



Royal College of Nursing
Shaping nursing since 1916



Annual Report 2016





Combined RCN Group annual report and consolidated financial accounts for year ended 31 December 2016

Comprising the Royal College of Nursing of the United Kingdom,
its trading subsidiary (RCNi), and the RCN Foundation.

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Photograph:
"Community Nursing Care at Home", by Anthony Baines,
winner of the Gold Award in Care on Camera,
the RCN's national centenary photography competition
with the Royal Photographic Society.

Michael Brown

Chair of Council

Our centenary made 2016 a very significant and memorable year for the RCN. Many members got involved and organised events to celebrate our 100th year, attended Congress when we had a special opening ceremony to mark our centenary, and joined us at our International Centenary Conference.

Professionally, it has been another year of challenges and unrelenting pressure. We continue to do everything we can to get improvements to your working conditions and pay. If you haven't already joined our Nursing Counts campaign please do so, as your input is key to its success. I was particularly proud of our students for the way they joined together and campaigned against the changes to student bursaries in England.

Our internal agenda has been equally challenging. At the 2016 Annual General Meeting members voted for the changes we need to make to our governance arrangements to enable the organisation to be more agile and flexible in the future. The key purposes of the changes are to strengthen our roles as both a trade union and royal college and at the same time enable Council to focus on the effective running of the organisation.

At Congress, we debated the big issues facing nursing and Council is taking some important resolutions forward – for example, through our work on safe staffing across the UK and our approach to political lobbying.

This was also the year that our promises to support member-to-member communications have become a reality. I am very pleased to see the successful trials of the Member Communication Centre, which is now being rolled out, allowing members to communicate directly with other members through a range of different channels.



In addition, our first governance webinar on ethical investment proved an effective way of obtaining members' views on important subjects.

As always, each year we say goodbye and thank you to members who have given their time and expertise to the organisation. Our heartfelt thanks go to Brenda McDonald, who stepped down as a Council Member and Chair of the Health Practitioner Committee during the year, Sylvia Duval, one of our Student Members of Council and Students Committee Chair, and Jane Denton, the convenor of RCN Fellows. Thank you to all of you.

We know 2017 is going to be more difficult and I will be out there continuing to do everything I can to get the Government to address the issues we are all facing on an everyday basis.

A handwritten signature of Michael Brown in black ink. The signature is written in a cursive style, with the first name 'Michael' and the last name 'Brown' clearly visible.

Michael Brown
Chair of Council

Janet Davies

Chief Executive and General Secretary

We've had a unique opportunity to celebrate this year, looking back at the RCN's past and considering the future shape of nursing.

But it has been a busy year.

We've seen the bursary replaced with student loans and the introduction of the new nursing associate role and apprenticeships route into nursing in England. There's been success for our long-term campaign for safe staffing levels in Wales. We had a commitment to keep the bursary for nursing students and to enshrine safe staffing levels in law in Scotland. And we secured agreement in Northern Ireland to honour the Pay Review Body recommendations.

We want to strengthen the organisation to continue to meet challenges and to make sure we can continue to improve our services. We are building on a strong present – we now have around 435,000 members, our largest membership to date, which has been a real achievement during our centenary.

While our financial performance is strong, there are risks we need to address. We still have a significant pension deficit which has to be addressed, and if we are to keep membership subscriptions low and affordable we need to get income from other sources.

So this year has been focused on developing a new commercial strategy to enable this and enhance what we offer, and we will be rolling this out in 2017. We have also been looking at how the RCN, RCNi and RCN Foundation work together as a group with a shared purpose.

I am working with Council to implement their review to streamline decision-making processes and change how we support members.



As part of this, we are keen to adapt how members are supported to better meet their needs and to use our resources most efficiently. Members will be empowered to access our services in new ways.

In 2017, our new Customer Relationship Management (CRM) system will allow us to better understand our members and other customers and how they want to engage with us.

We will continue our focus on improving and developing our website so that members can find the information they need when they need it. And we will continue to grow our engagement with members so more participate in activity and lead our work.

I am looking forward to leading the organisation as we improve our efficiency and enhance the experience of our members and customers.

A handwritten signature in cursive script that reads 'Janet Davies'.

Janet Davies
Chief Executive and General Secretary

The Report of Council

Priority

Continue to invest in the recruitment and retention of members, including accredited representatives, and in their further engagement as active members so that we increase the resources, capacity and effectiveness of the RCN at local and national level.

The RCN's membership numbers have grown again in 2016, reflecting another good year in the recruitment and retention of members. The growth targets we set have been exceeded.

Across the UK, all countries and regions have recruitment and retention action plans and growth targets. Staff and members, through boards and branches, play an active role in recruitment and retention activities.

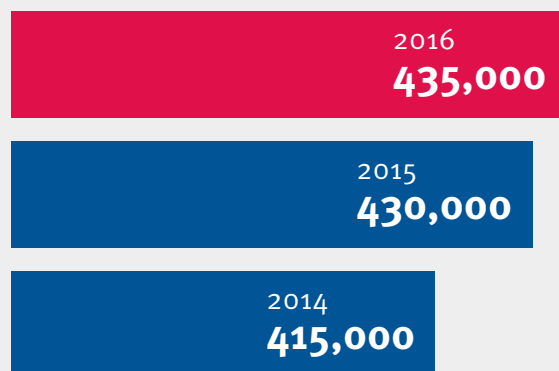
The RCN is keeping abreast of developments in nursing, including apprenticeships and the new nursing associate roles. As part of this work, we are assessing how we can best provide support and value to those entering the profession through these routes. We will communicate the benefits of RCN membership to them and explain how the RCN can offer the support they will need.

In response to concerns raised by accredited RCN representatives regarding their numbers, their value to the organisation and their visibility, in June the RCN launched the Valuing Reps project, which has led to a draft framework for action and change in this area. We continue to work closely with the UK representative committees to plan and invest in the recruitment and support of accredited representatives.

RCN membership numbers



The continuing growth in our membership gives the RCN increasing influence to speak up as the 'voice of nursing' to governments and policy makers around the UK.



Priority

Lobby for safe staffing at all levels in all settings. Protect, support and represent members' pay, terms and conditions in all sectors – at a time when the value of nursing is being undermined.

The RCN lobbied for safe staffing throughout 2016, with notable success in Wales. The RCN's engagement with members of the Welsh Assembly resulted in the Nurse Staffing Levels (Wales) Act, which gained royal assent in March.

In Scotland, First Minister Nicola Sturgeon confirmed plans to enshrine safe staffing levels in law when she addressed RCN Congress in Glasgow. The RCN in Scotland has already discussed key positions, which are aligned with the RCN's UK stance, with the Cabinet Secretary and Chief Nursing Officer.

The RCN in Northern Ireland is involved in a project to implement a framework for safe (or normative) nurse staffing ranges to support person-centred care. This project has delivered normative ranges for general medicine and surgery and is currently developing normative ranges for emergency department nursing, community nursing and health visiting.

In England, safe staffing guidelines are being developed by NHS Improvement. The RCN is involved in all eight workstreams, and is pushing for robust and rigorous guidelines that properly maintain patient safety.

However, widespread nurse shortages across the UK affecting both the NHS and the independent sector are making it a challenge to maintain safe staffing levels. The RCN's evidence to the NHS Pay Review Body for 2017 shows how the shortages are generating workforce issues that are putting patient care at risk.

The decision of the Migration Advisory Committee (MAC) to place nursing on the Shortage Occupation List in March drew on repeated warnings by the RCN about the nursing shortage. The MAC concluded that as well as underestimating demand and producing poor supply

The voice of nursing

Through effective lobbying and strong engagement from members, we ensure the voice of nursing is always heard.

5,051 members accessed the pay calculator



101,000 viewed our video message to the chancellor



1,500 student bursary stories were collated and referenced in parliament



71,000 signatures were added to a petition demanding an end to the public sector pay cap (with 29,000 further signatures added in the first few days of 2017, securing a debate in Westminster)



forecasts, the Government has failed to use better pay as a way of improving retention or recruitment, despite the evidence that nurses choose agency working due to the higher salaries. As we set out to the Pay Review Body, the Government has saved £4.3bn from pay restraint. We argued that if pay is not addressed, the shortage is likely to get worse.

The RCN continues to play a leading role in improving future pay and conditions for members – in the NHS, in the ongoing four-country review of Agenda for Change, and in pay claims with independent sector providers, notably Nuffield, Huntercombe, Four Seasons and Brighter Kind.

Priority

Protect and promote the quality of nursing globally, including as a career. Develop and define standards, champion effective nursing policies and best practices, and shine a light on the causes of poor practice. Raise political and public awareness of the impact these have on health care quality and outcomes.

The RCN's vision for nursing education was refreshed in 2016 to meet current and future learning needs. The Education Forum international conference in March was well attended, and delegates gave excellent evaluations. Direct member engagement remains central to our work and is evident in consultation responses, such as on the future of funding for health care education in England. In Northern Ireland, a series of "taster" sessions were run for health care assistants, highlighting how the RCN can support them in delivering better care, and using our resources on *End of Life Care* and *First Steps for HCAs*.

In the political sphere, centenary receptions were held at the Speaker's House in Westminster and in the Scottish Parliament to promote the success of nursing to politicians and other stakeholders. We were also active in promoting nursing issues in all three parliamentary elections in the devolved nations. In Scotland, the RCN published *Five Years On*, a review of the transfer of prison health care to the NHS, which resulted in questions in the Scottish Parliament.

Work continued in 2016 to raise the profile of nursing and awareness of the issues affecting patient care. For example, the English regions worked with employers and the public to raise awareness of the agency cap and its impact on patients. A round table meeting involving NHS England Chief Executive Simon Stevens, Chief Nursing Officer Jane Cummings and directors of nursing across England was held to promote the nursing contribution to the Five Year Forward View. In Scotland, the Chief Nursing Officer has begun a programme to transform nursing roles and the RCN has had significant influence across all existing workstreams, in particular on the future of district nursing and advanced nursing

practice. Our work on targets and outcomes in Scotland has also prompted a national review of health and care targets by the Scottish Government.

At an international level, following the EU referendum the RCN joined the Cavendish Coalition, which brings together a cross-section of health and social care organisations. We also collaborated with the All-Party Parliamentary Group on Global Health on its review of nursing globally, and provided expert advice to the European Public Health Alliance for its work on antimicrobial resistance. Briefings and analysis have been produced on a number of international initiatives of interest in the UK health service, including Magnet hospitals, the Buurtzorg care model, international models of continuing professional development, and international care models relevant to England's Five Year Forward View vision.

The RCN International Centenary Conference took place at London's QEII Centre from 22 to 23 November, and brought together nursing staff and health care leaders from around the world. Keynote speakers included Khetsiwe Dlamini, Chief of Staff at UN Women; Dr Frances Hughes, CEO of the International Council of Nurses; Maureen Bisognano, President Emerita and Senior Fellow, Institute for Health Care Improvement; and James Campbell, Director of Health Workforce at the World Health Organization. The conference provided an opportunity to reflect on the past 100 years of nursing and prepare for the future. It focused on a wide range of topics, including nursing in the digital age, delivering person-centred care at home and military nursing.

Forums

More RCN members joined a forum in 2016, giving them an opportunity to share knowledge and best practice across all health care areas.

Total membership of RCN forums:

187,183
in 2015

193,680
in 2016

Fastest growing forums:

Forensic Nursing Forum **+42.4%**

Midwifery Forum **+28.9%**

Fertility Nursing Forum **+28.7%**

Priority

Provide continuing professional development resources to our members – across the range of care settings, and in alignment with members' trade union, professional, and educational needs. Support members providing and receiving education, and lobby for better access.

During 2016 the RCN developed resources to support the nursing profession with NMC revalidation. These included activist materials, revalidation publications, an online resource that was viewed 145,883 times in 2016, and intensive facilitation and support of regional and country revalidation events by RCN professional learning and development facilitators.

The RCN has created a four-country Professional Services offer and brand. The RCN Clinical Leadership Programme is now being run in NHS and independent sector organisations in England and Scotland, and there are plans to begin rollout in Wales. The new RCN Political Leadership Programme was piloted in London, Manchester and Scotland. RCN Wales and RCN Northern Ireland also ran successful Political Leadership Programmes during 2016.

