



Annual Report 2017





The RCN Foundation Annual Report and Financial Statements 1 January to 31 December 2017

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Registered Charity: 1134606
Scottish Registered Charity: SC043663
Registered Company: 07026001

Photographs

Cover: Nursing students at the University of Northampton, March 2017.
Left: Student nurses at the IMPACT Nursing Institute,
Meherpur District, Bangladesh

Introduction from the Head of Foundation and Chair

The RCN Foundation was established seven years ago and one of our early challenges was to establish our identity as an independent charity. During 2017, we have been pleased to see the increase in both the profile and impact of the RCN Foundation, and to hear how it has transformed the lives of so many nursing colleagues across the UK.

Whilst we have more to do, our profile amongst nurses, midwives and health care practitioners has never been higher. At RCN Congress in 2017, our staff and trustees very much enjoyed meeting nursing staff who visited our stand. Many told us about the positive difference that a grant from the RCN Foundation had made to them personally.

Our grant-making activities continued to grow in 2017. The number of individuals who received support as a result of facing hardship increased by 55% compared to 2016, whilst the number receiving education grants increased by 11%. The RCN Foundation is now one of the leading providers of support for hardship and education to the UK nursing community.

As well as the sustained growth of grant making, we funded a programme of new projects to improve patient care. We supported nursing in care homes, established a Wales Committee that was launched in

March 2017 by the Chief Nursing Officer for Wales, and implemented a new staffing structure designed to give even greater focus to our work.

But perhaps the most pivotal moment for us was the approval by the Board of a new and ambitious three-year strategy – *Strategy 2020* – which marks a new and confident approach to our future.

During the year we said farewell to a number of trustees and we thank them for their considerable service to the RCN Foundation. A recruitment process has begun and we are excited at the prospect of a re-invigorated Board in 2018, with the RCN Foundation benefiting from new skills, talents and experience.

Finally, we want to say a sincere thank you to the many individuals and organisations who have supported us this year, without whom much of our work would not be possible. Your generosity enables us to support and strengthen nursing to improve patient care and wellbeing, both now and in the future.



Deepa Korea
Head of Foundation



Robert Sowney
Chair

**“The RCN Foundation is now
one of the leading providers
of support for hardship
and education to the
UK nursing community.”**



Report of the Trustees

for the year ending 31 December 2017

(incorporating the Directors' report)

The Board of Trustees of the RCN Foundation presents its annual report and financial statements for the year ended 31 December 2017 in accordance with Generally Accepted Accounting Practice in the United Kingdom (UK GAAP); the Statement of Recommended Practice: Accounting and Reporting by Charities (Charities SORP); the Charities Act 2011 and the Companies Act 2006; the Charities and Trustee Investment (Scotland) Act 2005; and the Charities Accounts (Scotland) Regulations 2006 (as amended).

This document is a summary of our activities and finances in 2017. It is available in hard copy by written request and can be downloaded from the RCN Foundation's website (www.rcnfoundation.org.uk), where there are further details about the RCN Foundation's work.

2017 Objectives

2017 was the seventh year of operation for the RCN Foundation, during which we made significant progress in core areas of our work. The RCN Foundation's objectives for 2017, as listed in the 2016 Annual Report, and the progress made against these objectives, are highlighted below.

1. Develop a new five-year strategy 2018-2022

During the year it became clear that the external environment for charities would remain uncertain and challenging during the period of the strategy. The Board therefore agreed a three-year rather than

five-year strategy in October, mindful of the need to be able to respond flexibly should the need arise. Further details about the strategy are given later in this report.

Activities took place during 2017 to support the development of our new strategy. We hosted Listening and Learning events at which external speakers presented on a wide range of topics to representatives from across the RCN Group. We carried out a consultation exercise with members of the nursing team at RCN Congress about what they thought the RCN Foundation's priorities ought to be. And we commissioned independent research on the changes taking place to the education and career development landscape for nursing.

2. Continue to improve and expand our grant making

We delivered a strong programme of grant-making activities during the year in hardship, education and nursing-led projects to improve patient care. The Board agreed that in 2017, the RCN Foundation would significantly increase the value of its grant-making activities. This was reflected in the broad range of projects funded during the year, details of which are set out below.

The RCN Foundation made a grant to the Lamplight Support Service (LSS). This was used to provide advice and grants to members of the nursing team who were facing **hardship**. In 2017, LSS made grants to the value of £241k (2016: £263k), which excludes £4k of past grants not claimed, and provided telephone assessments and support to 1,722 individuals (2016: 1,111).

LSS clients sought support from the service for a wide range of reasons, including ill health (including mental ill health), caring responsibilities, debt, relationship breakdowns, homelessness and domestic abuse.

The impact of the service continues to grow. On average, an individual seeking support from the service was better off by £3,379 per year on the basis of the advice provided by LSS assessors, and before any grant was made. 61% of clients who underwent an

assessment were potentially better off as a result. 74% of grant recipients reported that the assistance they had received had increased their independence.

Improving the health and wellbeing of the nursing team more broadly continues to be an important theme. To that end, the RCN Foundation awarded further funding to C3 – Collaborating for Health, to continue the development of the Healthy Weight Initiative for Nurses project. The project works with registered nurses in England who are obese to design initiatives which help them to achieve and maintain a healthy weight.

In 2017 the RCN Foundation awarded £314k (2016: £203k) in **education grants** to 149 individuals (2016: 134). The amount excludes £57k worth of past bursaries never claimed. These grants were for a broad range of activities, including completing undergraduate and postgraduate courses in a variety of subject areas such as mental health, diabetes, respiratory medicine and cancer care. In 2017 we also began the process of streamlining our current education grants system. This included having two open calls per year and ensuring that decision-making on grants awarded was carried out more efficiently. We did this by adopting an approach whereby decisions were made by either the staff team, Grants Committee or Board of Trustees according to the value of funding being sought. This has led to a more open and transparent process of awarding grants.

Under our **project grants** funding stream, we invested significantly in supporting and strengthening nursing in care homes to improve patient care. With half a million older people living in nursing and residential homes in the UK, the independent care sector employs over 40,000 registered nurses. However, there is a high rate of nurse vacancies and turnover, leading to increasing fragility within the sector. In addition, care home nurses are an overlooked professional group with no defined career pathway and no specific training requirements.

The RCN Foundation's **care homes** programme of grants focused on these issues and aimed to develop career pathways and innovative practice for nurses

Investing in the future of nursing – Jenna's story

Jenna applied to the RCN Foundation's Professional Bursary Scheme for funding towards completing a postgraduate certificate at the University of St Andrews in Adults with Learning Disabilities who have Significant and Complex Needs. This included four modules: mental health, challenging behaviour, forensic needs and profound and multiple learning disabilities.

As a result of completing the course, Jenna's knowledge, practice and overall confidence has increased enormously. Jenna firmly believes that the course has also helped her to improve care and outcomes for her patients, especially those with profound and multiple learning disabilities.

Jenna has disseminated the learning from the course through various means. She is part of the Learning and Development group for the Community Learning Disability Lothian Teams and also part of the Autism Strategy group, and has shared her learning with these groups. She has also provided training to staff teams and students, and has worked with parents/clients to put her knowledge into practice.

Jenna said: "When I was awarded my postgraduate certificate, I was extremely proud of myself due to the high level of academic work that was required by the university and the time management element. Working full time and completing this was difficult, but well worth it to improve outcomes for this patient group. I would not have been able to complete the course without the bursary – I screamed when I opened the letter as I certainly never expected the amount that I was given and am extremely thankful for the opportunity that it gave me. Due to this new-found confidence I was able to secure my new post in the Complex Care Team, which supports individuals who have exceptional health care needs.



LampLight support service

Providing a helping hand to those in hardship – Sienna's story

Sienna (not her real name) has been a qualified mental health nurse for eleven years. She approached the Lamplight Support Service after escaping a violent relationship. Sienna was issued with a council flat, but the only furniture she was able to salvage was her five-year-old daughter's bedroom furniture. Although she managed to get a bed and a television, the flat had no white goods, no carpets (with concrete floors), no curtains and no fixtures.

“I can honestly say that this will help to get me back on my feet and make this little flat a lovely safe, cosy home for me and my daughter.”

Sienna applied to the Lamplight Support Service for a grant to help her obtain essential furniture and fittings for her flat. Lamplight not only granted Sienna £750 toward these costs, but also raised a further £1,750 from other organisations to support her.

