

# Combined group annual report and consolidated accounts 2012-13

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



Royal College  
of Nursing

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31 March 2013

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## Message from the President

This is my third year as your President; little did I know when I took up office just how tough the intervening years were to be for patients and nursing staff. I expected a turbulent period as the landscape of health care altered but this has been an unprecedented challenge.

Nurses are continuing to give their all whilst their pay, pensions and working conditions are eroded. It seems that every week there is some new threat to your employment rights or the critical service you provide. Despite this, nurses continue to deliver day-in and day-out for patients, silently filling the gaps in the system in which they tirelessly work.

There is a famous saying, “times change and we change with them”. For me, this feels particularly pertinent at the current time. Every day of their working lives, nurses face real change and continue to rise to the challenges put before them. Whilst times may change, fundamental principles do not. I talked about nursing values at my very first AGM and I remain convinced that adhering to our core values will lead us all through this very tough environment.

Whilst the media and politicians talk about a need to change culture, we have the actual power to deliver it. Neither the politicians nor the regulators will determine the success of nursing - that will be down to us. We will have to make the culture shift needed to allow us to deliver the highest level of nursing care. You are the change agents; you have the power to make the changes needed. I am in no doubt that the future of nursing is safe in your hands. I will be doing all that I can to highlight the importance of nursing in achieving success and arguing that resources must be applied appropriately to support the delivery of care and compassion.

I very much look forward to seeing as many of you as possible at our Annual General Meeting in October.



Andrea Spyropoulos  
RCN President  
July 2013

## Message from the Chair of Council

The twelve months detailed in this annual report have one very distinct theme: doing more with less.

We know that you, our members, are being forced to do much more with much less each and every day, with cuts to jobs and services and a constantly increasing number of patients needing the care you deliver. The same theme is also true of the RCN; when times are tough for our members, the RCN works harder.

The RCN has had to work smarter, more efficiently and with an even greater focus on delivering the services that you need, putting everything else second. Despite the obvious challenges, I'm actually very proud of the fact that we have maintained the excellent level of support you deserve; in some cases have actually increased spending on things that directly impact on you.

We've focused our spending on the kind of assistance that members just can't do without.

As you'll see from this report, we are representing, supporting and advising more members than ever before. Our award winning legal team continues to fight for employment rights and to overturn unfair decisions and dismissals.

For much of our work we depend on the support of our accredited representatives and other professional activists.

Therefore, despite these tough times, we have increased the level of support that our activists receive to attend Congress, in order to make sure your voice is heard loud and clear.

In addition, our Board Review means that we are working differently and we are making sure that members have the opportunity to inform the decisions Council and Boards make at a UK and country/regional level. We have been joined on Council for the first time by two of our health practitioner members.

Whilst we have been able to focus our spending so far, the times ahead will be even tougher and we will be consulting you over the coming months about how we make resource decisions from 2014 onwards. I hope you find the information in this report useful.



Professor Kathleen McCourt CBE FRCN  
Chair of Council  
July 2013

## Message from the Chief Executive & General Secretary

Our annual report is an incredibly important document. It spells out just where your money is spent, the services we have delivered and the new work that has taken place. As you can see from the pages of this year's report, the RCN is working harder than ever before to defend our members both on the national stage and locally too. Our legal team are fighting for a record number of members and are delivering impressive results in tough times.

For me, one of the most significant developments in health care in the previous 12 months has been the Francis Report and this needs to be considered alongside the numbers and financial figures. The Francis Report, published in February, represents a watershed moment not just for the NHS, but also for our entire health system. It investigated the tragic events at Mid Staffordshire NHS Foundation Trust and delivered a verdict on how the delivery of care needs to change. Robert Francis proposed 290 recommendations, ranging from the regulation of health care assistants to the culture in our hospitals and other care settings. Although the Francis inquiry had a remit for England only, its recommendations went to the very heart of how we go about caring for patients, has relevance in all care settings throughout the UK and has had a real impact on the work of the RCN.

The RCN was well prepared for the report. Our *This is nursing* initiative launched in September with more than a thousand adverts on buses right across the UK. It aims to modernise the public's perception of nursing and highlight the biggest challenges faced by our profession. The adverts ensured that tens of thousands of people logged on and watched our award-winning film and learned more about the immense pressures that you face.

Many of the recommendations in the Francis Report resonate with our *This is nursing* work and the RCN has taken a lead on exploring the obstacles that can make delivering patient care unnecessarily difficult. In November, an independent commission, established by the RCN, delivered its verdict on the standard of nursing education. The Willis Commission, led by the hugely respected Lord Willis, confirmed that the move to an all-graduate nursing profession was indeed the right direction. Following on from the Francis Report, and using *This is nursing*, the RCN will work on sharing the best practice when it comes to training and educating our nurses of tomorrow.

The report also includes a recommendation that the College should review its dual role as a professional trade union. We know this makes us stronger and our future work will demonstrate how to others.

There is still a huge amount of work to do. Robert Francis' report will be felt not just for months, but for years to come. The RCN will continue to fight for mandatory safe staffing levels and will always defend nursing when it is unfairly attacked. We will also continue to rally against cuts to jobs and service, through our award-winning *Frontline First* campaign.

Your voice will be crucial in all of this work; if nursing is to overcome the challenges it faces, nurses and health care support workers everywhere need to have their say. Make sure that you engage with the work of the RCN in the next twelve months, we can't change things for the better without you.



Dr Peter Carter OBE  
Chief Executive & General Secretary  
July 2013

# The report of Council

## Our 2012-13 Council priorities

Each year RCN Council provides the organisation with a picture of the significant activities and targets required during the next financial year – and how these link to the five-year strategic plan. RCN Council's priorities form the building blocks for the RCN annual operational plan and for local operational plans.

The priorities provide the framework around which Council reports achievements and successes in the RCN annual report.

The 2012-13 priorities are grouped into three key areas of RCN activity: being a trade union; being a professional organisation; and being a business. These are independent and not in order of importance.

## Our 2012-13 activities and achievements

### A. Being a trade union

#### 1. Deliver high quality, consistent and cost-effective legal advice and representation to members.

We continue to achieve excellent results through representation of members before the Nursing and Midwifery Council (NMC), with clear evidence of fair, equitable and consistent outcomes for members who are referred to the regulator. Even though the number of hearings, both interim and substantive, continues to rise, combined use of written representations and our in-house advocacy team ensure significant cost savings.