In 2016, the RCN Centre for Professional Accreditation accredited 206 educational or continuing professional development courses or resources across the NHS, independent, pharmaceutical, higher education and professional body sectors.

In April we launched RCNi Learning, an online learning tool for students and qualified nurses, to support learning and revalidation needs. After extensive research with members and non-members, we then relaunched Nursing Standard and 10 specialist titles online and in print in June. A new and improved *RCN Bulletin* jobs board was launched online, connecting nurses with employers and making it as simple as possible for nurses to take the next step in their career. We also now deliver daily news alerts to over 100,000 registered users.

In October 2016, the RCN began the process of launching credentialing for Advanced Level Nursing Practice. We recruited a four-country cohort to test the infrastructure and models, with a view to delivering credentialing from April 2017.

RCN Professional Services

In 2016, we broadened our range of professional services in order to educate and develop health care professionals around the UK.

206 products and resources accredited

3 professional development initiatives launched

8 leadership cohorts trained

25 Advanced Level Nurse Practitioners assessed



The RCN held its first Nursing Sustainability conference in April, showcasing nurse-led initiatives designed to address climate change and sustainability challenges and reduce the financial and environmental costs of delivering care.

The Library and Archives team launched their five-year plan to support the RCN in delivering its Charter objectives on education. During the year, a total of 26,600 e-books were accessed, 136,994 journal articles were downloaded, and 3,102 people attended events. The RCN Scotland Learning Hub has continued to successfully deliver library and information outreach at NHS and care home workplaces during 2016, and across university campuses and events.

In Wales, the RCN delivered a diverse range of learning and showcasing events, engaging multi-sector key stakeholders at every level, stimulating debate and further consolidating our role as the voice of nursing in Wales. For example, Health Check Wales publicised the excellent work of health visitors in developing the Healthy Child Wales Programme and Wales Health Visiting Family Resilience Assessment Instrument Tool.

The RCN in Northern Ireland delivered a range of leadership, patient safety and performance management programmes, which are commissioned by the Department of Health and delivered free of charge to nurses working within health and social care trusts. We also deliver programmes for practice nurses and nurses working within the independent sector.

In Scotland, we continued to deliver the popular Supporting Better Care development programme for health care support workers in the NHS and care home sector, and successfully piloted a level 5 staff nurse leadership programme. In addition, we provided leadership development support to nurses on Scotland's new Integration Authority boards.

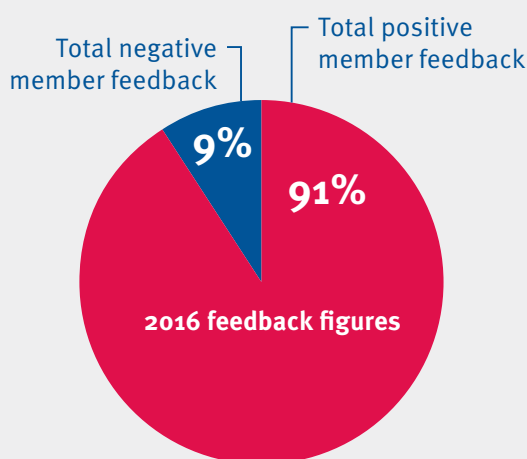
Priority

Continue to build an RCN organisational culture that champions diversity, places customer service at the heart of everything we do and recognises the need for efficiency and effectiveness in the way we do business.

Being an outstanding employer

The RCN's commitment to being an outstanding employer enables staff to provide the best possible service to our members.

RCN position in *The Sunday Times* 100 Best Not-for-Profit organisations:



At the start of 2016, for the sixth consecutive year the RCN was accredited as a Best Company to Work For and was once again recognised as a Top 100 Not-For-Profit employer – securing 10th position on the Sunday Times list. At the end of the year we received the news that we had again achieved Best Companies recognition for the forthcoming year, acknowledging that as an employer we are “outstanding”, with a strong focus on fair pay, reward, team work, management and pride in working for the RCN.

Health and wellbeing continues to form an integral part of our organisational culture, with the RCN's centenary year providing further impetus for this agenda. Staff engagement across the UK was particularly successful in the RCN Walk 100 initiative and centenary bake-off competition. Diversity was at the core of the wide range of activities that staff participated in both inside and outside work – meaning that there really was something for everyone to take part in.

RCN staff are constantly seeking to improve the service we provide to our customers and members, with our customer promise providing a strong commitment upon which we can be measured. Feedback from members demonstrates the effectiveness of this approach.

The newly revamped RCN website, which has been externally recognised, provides new ways for members and customers to engage with our services. It is a key component of our new service delivery model, which is focused on enhanced self-service and virtual functionality. With our new CRM system close to implementation, we will soon be able to deliver a more bespoke and efficient service.

The RCN continues to review and realign activity to meet organisational needs, ensuring that key performance indicators are developed and implemented in all service areas.

RCNi

We invested in updating our IT capabilities and automating business processes where possible. This ensures we can provide a robust infrastructure, and the necessary checks and balances, to underpin our health care information business. RCNi's financial transactional responsibilities were transferred to the RCN Finance team, eliminating duplication of effort and providing alignment between RCNi and RCN financial processes and procedures.

We rolled out the RCNi Values and Behaviours framework to all staff. Based on RCN competencies, our values are a commitment to the kind of organisation that we want to be, and our behaviours describe how we strive to approach our work and each other. RCNi staff also took part in the RCN Management Development Programme, and training was delivered to strengthen digital skills, communication, emotional resilience and performance management.

Priority

Work to challenge discrimination on all fronts – raising awareness of workplace discrimination, supporting whistleblowers and challenging their victimisation. Build the capacity of our accredited representatives, promoting and protecting their roles and working constructively with key employers to change workplace culture.

In February 2016, the RCN held the Building Better Partnership event, which brought accredited representatives and equality leads across England together to explore how best to strengthen partnership working and influence. The event had a clear focus on equality and inclusion, and specifically on challenging discrimination in the workplace. It covered good practice around working with the Workforce Race Equality Standard, the Equality Delivery System II and Cultural Ambassadors, and equipping accredited representatives with a better understanding of how they can work productively with internal employee networks.

We have also piloted some grassroots work to tackle discrimination at University College Hospital, as part of a wider partnership approach to equalities.

In July 2016 the RCN organised an Inclusive Leadership Event, which was aimed at executive nurse leaders across both the NHS and the independent sectors. The session brought these senior nursing leaders into contact with inclusion experts and prompted conversations about action planning, which was then followed up with ongoing support from our professional learning and development facilitators. The event was designed to help contribute to the development of a positive organisational culture that makes an explicit link between inclusion and delivering better patient experience and outcomes.

In terms of the patient care dimension, we published detailed guidance on caring for trans patients across a variety of health settings in July.

Support and representation

If a member encounters difficulties and needs advice, the RCN is there to provide expert support and representation.

Legal employment and regulatory cases

Employment cases opened
873

Regulatory cases opened
1,737

Total
2,610

Personal injury cases

Total personal injury cases opened
906

Employment relations

Enquiries
16,041

Cases opened
14,666

In December, RCN Council agreed a comprehensive equality and inclusion strategy for the period 2017-2020, to hasten and deepen the pace and scale of work in this area.

In 2016 we have reviewed our guidance for members on “whistleblowing” or raising concerns and escalation guidance for RCN staff. The guidance has been benchmarked by Public Concern at Work and endorsed by the organisation Patients First. It will be published in 2017. Complementary guidance for representatives is also planned and training for staff is being developed.

Priority

Strengthen our presence in the independent, private, voluntary, and other sectors – seeking higher membership numbers and ever more influential partnerships with employers.

The RCN has approximately 120,000 members who work in the independent sector. Of these, around 75% are registered nurses. There is greater potential to recruit health care assistants and assistant practitioners working in the independent sector, as this is a larger, mainly non-unionised workforce.

In 2016, staff and representatives continued to work hard to protect and improve members' pay terms and conditions and raise the profile of the RCN's activity in the independent sector. We continued to scope independent sector employers to provide information about relations with the RCN, recognition status, pay arrangements, key issues and challenges, and membership numbers as the basis for our organising activity.

In February, the RCN produced a strategy for "Fair Pay in the Independent Sector", which is aimed at eradicating low pay, promoting fair pay, and improving pay and reward benefits.

The RCN works to achieve these objectives by promoting the Living Wage as a base level of pay for care workers; negotiating for and promoting the Living Wage and fair pay; developing recognition agreements, including collective bargaining on pay and reward issues where appropriate; and building alliances, for example with the Living Wage Foundation, Citizens UK and national representative organisations for care providers such as Scottish Care and Care England.

In July we produced two new pay negotiation guides for RCN staff working with members in the independent sector: *A Brief Guide to Negotiation in the Independent Sector: Pay and Reward* and *Pay Negotiations: A Guide for RCN Negotiators in the Independent Sector*.

Independent sector

Our increasing membership and influence in the independent sector allows us to support all nursing staff, regardless of their employer.



27% of members are in the independent sector

10.47% of reps are in the independent sector

The RCN has over **50** working agreements or relationships with independent employers across the UK.

We started an "organising project" with a full-time lead, which is seeking to develop an organising model that supports partnership working with independent sector employers. The project is aimed at recruiting members and representatives, improving engagement with RCN campaigns, and maximising the use of RCN resources. We have been working with Partnerships In Care (PIC), BMI Healthcare, Four Seasons and Sue Ryder, and have established a number of pilot sites with each of these employers to test our approach. Early results are very encouraging in terms of both member and representative numbers and the relationship with the employer.

The RCN in Northern Ireland continues to address the major workforce and professional issues identified in the *Care in Crisis* report published in December 2015. We run a significant continuing professional development programme for members working in the independent sector.

In Scotland, the RCN has influenced the National Care Home Contract Reform Nursing Sub-Group in developing a strategy for the registered nurse workforce in care homes. This influencing work has involved a cohort of expert nurse members working in the care home sector and alliances with a range of new key partners, including the Care Inspectorate. RCN Scotland's outreach work with care homes has resulted in substantial growth in engagement with members in this sector.

RCN Foundation

The RCN Foundation had another busy year delivering its core programme of work. During 2016, the Foundation partnered with the RCN to establish the LampLight Support Service. This service seeks to provide a holistic model of support to those in greatest need, by providing income maximisation advice and financial grants. In total, 1,092 nurses, midwives and health care assistants were helped in 2016. The Foundation also continued to provide education grants and bursaries. The year was marked by a significant increase in demand, and therefore competition, for these grants. A total of £216,000 was distributed in education grants.

The Foundation also continued to fund strategic nurse-led projects that sought to deliver excellent patient care. As part of a continued focus on the care home sector, the Foundation of Nursing Studies was funded to develop an animated film supporting the revalidation process for nurses working in a care home setting. Importantly, the film was endorsed by the Nursing and Midwifery Council. During the year, two open calls were also issued for projects to develop nursing in care homes. These projects will be delivered in 2017, underlining the Foundation's ongoing commitment to improving nursing and care in this important sector.

Priority

Increase our income by marketing products and services built on our professional knowledge and reputation and use our commercial activities to strengthen and raise the profile of our brand and opportunities.

During 2016 the RCN developed a new commercial strategy aimed at increasing the proportion of income generated outside core membership subscriptions. RCN Council agreed the strategy at the end of the year, and set new targets for growing non-membership income over the next five years.

The strategy addresses one of the aims from the *RCN Strategic Plan 2013-18*: to increase our income by marketing products and services built on our professional knowledge and reputation. The aim is to build sustainable revenue streams by developing new trading activities and optimising existing trading, to minimise the risk of having a single dominant source of income.

In taking this strategy forward we will be working in a joined-up way across the RCN Group. Many of the opportunities will come from expanding what we currently do, including learning and development programmes, publications and brand licensing. We have recently recruited a new role of Business Director to take this work forward.

Financial review

The RCN Group is made up of RCN UK, a special registered trade union, RCNi, the RCN Foundation registered charity and the recently created subsidiary, RCN Holdco Limited. RCN Holdco Limited was created in 2015 and has entered into a Limited Liability Partnership (RCN Law LLP) providing personal injury claims to members.

