

## Consultation Paper

### Consultation on arrangements for branch funding post December 2016, engagement in the governance process and branch finance reporting

#### Section one: Introduction

- 1.1 The RCN Group underwent a fundamental structure change on 1 April 2010, this followed detailed discussion with the Charity Commission, the Trade Union Certification Officer and the RCN's Legal and Accounting advisers. The most significant regulatory change impacting the RCN as part of these changes was the RCN's de-registration as a charity effective 1 April 2010.
- 1.2 Following these changes the RCN reviewed its constitutional framework and changes resulting in the current framework were put in place following the 2010 Annual General Meeting. This included an amended Royal Charter and a new set of Standing Orders and Regulations to replace the previous Bye-Laws and Rules.
- 1.3 One of the impacts of the RCN no longer being a charity is the way that it must use, account and report its finances. For most members the most visible sign of this change is in the way branch finances are managed and reported including the use of historic branch funds.
- 1.4 Historic branch funds were made up of a combination of previous years unused administration funding and monies income generated by branches in previous years. As the RCN's non charitable status meant that branches could not continue to operate in this way it was agreed that the value of branch funds as at 31 March 2013, cumulatively £750k approximately, would be allocated through budgets equally over a period of three years and nine months.
- 1.5 Any historic fund budget left at the end of each accounting period: nine months to 31 December 2013, then annually thereafter, would be absorbed within general RCN funds. The final tranche of historic fund budget, £200k, will be completed at 31 December 2016.
- 1.6 Discussion is now underway as to what arrangements, if any, should be in place from 1 January 2017. Council are keen that all members are given the opportunity to contribute to this discussion and help inform proposals for the arrangements relating to branch funding going forward.
- 1.7 This is particularly important given the changes to Board and Branches governance structure and the governance role of the Board.
- 1.8 As part of this discussion it is important that branch finances are considered as a whole, this includes
  - Branch funding
    - Administration funding – what should this look like from 1 January 2017

- Should there be a replacement to Historic funds?
- Funds to support non-voting members attendance at Congress
- Income generation – are there permissible ways branches can income generate to supplement funds?
- Branch engagement in the governance process
- Branch finance reports

**1.9 Contained within the remaining sections of this document are a series of questions framed around the themes outlined in 1.8 above.**

**1.10 Boards and branches are asked to send their feedback to [governance.support@rcn.org.uk](mailto:governance.support@rcn.org.uk), by 31 March in order to inform a further discussion at the April Council meeting.**

## Section two: Branch Funding

2.1 Branch administration funding is currently based on the following formula:-

*£100 per branch plus 15 pence per member*

Used to cover operating costs of the branch including:-

- Funding for branch committee meetings and other meetings includes room hire, catering etc.
- Stationery, postage etc.

2.2 In recent years there has, in many cases, been an increase in the support from local RCN office's providing printing etc and a significant reduction in the need to post items due to the use of electronic communication. However branches have, during the period of historic funds had access to additional funds, which will no longer be available.

2.3 The overall breakdown of expenditure by branches for the twelve months to 31 December 2014 and for the first nine months of the current financial year to 30 September 2015 is shown in the table below.

	2014		9 months to Sept 2015	
	Admin	Historic	Admin	Historic
Expenditure	£	£	£	£
<b>Branch meetings &amp; Travel</b>	28,352	50,618	13,352	27,708
<b>Recruitment &amp; Promotion</b>	16,650	92,385	9,431	3,767
<b>Running Costs</b>	7,126	16,184	5,582	14,106
<b>Training &amp; Development</b>	-	4,677	-	8,030
<b>Total Expenditure</b>	<b>52,128</b>	<b>163,864</b>	<b>31,017</b>	<b>67,169</b>

In 2014, 2015 and 2016 overall branch funding budgets:-

£78,000 - Administration funding per year

£207,000 – Historic Funds per year

2.4 Majority of spend appears to be at the end of the year, primarily on consumables and merchandise.

### Questions

**Q1.** Administration funding – to cover operating costs

- a) Should there still be administration budgets after 31 December 2016?
- b) If so, is the current level of funding sufficient?
- c) Should administration funding be allocated at board or branch level?
- d) Should Regional / Country offices offer more administrative support to branches, if so what should this look like?