Member satisfaction with our service continues to be very high – of those providing feedback, about 90 per cent said that they were either very satisfied or satisfied with the service; and the Legal Directorate was highly commended in the Law Society Excellence Awards for client service in November 2012.

We continue to provide successful legal support in resisting local challenges to Agenda for Change, recovering compensation for unfair employment practices, and in ensuring that the regulatory framework affecting

members in their professional activities is operated fairly and is consistent with human rights legislation. This has included a number of successful high court challenges to the enhanced criminal records certificate regime. We have worked to secure the best possible legal protection for staff affected by the current reorganisation of NHS commissioning arrangements in England.

Unfortunately, these successes are against a backdrop of increasing employment casework and NMC referrals.

We have continued actively to explore new regulatory/corporate law vehicles for 2013-14, extending the range of our legal services to members.

#### 2. Develop relationships with private and independent sector providers in order to increase the RCN's profile, membership and number of representatives in these sectors. Pursue our independent sector strategy and, in particular, identify suitable areas for pursuing equal pay claims in the independent sector.

In order to raise our profile within the independent sector, a suite of literature and web-based information has been developed specifically for employers and is available at: [www.rcn.org.uk/support/independent\\_sector](http://www.rcn.org.uk/support/independent_sector). In addition, we have produced sector specific recruitment materials.

In the last year, RCN membership in the independent sector has grown by over 4 per cent, accounting for 27 per cent of the total RCN membership.

We have approached the larger, key national independent health and social care employers and significant progress was made in developing new strategic relations with five UK employers. We agreed full recognition for collective bargaining over pay, terms and conditions with the UK's largest independent health and social care employer, Four Seasons; and we are working on joint projects with other companies that actively facilitate the recruitment of RCN representatives and members.

RCN membership surveys have indicated pay differentials across different areas within the independent sector and we review pay as part of our organisational relationships on wider labour issues. Concerns over equal pay underpin our approach on central pay bargaining and establishing agreed national pay structures with independent employers.

### **3. Maximise recruitment and retention of RCN representatives. Continue recruitment campaigning, supported by effective learning and development for new and experienced representatives.**

An independent review of representatives' learning generated a recommendation that there should be a focus on stewards, and standards should be set for the continuing development of representatives. Both have been acted upon. Training for stewards in the RCN case management system has been designed with great alacrity and is now being rolled out. Numbers of representatives continue to decline, due in part to the impact of the tough economic climate on NHS and independent providers and in part to a policy decision to focus on quality standards.

### **4. Monitor and assess the level of support provided to members by assessing case management systems for staff and activists.**

Case management is a key service that supports representation provided to members in the workplace. Through the continued development of case management processes and practices we are strengthening our approach to representation. By improving the quality and accessibility of data gathered from the case management system we will realise the benefits of case management in informing our work representing nurses and nursing, promoting excellence in nursing practice and shaping health policy.

Since 1 April 2012, RCN staff have opened 8,500 cases, closed 9,100 cases and (at March 2013) there were 3,900 ongoing cases providing representation for 4,700 members.

During the same period, RCN accredited stewards opened 3,100 cases, closed 1,800 cases and managed 2,600 ongoing cases representing 2,700 members.

There have been a number of significant improvements made to the case management system over the past 12 months. These include:

- the launch of a new case management satisfaction survey at the beginning of October (used to gather feedback from members once a case has been closed)
- the development of a representatives' portal. The portal will provide stewards with online access to the case management system from where they can check membership details, open and close cases, store case documentation and communicate securely with members and RCN staff
- the commitment to provide IT equipment to stewards based on identified need in order to improve access to the case management system and to increase adherence to data protection policies.

### **5. Ensure that the new RCN governance arrangements and ways of working embrace and support all members wherever they work in health care and regardless of who their employer is.**

We now have three categories of membership: nurse, student and health practitioner. All three categories are now represented on Council, with the two health practitioner members attending their first Council meeting in November 2012. Health care assistant (HCA) and assistant practitioners (AP) join the RCN as health practitioner members of the College. From 1 January 2013, our Health Practitioner and Students Committees have begun to report directly to Council.

In addition, the new model of voting for board members will enable boards to ensure that they represent all employment sectors, and the new ways of working will ensure that members from across employment sectors and membership categories will be working together on priority issues.



**6. Increase national-level lobbying activities with governments for protection of pensions, pay and jobs. Through *Frontline First*, provide members with key information, resources and online tools related to such workplace issues.**

The RCN *Frontline First* campaign continues to be a focus point for work on the impact on the NHS of the current financial challenges. A *Frontline First* report was published for RCN Congress 2012, with a follow-up in November 2012. This gained significant media coverage on workforce cuts and trends.

We submitted a detailed response to the Nursing and Midwifery Council fee rise consultation (the proposal was to raise the fee to £120 a year). The fee rise was subsequently reduced to £100 per year but the RCN remains concerned about the scale of the increase from the previous fee of £76.

In the social care area, we responded to the care and support white paper and accompanying draft bill progress report on funding reform. We also responded to the Department of Health's consultation on market oversight for adult social care.

We published a document setting out the weaknesses of the current regulations for health care support workers and called for mandatory regulation underpinned by the law. We also responded to the Home Office alcohol strategy consultation including the issue of setting a minimum price.

In addition, we commented on a significant consultation on the future strategic direction of the Care Quality Commission.

**7. Campaign and act to safeguard and enhance members' pay and conditions, ensuring co-ordinated negotiations, lobbying strategies for preserving and protecting Agenda for Change conditions of service.**

In February 2013, the NHS Staff Council agreed proposals to make changes to national terms and conditions for NHS staff – known as Agenda for Change. The RCN supports these changes as it considers they are the best way to ensure national pay is sustained and that all NHS staff receive equal and fair pay, no

matter where they work. The RCN expects all NHS employers to stick to this agreement, including employers in the south west of England who formed a cartel. However, the RCN also remains vigilant to the potential of an ongoing threat to national pay and we have made it clear that we will actively resist trusts that embark on local pay strategies.

**8. In the light of the Health and Social Care Act, and financial challenges in health care provision, ensure appropriate information and training on redundancy, reorganisations and transfers is available for relevant RCN staff, activists and members, identifying test cases where appropriate.**

The RCN led national-level work on the transition of staff to new employers as a consequence of the Health and Social Care Act and was responsible for leading successful negotiations on a transfer agreement, which have now been concluded.