The LLP Partnership commenced trading in April 2016, incurring mainly start-up costs giving rise to a small loss. RCN Holdco Limited's share of the loss was £(35)k. We expect to see a small profit in 2017 from this joint venture, which is forecast to grow year on year. RCN Holdco Limited receives a 65% share of the profits or losses from the LLP Partnership. However, RCN Holdco Limited and the other corporate partner, New Law Legal Ltd, have equal voting and decision-making rights.

The RCN Group statement of comprehensive income, statement of changes in equity, statement of financial position and statement of cash flows for the year ended 31 December 2016 are set out on pages 25, 26, 27 and 28.

These financial statements are presented in accordance with Financial Reporting Standard 102 (FRS 102), issued by the Financial Reporting Council and the Trade Union and Labour Relations (Consolidation) Act 1992. The RCN Group statements report the consolidation on a line-by-line basis of RCN UK, its trading subsidiary RCNi, the RCN Foundation and RCN Holdco Limited.



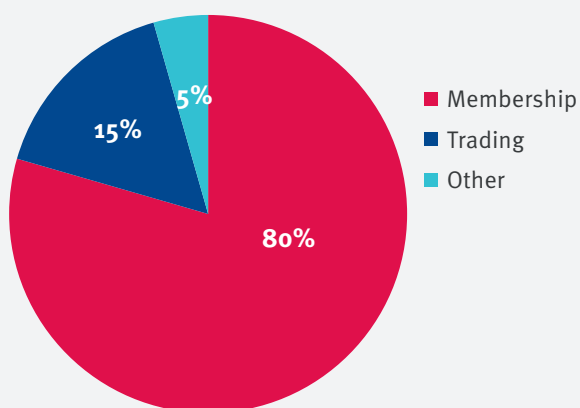
RCN Group results

The RCN Group results for the year ended 31 December 2016 report a surplus on ordinary activities before taxation of £10.2m (31 December 2015: £12.9m).

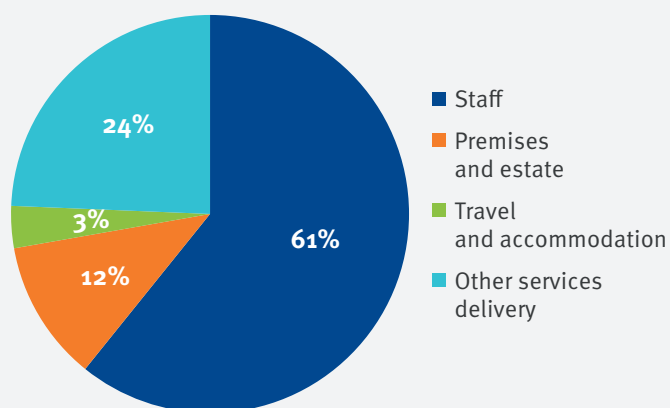
This was made up of:

- total income for the RCN Group for the year ended 31 December 2016 of £91.8m (31 December 2015: £89.4m), representing an increase of 2.6%
- total RCN Group expenditure for the year ended 31 December 2016 of £82.1m (31 December 2015: £80.5m), representing an increase of 1.9%

2016 income £92m



2016 expenditure £82m



The surplus on ordinary activities before taxation for the RCN Group excluding the charitable activities of the RCN Foundation was £10.4m, as stated in note 3.1.

Total income for the Group increased by £2.4m, primarily due to an increase in RCN subscription income driven by membership growth, along with RCNi increased revenue from personal journal subscriptions, exhibitor revenue at job fairs, RCNi Learning, the revalidation portfolio and face-to-face study days. We've also seen an increase in donations to the RCN Foundation in comparison with 2015. The RCN Group is forecast to increase income for 2017, via member recruitment and promotion of products and services, whilst embedding the new commercial strategy.

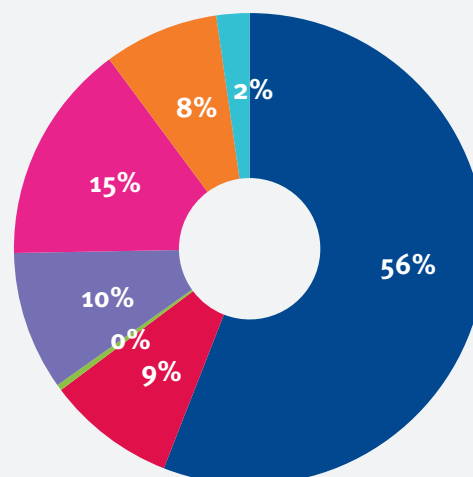
Group expenditure increased by £1.6m in the year due to RCN project delivery in office building works, celebrating the RCN's centenary year with members and staff, and investment across the Group in our Customer Relationship Management System (CRM) and RCN website. Investment has also been made in expanding the RCNi product portfolio.

RCN UK has entered its second year of reporting by products and services. The graph to the right represents RCN UK expenditure, split into products and services for the 2016 financial year.

A higher percentage of our expenditure was incurred on representation in 2016 in comparison to 2015. This is due to Nursing Midwifery Council legal representation and England regional officers representing members on cases focusing on their working terms and conditions. This is offset against a lower percentage of spend on legal indemnity cases for the current year. The latter is a result of a reduction in legal indemnity cases. Further information can be found in note 9 on page 38.

The RCN Group non-operating transactions for the year ended 31 December 2016 include investment income generated from investment assets held by RCN and the RCN Foundation. The RCN Group investment income for 2016 reported £2.4m. Further information can be found in note 4 on page 33.

2016 products and services



- Representation and member support
- Partnership working and collective representation
- Clinical negligence indemnity
- Education
- Professional advice, practice and support
- Shaping policy
- Research

The RCN Group defined benefit pension scheme liability at 31 December 2016 was £14.6m (31 December 2015: £40.4m). This reduction is partly due to our continued deficit payment plan and incorporation of an allowance for commutation of pension for cash at retirement (members of the scheme opting to take their pension early but at a reduced sum).

The actuarial valuation of the defined benefit scheme based on the position at 30 September 2016 will be finalised in December 2017. It is anticipated that this valuation will report an increase from the deficit reported in the last actuarial valuation as at 30 September 2013 due to adverse economic conditions.



The last valuation reported a deficit of £58.5m, resulting in annual deficit recovery payments of £3m rising by RPI annually, and a lump sum payment of £15m.

Council continues to be committed to reducing the deficit. Cash balances and reserves have been purposefully grown to ensure the RCN is in a position of strength when negotiating the outcome of the 2016 actuarial valuation and continues to adequately fund the scheme without compromising the services it provides to its members and other stakeholders. Further details of pension scheme matters can be found in note 15 of the financial statements. The full pension scheme deficit is recognised in the RCN UK balance sheet, although RCNi, which has staff members in the scheme, contributes to the annual deficit payment.

The non-charitable assets of the RCN Group as at 31 December 2016 were £76.2m, compared to £36.5m in the prior year.

The total net assets of the RCN Group, including the effect of the RCN Pension Scheme deficit, increased from 65.8m to £107.7m. This includes charitable funds of the RCN Foundation of £31.6m (31 December 2015: £29.2m), which are not available for general use.

The RCN Group is considered to have sufficient resources to meet its obligations as they fall due for at least 12 months after the signing of the financial statements and there is no indication that the Group would not be able to operate as a going concern for the foreseeable future.



Managing our risks

The RCN's risk management framework is used to test the organisation's key decisions and influence the use of its resources. Risks are assessed monthly with details captured on local risk registers. The Group risk register is reviewed quarterly by Council with input from the Audit and Business Committees to ensure that adequate measures are in place to manage the identified risks.

Risk appetite is the amount and type of risk that an organisation is willing to take in order to meet its strategic objectives. We have a range of appetites for different risks and these are set out below.

The tolerances for each key risk category are:

Financial

Appetite for risk: low

In order to maintain its long-term financial viability and overall financial strength, the RCN manages its financial risk by aiming to:

- retain net assets of £20m
- retain cash funds (excluding investments) of £5m
- retain an operating surplus of £1m
- reduce reliance on membership subscription income, with a growing percentage of our income coming from other sources
- achieve a minimum £1m annual investment income
- secure a minimum annual dividend from RCNi of £450,000
- achieve a maximum annual increase in staff costs of 2%.

These key financial indicators take priority over the following risk areas.

Major change activities

Appetite for risk: low to medium

Major change activities (e.g. delivering our new service model and commercial strategy) are managed according to best practice. While we have a low appetite for risk in this area, we do recognise that change is necessary and are therefore willing to accept the inherent risk associated with change.

People and culture

Appetite for risk: low

The RCN aims to:

- value, support and develop the full potential of its staff, and monitors these objectives through the robust annual performance review process
- nurture a culture of equality and inclusion, dignity and respect
- protect the health, wellbeing and safety of staff and visitors.

We value our position in the *Sunday Times 100 Best Companies To Work For* and our Gold status in Investors in People and have a low appetite for any deviation from standards in these areas.

Partnerships and collaboration

Appetite for risk: medium

The RCN believes that working in partnership and collaboration with other royal colleges and trade unions will continue to enhance our reputation and profile as the voice of the nursing profession. This is done by making significant contributions through relationships in research, practice and policy development, education, knowledge exchange and operational activities.

The RCN recognises the increased degree of risk inherent in such relationships.

Compliance

Appetite for risk: low

The RCN places great importance on compliance and has no appetite for any breaches of statute, regulation or professional standards, or for bribery or fraud. We have a low appetite for risk relating to actions that may put our standing in society and with our stakeholders in jeopardy.

Reputation

Appetite for risk: low

It is critical that we preserve the RCN's good reputation, and we therefore have a low appetite for risk in the conduct of any activity that may put this reputation in jeopardy.

Membership

Appetite for risk: low

The RCN wishes to continue to grow its membership and in particular the percentage of its active members, and the recently completed member research exercise will inform our future work in this area. As a trade union it is the RCN's role to ensure fair and effective representation of members. The RCN recognises that changes to the way we relate to members will involve an increased degree of risk, and that our role as a trade union may involve a significantly increased degree of risk.

Commercial and brand

Appetite for risk: medium

The aim of our commercial strategy is to develop plans to diversify the sources of our income from commercial

activities (in addition to RCNi) within four years, by marketing products and services built on our professional knowledge and reputation. The commercial strategy will support our ambition to be at the leading edge in the development and delivery of nursing practice, quality and standards; and the design of safe practice, nursing education, and public health and social care policy. The RCN recognises that this may involve an increased degree of risk.

Member service and experience

Appetite for risk: low

The RCN values its membership of the Institute of Customer Service and strives to provide an excellent service to its members, meeting two-day response times and achieving low levels of complaints. The RCN has a low appetite for deviating from that standard.

Principal risks

Only one of our principal risks has been identified as too high:



The deficit on the RCN Staff Pension Scheme has been assessed as beyond our tolerance for acceptable risk-taking and further actions are in place to reduce the scheme deficit in line with the agreed recovery plan.

Six further risks have been assessed as being lower but still significant. They are formally monitored on a quarterly basis by the Audit Committee and Council to ensure our detailed mitigation plans progress. These relate specifically to:



the complexity and scale of interdependency of our current change programme



our plans to optimise our value and collective strength as a group



our priority to strengthen our royal college and trade union standing



our ongoing challenge to recruit accredited representatives and other active members to further member engagement and visibility



our dependence on our IT infrastructure to operate effectively



our IT strategy and the risk of a significant data breach.

These risks are not the only ones on our risk register. There are some risks considered to be less material in the "green zone".

Over the past year we have carried out a full review of our risk process and documentation, and as a result there is no direct comparison with the previous year.

As we develop our strategy and business plan new risks emerge and we update our risk registers and mitigation activities. Our risk framework helps us to identify those emerging and changing risks.

Environmental and social review

Supporting the health and wellbeing of RCN staff remains a key priority, and the RCN continued to provide a range of activities aimed at enhancing wellness both inside and outside the workplace throughout 2016.

The RCN has an investment portfolio to help ensure we remain financially strong as an organisation and can maintain our subscriptions as low as possible and at the same time continue to achieve our mission and meet members growing needs.