Sienna said: “This is marvellous news. I can't believe it! I am sure my heart stopped beating for a moment! I cannot express how wonderful that news is and I feel really quite emotional! Thank you SO much for all your support! I can honestly say that this will help to get me back on my feet and make this little flat a lovely safe, cosy home for me and my daughter. You have no idea how much I really appreciate this. I definitely know that I made the right decision to leave my past life behind. Thank you once again, over and over again!”

in the sector whilst improving patient care. In 2017 four projects were funded under the care homes programme, with a total of £427k (2016: nil) being awarded. These were:

- *Reshaping Care Home Care: Listening & Learning with Older Persons*: led by Queen Margaret University (QMU), Edinburgh working in partnership with the Randolph Hill Nursing Homes Group in Scotland. It aims to help nursing staff listen effectively to the feedback from residents and address issues that residents may encounter. Feedback methods and tools will be developed to enhance the knowledge and skills of nursing staff in retaining and using feedback. The project will be completed in 2018.
- *Transforming Nursing in Care Homes*: delivered by the University of Dundee, this will develop a Massive Open Online Course (MOOC) designed to increase awareness of the nature, extent and complexity of care home nursing. The MOOC will be available free of charge to a wide audience of health care workers, nursing and medical students and the general public. Ultimately, the MOOC aims to enhance the professional standing of nurses working in care homes and will be completed in 2018.
- *ReSPECT (Recommended Summary Plan for Emergency Care and Treatment)* – a Quality Improvement project to test and evaluate implementation and outcomes. UCL Partners was awarded funding to develop a Quality Improvement project that will test, refine and evaluate an implementation programme for the ReSPECT process in care homes in London. ReSPECT is a new national process that creates personalised recommendations for a person's clinical care in a future emergency in which they are unable to make or express choices. It provides health and care professionals responding to that emergency with a summary of recommendations to help them to make immediate decisions about that person's care and treatment. Currently, there is no unified process for end-of-life care in London that is valid across different care settings. This can result in differing decisions; repeated and sometimes difficult

conversations that are complex and time-intensive; care that is contrary to previous decisions or the wishes of the individual; and potential confusion and distress for the individual and those important to them. The ReSPECT process aims to address this issue and the Quality Improvement project will test the use of educational materials for health and social care staff who will be using the ReSPECT process. The educational resources include a web-based app and face-to-face training. Macmillan Cancer Support and the Resuscitation Council are also key partners in the project, which will be completed during the summer of 2018.

- Feasibility study of a pan-London education-career pathway for Care Home nurses, supporting nurse retention and development. King's College London was awarded funding to develop and test a model to improve professional competency, development and retention of care home nurses across registered care homes. A bespoke knowledge and skills development pathway in the care of older people will be developed, combining clinical experience supported with mentorship, a structured post-graduate education module and career coaching, specific to the care home environment. The two-year project is expected to establish an education-career development pathway for nurses in the care of older people in care homes.

In addition to our care homes programme, the RCN Foundation also either funded, or continued to fund, projects that **increased the profile and public awareness of nursing**. These included:

- a public lecture series organised by the RCN's Library and Archive Service
- two RCN centenary projects: the development and dissemination of an education resource on nursing, which was distributed to both primary and secondary schools in England; and the *Celebrating Nursing Practice* project, which aims to showcase best practice and innovation that is carried out by nursing professionals but is often 'under the radar'



An international perspective – Impact Foundation

In 2016, in partnership with the RCN President's Charity, the RCN Foundation awarded a grant to the Impact Foundation to support the training of two student nurses in Bangladesh. This was in response to the critical shortage of nurses in the country. The two student nurses – Anamika and Sabrina – began their three-year course in early 2017 at the specialist Nursing Institute in the Meherpur District, which had been established to provide career opportunities to academically able young women from poor backgrounds.

The two students have had an excellent first year. Sabrina said: "I and my family are so thankful to the RCN Foundation UK for funding my studies. I think it opens a great opportunity and has inspired me to do the best."

An additional impact of the project has been that students undertaking work experience in hospitals have been able to provide auxiliary support to existing medical staff. Students always work under strict supervision and are greatly enhancing the level of personal care that can be provided to patients.

- the development of a film by the Queen's Nursing Institute in Scotland to highlight the work of Queen's Nurses in Scotland in 2017, the first to be appointed in 50 years.

3. Strengthen our governance framework

Following the amalgamation of four committees into two new committees (the Grants Committee and the Income Generation and Investment Committee), we spent the year consolidating the structure and ensuring that the new committees were working in an effective and efficient way. We also implemented our revamped trustee induction programme. This will be developed further in 2018. Finally, the RCN Foundation's governance framework was strengthened with the addition of its new Wales Committee. This joins the Scotland Committee as our second country Committee.

4. Develop our fundraising, marketing and communications activities



2017 has been another successful year for our fundraising, marketing and communications activities. In April, our first ever runner completed the Virgin London Marathon in aid of the RCN Foundation. Nurse Lorna Mackenzie from Inverness completed the marathon in just over 5 hours, raising £750 for the RCN Foundation.

In August, a team of seven walkers took on the South Downs Challenge, walking 100km from Eastbourne to Arundel over two days. The team raised nearly £2k.

Two events organised in partnership with *The Guilty Feminist* podcast team were incredibly successful. The first was the recording of a podcast on the challenges facing nursing, particularly in relation to hardship. Participants were asked to donate the event fee to the RCN Foundation. This was followed up with a comedy night organised by *The Guilty Feminist* team, which featured a host of well-known names including Harry Hill and Aisling Bea. Together, the events raised around £8k.

Legacies and regular donations form an important element of the RCN Foundation's fundraising strategy. Donations from individuals make up 87% of our fundraising income. We received £221k from legacies in 2017. Regular donations fell during the year, which was expected following the implementation of new business processes related to the new customer relationship management (CRM) system. In 2018, there will be a continued focus on generating income from individuals.

5. Embed the new CRM and launch our new website

CRM went live in March 2017. The RCN Foundation has access to all functions delivered for the RCN. There was also a programme of work specifically designed to support the RCN Foundation's charitable work, the first phase of which focused on income generation. During this phase a number of important compliance issues were addressed, including complying with rules that enabled us to collect Gift Aid on a number of donations where previously we had been unable to do so.

In 2017, progress on CRM included: implementation of a new BACS compliant system of collecting regular donations from supporters; developing and implementing an HMRC-compliant Gift Aid tool for logging and claiming Gift Aid; and building a portal to enable online donations.

Work on the development of a new website began at the end of the year, with the aim of launching the new

site towards the end of 2018. The tools and processes implemented in relation to CRM will support the delivery of the new site.

6. Develop effective partnerships

Our partnerships with the Worshipful Company of Needle makers and the Florence Nightingale Foundation continued to go from strength to strength. We jointly awarded a number of education grants and travel scholarships to some exceptional applicants and look forward to hearing about the impact of their work in 2018.



Increasing the public profile of nursing – the RCN Foundation Annual Lecture

The RCN Foundation ended the year on a positive note in December with its inaugural annual lecture, part of the RCN Public Lecture Series. The lecture, Towards Better Mental Health: the Beyond Words approach, was delivered by Baroness Sheila Hollins, Professor of Learning Disability Psychiatry and former president of the Royal College of Psychiatrists. The lecture addressed how mental health patients deserve a system that is humane, ethical and principled, and looked at promoting the development of empathy for vulnerable groups. It focused particularly on how the Beyond Words approach using pictures without words enhanced clinical communication. Nearly 300 people signed up to attend the lecture.

We expanded our partnership with Leukaemia Care following the doubling of their funding for educational awards to nurses working in the field of blood cancer. We are very grateful to all our partners for their continued support.

Policies

The RCN Foundation developed policies including grant making and fundraising communications with vulnerable supporters. These policies will be finalised in 2018 and presented to the Board of Trustees for approval.