**9. Enhance health practitioner (HP) engagement through our campaign for regulation and promote the HP role in our governance structure. Support the development and regulation of assistant practitioners, health care support workers (HCSWs) and advanced practice.**

The two health practitioner seats on RCN Council are now established, and the Health Practitioner Committee has five current members in addition to the two Council members.

In December 2012, the RCN published a policy briefing, *The Weaknesses of Voluntary Regulation for Health Care Support Workers*. The Skills for Health/Skills for Care project, commissioned by the Department of Health (DH), on developing codes and standards is now complete and the products were handed over to the DH at the end of January 2013. The Francis Report on events at Mid Staffordshire NHS Foundation Trust included several recommendations relating to HCSW identity and registration, a code of conduct and national minimum training standards.

**10. Develop members' understanding on how NHS reform fits together and map the future NHS in England. Appraise the implications of the Health and Social Care Act, review the recommendations of the Future Forum and track the overall reform process against the RCN's 18 assurances.**

The Health and Social Care Act 2012 included significant reforms to the health care system in England. We produced a range of practical guidance and other resources for members to help them navigate through the new health and social care landscape. These resources provide an overview of the NHS architecture in place from April 2013, with a particular focus on the nursing input.

The RCN has continued its parliamentary work relating to the detail of secondary legislation following the passing of the primary legislation, and advising politicians and senior civil servants on the practical impact on the frontline of implementation of the reforms.

Responsibility for commissioning most hospital and community health services will, from April 2013, be delegated to a network of 212 clinical commissioning groups (CCGs). The RCN has lobbied ministers and senior DH officials regarding nursing involvement on the governing bodies of CCGs.

**11. Increase RCN influence at European level, contribute to the modernisation of the International Council of Nurses and the European Federation of Nurses Associations, and take advantage of international opportunities, in particular those achieving millennium development goals.**

The RCN has dedicated considerable effort in pressing for changes to the International Council of Nurses (ICN), in particular the fees structure, which is unsustainable in its current form, and has provided suggestions and input in regular discussions with the ICN and some of its key member organisations.

We have had a lead role in shaping and lobbying for amendment to the Professional Qualifications Directive. A number of RCN priorities have been reflected in the European Commission's proposals, the European

Parliament's views and those of UK politicians. The RCN continues to work with its EU alliances to ensure that any compromises do not undermine modern nursing or patient safety.

We have actively participated in the European Federation of Nurses Associations (EFN) general assembly meetings, provided direction, and input into EFN activity, including proposals for a European Nursing Research Foundation, initiatives to strengthen workforce planning and the review of professional qualifications legislation. As a member of the European Federation of Public Service Unions, the RCN has been supporting the implementation of European legislation on protection from sharps injuries, which we helped negotiate, along with discussions with employers on other potential measures, such as those relating to the ageing health workforce.

International bodies are working on the development framework to replace the millennium development goals after 2015. The RCN responded to a European Commission consultation and submitted evidence to the UK parliament's international development committee inquiry.

We are working on developing a partnership and joint project work with the Zambia Union of Nurses Organisation to strengthen its professional association function. The work of the partnership will support achievement of the millennium development goals on maternal and child mortality by enhancing nursing practice, specifically theatre nursing.

**12. Strengthen international work by identifying best nursing practice internationally and using this to influence UK-wide nursing practice and policy. Contribute to EU joint action on the health and social care workforce by providing briefings and evidence in relation to workforce planning, and future health and social care workforce needs.**

The RCN has hosted 14 international delegations over the past year. These visits have provided the RCN with a platform to share some of our more recent initiatives including *This is nursing* and *Frontline First*. They have also allowed the RCN to learn about health care trends globally and, more

specifically, about nursing practices in other countries, helping to inform our work.

The RCN is also directly involved in shaping our European alliances' input into planning in relation to recruitment, retention and skills issues, and is representing the UK in a project mapping the EU health support worker workforce, which will report by the end of 2013.

**13. Develop, implement and monitor activist marketing plans to ensure the RCN has the optimal number of accredited representatives, and deliver, evaluate and improve learning and development for activists to support recruitment and retention strategies.**

Since the launch of the learning and development (L&D) pathway for RCN learning representatives, 465 representatives have completed their initial L&D and are practising as RCN representatives. Countries and regions now commission L&D in line with their local recruitment representative recruitment targets. The Open College Network scrutinised the pathway content and delivery model, and found that RCN staff continue to demonstrate outstanding and significantly high levels of commitment to improving quality and that fundamental developments had been initiated in response to an earlier review.

**14. Develop and lead the *Frontline First* campaign, using real-life examples from across the organisation and its boards to gather intelligence, disseminate information and briefings, and co-ordinate local activities to underpin successful action on health care cuts.**

Our *Frontline First* campaign has continued to expose cuts to posts and the closure of services. At RCN Congress 2012, we highlighted the huge strain being placed on community nursing. In November, we used the campaign to tell the media that the Government risked "sleepwalking into a crisis" as the figure for lost posts in England alone now stood at 61,000 – matching the national figure from Congress. We also highlighted the reduction in the number of nursing places commissioned by universities in England. Numbers declined by nearly five per cent in

2012-13 after having fallen by almost 10 per cent the previous year. In London, there have been reports of the city losing up to 21 per cent of adult nursing training places.

*Frontline First* has also played a key role in the south west of England, empowering members to fight the plans of the pay cartel established by local trusts. We built a special section of the *Frontline First* website and included all the information that members in the region might need, including the latest news, key documents and important resources such as posters.

Finally, towards the end of 2012 and into the start of the new year, we engaged members on the proposals to amend Agenda for Change. *Frontline First* was used as the mechanism by which members could find their nearest branch meeting and read all the necessary information on the proposals.

**15. Ensure the RCN is a credible and influencing force in the opinion of other organisations, governments, members, the media and the public. Position the RCN as the key voice of nursing through professional, political and member campaigning so that our influence is acknowledged – and our members, and their messages, are heard.**

In the last 12 months, the RCN has influenced the public and political agenda on a number of key issues. We have begun work on the implementation of the Health and Social Care Act, and have used important media outlets to express the concerns we have about the appointment process of nurses on the board of clinical commissioning groups. We have also harnessed member feeling to campaign on the NMC fee proposal, moves to regional pay and the ongoing cuts to the NHS frontline. We have engaged with external stakeholders regarding our *This is nursing* initiative and hosted a very successful stakeholder dinner in July.