We held our first governance webinar on our approach to our investments. The purpose was for members to help inform how and where the RCN invests its money in the future and to explain how we currently balance our investment objectives with our organisational values.

The consultation with members is ongoing and the Council will be reviewing our values statement and statement of investment principles in 2017 in light of the feedback from members.

The RCN has enhanced its corporate and social responsibility (CSR) activity across a range of areas. For example, we are fulfilling our commitment to the Armed Forces Covenant through recruitment and selection practices and embracing our Giving Something Back agenda by adopting Age UK as our

annual charity. We encouraged staff to deliver 100 Acts of Kindness in our 100th year, and supported them to take time out to support and fundraise for the RCN Foundation through the RCN Walk 100 initiative. CSR principles are applied across various areas of our estate, including procurement; for example, we seek to use suppliers that share our “green” values.

In our talent attraction and retention activities, we have continued to focus on recruiting the right people to the organisation through increasingly cost-effective and diverse channels. We have supported our staff to grow and develop throughout their time with us, including successful programmes aimed at our managers, future leaders and front-line staff. We also arranged a “Happy at 100” conference in 2016, which brought together 250 staff from across the RCN.

Work relating to our property strategy in 2016 saw us complete the refurbishment and extension of the ground floor in RCN Wales’s headquarters, replace the roof coverings at RCN Scotland’s headquarters, and fit out and move the West Midlands regional office. At our London headquarters, we reconfigured the helpdesk area in the library and completed the change from analogue to digital lighting controls. We also undertook pre-contract planning for the project to refurbish the outside of the headquarters building, a project that is anticipated to commence in mid-2017.



Thank you to our supporters

We would like to express our warmest thanks to the companies listed below, for their substantial support of the RCN in 2016. The same thanks go to all the other companies, groups and individuals – far too numerous to list here – who help to make our work possible.

Bayer PLC	Lighthouse Financial Advice	People Make Glasgow
Bio-Oil	LV = Liverpool Victoria	Primary Care People
Defence Medical Services	Medtronic	Revalidation Safe
Dorset HealthCare University NHS	National Institute for Health	Seca Ltd
Exemplar Health Care	Research	Standex Systems Ltd
Foundation Trust	Newcross Medical	Stryker Uk Ltd
GSK	NHS Blood and Transplant	Total Mobile
Healthcare Improvement Scotland	NHS Employers	University of Edinburgh
Hotboard by Ward-Hendry	NHS England	Vauxhall Motors Ltd
iMDsoft	NHS Health Scotland	Visit Scotland
Interact Medical	NHS Improvement	Wiley
Johns Hopkins Aramco Healthcare	Norgine Pharmaceuticals Ltd	
Company (JHAH)	Nuffield Health	
Leeds & York Partnership NHS	PaxVax	

The RCN also would like to thank Rachel Armitage, Deepa Korea, the boards and trustees of RCNi and the RCN Foundation and all of their staff for their tireless work for the RCN Group.

Reference and administrative details

Registered office

20 Cavendish Square, London W1G 0RN

Company registration number: RC000459

Trade Union list number: 528T

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

Deloitte LLP

Chartered Accountants and Statutory Auditors

2 New Street Square, London EC4A 3BZ,

United Kingdom

Investment managers

Sarasin & Partners LLP

Juxon House, 100 St Paul's Churchyard,

London EC4M 8BU

Lawyers

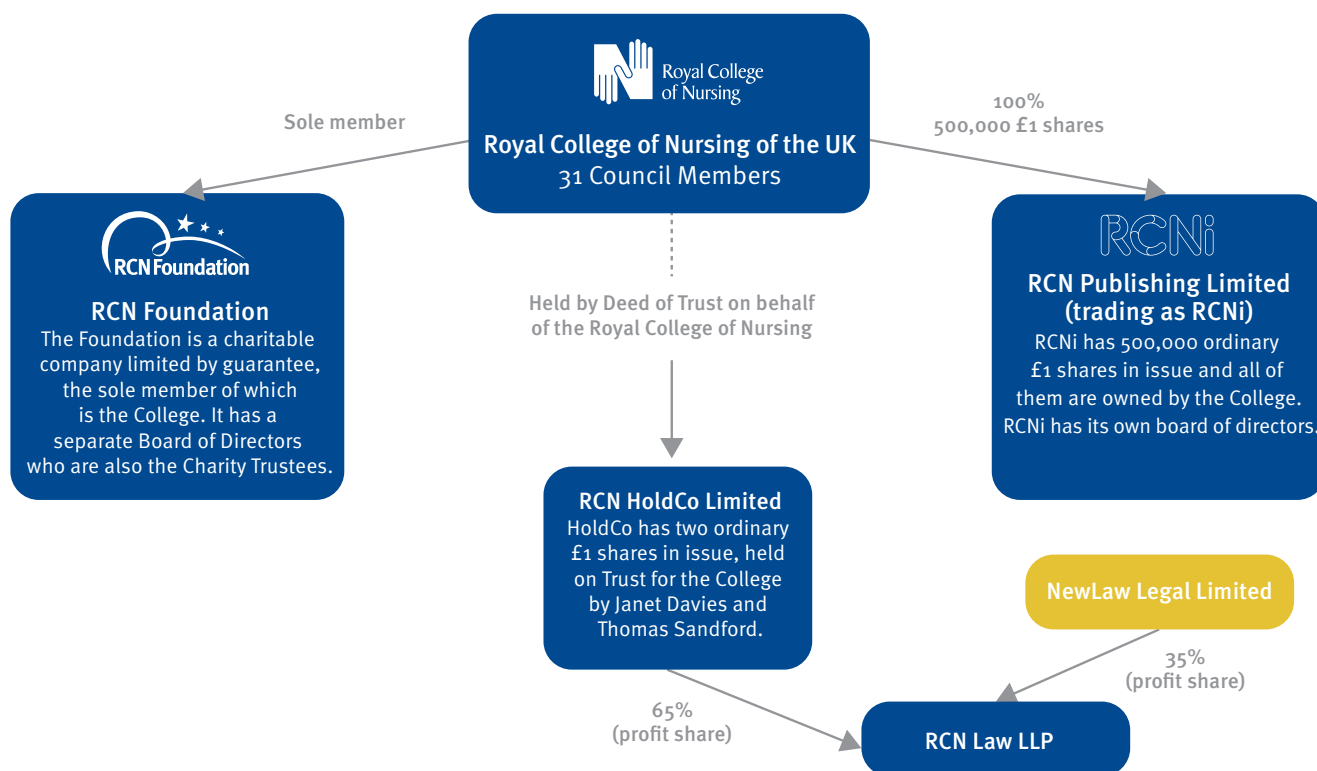
Bates Wells and Braithwaite LLP

10 Queen Street Place, London EC4R 1BE

Chief Executive & General Secretary

Janet Davies, FRCN

Royal College of Nursing Group structure and relationships



RCN Council, meeting in Birmingham on 8 December 2016

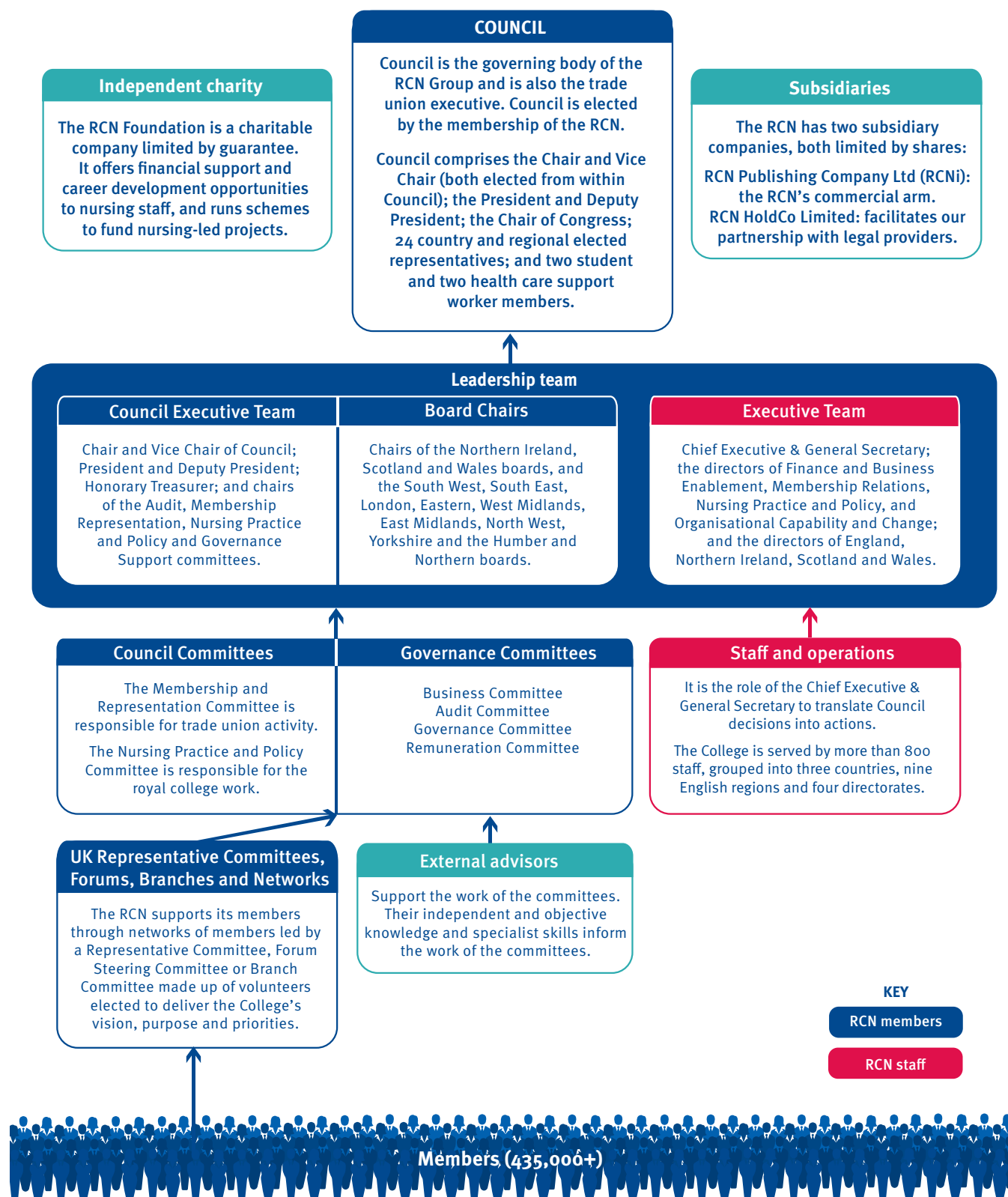
Left to right: **Richard Jones MBE** (Wales), **Trevor Peel** (Northern), **Anne Kennedy** (Yorkshire and the Humber), **Carol Popplestone** (Yorkshire and the Humber), **Elspeth Caithness** (Scotland), **David Cardwell** (Health Practitioner), **Sylvia Duval** (Student), **Siobhan Donald** (Northern Ireland), **Trevor Allen** (Eastern), **Michael Brown** (Chair), **Carol Evans** (Eastern), **Cecilia Anim CBE** (President), **Gill Cort** (East Midlands), **Cynthia Davis** (London), **Vicky Brotherton** (South West), **Tracey Budding** (West Midlands), **David Miller** (East Midlands), **Maria Trewern** (South East), **Dave Dawes** (North West), **Sylvia Simmons** (South East), **Lors Allford** (Vice Chair), **Fiona Devlin** (Northern Ireland), **Dr Matthew Hodson MBE** (London), **Gordon Lees** (Northern), **Sue Warner** (West Midlands), **Professor Janet Marsden FRCN** (North West)



Council members not pictured: **Kathryn Davies** (Student), **Gaynor Jones** (Wales), **Stuart McKenzie** (Chair of Congress), **Brian Murphy** (Health Practitioner), **Professor Rod Thomson FRCN** (Deputy President)

Royal College of Nursing Group structure

The Royal College of Nursing is a corporate body established by Royal Charter. It is one of a small number of special register trade unions allowed to have a corporate status. The College is the parent of the RCN Group with control over the RCN Foundation, RCN Publishing Limited (RCNi) and RCN HoldCo Limited.