Amalgamation of funds

In 2015 the RCN Foundation applied to the Charity Commission to make two schemes. The first scheme is to approve the amalgamation of the RCN Benevolent Fund, the RCN Housing Fund, and the Sick Nurses Fund into a new Benevolent Fund and update the objects of the merged fund. The second scheme is to update the objects of the England and Wales Education Fund to create a new Education Fund. The RCN Foundation undertook a consultation with RCN members about the amalgamation of funds, and published information on the RCN and RCN Foundation websites. RCN Council passed a resolution to amend the RCN Foundation objects in September 2017 and the RCN Foundation trustees formally approved the draft scheme and changes to the objects of the RCN Foundation at the Board meeting later that month. Trustees gave formal approval to the amalgamation of phase one funds into the two new funds. Applications have now been made to the Charity Commission and the Office of the Scottish Charity Regulator (OSCR) to ask for formal consent to the new objects.

A special resolution and the amended Memorandum and Articles of Association have been filed with Companies House, the Charity Commission and the OSCR. The amalgamation of the phase one funds will take place once the Charity Commission has given formal consent to the resolution. The amalgamation of funds forms an important element of the management of the RCN Foundation's finances. The process is expected to continue over several years and we will report on progress in future annual reports.

Strategy 2020

The RCN Foundation's new strategic priorities

In 2017, the RCN Foundation developed a new three-year strategy to guide and shape our work between 2018 and 2020. In developing the strategy the Board was cognisant of and responded to the wider strategic context for nursing, charities and grant-makers, and for the challenges ahead. Details of the strategy are set out below.

Our purpose

The RCN Foundation is committed to supporting and strengthening nursing to improve the health and wellbeing of the public.

Our values

- Be relevant for today and ready for tomorrow
- Be focused on impact
- Be accountable
- Be ambitious
- Be collaborative



Strategic Priorities

Strategic Priority 1: Addressing hardship and promoting the health, care and wellbeing of the nursing team

Supporting those who care for the nation's health, particularly when they are facing their own challenges, remains an important part of our work. Increasing pressures on nursing mean that the safety net provided by this strand of our work has never been more important. As well as helping those in crisis, we will also seek to develop self-care projects that focus on the health and wellbeing of the nursing team themselves.

Strategic Priority 2: Investing in the future of nursing through our programme of education grants

Patients deserve the best possible care delivered by well-trained nursing professionals. The profession has a duty of care to patients to keep up to date with new developments, and to use their knowledge and skills to transform the care patients receive. This means proactively seeking self-development opportunities and sharing learning. In the current climate of cuts, access to such learning and development opportunities for nurses, midwives and health care practitioners will continue to diminish. Therefore funding the nursing community to develop and enhance their own learning, and to disseminate best practice, remains a key priority.

Strategic priority 3: Funding nursing-led projects that improve patient care, health and wellbeing

Nurses and other health care professionals play a vital role in improving the public's health and providing high-quality care for individuals, families and communities. The integration of health and social care, and the consequent changes to models of delivery, mean that nursing staff have to innovate to ensure that they deliver effective patient care. We will support the profession by funding nursing-led projects that both champion and celebrate nursing, whilst improving the public's health. A key focus will be on developing practice to enable people and communities to make positive choices about their

own health and wellbeing. We will also disseminate the outcomes of the work we fund to support healthier communities, improving patient care and experiences across the UK and internationally. As well as continuing to focus on nursing in a care home setting, the RCN Foundation will adopt two new priorities for its project grants – mental health and learning disability – with the aim of strengthening and supporting nursing in those fields and improving health outcomes for two particularly vulnerable groups of the population.

Strategic priority 4: Nurturing nursing-led innovation

Nursing-led innovation happens every day in every setting, yet often goes unobserved or under the radar. The RCN Foundation will identify, support and champion nursing-led innovation, highlighting the contribution that nursing makes, whether in a clinical or research setting. As health and social care evolves, different models of service create new opportunities. We will aim to support the nursing profession to be innovative in how it responds, developing new ways of providing person- and community-centred care. We will particularly focus on how the profession can harness the potential of new technologies that are becoming key in the provision of effective patient care.

Strategic aim 5: Increasing public understanding of the contribution nursing makes to society

Increasing understanding of the role, contribution and breadth of the nursing profession amongst the public will underpin all of our activities. We will not only support specific activities that achieve this aim, but also ensure that we disseminate outcomes from our work that increase awareness and understanding of how nursing contributes to excellence in patient care.

Our position on Modern Day Slavery

Our policy is to assess and address anti-modern slavery laws in our own organisation and we expect organisations we work with to adopt and enforce policies to comply with the legislation.

RCN Group

The RCN Group comprises four legal entities: The Royal College of Nursing, The RCN Foundation, RCNi (the RCN's publishing company) and RCN Hold Co. The Group itself is not a legal entity. As the sole company member of the RCN Foundation, the RCN has the duty of a quasi-trustee to support and further the charitable aims of the RCN Foundation. The Board of Trustees of the RCN Foundation has a duty under charity and company law to act at all times in the best interests of the charity and has ultimate responsibility for the management and control of the RCN Foundation. Legal obligations notwithstanding, the RCN Foundation is committed to working with all parts of the Group in the best interests of its beneficiaries.

Each organisation will undertake distinct activities; however, where a shared approach is beneficial to all three organisations, a Group approach will be adopted. This will be set out more clearly in the RCN Group strategy, which will be developed in 2018. By working collaboratively, the Group will optimise the expertise of the different entities and share best practice. The structure enables better co-ordination and synergy between its parts. Operating as a group enables the RCN to be more responsive, with the strategic ability and capacity to be the voice for nursing in the UK.

Objectives for 2018

The objectives for 2018 are:

implement our grant-making programme in line with agreed priorities, including shaping our programmes on mental health and learning disability nursing, and our innovation work

- develop an effective programme of income generation activities that support the delivery of our work
- put in place a communications plan to support the delivery of our work
- strengthen our relationship with other parts of the RCN Group
- ensure that the RCN Foundation operates effectively and efficiently, meeting its aims and objectives and achieving good outcomes.

Financial review

Investments, policy and performance

The RCN Foundation is subject to the Trustee Act 2000. The RCN Foundation's investment objective is to seek to protect real income and capital growth over time. The trustees accept that in achieving this objective the portfolio will be subject to short-term volatility but nevertheless they would like to achieve their goal with a low to medium level of risk.

The Board oversees the management of the RCN Foundation's investment portfolio and monitors the performance of the investment manager. The Income Generation and Investment Committee reviews the investment strategy, policy and performance and makes recommendations to the Board as appropriate.

The trustees specified that a part of the portfolio should be accessible at relatively short notice. Therefore the investment managers retain a short term fund consisting of cash, short-term deposits and short dated bonds. At 31 December 2017, £1m was held in the short term fund as Money Market Investments and is shown as a current asset on the Balance Sheet (31 December 2016: £1m).

The Income Generation and Investment Committee agreed to adopt a segregated approach, investing in fixed interest issues and individual shares rather than funds as being the most efficient way of achieving the agreed asset allocation and the RCN Foundation's ethical requirements. The fund managers have discretion over the selection of stocks but the contract with Sarasin & Partners stipulates the trustees' requirement for the investments to be managed in a socially responsible manner in line with their values and corporate policies and their wish to avoid any investment in companies that manufacture tobacco products. The trustees have also stated a preference to avoid investments in hedge funds.

Movement in the investments resulted in an overall increase in the market value of the combined portfolio from £30.8m at the start of the year to £33.3m at the end of the year. This appreciation in value can be attributed to the net gains of the portfolio. The market value of investments are subject to the fluctuation of the open market and are thus exposed to a degree of uncertainty and speculation. The gross investment income in the year ended 31 December 2017 was £1m

with associated investment management fees of £148k (the gross income received in the year ended 31 December 2016 was £1m with associated investment management fees of £135k).

Review of financial position

The financial statements are presented in the format required under 'Statement of Recommended Practice: Accounting and Reporting by Charities' (SORP FRS 102) and the statement of financial activities reflects the strategic objectives of the RCN Foundation and Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The statement of financial activities for the year ended 31 December 2017 and the balance sheet as at 31 December 2017 are set out on pages 26 and 27. The statement of financial activities shows that the RCN Foundation had a net operating surplus of £2.1m in the year ended 31 December 2017 (31 December 2016: net surplus of £2.4m).