The RCN attended all three of the major political party conferences where we met with a wide range of senior politicians. At each conference, we hosted a high-level breakfast roundtable event in collaboration with the British Medical Association and the Nuffield Trust, and an interactive fringe event on *This is nursing*.

We have continued our engagement with prominent MPs and groups of MPs, including numerous submissions to the Commons health select committee and relevant all-party parliamentary groups. These, in turn, have led to several opportunities to present oral evidence. A contact programme of regular meetings between all government health ministers and the RCN Chief Executive & General Secretary has been carried out successfully following the government reshuffle that saw four new ministers enter the Department of Health.

## B. Being a professional organisation

### 16. Provide quality assured learning and development products/services through our Learning Zone, clinical leadership programme, consultancy service and accreditation role, developing and supporting excellence in nursing practice, while improving RCN income-generation and business tie-ins.

The RCN is currently running the facilitator development programme to train facilitators to deliver the clinical leadership programme. This programme began in June 2012 and is due to run for nine months. The RCN licenses its clinical leadership programme to be run in nine UK organisations. It has also recently celebrated the tenth anniversary of running the programme in South Australia; nearly 600 nurses, allied health professionals and social workers have taken part in the programme, with the latest intake consisting of 68 people from a range of backgrounds and working environments including rural areas.

Within this financial year the RCN completed a piece of leadership consultancy entitled *Leading in Uncertain Times* in Eire. This work was about providing the health service there with a framework to continue to develop leadership capability in increasingly uncertain economic times.

Our business model and product offering for the RCN consultancy service is being reviewed and redesigned to ensure that it continues to meet the needs of our customers. A decision was made to postpone the planned recruitment for new cohorts for the clinical leadership programme and the leading for

quality care programme until the review of the RCN consultancy service was completed.

### 17. Launch an effective network for executive nurses. Support existing national networks of members in different areas of practice including sharing intelligence, consulting on standards and engaging them in representing the RCN.

The year has seen us build significantly upon the development of the network, which became live in June 2012 with accompanying dedicated phone line and email address.

Milestones to date include:

- the first Chatham House event was held in December 2012 in Manchester and was evaluated positively by those who attended
- the first advertisement to join the network was in *Health Service Journal* in February 2013
- an article on the network was published in *Nursing Standard* in 2012
- the network now has membership from three of the four UK countries and is growing well.

### 18. As part of the RCN Legal and Governance Review, ensure that the voice of members of forums and professional networks informs the work of boards and branches.

This year the focus of the legal and governance work has been on the role of boards and the way they work with branches and other member groupings to ensure members inform decision-making and are well briefed on the work of the RCN. The new governance role for boards has been agreed and the new boards have been elected. There has been an induction session for all boards and the new boards have started to embed the new ways of working.

The review of the use of branch funds has also been completed and is in the process of being implemented. Council members presented the proposals to each of the branches in their country or region.

**19. Address nursing education through: (i) an independent commission on education to provide evidence and recommendations to tackle current challenges in delivering effective pre-registration education; (ii) delivering recommendations on the content and standards for UK wide health practitioner education; (iii) the continuing professional development (CPD) of all nursing staff.**

The Willis Commission published its full report on the future of nursing education. Key findings were well received. Recommendations in the Willis Commission report include:

- patient-centred care should be at the heart of all pre-registration nursing education and continuing professional development
- nursing education needs to embed patient safety and dignity as a top priority
- better evaluation of and research into nursing education programmes is necessary to ensure a programme that is fit for purpose
- recruitment campaigns need to be broadened to encourage the widest, best possible range of applicants
- health care service providers must fully support nursing education
- universities need to recognise nursing as a practice and research discipline.

Overall, there were 29 recommendations in the report but perhaps the most important was the acknowledgement that moving to an all-graduate nursing profession is not simply desirable but essential. We will have an action plan to address the issues raised.

**20. Embed the RCN Principles of Nursing Practice and nursing innovations; contribute to national quality and research initiatives that support and develop the nursing family and improve the patient experience and health outcomes. Continue to contribute to national quality initiatives to improve the patient**

**experience and health outcomes through evidence briefings and learning and development programmes.**

After extensive work to disseminate and explain their purpose, the Principles of Nursing Practice are now used widely across the UK as a framework for national and local strategic planning and action to improve care quality – for example, by the parliamentary ombudsman and by Macmillan, the cancer care and support charity. Nurses report that the Principles of Nursing Practice are a robust foundation for nursing decision making, reflection and action. The Principles have also been used to reference good practice examples in a range of RCN work including dementia, care of older people, nutrition and hydration, and patient safety. Through work with directors of nursing, the Principles have been used to develop tools for critical reflection and learning for use by RCN staff, members and students.

The RCN's 'light bulb innovations' initiative was launched and 20 nursing innovations were disseminated through *Frontline First* and the RCN research and innovation web pages, generating interest from as far afield as Australia.

The RCN's annual international nursing research conferences both took place in this financial year, each attracting over 400 delegates from more than 25 countries. The number of abstract submissions increased in 2013, suggesting that even in austere financial times our research conference goes from strength to strength.

Our national initiatives have involved working with leading experts to organise a popular conference about using safety science to improve nursing care, sharing insights and evidence from the military, psychology and health care. In addition, we have developed and published guidance on ward rounds, which was well received by the press and practitioners alike.

The RCN has taken its place on two new national bodies to influence record standards and the data-collection burden; in addition, we are collaborating with the Royal College of Physicians' health informatics unit, the Royal College of General Practitioners and

other partners on work to promote the use of structured records, enabling IT systems and patient online access to records.

In response to the Prime Minister's challenge on dementia we are working with the Dementia Nursing Research Taskforce on a number of key nursing research projects in this field.

During the year we ensured a nursing contribution to 276 National Institute for Health and Clinical Excellence (NICE) work programmes, including clinical guidelines, health technology appraisals, quality standards and public health guidance. Moreover, we contributed to general consultations including the commissioning outcomes framework, the quality outcomes framework, and NICE methodology process and manuals.

**21. Monitor the compliance and effectiveness of the mentorship programme to increase and improve the capabilities and capacity of accredited representatives. Continue to develop flexible and responsive models for both delivery to activists and support for mentors.**

Work has now been completed to review the mentorship framework, streamline the documentation and refine the standards for RCN representative practice. These standards have been developed into revised role descriptors for stewards, safety representatives and learning representatives and agreed with each respective UK representative committee. The reviewed mentorship framework is being rolled out across England from April 2013. The revised role descriptors have informed a curriculum review of the learning and development pathway for RCN representatives and the reviewed pathway will be delivered from April 2013 onwards.