Statement of Council members' responsibilities

The Council members are responsible for preparing the report of Council and the financial statements in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the Trade Union and Labour Relations (Consolidation) Act 1992.

The Trade Union and Labour Relations (Consolidation) Act 1992 requires the Council members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the organisation. In preparing these financial statements, the Council members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the organisation will continue in business;
- prepare an annual return to the Certification Officer; and
- provide members of the RCN with financial statements for each year.

The Council members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the organisation and enable them to ensure that the financial statements comply with the Trade Union and Labour Relations (Consolidation) Act 1992 and the Royal College of Nursing of the United Kingdom's standing orders. They are also responsible for safeguarding the assets of the organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council members are responsible for the maintenance and integrity of the organisation and financial information included on the organisation's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Michael Brown
Chair of Council

Independent auditor's report to the members of the Royal College of Nursing of the United Kingdom

We have audited the financial statements of the Royal College of Nursing for the year ended 31 December 2016 which comprise the Group and College Statement of Comprehensive Income, the Group and College Statement of Changes in Equity, the Group and College Statement of Financial Position, the Group Statement of Cash Flows and the related notes 1 to 24. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Council members' responsibilities, the Council members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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.

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 the College'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 non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 of the College's affairs as at 31 December 2016 and of the group and College's surplus 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 College's transactions and its assets and liabilities; or
- the College has not established and maintained a satisfactory system of control over its accounting records, cash holdings and all receipts and remittances; or
- the financial statements do not agree with the accounting records; or
- we have not received all the information and explanations we require for our audit.



Reza Motazedi (Senior statutory auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

Date: 4 April 2017



Financial statements

Statement of comprehensive income for the year ended 31 December 2016

	Note	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
Income					
Membership income	3	73,440	71,818	73,440	71,818
Trading income		–	–	14,243	13,906
Other income	3	4,150	3,908	4,157	3,653
Total income		77,590	75,726	91,840	89,377
Expenditure					
Staff costs	8	44,336	43,770	50,242	49,610
Premises and estate costs		9,063	7,660	9,471	9,400
Travel and accommodation		2,812	2,863	2,827	3,012
Other service delivery costs		11,565	12,202	19,575	18,499
Total expenditure	9	67,776	66,495	82,115	80,521
Operating surplus		9,814	9,231	9,725	8,856
Investment income	4	1,398	1,181	2,399	2,171
Net realised gains on investments	11	1,402	1,002	1,965	1,621
Dividends received from subsidiary	5.1.b	356	611	–	–
Foreign exchange (losses)/gains on investments		(3,138)	91	(3,831)	206
Surplus on ordinary activities before taxation	2	9,832	12,116	10,258	12,854
Taxation	7	–	–	(67)	(61)
Surplus on ordinary activities after taxation and surplus for the financial period		9,832	12,116	10,191	12,793
Actuarial gains on defined pension scheme	15.2	23,949	8,598	23,949	8,598
Revaluation reserve adjustment	19	(63)	(64)	(63)	(64)
Net unrealised gains/(losses) on fixed asset investment	11	5,721	(544)	7,884	(1,273)
Total comprehensive income for the period		39,439	20,106	41,961	20,054
Reserves brought forward		32,321	12,215	65,776	45,722
Reserves carried forward		71,760	32,321	107,737	65,776

All the above results derive from continuing operations. There is no difference between the surplus on ordinary activities before tax for the periods stated above and the historical cost equivalent.

Notes on pages 29 to 53 form part of these financial statements.

Statement of changes in equity for the year ended 31 December 2016 | RCN UK

	Revaluation reserve £'000	Accumulated funds £'000	Pension reserve £'000	Total funds £'000
Accumulated funds at 1 January 2016	2,181	70,507	(40,367)	32,321
Surplus in period	–	7,999	1,833	9,832
Other comprehensive income	(63)	5,721	23,949	29,607
Accumulated funds at 31 December 2016	2,118	84,227	(14,585)	71,760

Statement of changes in equity for the year ended 31 December 2016 | RCN Group

	Reserves for charitable purposes £'000	Revaluation reserve £'000	Accumulated funds £'000	Pension reserve £'000	Total funds £'000
Accumulated funds at 1 January 2016	29,228	2,181	74,734	(40,367)	65,776
Surplus in period	153	–	8,205	1,833	10,191
Other comprehensive surplus in period	–	–	5,686	–	5,686
Other comprehensive income	2,198	(63)	–	23,949	26,084
Accumulated funds at 31 December 2016	31,579	2,118	88,625	(14,585)	107,737

Statement of financial position as at 31 December 2016

	Note	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
Fixed assets					
Property, plant and equipment	10	22,903	22,573	23,306	22,940
Intangible assets	10.3	–	–	8	–
Long term financial assets	11.1	57,521	50,525	87,295	78,225
Investment in joint venture	5.2	–	–	(35)	–
Total		80,424	73,098	110,574	101,165
Current assets					
Inventory		37	16	37	16
Debtors and prepayments	12	2,035	2,445	3,045	3,989
Short term financial assets	11.2	–	3,004	1,000	4,006
Short-term deposits	17	17,735	9,777	22,017	13,003
Cash at bank and in hand	17	92	124	1,311	1,138
Total		19,899	15,366	27,410	22,152
Creditors — amounts falling due within one year					
Creditors and accrued charges	13.1	(9,133)	(8,773)	(10,712)	(10,114)
Net current assets		10,766	6,593	16,698	12,038
Total assets less current liabilities		91,190	79,691	127,272	113,203
Provisions for liabilities and charges	13.2	(4,845)	(7,003)	(4,950)	(7,060)
Net assets (excluding pension scheme liability)		86,345	72,688	122,322	106,143
Defined benefit pension scheme liability	15.2	(14,585)	(40,367)	(14,585)	(40,367)
Net assets (including pension scheme liability)		71,760	32,321	107,737	65,776
Represented by:					
Revaluation reserve	19	2,118	2,181	2,118	2,181
Accumulated funds	19	84,227	70,507	88,625	74,734
Reserves excluding reserves for charitable purposes and pension liability		86,345	72,688	90,743	76,915
Pension reserve	15.2	(14,585)	(40,367)	(14,585)	(40,367)
Total reserves excluding reserves for charitable purposes		71,760	32,321	76,158	36,548
Reserves for charitable purposes	6.2	–	–	31,579	29,228
Total reserves		71,760	32,321	107,737	65,776

Notes on pages 29 to 53 form part of these financial statements.

The financial statements were approved by Council on 4 April 2017.



Michael Brown
Chair of Council



David Dawes
Honorary Treasurer



Janet Davies
Chief Executive & General Secretary

RCN Group statement of cash flows for the year ended 31 December 2016

	Note	31 December 2016 £'000	31 December 2015 £'000
Surplus from operating activities		9,725	8,854
Depreciation		2,649	2,499
Write off property, plant and equipment		–	(4)
Net realised investment gains		(1,866)	(1,825)
Taxation		(67)	(61)
Total pension contributions less current service and finance costs		(1,833)	(5,493)
Revaluation reserve adjustment		(63)	(64)
Increase in inventories		(21)	(7)
Decrease/(increase) in debtors		944	228
(Decrease)/increase in creditors		598	744
Decrease in provisions		(2,110)	(2,229)
Net cash generated from operating activities	18	7,956	2,642
Investing activities			
Interest received	4	2,399	2,171
Purchase of property, plant and equipment and intangible assets		(5,823)	(3,228)
Acquisition of financial assets		(31,167)	(46,589)
Disposal of financial assets		34,573	37,496
Decrease in financial asset cash		1,249	1,009
Net cash inflow/(outflow)		9,187	(6,499)
Management of liquid resources		(9,014)	6,700
Decrease in cash		(173)	(201)
Cash and cash equivalents at beginning of year		14,141	20,639
Cash and cash equivalents at end of year		23,328	14,141
Components of cash and cash equivalents			
Cash		1,311	1,138
Cash equivalents		22,017	13,003
Total		23,328	14,141

Notes to the financial statements

1. Accounting policies and assessment of going concern

The consolidated financial statements presented show the consolidated statement of comprehensive income, statement of changes in equity, statement of financial position and the statement of cash flows of the RCN Group for the year ended 31 December 2016.

The RCN Group financial statements consolidate the accounts of the RCN UK, RCN Foundation and RCN UK's wholly owned trading subsidiary RCNi. The transactions of the RCN UK include amounts relating to activities as a Trade Union registered under the Trade Union and Labour Relations (Consolidated) 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.

These accounts are prepared on the going concern basis. The Council considers that there are no material uncertainties about the Royal College of Nursing's ability to continue as a going concern and the Council members have a reasonable expectation that the RCN Group has adequate resources in operational existence to meet obligations as they fall due for at least 12 months from the date of signing and beyond. The most significant areas of adjustment and key assumptions that affect items in the accounts are to do with financial asset investments and pensions. With respect to the next reporting period 2017, the most significant area of uncertainty that affect the carrying values of assets held by the Royal College of Nursing are external economic factors.

a. Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments at market value, and are in accordance with the Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. There were no material departures from that standard. The financial statements are prepared in Sterling and rounded to the nearest £'000.

The financial statements have been prepared 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 and other income is apportioned between representation activities and other college activities in line with expenditure.

Revenue grants for specific purposes in the Foundation are recognised when measured reliably and on receipt as restricted income. Legacy income is accrued when the amount can be measured reliably, the receipt of the funds is probable and entitlement 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. Accrued income

Incoming resources are accrued and included in the income and expenditure accounts when there is a probably future economic benefit that can be reliably measured.

e. Basis of consolidation

The RCN Group financial statements consolidate the accounts of the RCN UK, RCN Foundation, RCN Holdco Limited and RCNi on a line-by-line basis.

f. 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 cost incurred by the RCN of running the staff pension schemes. 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.

1. Accounting policies and assessment of going concern (continued)

f. Expenditure (continued)

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 Congress.

g. Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial performance date and the amounts reported for income and expenditure during the year. However, the nature of the estimates means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on the amounts recognised in the financial statements.

Pensions

The RCN UK operates defined benefit and defined contribution schemes.

Defined benefit pension schemes

Pension asset and liabilities are recorded in line with FRS 102, with scheme valuations undertaken by independent actuaries. FRS 102 measures the value of pension assets and liabilities at the statement of financial performance date and determines the benefits accrued for the year and the interest on assets and liabilities.

Since 1 June 2007, the RCN UK offered its employees a defined benefit career average pension scheme, relating to salary and service. This scheme was closed to new entrants on 31 October 2013. Existing active members can continue to contribute to the scheme, albeit with reduced benefit accruals going forward. Prior to June 2007 the scheme offered was a defined benefit final salary scheme.

For defined benefit schemes, the amount charged to the statement of comprehensive income in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the period, adjusted to reflect variations from that cost. Current and past service costs and net interest 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 statement of comprehensive income under incoming resources.

Actuarial gains and losses arising from new valuations and from updating valuations to the statement of financial position date are recognised in the statement of comprehensive income 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 the data used is updated to reflect current conditions at each statement of financial position date. The pension scheme assets are measured at bid value. The costs, assets and liabilities of the defined benefit schemes operating by the Group are determined using methods relying on actuarial estimates and assumptions. Details of the key assumptions are set out in note 15. The resulting pension scheme deficit is included on the statement of financial position. A pension scheme asset is recognised on the statement of financial position 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 statement of financial position date.

Defined contribution pension scheme

Since 1 November 2013 the RCN UK offers its employees a defined contribution pension scheme. The scheme has three levels of employee and employer contribution. This scheme is used to fulfil the auto enrolment obligations. All new employees and those not in the deferred benefit scheme are automatically enrolled into the lowest contribution level. Once in the scheme employees can opt to move to a higher level of contribution. Please see note 15.1 for more information. All employer contributions made to the scheme are charged to the statement of comprehensive income as incurred.

Legal provision

The Group reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. However, legal indemnity fluctuates with changes in the status of legal cases that can be unforeseen, giving rise to estimation uncertainty. The uncertainty is linked to the progress of cases and the percentage likelihood of success.