**Q2.** Funding of branch activities – after the end of historic funds

- a) Should each branch continue to have access to a budget to support activities such as CPD / Training events, campaigns, promotion & marketing?
- b) If so, should the budget be allocated at national or board level to allow funding to be used where it is needed across the country/region?
- c) Should this budget be a set amount per board?
- d) Or based on the number of members served by the board?
- e) Board branches budget would be accessed through an application process, who should set the criteria, the Business Committee or the Board?
- f) What support, if any, would branches require in order to submit an application to access the board branches budget?

**Q3.** Non-voting members – support to attend Congress

- a) Do you think funding should be set aside to support non-voting members to attend Congress? If so should this be held at:-
  - i. One pot RCN wide
  - ii. Board level
  - iii. Branch level
- b) If there was a small budget set aside to fund Congress attendance, who should this be used for?
  - i. New members

- ii. First time Congress attendees
  - iii. Application process for anyone interested in attending
- c) How should this funding be found?
  - i. Reduce proposed activity budget (see Q2 above) to provide separate budget for Congress attendance
  - ii. Board have discretion to use “activity budget” to fund additional attendance at Congress
  - iii. No additional funding should be set aside to fund additional attendance at Congress
- 2.5 Since the RCN de-registered as a charity RCN Branches are severely restricted in how and when they can income generate. There are strict rules regulating income generation of any nature.
- 2.6 Income raised from the public will be subject to tax. All income raised whether from fellow members or members of the public will be subject to VAT. Branches are subject to the same accounting regulations as the RCN as a whole, any income generated in one year cannot be “carried forward” into the next. All income generation must be part of annual plans and budgets.
- 2.6 Any income generated by boards and branches must follow strict guidelines and be arranged through the local RCN office in liaison with the RCN Finance department.

**Q4. Income Generation**

- a) Given the strict rules regarding income generation, would your branch be interested in pursuing an income generation activity?
- b) If your branch was to income generate would this be used
  - i. Specifically to send members to Congress?
  - ii. As part of a carefully planned and costed event, in order to subsidise training events?
  - iii. For no particular purpose?

### **Section three: Branch Governance, planning and budgeting**

- 3.1 Regional and Country Boards oversee delivery of RCN objectives and priorities. Boards approve regional / country annual plans and budgets.
- 3.2 One of the roles of the RCN board is to enable branch engagement in the operational planning and budgeting process.

#### **Questions**

##### **Q1. Working with Boards**

- a) Does your branch understand how it works with its Board?
- b) How involved with the annual operational planning and budgeting process is your Branch?
- c) How could your Board improve branch engagement?
- d) How could your Branch improve engagement in the wider governance process?

## **Section four: Branch finance reports and guidance**

- 4.1 Boards receive quarterly KPI and finance reports at each board meeting, these include a variety of non-financial data as well as year to date financial information against budget for their board and summarised branch information.
- 4.2 Branches receive monthly financial information for their branch against budget, currently broken down between Administration Funding and Historic Funds.

### **Questions**

#### **Q1. Reporting - Boards**

- a) Is your Board happy with the level and timing of financial reports received?
- b) What else, if anything, would be useful in order to assist the board to effectively manage and monitor Board finances?

#### **Q2. Reporting – Branches**

- a) Is your Branch happy with the frequency and timing of the finance reports received?
- b) Is your Branch happy with the quality of the finance reports received?
- c) How could the Branch finance reports be improved?
  - i. Are monthly reports too frequent?
  - ii. Are the reports easy to understand? If not what would make them easier to understand?

#### **Q3. Financial Guidance**

- a) Is the finance information contained in the updated branch handbook useful?
- b) Is the information contained within the Branch Finance Regulations easy to understand?
- c) What additional information or guidance would you find useful to:-
  - i. Understanding what administration funding can be spend on and what are the correct processes for each?
  - ii. Understand your branch finance reports?
  - iii. Facilitate engagement in the operational planning and budgeting process?
  - iv. Congress funding and booking process?