**22. Agree and develop a range of reactive and proactive learning opportunities for all members, responding to the emerging agendas. Focus on flexible options and increased delivery in the workplace.**

The RCN continued to deliver learning and development opportunities closer to

members, in particular providing the space and time for ward sisters/team leaders and senior nurse leaders to explore and make sense of their role through individual development days and our leadership programmes. The role of the ward manager/team leader continues to be pivotal in improving outcomes for patients and services users.

The RCN has worked with the Department of Health to deliver a series of regional events across the UK promoting health visiting as a career option. The events enrolled more than 400 participants to have a better understanding of the role of the health visitor, gain a deeper insight into the policy context related to early years, and hear first hand from experienced health visitors about the rewards and the reality of being a health visitor. The initial evaluation shows that delegates who attended intend to progress their interest by applying to train as health visitors.

**23. Scope out and review the existing RCN professional networks; analyse the findings and use them to inform the development of an infrastructure to support member engagement with forums and professional networks, and to develop new networks where appropriate.**

The RCN is supporting networks relating to infection prevention and control, cardiovascular nursing, haematology and intravenous therapy, and HPs. The Executive Nurse Network is performing well and is shaping our support model for other national networks.

**24. Support forums through project development, planning, implementation and evaluation in order to increase the amount of guidance available to members in nursing specialties.**

The Forums Governance Group is currently reviewing the proposed scoping, delivery and evaluation process for forum professional activity.

Sixteen of the 35 forums have produced either professional events or resources for nursing practice in 2012-13, consuming to date approximately 78 per cent of forum funding.

## 25. Identify the reality of nursing through *Future Nurse, Future Workforce* work streams.

The RCN, through the professional work of its *Future Nurse, Future Workforce* programme, and the public-facing *This is Nursing* campaign, has been working hard to demonstrate the realities facing the modern day nursing workforce, reflecting the true challenges and rewards of a career in nursing today.

Work over the last year is divided into seven key themes.

### 1. Education

Supporting and influencing nurse education is one of the organisation's charter objects. This year the RCN facilitated the publication of Lord Willis's independent Commission of Nursing Education. The commission found no evidence that the move to an all-graduate profession had impacted negatively on patient care, or any other major shortcomings in nurse education that could be held responsible for poor practice or a decline in standards.

### 2. Safe staffing, including the care of older people

The RCN has always drawn attention to the strong evidence between nurse staffing levels and patient outcomes, patient experience, quality of care and the efficiency of care delivery. However, the current NHS financial challenges have led to higher numbers of cuts to nursing posts at a time of growing demand, and RCN members continue to report lower nurse-to-patient ratios than research suggests is safe. The RCN's policy position, *Mandatory Nurse Staffing Levels*, reiterates the call for mandatory nurse staffing levels as an important guarantee for both patients and nurses during this challenging period. Specific work has been carried out for settings where staffing levels have been of most urgent concern. The RCN's *Safe staffing for older people's wards* sets out the evidence and recommendations around safe staffing levels and skill mix in the care of older people, and provides nursing staff and workforce managers with a toolkit to assess current staffing establishments against ideal and safe levels. Other areas

of priority that have been identified for further work or scoping include: nursing in mental health wards, the community, care homes, A&E, and children and young people's settings.

### 3. Health practitioners – training and regulation

It has been a longstanding concern of the RCN that HPs, particularly in England, are not currently regulated, with no UK-wide standards for education and training, and no code of conduct for them to work within. The RCN has produced a policy position, *The weaknesses of voluntary regulation for health care support workers*, recommending that only mandatory regulation will effectively address concerns about conduct, performance and patient safety. We also work hard to support our growing number of HP and assistant practitioner (AP) members, with new guidance on delegation and record keeping, and the re-launch of the *First steps* online training resource for HPs.

### 4. Professional attitudes and behaviours

This area of work addresses the negative experiences that some patients tell us about, looking at the underlying reasons behind them and providing a clear direction to getting the small, but important, things right. The publication in February 2013 of the Francis Report into the failings at Mid Staffordshire NHS Foundation Trust gave a series of important recommendations highlighting the contributory factors that can lead to poor care. We will use this information, alongside our existing knowledge, to shape future projects.

### 5. Quality and the RCN's Principles of Nursing Practice

As part of the RCN's ongoing commitment to high quality care, we continue to work with health care organisations across the UK to embed the RCN's Principles of Nursing Practice. These eight principles tell us what everyone can expect from nursing practice, whether they are colleagues, patients, or the families/carers of patients. They are the framework for the provision of excellence in nursing care.

## 6. Leadership

Leadership is vital at every level of nursing, from hands-on patient care at ward level right through to director of nursing at board level. Whether it is demonstrated in decisions made about the delivery of patient care or by acting as a role model to nursing students, good and effective leadership leads to better care for patients. We are making great strides in engaging with board-level nurses through the establishment of the Executive Nurse Network, which offers an environment for the most senior nurse leaders to share ideas, good practice and develop solutions. In addition, it provides a central point to feed into the RCN's own activities and policy consultations.

## 7. Paperwork and administration

Members report that the burden of paperwork and data collection is increasing. We are therefore working to influence and provide resources to help address paperwork burden and improve the quality of documentation.

## 8. *This is nursing*

In September 2012, the RCN launched a new web portal, which brings together these seven work streams under the umbrella title "*This is nursing*".

Our *This is nursing* initiative showcases the RCN's professional work and aims to portray the complexity and challenge of modern nursing as well as the rewards it brings. Intended as a continuing initiative to promote good nursing, it was launched with a tube and bus advertising campaign and a campaign film, which attracted widespread media coverage and highly positive feedback. The advertising, with the tag line "It takes a remarkable person to be a nurse" was carried on more than 1,000 buses across the UK. The film was shown on the BBC and Daily Mail websites, as well as our own and attracted more than 50,000 views on YouTube alone.

## C. Being a business

### 26. Meet agreed corporate membership targets across all membership categories; to be achieved through the development and delivery of high-profile marketing campaigns, with a particular focus on retention. As a minimum, maintain 2011-12 levels of membership.

Membership numbers overall have remained broadly static across the year. Health practitioners remain our fastest growing area of membership and full members ended the year above target levels. However, student intake numbers were down reflecting the reduction in commissioned places across the UK.