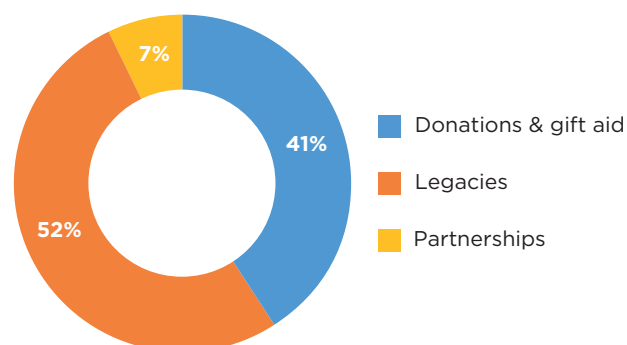
Income

Total income in the year was £1.4m which was slightly lower than the previous year (31 December 2016: £1.5m). £955k has been allocated to unrestricted funds (31 December 2016: £910k).

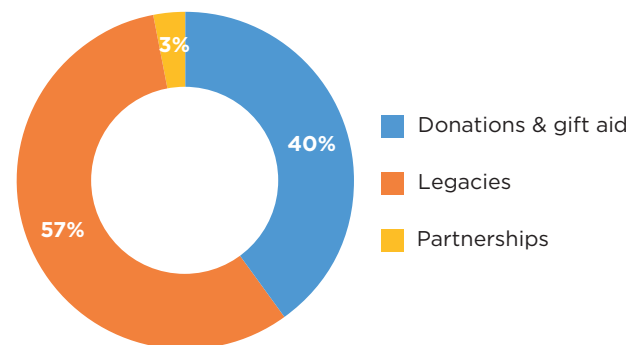
While investment income is a steady source of income for the RCN Foundation, donation and legacy income saw a decrease in 2017 to £425k (31 December 2016: £523k). This is due to a reduction in the legacies received, £221k in 2017 compared to £297k in 2016. There has also been a decline in the number of regular donors following member communications associated with the implementation of the new CRM system, when the RCN Foundation donation was listed separately from the RCN membership fee for the first time. In 2017 regular donations were £149k, and £160k in 2016.

Investment income for the year was £1m (31 December 2016: £1m) of which £747k was unrestricted (31 December 2016: £744k). The RCN Foundation investments reported net gains of £2.6m (31 December 2016: £2.1m gains) mainly due to unrealised gains on the investment portfolio.

Donation and legacy income 2017 - £425k



Donation and legacy income 2016 - £523k



Expenditure

Total expenditure in the year amounted to £1.9m (31 December 2016: £1.2m) of which £1.3m (31 December 2016: £764k) was from unrestricted funds.

In 2017 expenditure saw a 50% increase compared to 2016. This is due mainly to an increase in bursaries and project grants awarded towards the improvement of clinical practice. Six new grant agreements have been signed with different organisations covering areas such as nursing in care homes, end of life care and health initiatives for nurses.

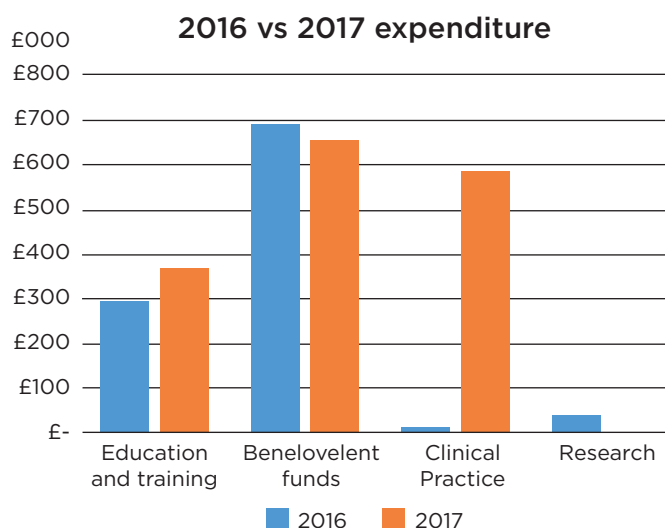
The expenditure incurred in 2017 laid down the ground to a new approach in line with the new Strategy 2020 aimed at strengthening nurses' self-development and learning through education grants as well as at funding new projects dedicated to improving patient care and nursing-led innovation.

In 2017, £532k restricted grants were paid (31 December 2016: £477k), of which £263k relates to benevolent grants awarded through the Lamplight Support Service (31 December 2016: £292k). The remaining are educational bursaries and project grants to organisations. The RCN Foundation paid £254k (31 December 2016: £229k) to RCN as part of the agreement to run the LSS. This expenditure has been charged against unrestricted funds.

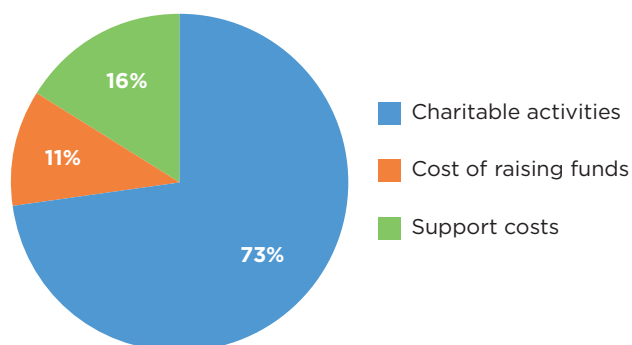
An annual fee is agreed in advance to meet the cost of the service provided by the RCN for governance, finance, marketing and other services and is included within unrestricted expenditure. This was £375k in the year ended 31 December 2017 (31 December 2016: £267k). The fee reflects staff costs for those RCN employees working on behalf of the RCN Foundation plus 20% overheads. The increase compared to 2016 is due to the recruitment of a new member of staff (Team Administrator) and the decision to adjust the overheads charged to the RCN Foundation to reflect the cost of using RCN facilities.

In the expenditure note (Note 3 of the Financial Statements), the fee is allocated to the activities on which these staff members work.

The total cost of raising funds in the year was £260k. This figure includes the investment management fee and a portion of operational and support costs (31 December 2016: £200k). The investment management fee is calculated as a proportion of the value of the portfolio and varies accordingly, in 2017 it was £148k (31 December 2016: £135k). In 2017 it has been decided to allocate a greater part of the RCN



Expenditure 2017 – £1.9m



service fee to the costs of raising funds to reflect the increased work on fundraising activities. In 2017 £72k was spent on fund raising activities (31 December 2016: £9k).

In the year trustee expenses of £14,707 were incurred (31 December 2016: £11,009). These costs are treated as unrestricted expenditure.

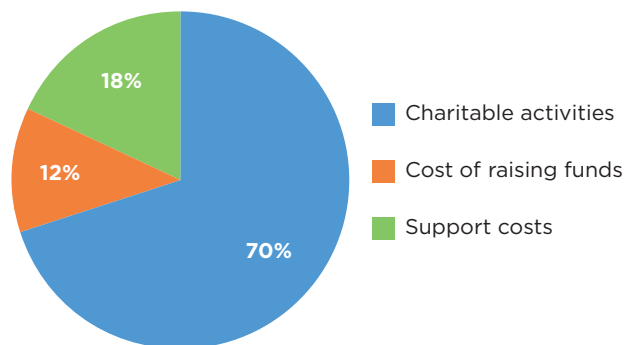
The RCN Foundation aims to maximise expenditure on charitable activities and always strives to keep administrative costs to a minimum. In the year there has been a positive increase in the charitable spend from 70% in 2016 to 73% in 2017.

Reserves

The RCN Foundation has adopted a reserves policy which they consider appropriate. That policy is to ensure the RCN Foundation can meet its objectives as a funder in perpetuity and at the same time manage the expectations of both current and future supporters and beneficiaries.

The level of free reserves at 31 December 2017 was £25m (31 December 2016: £23.5m). This excludes those unrestricted funds that have been earmarked for particular purposes by the trustees and are shown as

Expenditure 2016 – £1.2m



designated funds on the Balance Sheet, and excludes tangible fixed assets. The increase in reserves relates mainly to net investment gains and operating surplus. The investment and reserves policies reflect the trustees' wish to increase the RCN Foundation's direct charitable expenditure year on year whilst recognising that, until alternative income streams are developed, the RCN Foundation is largely reliant on reserves together with investment income for the furtherance of its charitable objectives. The trustees also acknowledge the inherent risk in holding the majority of its assets within the investment portfolio, namely the fluctuation in market values. This risk is considered when setting the reserves policy. This policy is reviewed annually.

The RCN Foundation has taken advantage of the small companies' exemptions and has not prepared a Strategic Report.

The RCN Foundation 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 RCN Foundation would not be able to operate as going concern for the foreseeable future.