1. Accounting policies and assessment of going concern (continued)

Reorganisation

The provision for restructuring has a lower degree of uncertainty and is likely to be realised within three months of signing the accounts.

Dilapidations

Similarly the provision for dilapidations has a lower degree of uncertainty but amounts are subject to changes in wear and tear of leasehold properties and negotiations with landlords.

h. Irrecoverable Value Added Tax

Irrecoverable Value Added Tax is expensed in the related income and expenditure accounts.

i. 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 by the statement of financial position date.

j. Deferred tax

Deferred taxation is recognised in respect of all timing differences that have originated, but not reversed at the statement of financial position 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 statement of financial position date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion for gains and losses in tax assessments in periods difference from those in which they are recognised in the financial statements.

k. Property, plant, equipment and intangible assets

Property, plant and equipment are included at cost except the long leasehold building of 20 Cavendish Square, which is held at the revalued amount. The re-valued book amounts have not been updated as the RCN UK has adopted the transitional arrangement under FRS 102, and continues to take the existing revaluation as the deemed cost. The long leasehold property of UK headquarters was revalued on 31 March 1997 on an open market basis by Drivas Jonas, Chartered Surveyors.

Expenditure in the RCN UK of a capital nature over £1,000 is capitalised as Property, plant and equipment. Expenditure in RCNi of a capital nature over £500 is capitalised as Property, plant and equipment. Minor items of furniture and equipment below £1,000 (£500 for RCNi) are charged to the income and expenditure account in the year of purchase.

l. 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.

Freehold buildings	50 years
Leasehold improvements	50 years or based on expected economic life of works done, or the period of the lease if less
Components:	
— Equipment	5 years
— External works	20 years
— Library works	20 years
— Other works including electrical and mechanical works	10 years
Computer software	5 years
Computer equipment	3 years (included in furniture and equipment in note 10)
Furniture and other equipment	5 years

m. Impairment of Property, plant and equipment

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.

n. Financial assets

Financial assets 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. Financial assets purchased as part of treasury management, which are intended to be held for less than one year are shown as short term deposits; financial assets held to generate longer term income and capital growth are shown within property, plant and equipment. Realised gains and losses are charged to the income and expenditure account; unrealised gains and losses are charged to other comprehensive income. Foreign currency transactions within the investment portfolio are recorded at the exchange rate ruling on the date of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Income and Expenditure account.

Investments in subsidiaries are stated at cost less provision for any impairment. Impairments are charged to the income and expenditure account. The investment in RCN Holdco Limited is valued at its original cost, adjusted at the reporting date for the RCN Group's share of the loss recognised by RCN Law LLP. This has been treated as an unrealised loss on the investment, as a profit is expected in 2017.

1. Accounting policies and assessment of going concern (continued)

o. Leasing

Assets held under leasing arrangements which transfer substantially all the risks and rewards of ownership to the RCN Group are capitalised as fixed assets at the fair value of the leased asset. 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 on a straight-line basis over the term of the lease.

p. 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).

q. 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 account in the accounting period in which they are incurred under representation activities. 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. Information received after the statement of financial performance date is considered when measuring provisions and where new information is material, provisions are re-measured.

r. Financial Instruments

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

2. Surplus on ordinary activities

Surplus on ordinary activities is stated after charging:

	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
Depreciation	2,444	2,390	2,649	2,499
Operating leases:				
Land and buildings	1,036	919	1,201	1,110
Other leased assets	182	179	188	193
Auditors' remuneration:				
Audit services	102	97	114	105

3. Income — RCN UK

	Representation activities £'000	Other college activities £'000	Total 31 December 2016 £'000	Total 31 December 2015 £'000
Membership income	47,869	25,571	73,440	71,818
Other income	2,705	1,445	4,150	3,908
Total	50,574	27,016	77,590	75,726

Representation is defined as relating to Trade Union activities.

Membership and other income is split — 65.18% representation and 34.82% other college activities in line with expenditure. See note 9 for basis of allocation.

3.1. Group results less charitable activities

Total RCN Group results less RCN Foundation charitable activities before taxation were equal to £10.4m (31 December 2015: £13m).

4. Investment income

	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
UK equities	283	261	748	1,182
Overseas equities	730	510	995	571
UK fixed interest	378	398	646	398
Bank interest	7	12	10	20
Total	1,398	1,181	2,399	2,171

Investment income is split — 54% representation (£757,000) and 46% other college activities (£641,000) in line with investment holdings. See note 18 for allocation of investment assets.

5. RCN UK trading subsidiary undertakings

5.1.a Trading results (RCNi)

RCNi is a publisher of nursing journals. RCNi is incorporated in the United Kingdom and wholly owned by the Royal College of Nursing of the United Kingdom. Details of the trading activities are set out below.

	RCNi 31 December 2016 £'000	RCNi 31 December 2015 £'000
Income	14,870	14,472
Costs	(14,225)	(13,617)
Profit	645	855
Taxation	(67)	(61)
Profit after tax	578	794

5.1.b Summarised statement of financial position RCNi

	RCNi 31 December 2016 £'000	RCNi 31 December 2015 £'000
Property, plant and equipment and intangible assets	363	318
Current assets	5,640	5,364
Creditors: falling due within one year		
Creditors and accrued charges	(1,820)	(1,737)
Provisions for liabilities and charges	(101)	(85)
Total net assets	4,082	3,860
Capital and reserves	4,082	3,860
Ordinary share capital held by the RCN UK (£) is:	500,000	500,000

During the year a dividend was paid from RCNi of £356,000 (31 December 2015: £611,000).

5.2. RCN Holdco Limited

RCN Holdco Limited does not trade directly but is a member of a jointly-controlled entity, RCN Law LLP, which provides legal services to members of the Royal College of Nursing.

	RCN Holdco Limited 31 December 2016 £'000	RCN Holdco Limited 31 December 2015 £'000
Investment in joint venture	(35)	–
Total net liabilities	(35)	–
Capital and reserves	(35)	–

The trading subsidiary RCN Holdco Limited reported in the table above is wholly owned by shareholders on trust for the Royal College of Nursing of the United Kingdom.

6. RCN Foundation

RCN UK is the sole member of the RCN Foundation. RCN Foundation is a charitable company providing grants that supports nursing to improve health and well-being of the public.

6.1. Summarised statement of financial activities

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

	RCN Foundation 31 December 2016 £'000	RCN Foundation 31 December 2015 £'000
Income and endowments	1,524	1,192
Expenditure	(1,241)	(1,337)
Net gains on investment	2,068	4
Net movement in funds	2,351	(141)

6.2. Summarised balance sheet of RCN Foundation

	RCN Foundation 31 December 2016 £'000	RCN Foundation 31 December 2015 £'000
Tangible property, plant and equipment	48	48
Investments	29,773	27,700
Current assets	2,190	1,916
Creditors: falling due within one year		
Creditors and accrued charges	(372)	(436)
Total assets less current liabilities	31,639	29,228
Creditors due after more than one year	(60)	–
Total net assets	31,579	29,228
Revaluation reserve	3,665	1,471
Other funds	27,914	27,757
Reserves	31,579	29,228

7. Taxation note

Taxation on surplus on ordinary activities

	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
UK corporation tax				
Current tax on surplus for the period	–	–	61	–
Adjustments in respect of prior years	–	–	–	(20)
Total current tax	–	–	61	(20)
Deferred tax				
Movement in period	–	–	5	81
Taxation on surplus on ordinary activities	–	–	66	61

The tax assessed for the period is higher (31 December 2015: higher) than the main rate of corporation tax in the UK.

7. Taxation note (continued)

The differences are explained below:

	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
Surplus on ordinary activities before tax	9,765	12,116	10,197	12,852
Surplus on ordinary activities at the main rate of corporation tax in the UK of 20% (December 2015: 20.25%)	1,953	2,454	2,033	2,602
Sundry timing differences	247	231	247	231
Expenses not deductible for tax purposes	13,316	12,253	13,366	12,391
Group relief (claimed)/surrendered	58	97	–	–
Adjustments in respect of prior periods	(560)	(461)	(560)	(461)
Deferred tax not recognised	(170)	130	(170)	130
Change in tax rates	–	56	(3)	52
Group income	(71)	(124)	(71)	(124)
Non-taxable income	(14,773)	(14,636)	(14,773)	(14,740)
Adjustments to tax charge in respect of previous periods	–	–	(3)	(20)
Income covered by tax exemptions	–	–	–	–
Current tax charge	–	–	67	61

Deferred tax asset balance

The RCN Group has a deferred tax asset arising from timing differences as set out below, shown at 17% rate for the current year (31 December 2015: 18%).

	31 December 2016 £'000	31 December 2015 £'000
Analysis of deferred tax asset		
Excess of capital allowances over depreciation	(44)	(37)
Short-term timing differences	11	12
Pension provision	–	–
Carried forward as at period end	(33)	(25)

There are also unrecognised deferred tax assets totalling £394,000 in respect of tax losses, fixed asset timing differences and other short term timing differences in relation to the Royal College of Nursing. RCN Holdco Limited has an unrecognised deferred tax asset of £4,000 in respect of tax losses.

8. Staff costs — RCN Group

	31 December 2016 £'000	31 December 2015 £'000
Wages and salaries	39,356	38,344
Social security costs	3,852	3,277
Other pensions costs	7,034	7,989
Total	50,242	49,610

Of the total staff costs £28,896,000 (31 December 2015: £29,026,000) has been allocated to RCN UK representation activities.

The total pension cost comprises:

	31 December 2016 £'000	31 December 2015 £'000
RCN Defined Benefit scheme (see note 15.2)	6,137	6,930
Expense Charge	(344)	(299)
RCN Defined Contribution scheme (see note 15.1)	1,241	1,358
Total	7,034	7,989

RCN Group staffing numbers

Representation and other college activities: full time equivalent

	2016 Average FTE	2015 Average FTE
Representation activities	551	557
Other college activities	264	260
RCNi	98	82
Total	913	899

Total staff numbers: average headcount

	2016 Average	2015 Average
RCN UK (including staff that support the RCN Foundation)	901	895
RCNi	102	101
Total	1,003	996

Total emoluments for the Chief Executive & General Secretary, members of the Executive Team and RCNi Directors

	31 December 2016 £'000	31 December 2015 £'000
RCN Chief Executive & General Secretary	178	164
RCN Executive Team	997	1,038
RCNi Directors	410	478
Total	1,585	1,680

The above table incorporates basic pay London Weighting where applicable and pension costs.

RCN UK staff costs in the year include £275,077 (31 December 2015: £229,035) 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.

RCNi staff costs in the year include £131,143 (31 December 2015: £575,495) in respect of compensation for loss of office due to restructuring and redundancies arising from continued changes to RCNi operations.

The RCN Foundation does not employ any staff. A service level agreement is in place between RCN UK and RCN Foundation for the provision of services to RCN Foundation.

The number of staff whose annual gross pay within the RCN Group is over £60,000 is reported below:

	31 December 2016	31 December 2015
£60,000–£70,000	58	56
£70,000–£80,000	18	23
£80,000–£90,000	8	11
£90,000–£100,000	–	4
£100,000–£110,000	5	6
£110,000–£120,000	2	2
£120,000–£130,000	3	–
£130,000–£140,000	2	1
£140,000–£150,000	1	–
£150,000–£160,000	2	–
£170,000–£180,000	–	1
Total	98	104

9. Breakdown of RCN UK expenditure

Products and services — split by representation and other college activities 2016

	2016 Representation activities £'000	2016 Other college activities £'000	Total 31 December 2016 £'000
Representation and Member support	37,917	–	37,917
Partnership working and collective representation	5,993	–	5,993
Clinical negligence Indemnity	263	–	263
Education	–	6,461	6,461
Professional advice, practice and support	–	10,261	10,261
Shaping policy	–	5,344	5,344
Research	–	1,537	1,537
Total expenditure	44,173	23,603	67,776

Products and services — split by representation and other college activities 2015

	2015 Representation activities £'000	2015 Other college activities £'000	Total 31 December 2015 £'000
Representation and Member support	34,574	–	34,574
Partnership working and collective representation	4,620	–	4,620
Clinical Negligence Indemnity	4,904	–	4,904
Education	–	6,411	6,411
Professional advice, practice and support	–	9,524	9,524
Shaping Policy	–	4,955	4,955
Research	–	1,507	1,507
Total expenditure	44,098	22,397	66,495

It is felt these categories best represent the broad categories of the products and services the RCN provides to its members' and other stakeholders in its roles as a Royal College and a special registered Trade Union.