### 27. Launch an RCN procurement strategy and associated policies, and develop a contract register for all RCN contracts above an agreed value.

A procurement strategy has been drafted and approved by the Executive Team and Business Committee. Further, the key principles and accountabilities have been set out in our new financial regulations, formally launched in September. A contracts register has been established and a thorough review of existing contracts and procurement practice has begun to ensure that value for money is being achieved.

### 28. Undertake a review of our subsidiary companies and ensure that the new governance structure and ways of working supports the diversification of income streams from new business initiatives through the new Business Committee.

The RCN Business Committee reviewed the role of subsidiary companies following the April 2010 legal structure change, and the decision has been taken to wind-up the Licensing and Membership Services subsidiary companies and subsume their activities within the RCN.



### 29. Review financial strategies, resource allocation and management accounts reporting across all RCN entities.

An updated finance strategy was approved by Council in July and improved management reports introduced. We are changing our financial year to 1 January from 2014 and Council has therefore approved a 21 month budget for the period April 2013 to December 2014.

The increased cost of the member indemnity scheme and of legal representation of members remain cost pressures.

The provision of the current RCN career average defined benefit staff pension is a significant financial risk to the organisation. It has become clear that the continuation of the scheme with the current level of benefit and contributions is not sustainable going forward. The RCN has therefore undertaken a comprehensive review of the scheme and Council agreed in March to put a proposal to staff for consultation. The aim has been, and will remain, to strike a balance between affordability and risk control for the RCN while ensuring that the RCN is able to offer a good workplace pension scheme for all staff.

### 30. Increase the RCN's media activity.

The RCN's profile in the media remains high, with nearly 2,000 articles, TV and radio interviews, and news stories appearing in 2012-13. This is slightly lower than the previous year due to the record amount of media interest shown in RCN Congress 2011. However, compared to last year our monitoring has shown that there was an increase in highly positive media coverage of the RCN.

Notable in 2012-13 was the RCN's response to the Francis Inquiry into the failings of Mid Staffordshire NHS Foundation Trust and its recommendations. This was used in articles across the main newspapers, and in high-profile broadcast interviews with *BBC News*, *Channel 4 News* and *Newsnight*.

Other media stories from the year included comment on the RCN's survey into nursing in inappropriate areas and patients waiting on trolleys, stories from RCN Congress 2012 regarding government cuts threatening 60,000 jobs within the NHS, the increasing pressures faced by community nurses, and the RCN's opposition to regional pay proposals.

### 31. Develop and implement new business processes between the RCN and the RCN Foundation, to ensure that the activities the RCN performs that are charitable are supported by the RCN Foundation.

A clear process is now in place whereby the RCN Executive Team can submit bids for large projects to the RCN Foundation (examples include the RCN London HQ Library and the RCN dementia project).

A new Head of Foundation has been appointed to lead the work of the Foundation going forward.

### 32. Provide regular reports to governance committees and senior managers on absence, turnover, employment relations cases, recruitment activity and workforce profile. Review requirements of the Executive Team/Senior Management Team to ensure workforce information that is fit for purpose.

Monthly and quarterly reports are now being submitted to the Executive Team covering absence, turnover, employment relations cases, recruitment activity and workforce profile.

### 33. Assess the learning gained from Best Companies 2012 for relevant work streams for future years.

We achieved 14th position in the Best Places to Work in the Not for Profit Sectors 2013 – an improvement on the *Sunday Times* list position of 21 the previous year.

Of the eight key factors, our two highest ranking were Fair Deal (including how well employees feel they are treated, and how pay and benefits compare to similar organisations) and My Manager (measures whether people feel supported, trusted and cared for by their immediate manager).

Our lowest factors were Giving Something Back (developing corporate social responsibility) and Personal Growth (whether people feel challenged by their job, whether their skills are being utilised and perceived opportunities for advancement). Both areas

have now been addressed by two work streams and are in the process of being implemented – for example, “Give as You Earn” and “Pennies from Heaven” enable staff to donate to charity, including the RCN Foundation, through the payroll; while a career development toolkit, “Activating Potential”, has also been put in place. It is anticipated that all these will make a positive impact on the relevant areas once embedded.

**34. Review the existing RCN work-life balance policy to include development of SMART working practice, including integration of work environment and technology with the existing flexible working options, and a review of time off in lieu.**

The work-life balance policy has been replaced by the smart working policy. The purpose is to enable greater organisational agility, efficiency and innovation through flexible working in response to the needs of our members and customers, while supporting the achievement of a better work-life balance for staff. “Time off in lieu” has been reviewed, with emphasis now put on staff “time flexing” – that is, discussing and agreeing a temporary change in work pattern to avoid additional hours being worked wherever possible.

The policy is supported by SMART working workshops and an e-learning package. Work is also underway to introduce development opportunities, integrated with the technologies currently available via our IT department.

**35. Define the current RCN culture and how this needs to change to meet the organisation’s objectives. Engage with managers to create and support the desired culture through the choices made at recruitment.**

We enjoy a strong, supportive, loyal and dedicated staff; the *Health and Wellbeing* programme, in particular, re-enforces this. Open communication channels and an open leadership style enable numerous opportunities to put forward concerns, questions and ideas for improvements. Numerous strategies ensure continuous improvement – for example, the staff survey, Best Companies and Investors in People.

Low staff turnover means that providing staff with career development opportunities is challenging, but we have strategies to improve this, including a short-term placement policy, shadowing and career coaching.

**36. Research and implement a strategy to identify and develop talent within the RCN.**

Work continues in this activity and roll-out is now scheduled for autumn 2013. Work has begun on reviewing organisational needs in relation to talent identification and development for both managers and staff, and we are researching potential development interventions.

**37. Ensure our annual report and financial statements clearly demonstrate the impact the organisation has had over the past 12 months and enable members, external stakeholders and regulators to assess our performance against key performance indicators.**

The 2011-12 annual report and financial statements were approved by Council in July. The annual report highlights the key achievements and activities of the RCN against our plans, and we are continuing to ensure that this is both topical and informative for all stakeholders. We would welcome feedback on the report and our activities.

## Summary of our future plans

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

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

### Trade union

- Through the *Frontline First* campaign, continue to expose to the national and local press, the public and RCN members the cuts taking place in health budgets in the NHS, as well as examples of innovative practice.
- Support members in employment relations issues (pay, pensions etc) with key information, resources and online tools. Be seen to lead on activity that ensures jobs, pay and conditions are defended across all sectors, national pay and benefits are maintained, and attacks on NHS pensions are resisted.
- Seek to develop relationships with private, independent sector and local authority employers in order to deliver outcomes from their local independent sector action plans.
- Deliver a quality assured learning and development programme to accredited RCN representatives that prepares them for practice and develops their competence and confidence in role.

