Council expenses and remuneration

25.1 Council expenses

Out of pocket expenses to Council members while carrying out their governance duties in 2012 amounted to £155,618 (2011: £102,326). Out of pocket expenses related predominantly to travel expenses incurred while carrying out Council duties. The number of Council members who received reimbursement within the year was 39 (2011: 36).

25.2 Council remuneration

Council members do not receive remuneration for undertaking the role, however a total of £78,252 was paid to the employers of the current President, previous President and Chair of Council as recompense for time spent on services for the RCN UK (2011: £67,261). Breakdown as follows:

	2012 £'000	2011 £'000
Chair of Council	19	24
Current President	59	25
Previous President	-	18
Total	78	67

26. Related party transaction

The group has taken the exemption under FRS 8 not to disclose any transactions of balances between wholly-owned subsidiary entities, which have been eliminated on consolidation.

During the financial year a service level charge of £70,000 from RCN UK to RCN Foundation was incurred (2011: £82,688).

Notes



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