Further analysis of RCN UK expenditure

	Representation activities £'000	Other college activities £'000	Total 31 December 2016 £'000	Total 31 December 2015 £'000
Staff costs	28,896	15,440	44,336	43,770
Premise and estate costs	5,907	3,156	9,063	7,660
Travel and accommodation	1,833	979	2,812	2,863
Other service delivery costs	7,537	4,028	11,565	12,202
Total expenditure	44,173	23,603	67,776	66,495

Representation is defined as relating to trade union activities.

Direct costs are allocated to the relevant products and services categories. Infrastructure and support costs have been apportioned over products and services as a percentage of their total spend.

10. Property, plant, equipment and intangible assets

10.1. Property, plant and equipment — 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						
Balance at 1 January 2016	3,432	27,655	4,458	4,252	1,672	41,469
Additions	–	1,059	114	–	1,721	2,894
Disposals	–	(356)	(378)	–	–	(734)
Transfer of assets under construction	–	6	72	(12)	(66)	–
Balance at 31 December 2016	3,432	28,364	4,266	4,240	3,327	43,629
Accumulated depreciation						
Balance at 1 January 2016	1,779	11,460	3,645	2,012	–	18,896
Charge for year	120	1,358	533	553	–	2,564
Disposals	–	(356)	(378)	–	–	(734)
Balance at 31 December 2016	1,899	12,462	3,800	2,565	–	20,726
Net book value at 31 December 2016	1,533	15,902	466	1,675	3,327	22,903
Net book value at 31 December 2015	1,655	16,194	811	2,240	1,673	22,573

Assets under construction relates to capitalised costs associated with the development of a CRM (customer relationship management) system. This is due to become operational during 2017. The value reflects the costs incurred in building and developing the CRM and at the balance sheet date no impairment to this value has been considered necessary.

The historical cost of the revalued asset is:

	31 December 2016 Leasehold improvements £'000	31 December 2015 Leasehold improvements £'000
Cost	22,167	22,167
Accumulated depreciation based on historical cost	(8,702)	(8,259)
Historical cost net book value	13,465	13,908

10.2. Property, plant and equipment — 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 January 2016	3,432	28,041	5,345	4,252	1,841	42,911
Additions	–	1,059	285	–	1,746	3,090
Disposals	–	(356)	(477)	–	(1)	(834)
Transfer of assets under construction	–	6	159	(12)	(153)	–
Balance at 31 December 2016	3,432	28,750	5,312	4,240	3,433	45,167
Accumulated depreciation						
Balance at 1 January 2016	1,779	11,846	4,334	2,012	–	19,971
Charge for year	120	1,358	692	553	–	2,723
Disposals	–	(356)	(477)	–	–	(833)
Balance at 31 December 2016	1,899	12,848	4,549	2,565	–	21,861
Net book value at 31 December 2016	1,533	15,902	763	1,675	3,433	23,306
Net book value at 31 December 2015	1,653	16,195	1,011	2,240	1,841	22,940

10.3. Intangible assets

	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
Cost or valuation				
Cost as at 1 January 2016	–	–	–	–
Additions	–	–	9	–
Balance as at 31 December 2016	–	–	9	–
Depreciation				
Charge for year	–	–	1	–
Net book value at 31 December 2016	–	–	8	–
Net book value at 31 December 2015	–	–	–	–

RCNi has purchased domain names which it is treating as intangible assets, which are being depreciated over three years.

11. Financial assets

11.1. Long-term financial assets

	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
Market value at start of period	49,440	42,501	76,383	69,950
Additions at cost	17,917	21,742	27,156	31,589
Disposals at carrying value	(16,778)	(15,159)	(25,482)	(25,363)
Redemptions	(514)	(102)	(1,245)	(141)
Net realised gains/(losses)	1,402	1,002	1,965	1,621
Net unrealised gains/(losses)	5,721	(544)	7,919	(1,273)
Financial assets at market value at period end	57,188	49,440	86,696	76,383
Cash held for reinvestment	333	1,085	599	1,842
Market value at period end	57,521	50,525	87,295	78,225
Historical cost at period end	49,608	48,166	75,716	74,395

Financial assets at market value comprise:

	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
Listed financial assets				
Fixed interest (Government securities and bonds)	17,492	14,759	22,740	19,326
UK equities	16,004	3,990	26,213	13,296
Global equities	15,088	24,913	25,584	35,325
Alternative assets	7,332	6,101	8,929	7,427
Property	605	–	2,638	1,401
Liquid assets	1,000	761	1,191	1,450
Total	57,521	50,525	87,295	78,225

Holdings over 5%

The following investments represented holdings in excess of 5% of the investment portfolio at 31 December 2016.

	RCN UK 31 December 2016	RCN UK 31 December 2015	RCN Group 31 December 2016	RCN Group 31 December 2015
Treasury 1.25%	6.2%	7.6%	6.2%	7.6%
Treasury 3.25%	5.6%	–	5.6%	–
Blackrock	–	5.6%	–	5.6%

11.2. Short-term financial assets

	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
Market value at start of period	3,000	–	4,000	1,000
Additions at cost	–	3,000	4,000	3,000
Redemptions	(3,005)	–	(7,005)	–
(Losses)/gains on short-term investments	5	–	5	–
Financial assets at market value at period end	–	3,000	1,000	4,000
Cash held for reinvestment	–	4	–	6
Market value at period end	–	3,004	1,000	4,006
Historical cost at period end	–	3,004	1,000	4,006

11.3. Investment in joint venture

	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
Investment in RCN Law LLP	–	–	(35)	–
Total	–	–	(35)	–

12. Debtors

	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
Trade debtors	139	90	863	1,149
Amount due from subsidiaries and associated undertakings	89	–	–	–
Other debtors	226	278	378	514
Taxation	148	264	148	264
Prepayments and accrued income	1,433	1,813	1,656	2,062
Total	2,035	2,445	3,045	3,989

All amounts included in debtors are receivable within one year except deferred tax of £(33,000) included within RCN Group taxation (31 December 2015 deferred tax of £(25,000) included within RCN Group taxation).

13. Creditors and accrued charges

13.1. Amounts falling due within 1 year

	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
Bank overdrafts and loans	160	58	160	58
Trade creditors	892	1,413	1,044	2,421
Amount due to subsidiaries and associated undertakings	14	488	–	–
Pension contribution	556	751	620	743
PAYE, social security and taxation	969	894	1,138	844
Other creditors	1,362	371	1,921	976
Accruals and deferred income	5,180	4,798	5,829	5,072
Total	9,133	8,773	10,712	10,114

13.2. Provision for liabilities and charges

	RCN UK 31 December 2016 £'000	RCN UK 31 December 2015 £'000	RCN Group 31 December 2016 £'000	RCN Group 31 December 2015 £'000
Provision for dilapidations	166	115	234	172
Professional indemnity claims	4,112	6,786	4,112	6,786
Provision for restructuring	–	68	–	68
General provision	151	34	151	34
Provision for holiday pay	416	–	453	–
Total	4,845	7,003	4,950	7,060

RCN UK Movements - provision for liabilities and charges

	31 December 2015 £'000	New provisions £'000	Net adjustments £'000	Utilised £'000	31 December 2016 £'000
Provision for dilapidations	115	51	–	–	166
Professional indemnity claims	6,786	582	(2,234)	(1,022)	4,112
Provision for restructuring	68	–	(55)	(13)	–
General provision	34	151	–	(34)	151
Provision for holiday pay	–	416	–	–	416
Total	7,003	1,200	(2,289)	(1,069)	4,845

RCN Group Movements - provision for liabilities and charges

	31 December 2015 £'000	New provisions £'000	Net adjustments £'000	Utilised £'000	31 December 2016 £'000
Provision for dilapidations	172	62	–	–	234
Professional indemnity claims	6,786	582	(2,234)	(1,022)	4,112
Provision for restructuring	68	–	(55)	(13)	–
General provision	34	151	–	(34)	151
Provision for holiday pay	–	453	–	–	453
Total	7,060	1,248	(2,289)	(1,069)	4,950

Provision for dilapidations relates to the expected cost of alterations, wear and tear on 10 leasehold properties. Amounts are uncertain and are payable at the end of the lease term.

Professional indemnity claims in progress are of uncertain timing and amount until each case is settled.

Provision for restructuring is of uncertain amount as settlement negotiations are ongoing.

General provision for Pension Protection Fund (PPF) and PAYE settlement (PSA).

Provision for holiday pay outstanding as at year ended 31 December 2016.

14. Leasing commitments

14.1 Operating leases – RCN UK

The total future minimum lease payments as at 31 December 2016 under non-cancellable operating leases were:

	Assets 31 December 2016 £'000	Assets 31 December 2015 £'000
Within one year	225	469
Within two to five years	600	671
Over five years	440	1
Total	1,265	1,141

14.2 Operating leases – RCN Group

The total future minimum lease payments as at 31 December 2016 under non-cancellable operating leases were:

	Assets 31 December 2016 £'000	Assets 31 December 2015 £'000
Within one year	225	470
Within two to five years	1,195	1,453
Over five years	440	1
Total	1,860	1,924

15. Pensions

15.1. RCN Group defined contribution pension scheme

From 1 November 2013 all new employees are auto enrolled into a defined contribution scheme. The scheme is a Group Personal Pension plan managed and administered by Standard Life. The scheme has three contribution levels:

	Employee	Employer
Level 1	3%	8%
Level 2	5%	10%
Level 3	7%	12%

All new employees are automatically enrolled into level 1 under auto enrolment regulation. Employees may then choose a higher contribution level.

RCN Group employer contributions paid during the year ended 31 December 2016 were £1,241,000 (year ended 31 December 2015: £906,000). The increase in employer contributions is due to the number of employees enrolled increasing year on year. Contributions outstanding at 31 December 2016 in respect of this scheme amounted to £nil (31 December 2015: £nil).

15.2. RCN Group 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. This scheme was closed to new members with effect from 1 November 2013. Existing active members as at 31 October 2013 can still contribute to the scheme.

The pension cost is assessed in accordance with FRS 102: 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 2013 by a qualified independent actuary. The valuation reported a deficit of £58.5m, compared to a deficit of £19.6m in September 2010. The 30 September 2013 valuation was completed during 2014 and formed the basis for the updated results of the valuation as at 31 December 2014.

The September 2013 valuation has resulted in a revised deficit-funding plan of £3m per annum from 1 April 2015 rising by RPI annually thereafter. Also included in the revised recovery plan was a one-off lump sum payment of £15m. This was made up of £10.1m paid in December 2014 and £4.9m that represented the monies in the

pension escrow account, which was paid to the scheme in March 2015.

The market value of the fund assets as at 31 December 2016, net of additional voluntary contributions was £275,366,000. There was no investment holding greater than 5% of the value of the fund at 31 December 2016.

The next actuarial valuation at 30 September 2016, will be submitted to the pension regulator by the 31 December 2017. A revised schedule of contributions and deficit recovery plan will be effective from 1 April 2018. Following the actuarial valuation at 30 September 2013, revised contribution rates to the scheme were agreed, at the following rates.

Employer

From 1 November 2013, changes to the scheme were implemented resulting in an employer's annual average contribution of 10.5%. Estimated employer contributions to be paid by the RCN UK for the year ending 31 December 2017 are £7,903,000.

The total deficit funding paid in the year ended 31 December 2016 was £3,016,000.

The defined benefit plan contributions paid and received by the scheme were £7,709,000. At the end of the year, £634,000 representing the unpaid contributions for December 2016 were outstanding.

RCN Group 31 December 2016 £'000	
2016 actual Pension contribution payments (excluding accruals)	
Agreed annual deficit payment	3,016
Individual CARE contributions (excluding December 2016)	4,693
Total contribution paid	7,709
Payments in transit	
December 2015 contributions paid in January 2016	(648)
December 2016 contributions paid in January 2017	634
Total contributions	7,695

Contributory employees

From 30 September 2010 until 31 October 2013 5.7% of pensionable salaries (depending on benefit scale) were set out in the schedule of contributions. From 1 November 2013 current members contributions were

set out in the schedule of contributions at 6%, 8% or 13% (depending on employee opted retirement age).