### Professional

- Generate a public-facing programme of work on the new models of health care delivery led by nursing, based on evidence gathered within the organisation.
- Campaign actively for regulation and development of the health care support worker role.
- Our Future Nurse, Future Workforce work stream on quality and the Principles of Nursing Practice will act as the commissioning body for

guidelines, standards, good practice, ethical considerations and patient/public engagement.

- Our Future Nurse, Future Workforce project will lead a work stream on staffing levels, developing and disseminating the RCN policy position on safe nurse staffing across a variety of care settings, monitoring the development and implementation of the workforce assurance tool and developing appropriate resources for activists.
- The RCN library has been modernised to showcase its unique collections, and to celebrate nursing, the RCN and its heritage. The new Royal College of Nursing Library and Heritage Centre partly funded from a grant from the RCN Foundation has been designed to be an exciting destination, meeting diverse learning needs with modern technological facilities and a welcoming café area. The new space will offer learning opportunities with access to information through a variety of sources, exhibitions, access to archives and both quiet and networking spaces.

### Business

- Continue to expand our environmental and corporate social responsibilities, building on our commitment to human rights, and recognising their universality and impact on health and wellbeing.
- Be seen as a world-class champion of diversity, equality and human rights by promoting equity and by challenging actions that perpetuate inequity.
- Ensure the organisation remains a first-class, modern, progressive employer with long-term financial viability and stability.

### Change of account year end

- The RCN has made the decision to combine its Annual General Meeting (AGM) with its Congress. The combined event will now take place in late spring. In order to align with the changes to the AGM and Congress the RCN has been required to change its account year end to 31 December. To this end, the RCN will have a nine month accounting period from April 2013 to December 2013. The accounting year will thereafter run from January to December. In order for continuity, the RCN has prepared operational plans and budgets based on a twenty one month period from April 2013 to December 2014.

## Thank you to our supporters

The following are all companies who during the year 2012/13 supported projects over £5,000:

3M Healthcare

Alberta Health Services

Age UK

Agfa Healthcare

Alliance Pharmaceuticals

Bio-Oil/Keyline Brands Ltd

Cambridge Weight Plan

Care Quality Commission

Cavendish Staffing

Danone

Department of Health

EMAP Healthcare

Euron

Flora pro.activ

Genus Pharmaceuticals

HC-One Ltd

ID Medical

LV=

Magnum Boots

Medac UK

Medisis

Merck Sharpe & Dohme Limited

National End of Life Programme

NHS Blood & Transplant

NHS Diabetes

NHS Direct

NHS Institute for Innovation and Improvement

NHS Kidney Care

NHS National Genetics Education & Development

Norgine Pharmaceuticals Limited

Pfizer Ltd

RCN Foundation

Royal Air Force

Saudi Aramco

Shire Pharmaceuticals

Sidra Medical & Research Center - Qatar Foundation

Stryker

University of Ulster

Vauxhall

## Reference and administrative details

### Registered office

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

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

### Bankers

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

### Independent auditors

PricewaterhouseCoopers LLP  
7 More London Riverside, London SE1 2RT

### Lawyers

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

### Chief Executive & General Secretary

Dr Peter Carter OBE

## Structure, governance and management

### Legal structure – history

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

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

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

### Current legal structure

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

The RCN has three trading subsidiaries: RCN Licensing Limited, RCN Membership Services Limited and RCN Publishing Company Limited. Plans are progressing to place RCN Licensing Limited and RCN Membership Services Limited in members' voluntary (solvent) liquidation in May 2013.

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

### Governance

#### Council

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

There are currently 31 members of RCN Council, with two members each from Scotland, Wales, Northern Ireland and each of the nine English regions. They are directly elected by members in their region or country. RCN Council also includes the President and Deputy President, the Chair of RCN Congress, two student members and two health practitioner members.

#### Council committees

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

#### RCN Membership and Representation Committee

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

#### RCN Nursing Practice and Policy Committee

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

From 1 January 2013, the RCN Students and Health Practitioner Committees report directly to Council to reflect our new membership structure.

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

**RCN Health Practitioner Committee:** considers issues of importance to health care assistants and assistant practitioners, promotes their role in the College and influences policy. Members of the committee are elected by RCN health practitioner members.

### Council sub-committees

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

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

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

**RCN Ethics Committee:** advises Council on all ethical issues.

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

### Governance committees

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

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

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

**RCN Remuneration Committee:** is appointed by Council to assist it in discharging its responsibilities for RCN staff. It advises Council on the pay and other terms and conditions for RCN staff, as well as agreeing the remuneration of the RCN Chief Executive & General Secretary. The chair of the committee will answer any questions from the membership at the AGM about all matters within its responsibilities.