Principal Risks and Uncertainties

Our risk management framework is used to test the organisation's key decisions and influence the use of our resources. Risks are assessed on a quarterly basis by the Board of Trustees to ensure that adequate measures are in place to manage the identified risks. Risk appetite is the amount and type of risk that the RCN Foundation is willing to take in order to meet our strategic objectives. We have a range of appetites for different risks and these are set out below.

Financial

Appetite for risk: low

There is an ongoing dependency on reserves and investment income. We continue to rely heavily on returns from our investment income to support our activities. Trustees are prioritising the need to diversify sources of income over time, though with a clear understanding that results will not be immediate. During the year a more focused fundraising plan was implemented, with targets from key fundraising areas identified. The implementation of new business processes proved challenging for our fundraising income and this will continue to be monitored in 2018.

Governance

Appetite for risk: low

There is a risk that it will take time for the Board to operate cohesively following the appointment of new trustees who are replacing those who have or are due to retire. 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. We will be undertaking a structured trustee induction programme, and will organise development activities at the Board away day.

Regulatory

Appetite for risk: low

There is a risk that the RCN Foundation is not prepared for changes in data protection legislation. Work is being undertaken to prepare for the onset of the General Data Protection Regulations in May 2018. The RCN Foundation places great importance on compliance and has no appetite for any breaches of statute, regulations 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.

Operational

Appetite for risk: medium

There is a risk that we will not be able to introduce the grants programmes that were set out in the new strategy due to resource constraints. We will be working with colleagues from across the RCN Group in order to support the development and delivery of these programmes. We will also be ensuring that the programme of work is carefully planned throughout the year, so that it can be delivered as effectively as possible.

External

Appetite for risk: medium

There remains the risk that the RCN Foundation is not able to gain public and stakeholder support for its work in a highly competitive sector. The RCN Foundation has developed its new strategy, which will provide a clearer picture of our direction and priorities over the next three years. This will be widely publicised. In addition, we will work with other organisations that share our values and ethos in order to ensure that we can continue to support and strengthen nursing and improve patient care.

Board of Trustees

Reference and Administrative Details

Structure, Governance and Management

Board of Trustees

The trustees who are in office or have been during 2017 are:

Robert Sowney, FRCN, Chair of the Board

Professor Charles Butterworth CBE, FRCN, Vice-Chair and Chair of the Appointments Panel

David Jones, Chair of the Income Generation and Investment Committee

Professor Alison Leary, FRCN (resigned October 2017)

Denise Llewellyn MBE, FRCN, Chair of the Wales Committee (joined March 2017)

Vanessa Martin, FRCN, Chair of the Scotland Committee

Ian Norris, Chair of the Grants Committee

Nicholas Pearson OBE

Dr Richard Piper (resigned October 2017)

Sylvia Simmons (retired December 2017)

Christine Perry

Claire Vocat (retired December 2017)

Reference and administrative details

Registered office

20 Cavendish Square, London W1G 0RN
Telephone 020 7409 3333
Website: www.rcnfoundation.org.uk

Bankers

National Westminster Bank PLC
250 Regent Street, London W1B 3BN

Independent auditor

Deloitte LLP
Statutory Auditor
2 New Street Square, London EC4A 3BZ
United Kingdom

Lawyers

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

Investment managers

Sarasin & Partners LLP
Juxon House, 100 St Paul's Churchyard, London
EC4M 8BU

Charity and Company registration numbers

Registered Charity 1134606
Scottish registered charity SC043663
Registered Company 7026001

The Board of Trustees of the RCN Foundation presents its annual report and financial statements for the year ended 31 December 2017 in accordance with Generally Accepted Accounting Practice in the United Kingdom (UK GAAP); the Statement of Recommended Practice: Accounting and Reporting by Charities (Charities SORP); the Charities Act 2011 and the Companies Act 2006; the Charities and Trustee Investment (Scotland) Act 2005; and the Charities Accounts (Scotland) Regulations 2006 (as amended).

This document is a summary of our activities and finances at the end of our seventh year as a registered charity. It is available in hard copy by written request and can be downloaded from the RCN Foundation's website (www.rcnfoundation.org.uk), where there are further details about the RCN Foundation's work.

Structure, governance and management

Constitution

The RCN Foundation was registered as a charity on 2 March 2010. It was registered as a company limited by guarantee in December 2009 and the Royal College of Nursing in the United Kingdom (RCN UK) is the sole member. The Memorandum and Articles of Association were incorporated on 22 September 2009.

The RCN Foundation was set up as a result of a review of the legal and governance structure of the Royal College of Nursing, which is no longer a registered charity.

The RCN Foundation has a Memorandum of Agreement with the Royal College of Nursing that sets out how the two organisations will work together to support nursing and improve care.

Objects

The objects of the RCN Foundation are to:

- promote the science and art of nursing and the better education and training of the nursing team and its efficiency in the profession of nursing
- promote the advancement of nursing as a profession in all its fields
- promote through the medium of international agencies and otherwise the foregoing purposes in other countries
- assist members of the nursing team who by reason of adversity, ill health or otherwise are in need of assistance of any nature.

Public benefit statement

The trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have regard to the Charity Commission's guidance on Charities and Public Benefit.

Governance

The RCN Foundation's Board of Trustees is independent of the Royal College of Nursing (RCN UK). The Board has provision for up to 14 trustees, four of whom are appointed by RCN Council. At least three of the members of the Board of Trustees must have no previous connection with the RCN. This enables us to retain our strong connections with the RCN whilst maintaining our independence.

The first trustees were appointed by the RCN's Council in 2010 through a public advertisement and interview process designed to identify trustees with as wide a range of different skills, backgrounds and experience as possible to establish the new RCN Foundation. Since then the Appointments Panel of the Board has led the process of appointing a number of independent trustees.

The Board of Trustees normally meets quarterly with the addition of an annual Board away day. The two substantive committees of the Board – the Grants Committee, and the Income Generation and

Investment Committee – also meet on a quarterly basis. The Grants Committee is accountable to the Board for the development and implementation of the strategy to support members of the nursing team in need of assistance as well as the RCN Foundation's project and education grants programme. The Income Generation and Investment Committee is accountable to the Board for the development and delivery of the fundraising, marketing and communications initiatives as well as keeping the investment strategy under regular review and monitoring the performance of the investment manager.

The membership of these committees is largely drawn from the Board and the committees are chaired by a trustee. We have also appointed additional independent members with particularly relevant experience and expertise to our committees.

The Appointments Panel oversees the recruitment and appointment of trustees, Chair and Vice Chair elections, and committee appointments on behalf of the Board. It also oversees trustees' induction, development programmes and performance review. An induction programme for new trustees was developed and implemented in 2017. In December 2017, the Appointments Panel undertook a recruitment process for new trustees to replace those who had retired in 2017 and who were due to retire in 2018. Appointments arising from this process will be made throughout 2018.

The RCN Foundation also has two country committees, one for Scotland and a second for Wales. The Wales Committee was launched in 2017. Both of these committees monitor and evaluate the RCN Foundation's work in their respective countries. We will be seeking to establish a committee in Northern Ireland over the next twelve months.

Terms of reference for all committees have been agreed by the Board.

Management

The RCN Foundation operates from the RCN's headquarters and is staffed by RCN employees under a Services Agreement, which is kept under regular review. Following the appointment of a new Head in 2016, the staffing structure of the RCN Foundation was re-organised. The staffing complement now comprises the following roles: Head of Foundation; Grants Manager; Fundraising and Communications Manager; Clerk to the Trustees; and Team Administrator. Additionally, the RCN Foundation is supported by a dedicated member of the RCN Finance team.

The RCN Foundation is also supported by Jane Clarke, RCN Group Secretary, and Tim Golbourn, RCN Director of Finance & Business Enablement. Other RCN staff support the RCN Foundation as required.

Compliance

Our key governance documents, processes and controls are in place to ensure that the RCN Foundation operates in an efficient and effective way in order to best deliver its charitable objectives. We conduct regular effectiveness reviews of these.

The RCN Foundation has a clear statement of purpose and a set of organisational values. These are described in our new three-year strategy document, *Strategy 2020*, a summary of which is available in hard copy and on the RCN Foundation website.

This document sets out our priorities up until 2020. We review our strategy each year and we have an annual plan against which our activities and achievements for that year are monitored. A financial strategy will be developed more fully in early 2018.