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 provides 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 102 Retirement benefits

The tables below state the FRS 102 actuarial assumptions upon which the valuation of the scheme was based.

Under the provision of FRS 102 the current deficit in the defined benefit scheme of £14,585,000 has been included as a separate liability on the statement of financial position. The valuation used for FRS 102 disclosures has been based on the most recently completed actuarial valuation by a qualified independent actuary at 30 September 2013 to take account of the requirements of FRS 102 in order to assess the liabilities of the scheme at 31 December 2014. The next actuarial valuation by a qualified independent actuary for the period ending 30 September 2016, will be finalised in December 2017.

The principal actuarial assumptions were as follows:

	31 December 2016	31 December 2015	31 December 2014	31 December 2013	31 March 2013
Discount rate	2.7%	3.8%	3.6%	4.6%	4.4%
Inflation assumptions (RPI)	3.2%	3.1%	3.1%	3.5%	3.3%
Inflation assumptions (CPI)	2.2%	2.1%	2.1%	2.6%	2.4%
Allowance for revaluation of deferred and CARE pensions accrued before 1 November 2013 (with LPI of 5%)*	3.2% (RPI)	3.1% (RPI)	3.1% (RPI)	3.5% (RPI)	3.3% (RPI)
Allowance for CARE revaluation of pensions accrued after 1 November 2013 (with LPI cap of 2.5%)*	1.7% (CPI)	1.7% (CPI)	1.7% (CPI)	2.1% (CPI)	—
Allowance for pension payments increases accrued before 1 June 2007 (with LPI cap of 5%)*	3.1% (RPI)	3.0% (RPI)	3.0% (RPI)	3.5% (RPI)	3.3% (RPI)
Allowance for pension payments increases accrued after 1 June 2007 (with LPI cap of 5%)*	2.3% (CPI)	2.1% (CPI)	2.1% (CPI)	2.6% (CPI)	2.4% (CPI)
Allowance for pension payments increases accrued after 1 June 2007 (with LPI cap of 3%)*	1.9% (CPI)	1.9% (CPI)	1.9% (CPI)	2.4% (CPI)	2.2% (CPI)
Allowance for commutation of pension for cash at retirement	100% of Post A Day	No allowance	No allowance	No allowance	No allowance

* 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

	31 December 2016 Years	31 December 2015 Years	31 December 2014 Years	31 December 2013 Years	31 March 2013 Years
Life expectancies					
Longevity at age 65 for current pensioners					
— Men	22.2	23.0	23.3	23.0	23.3
— Women	23.9	24.7	24.9	25.0	25.3
Longevity at age 65 for future pensioners					
— Men	23.9	24.7	25.1	25.2	25.5
— Women	25.4	26.2	26.4	26.9	27.2

The analysis of assets in the Pension Fund is as follows:

	31 December 2016 £'000	31 December 2015 £'000	31 December 2014 £'000	31 December 2013 £'000	31 March 2013 £'000
Equities	166,085	137,835	128,120	116,721	110,309
Bonds	93,017	70,152	63,777	51,591	50,205
Property	14,539	13,629	12,355	10,853	10,042
Other	999	1,199	10,312	383	1,847
Insured pensioners	726	788	862	574	1,443
Total market value of assets	275,366	223,603	215,426	180,122	173,846
Actuarial value of liability	(289,951)	(263,970)	(269,884)	(229,799)	(221,945)
Net pension liability	(14,585)	(40,367)	(54,458)	(49,677)	(48,099)

The percentage of assets held in each asset class is as follows:

	31 December 2016 %	31 December 2015 %	31 December 2014 %	31 December 2013 %	31 March 2013 %
Equities	60	62	59	64	64
Bonds	34	31	30	28	28
Property	5	6	6	6	1
Other	1	1	4	1	6
Insured pensioners	—	—	1	1	1
Total market value of assets %	100	100	100	100	100

The above asset values are at bid value, as required under FRS102.

The analysis of amounts charged to income and expenditure is as follows:

	31 December 2016 £'000	31 December 2015 £'000
Current service cost*	4,667	5,103
Interest on obligation	9,990	9,676
Interest on assets	(8,520)	(7,849)
Total	6,137	6,930

* 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.

Analysis of amounts charged to Statement of comprehensive income

	31 December 2016 £'000	31 December 2015 £'000
Return on plan assets	41,998	(4,881)
Changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	(18,049)	13,479
Actuarial gains/(losses) charged to other comprehensive income	23,949	8,598

The cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income since adoption of FRS102 is a gain of £18,355,000 (31 December 2015: cumulative loss of £5,594,000).

Change in the present value of the defined benefit obligation

	31 December 2016 £'000	31 December 2015 £'000
Opening defined benefit obligation	263,970	269,884
Service cost	4,667	5,103
Interest cost	9,990	9,676
Contributions by employees	961	1,068
Actuarial (gains)/losses	18,049	(13,479)
Benefits paid	(7,686)	(8,282)
Closing defined benefit obligation	289,951	263,970

Change in the fair value of the scheme assets

	31 December 2016 £'000	31 December 2015 £'000
Opening fair value of the scheme assets	223,603	215,426
Expected return	8,520	7,849
Actuarial gains/(losses)	41,998	(4,881)
Contributions by employer	7,970	12,423
Contributions by employees	961	1,068
Benefits paid	(7,686)	(8,282)
Closing fair value of the scheme assets	275,366	223,603
Actual return on scheme assets	50,518	2,968

The history of experience gains and losses are as follows:

The impact of using a more recent valuation is to introduce gains and losses that arose between 30 September 2010 and 30 September 2013, resulting in the experience loss arising on the liabilities during 2014 in the disclosures, which amounts to around 1.5% of the liabilities.

	31 December 2016 £'000	31 December 2015 £'000	31 December 2014 £'000	31 December 2013 £'000	31 March 2013 £'000
Defined benefit obligation	(289,951)	(263,970)	(269,884)	(229,799)	(221,945)
Scheme assets	275,366	223,603	215,426	180,122	173,846
(Deficit)	(14,585)	(40,367)	(54,458)	(49,677)	(48,099)
Experience gains/(losses) on scheme liabilities:					
Amount	–	–	(4,148)	–	–
Percentage of the present value of scheme liabilities	–	–	1.5%	–	–
Actual return less expected return on scheme assets:					
Amount	(41,998)	(4,881)	14,987	(3,370)	10,785
Percentage of scheme assets	(15.3%)	(2.2%)	5.5%	(1.9%)	6.2%

16. Management of liquid resources

	31 December 2015 £'000	Cash flow £'000	31 December 2016 £'000
Cash invested in UK money market and deposit accounts	13,003	9,014	22,017

17. Analysis of changes in net funds

	31 December 2015 £'000	Cash flow £'000	31 December 2016 £'000
Short-term deposits	13,003	9,014	22,017
Cash at bank and in hand	1,138	173	1,311
Bank overdrafts and loans	(58)	(102)	(160)
Total	14,083	9,085	23,168

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

	Representation activities	Other college activities	Total 31 December 2016	Representation activities	Other college activities	Total 31 December 2015
	£'000	£'000	£'000	£'000	£'000	£'000
Property, plant and equipment						
Tangible assets	–	22,903	22,903	–	22,573	22,573
Investments	31,164	26,357	57,521	27,306	26,223	53,529
Total property, plant and equipment	31,164	49,260	80,424	27,306	48,796	76,102
Current assets						
Stock	–	37	37	–	16	16
Trade debtors	143	76	219	60	30	90
Other debtors	250	134	384	360	182	542
Prepayments and accrued income	934	498	1,432	1,202	611	1,813
Cash and short term deposits	10,970	6,856	17,827	6,564	3,337	9,901
Total current assets	12,297	7,601	19,899	8,186	4,176	12,362
Liabilities						
Bank overdraft	(104)	(56)	(160)	(37)	(21)	(58)
Trade creditors	(1,820)	(796)	(2,616)	(909)	(504)	(1,413)
Other creditors	(606)	(571)	(1,177)	(1,561)	(943)	(2,504)
Accruals and deferred income	(3,363)	(1,817)	(5,180)	(314)	(4,484)	(4,798)
Total liabilities	(5,893)	(3,240)	(9,133)	(2,821)	(5,952)	(8,773)
Total assets less current liabilities	37,568	53,621	91,190	32,671	47,020	79,691
Provisions	(4,589)	(256)	(4,845)	(6,850)	(153)	(7,003)
Net assets (excluding pension deficit)	32,979	53,365	86,345	25,821	46,867	72,688

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 activities 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).

19. Reserves

19.1. Reserves — RCN UK

	Revaluation reserve £'000	Accumulated funds £'000	Pension reserve £'000	Total £'000
At 1 January 2016	2,181	70,507	(40,367)	32,321
Surplus in period	—	7,643	1,833	9,476
Investment unrealised gains	—	5,721	—	5,721
Revaluation reserve	(63)	—	—	(63)
Dividends	—	356	—	356
Actuarial gain	—	—	23,949	23,949
At 31 December 2016	2,118	84,227	(14,585)	71,760

The pension escrow account is monies to which the Pension Trust have legal claim. It was transferred to the Pension Trust in March 2015 under the revised deficit funding plan agreed because of the September 2013 actuarial valuation. The revaluation reserve relates to the leasehold improvements. See note 10.1 for further detail.

19.2. Reserves — RCN Group

	Reserves for charitable purposes £'000	Revaluation reserve £'000	Accumulated funds £'000	Pension reserve £'000	Total £'000
At 1 January 2016	29,228	2,181	74,734	(40,367)	65,776
Surplus in period	153	—	8,205	1,833	10,191
Investment unrealised gains	2,198	—	5,686	—	7,884
Revaluation reserve	—	(63)	—	—	(63)
Actuarial gain	—	—	—	23,949	23,949
At 31 December 2016	31,579	2,118	88,625	(14,585)	107,737

20. Commitments

20.1. Capital commitments

The value of contracts committed to but not provided for was £429,000 (31 December 2015: £675,000). This figure relates to continued progress on the Membership Information System (CRM) for completion of phase 1 of the project, and the commitment for the digital committee management system (Mod Gov).

20.2. Pension commitments

The pension scheme was subject to an actuarial valuation at 30 September 2013 by a qualified independent actuary. The valuation reported a deficit of £58.5m, compared to a deficit of £19.6m in September 2010. The latest actuarial valuation of the CARE pension scheme has resulted in a revised deficit-funding plan of £3m per annum from 1 April 2015 rising by RPI annually thereafter. Also included in the revised deficit-funding plan was a one-off lump sum payment of £15m, this was made up of £10.1m paid in December 2014 and £4.9m that represented the monies in the pension escrow account, which was transferred to the scheme in March 2015.

The latest actuarial valuation of the defined benefit (CARE) scheme based on 30 September 2016 will be finalised in December 2017. We expect this deficit to increase resulting in a revised RCN Group recovery plan.

21. Contingent liabilities

RCN UK contingent liabilities are estimated at £1,924,000 as at 31 December 2016 (31 December 2015: £820,000). The estimated liability arises from member cases within the professional indemnity scheme that have a lower than 50% chance of success.

22. 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 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, he should consider obtaining independent legal advice.

23. Council expenses and remuneration

23.1. Council expenses

Out of pocket expenses paid to Council members while carrying out their governance duties in the year ended 31 December 2016 amounted to £131,000 (31 December 2015: £137,000). 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 period was 32 (31 December 2015: 30).

23.2. Council remuneration

Council members do not receive remuneration for undertaking the role, however a total of £73,000 was paid to the employers of the current President and Chair of Council as recompense for time spent on services for the RCN UK (31 December 2015: £73,000). Breakdown as follows:

	31 December 2016 £'000	31 December 2015 £'000
Chair of Council (current)	39	39
President	34	34
Total	73	73

24. Related party transactions

The RCN Group has taken the exemption under FRS 102 not to disclose any transactions of balances between wholly-owned subsidiary entities, which have been eliminated on consolidation.



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