Conflicts of interest

Our register of interests is available on our website. We have guidance for managing conflicts and we ask trustees and advisers to identify any conflicts at the beginning of each meeting.

Thank you to our supporters

We are extraordinarily grateful to each and every individual, team and organisation who has supported us during the year. With their vital help, we have been able to continue to achieve our purpose of supporting and strengthening nursing to improve the health and wellbeing of the public.

Every donation we receive, whether big or small, makes a real difference to the lives of hundreds of nurses, midwives and health care practitioners, and through them patients and families.

Thank you.



Statement of trustees' responsibilities

The trustees (who are also directors of RCN Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Under company law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

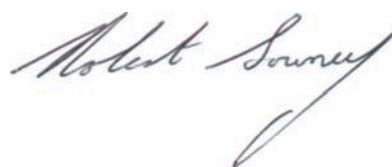
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware;
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information; and
- the trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustees' Report on pages 4 to 9 was approved by the Board and signed on its behalf by:



Robert Sowney
Chair of the Board of Trustees
Date: 13 March 2018

Independent Auditor's report to the Trustees and members of RCN Foundation

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

We have audited the financial statements of RCN Foundation (the 'charitable company') which comprise:

- the statement of financial activities (incorporating the income and expenditure account);
- the balance sheet;
- the statement of cash flows; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement

of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and report in accordance with those Acts and relevant regulations made or having effect thereunder.

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

they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which includes the strategic report and the directors' report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report included within the trustees' report.


Matters on which we are required to report by exception

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Reza Motazedì (Senior statutory auditor)
For and on behalf of Deloitte LLP



Statutory Auditor
London, United Kingdom
Date: 05 April 2018

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



Financial statements

Statement of financial activities 31 December 2017 (Incorporating the income and expenditure account)

	Note	Unrestricted funds		Restricted funds		Endowment funds		31 December 2017	31 December 2016
		2017	2016	2017	2016	2017	2016		
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from:									
Income and endowments									
Donations and legacies		208	155	217	357	-	-	425	512
Income earned from other activities									
Investment income	2	747	744	258	257	-	-	1,005	1,001
Income earned from other trading activities									
Income from fundraising events		-	11	-	-	-	-	-	11
Total income		955	910	475	614	-	-	1,430	1,524
Expenditure									
Cost of raising funds:									
Investment management costs		260	188	-	-	-	-	260	188
Fundraising activities		-	12	-	-	-	-	-	12
Expenditure on charitable activities:									
Education and training		103	112	269	185	-	-	372	297
Benevolent funds		391	402	263	292	-	-	654	694
Clinical practice		586	12	-	-	-	-	586	12
Research		-	38	-	-	-	-	-	38
Total expenditure	3	1,340	764	532	477	-	-	1,872	1,241
Net income/ (expenditure) before investment gains		(385)	146	(57)	137	-	-	(442)	283
Net gains on investments		1,889	1,527	549	444	120	97	2,558	2,068
Net income for the year		1,504	1,673	492	581	120	97	2,116	2,351
Transfers between funds		(5)	(6)	5	6	-	-	-	-
Net movement in funds	12	1,499	1,667	497	587	120	97	2,116	2,351
Reconciliation of funds									
Fund balances brought forward at the start of the period	12	23,569	21,902	6,922	6,335	1,088	991	31,579	29,228
Fund balances brought forward at the end of the period	12	25,068	23,569	7,419	6,922	1,208	1,088	33,695	31,579

There are no recognised gains or losses other than those disclosed above.

All of the above results derive from continuing operations. There is no difference between the net income for the periods stated above and the historical cost equivalent.

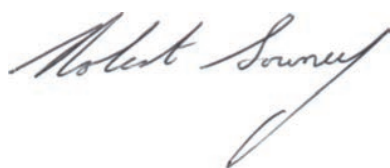
Balance sheet as at 31 December 2017

	Note	31 December 2017 £'000	31 December 2016 £'000
Fixed assets			
Tangible assets	6	15	48
Long-term investments	7.1	32,316	29,773
Total fixed assets		32,331	29,821
Current assets			
Debtors	8	69	15
Short-term investments	7.2	1,001	1,001
Cash at bank and in hand		1,099	1,174
Total current assets		2,169	2,190
Liabilities			
Creditors: amounts falling due within one year	9	(708)	(372)
Net current assets		1,461	1,818
Total assets less current liabilities		33,792	31,639
Creditors: amounts falling due after one year	9	(97)	(60)
Total net assets	10	33,695	31,579
The funds of the charity			
Restricted funds:			
Permanent endowment	12	688	619
Expendable endowment	12	520	469
Restricted income funds	12	7,419	6,922
Total restricted funds		8,627	8,010
Unrestricted funds:			
Revaluation reserve	11	5,013	3,665
General funds		20,049	19,898
Designated funds	12	6	6
Total unrestricted funds	12	25,068	23,569
Total charity funds		33,695	31,579

Notes on pages 29 to 38 form part of these financial statements.

The RCN Foundation financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the Board of Trustees on 13 March 2018, and signed on their behalf by:



Robert Sowney
Chair of the Board of Trustees

Statement of cash flows

	Note	2017 Total funds £'000	2016 Prior year funds £'000
Reconciliation of net movement in funds to net cash flow from operating activities:			
Net movement in funds		2,116	2,351
Dividends and interest from investments		(1,005)	(1,001)
Gains from investments		(2,558)	(2,068)
(Increase)/decrease in debtors	8	(54)	16
(Decrease)/increase in creditors	9	373	(4)
Net cash used in operating activities		(1,128)	(706)
Cash flows from operating activities:			
Net cash used in operating activities		(1,128)	(706)
Cash flows from investing activities:			
Sale of fixed assets	6	32	-
Dividends and interest from investments	2	1,005	1,001
Proceeds from sale of investments	7	11,080	13,435
Purchase of investments	7	(11,153)	(13,238)
Net cash provided by investing activities		964	1,198
Change in cash and cash equivalents in the reporting period		(164)	492
Opening cash at bank		1,174	884
Opening cash in investments		266	757
Cash and cash equivalents at the beginning of the reporting period		1,440	1,641
Change in cash and cash equivalents due to exchange rate movements		141	(693)
Cash and cash equivalents at the end of the reporting period		1,417	1,440
Represented by:			
Closing cash at bank		1,099	1,174
Closing cash in investments		318	266

Notes to the financial statements

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

The RCN Foundation is a private company limited by guarantee (registered company: 7026001), it was registered as a charity (registered charity: 1134606) on 2 March 2010.

a. Accounting convention

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of investments at market value, and are in accordance with the Statement of Recommended Practice: Accounting and Reporting for Charities (SORP 2015) guidance on the application of the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) effective 1 January 2015 and the Companies Act 2006, and Charities Accounts (Scotland regulations 2006) and Charities and Trustee Investment (Scotland) Act 2005.

The RCN Foundation meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statement (see note 15). Accordingly, exemption has been taken in relation to disclosure of remuneration of key management personnel.

The RCN Foundation constitutes a public benefit entity as defined by FRS102.

The trustees consider that there are no material uncertainties about the RCN Foundation's ability to continue as a going concern. The most significant areas of adjustment and key assumptions that affect items in the financial statements are to do with the valuation of investments. With respect to the next reporting period, 2018, the most significant area of uncertainty that affects the carrying value of assets held by the RCN Foundation is the valuation of investments. Since the market value of investments are dependent on the fluctuation of the open market these are exposed to a degree of uncertainty and speculation.

b. Statement of cash flows

The RCN prepares and files a consolidated statement of cash flows which includes the cash flows of the RCN Foundation. Under FRS102, a statement of cash flow is incorporated within these financial statements for the year ended 31 December 2017.

c. Income

All income is accounted for when the RCN Foundation has entitlement to the funds, the amount can be quantified and it is probable that the income will be received.

Income includes interest and dividends receivable from the investment portfolio, donations and legacies to the various restricted funds held by the RCN Foundation, and unrestricted legacies and donations gifted to the RCN Foundation.

Legacy income is accrued at the point that the entitlement and measurability of the amount become known and it is probable that the legacy income will be received. Entitlement in the case of residual and pecuniary legacies is counted from the earlier of estate financial statements being finalised and cash received.

d. Expenditure

Expenditure is recognised on an accruals basis and allocated according to the RCN Foundation's objectives. Charitable activities relate to the objectives which are explained within the Trustees' report of this annual report and financial statements. Restricted expenditure relates to grants and awards paid out under the terms of the individual funds.

Where expenditure cannot be directly allocated under these main categories, they are allocated across activities in the ratio shown below based on actual direct expenditure incurred on the activities.

	31 December 2017 %	31 December 2016 %
Cost of raising funds	14	16
Education and training	20	24
Benevolent fund	35	56
Clinical practice	31	1
Research	–	3

Cost of raising funds

The cost of raising funds relate to the fee paid to the investment managers and other costs incurred by the charity to raise funds for its charitable work.

Objective 1: Education and training

Promoting the science and art of nursing and the better education and training of nurses and their efficiency in the profession of nursing.

Objective 2: Benevolent funds

Assisting nurses who by reason of adversity, ill-health or otherwise are in need of assistance of any nature.

Objective 3: Clinical practice

Supporting the development of clinical practice and the improvement of care.

Objective 4: Research

To fund nursing-led innovation projects and research and development activity to support the development of leading edge clinical practice, educational tools and the improvement of patient care.

Grants payable

Grants and bursaries payable are charged to the Statement of Financial Activities in the year in which the grant is awarded and the successful granting is conveyed to the recipient. In cases where the offer is conditional, grants are wholly recognised as expenditure in the year when the conditions attached solely relate to the recipient meeting the conditions of the grant. If there are conditions that are within the control of the RCN Foundation the expenditure is recognised to the extent the conditions are fulfilled. Those grants which are payable in future periods are included in creditors as set out in note 5.

The grant payable to RCN for the LampLight Support Service is recognised on a yearly basis for the duration of the grant due to the terms of the agreement, which aligns the grant payable to the cost of providing the service in the year.

Support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support cost have been allocated are set out in note 3. Governance costs include all cost of compliance with constitutional and statutory requirements, including legal and audit fees and the cost of trustee meetings and are included within support costs.

e. Irrecoverable value added tax

Where value added tax is incurred and cannot be recovered it is expensed in the Statement of Financial Activities. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

f. Tangible assets - software

In 2017, CRM phase one has been partially implemented, which has been reflected in the transfer from assets under construction to computer software. The database will be depreciated over five years using straight line depreciation after deducting any residual value at the end of the useful life of the database.

Disposals of £32,000 refer to the RCN Foundation portal. The new portal, which allows the RCN Foundation to process donations online and links automatically to CRM, has been delivered in 2017. However, in 2018 a new website will be implemented requiring a new portal. For this reason the RCN Foundation has decided not to treat the expenditure to date as capital.

g. Investments

Investments are initially recognised at their transaction value and subsequently measured at their market value, where market value represents the mid-market price on the last trading day before the period end. Investments purchased as part of the treasury management, which are intended to be held for less than one year, are shown as current assets (short-term investments). Investments held to generate longer term income and capital growth are shown within fixed assets. All gains and losses are taken to the Statement of Financial Activities as they arise. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities. Any unrealised or realised gains arising from investments are taken to the fund for which the investments are held.

h. Endowments

Where funds are given to be held as capital, they are shown as endowment funds in the financial statements. Expendable endowments are those where the trusts' terms provide for the expenditure of capital rather than its preservation. Permanent endowment funds are donations that have been given to the RCN Foundation to be held as capital with no power to convert the funds to income. Permanent endowment funds are held by the RCN Foundation as a corporate trustee and do not form part of the corporate property of the charitable company. Investment income generated from the endowment funds is allocated to these restricted funds.

i. Restricted income funds

Where income is received for purposes specified by the donor or the terms of appeal under which it was raised, that income is shown as restricted in the Statement of Financial Activities. This includes income arising from endowment funds if it is restricted in use by the donor. Expenditure for the specified purposes is shown as restricted expenditure. Any unexpended balance at the balance sheet date is carried forward as a restricted income fund.

j. Unrestricted funds

Unrestricted funds are expendable at the discretion of the trustees in the furtherance of the objects of the RCN Foundation.

k. Designated funds

Designated funds are unrestricted funds that have been earmarked for a particular purpose by the trustees. The purposes of the designated funds are set out in note 12.

l. 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.

m. Pensions

The RCN UK operates defined benefit and defined contribution schemes. As the RCN Foundation staff are employed by the RCN and work for the RCN Foundation in accordance with the SLA they fall within the pension schemes of the RCN.

n. Critical accounting judgements

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.

In 2017, the RCN service fee was allocated to charitable activities according to the time spent by the RCN Foundation staff on each activity, while previously it was based on the expenditure incurred under each charitable activity.

o. Going concern

The RCN Foundation 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. Based on the level of reserves there is no indication that the RCN Foundation would not be able to operate as going concern for the foreseeable future.

2. Investment income

	31 December 2017 £'000	31 December 2016 £'000
UK equities	518	465
Overseas equities	248	265
UK fixed interest	231	268
Bank interest	8	3
Total	1,005	1,001

3. Analysis of total expenditure

	Cost of raising funds £'000	Charitable activities £'000	Support costs £'000	31 December 2017 £'000	31 December 2016 £'000
Grants/bursaries:					
— to organisations	-	727	-	727	301
— to individuals	-	494	-	494	465
RCN service fee	72	144	159	375	266
Investment management fee	148	-	-	148	135
Trustee costs	-	-	30	30	13
Audit and tax advice	-	-	12	12	11
Publicity and events	-	-	22	22	25
Fundraising costs	-	-	-	-	12
Professional services	-	-	17	17	6
Travel and subsistence	-	-	5	5	4
IT costs	-	-	33	33	-
Miscellaneous cost	-	-	9	9	3
	220	1,365	287	1,872	1,241
Support costs	40	247	(287)	-	-
Total	260	1,612	-	1,872	1,241

Support costs are allocated across the charitable activities and the cost of raising funds based on the actual costs incurred on these activities. Included in the support costs are £41,806 spent on governance for the year (31 December 2016: £23,892), the difference compared to 2016 is due to trustee recruitment costs totalling £15,600.

External audit fee — auditor services of £11,000 including VAT are included in these financial statements (31 December 2016: £10,800).

Expenditure on charitable activities

	Education and training		Benevolent funds		Clinical practice		Research		Total charitable activities	
	2017	2016	2017	2016	2017	2016	2017	2016	31 December 2017	31 December 2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Grants/bursaries (note 5):										
– to organisations	3	16	280	259	444	–	–	26	727	301
– to individuals	257	202	237	263	–	–	–	–	494	465
RCN service fee	55	60	37	128	52	11	–	11	144	210
	315	278	554	650	496	11	–	37	1,365	976
Support costs	57	19	100	44	90	1	–	1	247	65
Total	372	297	654	694	586	12	–	38	1,612	1,041

In 2017, the RCN service fee is allocated to charitable activities according to the time spent by the RCN Foundation staff on each activity, while previously it was based on the expenditure incurred under each charitable activity. This change resulted in higher support costs compared to 2016. If this change was applied in 2016, total support costs would have been £185k instead of £65k.

Staff costs

The RCN Foundation does not employ any staff directly. A service level agreement is in place between RCN UK and RCN Foundation for the provision of services to RCN Foundation. Under the SLA there are seven employees who work for RCN Foundation (31 December 2016: six employees), one of whom earns between £60,000 - £70,000 per annum. Pension payments made with regard to this individual amounted to £5,446 (31 December 2016: £5,200).

	31 December 2017	31 December 2016
	£'000	£'000
Wages and salaries	247	183
Social security costs	24	20
Other pension costs	28	15
Total	299	218

Staff costs in 2016 do not include two positions that were vacant for a significant period of time during 2016.

4. Taxation

The charity is exempt from tax as all its income is charitable and is applied for charitable purposes.

5. Grants payable

	Unrestricted funds	Restricted funds	31 December 2017	31 December 2016
	£'000	£'000	£'000	£'000
Balance brought forward at start of period	181	195	376	380
Awarded in the period:				
Grants and bursaries	747	535	1,282	772
Unused awards written back	(57)	(4)	(61)	(6)
Charge to SOFA (note 3)	690	531	1,221	766
Paid in period	(484)	(433)	(917)	(770)
Balance carried forward at the end of the period	387	293	680	376
Falling due within one year	290	293	583	316
Falling due after one year	97	–	97	60

Grants were awarded as follows:

	31 December 2017 £'000	31 December 2016 £'000
Grants to individuals:		
Educational bursaries	257	203
Benevolent grants	241	268
Write-backs	(4)	(6)
Total grants to individuals	494	465
Grants to organisations		
RCN Public Lecture Series	16	19
UCLPartners	185	-
LampLight Support Service (LSS)	254	229
Florence Nightingale Foundation	19	19
Queen Margaret University	26	-
RCN Centenary Project (Educational)	(21)	(32)
RCN Centenary Conference Student Bursaries	-	(1)
University of Dundee	22	-
C3 Collaborating for Health	20	30
The IMPACT Foundation	-	11
Foundation of Nursing Studies	-	26
QNI Scotland	16	-
King's College London	193	-
RCN Dignity in Dementia	(3)	-
Total grants to organisations	727	301

In the year the RCN Foundation awarded educational bursaries to 149 individuals and benevolent grants to 480 individuals.

6. Tangible assets

	Note	Computer software £'000	Assets under construction £'000	Total £'000
Cost or valuation				
Balance at 1 January 2017		-	48	48
Additions		-	-	-
Disposals	1.f	-	(32)	(32)
Transfer of assets under construction	1.f	9	(9)	-
Balance at 31 December 2017		9	7	16
Accumulated depreciation				
Balance at 1 January 2017		-	-	-
Charge for the year		1	-	1
Disposals		-	-	-
Balance at 31 December 2017		1	-	1
Net book value at 31 December 2017		8	7	15
Net book value at 31 December 2016		-	48	48

7. Investments

7.1. Long-term investments

	31 December 2017 £'000	31 December 2016 £'000
Market value at the start of the period	29,507	26,943
Additions at cost	7,153	9,238
Disposals at carrying value	(7,043)	(8,704)
Redemptions	(37)	(731)
Realised gain/(loss)	1,065	567
Unrealised gain/(loss)	1,353	2,194
Investments at market value at the end of the period	31,998	29,507
Cash held for reinvestment	318	266
Market value at the end of the period	32,316	29,773
Historic cost at the end of the period	27,303	26,108

Investments at market value comprise:

	31 December 2017 £'000	31 December 2016 £'000
Listed investments		
Fixed interest (Government securities and bonds)	5,789	5,248
UK equities	10,248	10,209
Global equities	10,840	10,496
Alternative assets	2,299	2,033
Property	1,718	1,597
Liquid assets in long-term fund	1,422	190
Total	32,316	29,773

The trustees believe that the carrying value of the investments is supported by their underlying net assets.

Holdings over 5%

None of the investments represented holdings in excess of 5% of the investment portfolio at the start or the end of the period.

7.2. Short-term investments

	31 December 2017 £'000	31 December 2016 £'000
Market value at the start of the period	1,001	1,001
Additions at cost	4,000	4,000
Redemptions	(4,000)	(4,000)
Investments at market value at period end	1,001	1,001
Cash held for reinvestment	-	-
Market value at the end of the period	1,001	1,001
Historic cost at end of the period	1,000	1,000

8. Debtors

	31 December 2017 £'000	31 December 2016 £'000
Prepayments and accrued income	26	1
Due from RCN UK	43	14
Total	69	15

9. Creditors

	31 December 2017 £'000	31 December 2016 £'000
Amounts falling due within one year		
Trade Creditors	-	10
Grants payable (note 5)	583	316
Accruals	49	46
Due to RCN UK	76	-
Total	708	372
Amounts falling due after one year		
Grants payable (note 5)	97	60
Total	97	60

10. Analysis of net assets between funds

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 31 December 2017 £'000	Total funds 31 December 2016 £'000
Fund balances at the end of the period are represented by:					
Software	15	-	-	15	48
Investments	25,735	5,373	1,208	32,316	29,773
Current assets	(197)	2,366	-	2,169	2,190
- Current liabilities and provisions	(388)	(320)	-	(708)	(372)
- Non current liabilities	(97)	-	-	(97)	(60)
Total net assets	25,068	7,419	1,208	33,695	31,579

11. Revaluation reserve

	31 December 2016 £'000	Investment Unrealised Gain £'000	31 December 2017 £'000
Revaluation Reserve	3,665	1,348	5,013
Total	3,665	1,348	5,013

In 2017 the revaluation reserve related to the investment portfolio has increased by the value of the unrealised gains for the year.

12. Movement in funds

	31 December 2016 £'000	Income £'000	Expenditure £'000	Net investment gains £'000	Transfers between Funds £'000	31 December 2017 £'000
Endowment funds						
Permanent						
Educational funds	161	-	-	18	-	179
Research fund – Daphne Heald R&D Fund	458	-	-	51	-	509
Expendable						
Educational funds	37	-	-	4	-	41
Benevolent funds	420	-	-	46	-	466
Other funds	12	-	-	1	-	13
Total endowment funds	1,088	-	-	120	-	1,208
Restricted income funds						
Educational funds						
England & Wales Edu. fund	1,869	76	(198)	171	(5)	1,913
Trevor Clay Scholarship fund	369	12	12	31	-	424
John Colyer fund	241	8	(68)	30	-	211
Cowdray Scholarship fund	226	8	4	17	-	255
Other educational funds	582	55	(14)	37	10	670
Total educational funds	3,287	159	(264)	286	5	3,473
Benevolent funds						
RCN Benevolent fund	424	174	(266)	9	-	341
RCN Housing fund	1,872	61	-	156	-	2,089
Other Benevolent funds	949	53	-	78	-	1,080
Total benevolent funds	3,245	288	(266)	243	-	3,510
Research funds	390	27	-	19	-	436
Total restricted funds	6,922	474	(530)	548	5	7,419
Unrestricted funds						
General funds	23,563	956	(1,342)	1,890	(5)	25,062
Designated funds	6	-	-	-	-	6
Total funds	31,579	1,430	(1,872)	2,558	-	33,695

The funds we hold are for the following purposes:

Educational funds

To provide higher educational facilities, scholarships and annual awards for nurses who are studying or intending to study.

Benevolent funds

To assist nurses who by reason of adversity, ill health or otherwise are in need of assistance.

Research funds

To fund a research and development unit within the RCN and to provide funds to undertake research projects. In 2017 there has been no expenditure of research funds.

Transfers between funds

During the year transfers totalling £5,000 were made from the unrestricted fund into the restricted education fund to be used for additional educational bursaries.

13. Related party transactions

During the year a service charge of £374,587 was paid by the RCN Foundation to RCN UK based upon the agreed service level agreement (31 December 2016: £266,223).

Project grants of £192,000 were committed towards the RCN Centenary, celebrating the good practice in Nursing and its wider dissemination. As at year end £41,050 remains unpaid.

The RCN Centenary project, Learning Resource, ended in 2017 with an underspend of £20,917, which will be returned to the RCN Foundation in 2018.

In 2017 a total of £257,656 has been paid to RCN UK for the LampLight Support Service (LSS) which has replaced the Referral and Assessment Services (RAS). A repayment of LSS unused grant of £3,699 from RCN UK remains outstanding at year end.

Since 2015, the RCN Foundation has granted the RCN UK funding of £56,620 towards the Public Lecture Series project. This is aimed at inspiring learning and debate on issues that concern nursing for the benefit of all.

The last tranche of £19,840 was paid to RCN UK in the year. The project ended in 2017 with an underspend of £4,745, which will be returned to the RCN Foundation in 2018.

14. Remuneration

None of the trustees received remuneration. Costs incurred by the RCN Foundation trustees while carrying out trustee duties amounted to £14,707 in the period (31 December 2016: £11,009). These expenses related to £4,430 in accommodation and meals and £10,277 in travel. These costs relate to 8 trustees and are made up of both out of pocket expenses reimbursed as well as those paid directly to a third party.

15. Ultimate controlling party

The RCN is the sole company law member of the RCN Foundation. It discharges that role as a quasi trustee by using its membership to further the charitable purposes of the RCN Foundation. However the RCN Foundation is established for exclusively charitable purposes and the RCN will respect at all times the RCN Foundation's independence as a charity, separate and distinct from the RCN. The ultimate sanction to appoint and dismiss trustees resides with the RCN. The RCN's principal place of business is 20 Cavendish Square, London, W1G 0RN. The results of the RCN Foundation are included in the consolidated financial statements of the RCN which are available from the above address.

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