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

### Governance groups

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

#### Reporting to Membership and Representation Committee:

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

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

#### Reporting to Nursing Practice and Policy Committee:

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

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

## Representative committees

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

### Reporting into Nursing Practice and Policy Committee:

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

### Reporting into Membership and Representation Committee:

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

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

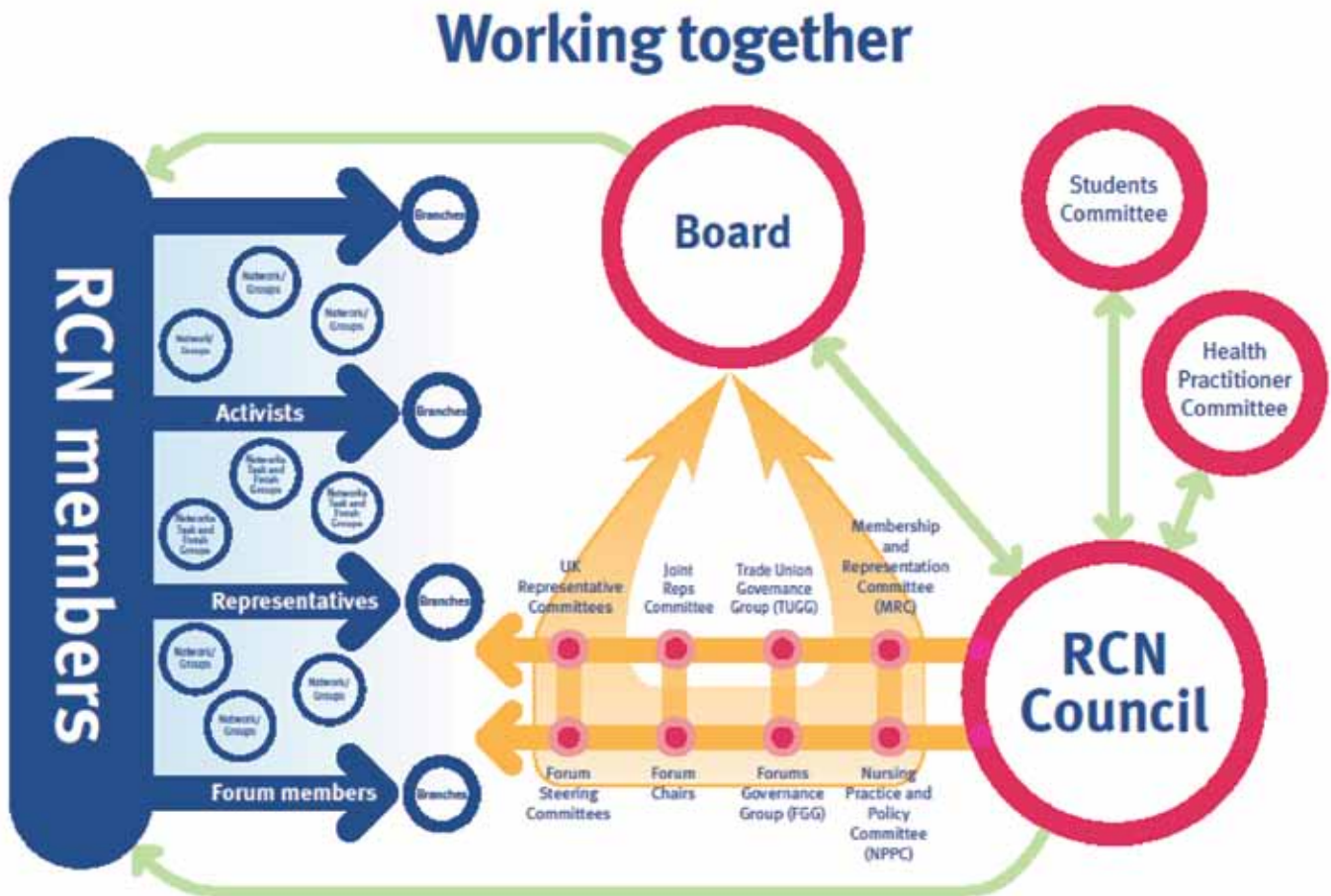
**RCN UK Safety Representatives' Committee:** provides a network for the feedback of information to boards and local safety representatives, and advises on the RCN policy on workplace health and safety issues. It also provides a means for boards and local representatives to feed their concerns and priorities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

## Country and regional boards

There are three country and nine regional boards. Boards are responsible for the governance of the country or region. Boards also carry out work delegated to them by Council. They are accountable to members for the actions taken in the country or region, and for involving members in these decisions and keeping them well informed.

## Working

The diagram below shows how the different committees and groups work together and involve members in that work.



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

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

We are also improving our ways of working, based on new networking guidance, as part of the ongoing Legal and Governance Review and to ensure that the membership of Council and its committees and groups reflect as broad a range of our members and their skills and experience as possible.

### Elections and appointments

The core principles followed in all elections and appointments are that members are encouraged to participate, that our paperwork is as informative as possible, and that our systems and processes are objective, fair, equitable and transparent. All these systems and processes are being reviewed and documented as part of the Legal and Governance Review.

### Induction and development

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

### Members' disciplinary policy

The RCN has a members' disciplinary policy that was launched in 2011 and is built on the work of the dignity charter launched the previous year.



## Membership and communications

### General meetings

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

### RCN Congress

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

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

#### Council

Professor Kathleen McCourt CBE FRCN (Northern)  
Chair of Council  
Michael Brown (Scotland) Vice Chair of Council  
Andrea Spyropoulos RCN President  
Cecilia Anim RCN Deputy President  
Lorrae Allford (South West)  
Kevin Bell (Northern Ireland)  
David Cardwell, Health Practitioner member of Council from October 2012  
Tim Coupland (South West)  
Carol Evans (Eastern)  
Sue Fern (West Midlands)  
David Harding-Price (East Midlands)  
Sandra James MBE, until October 2012  
Claire Jeeves, Student member of Council from October 2012  
Gaynor Jones (Wales)  
Hamish Kemp (North West)  
Anne Kennedy (Yorkshire & the Humber)  
Andrew McGovern (London) Honorary Treasurer  
Brenda McIlmurray, Health Practitioner member of Council from October 2012  
David Miller (East Midlands)

Ian Norris (London)  
Ann Marie O'Neill (Northern Ireland)  
Andrew Patrick (Scotland)  
Christopher Piercy (Northern)  
Gemma Selby, Student member of Council until June 2012  
Sylvia Simmons (South East) from October 2012  
Gary Stockwell, Student member of Council from October 2012  
Christine Thomas (Wales)  
Professor Rod Thomson FRCN Chair of Congress  
Roy Tomlinson (Yorkshire and the Humber)  
Mike Travis (North West)  
Rachel Trencher (South East)  
Sue Warner (West Midlands)  
Anne Wells (Eastern)  
Stuart Young, Student member of Council until October 2012

### Governance Committees

#### Audit Committee

Ian Norris, Vice Chair  
Lorrae Allford  
David Cardwell from October 2012  
Sue Fern  
Claire Jeeves from October 2012  
Gaynor Jones  
Ann Marie O'Neill  
Andrew Patrick  
Gemma Selby until June 2012

#### External Advisers

Paul Rees, Chair from June 2012  
Sophia Bhatti  
Michael Parker until July 2012  
Geraldine Walters  
Mike Weaver from June 2012

#### Observer

Andrew McGovern, Honorary Treasurer

#### Remuneration Committee

Anne Wells, Chair  
Michael Brown  
Christine Thomas

#### External Adviser

Ann Smart

#### Observer

Andrew McGovern, Honorary Treasurer

#### Governance Support Committee

Kevin Bell, Chair  
Tim Coupland, Vice Chair  
Michael Brown  
Andrew McGovern  
Christopher Piercy

Andrea Spyropoulos  
Mike Travis  
Anne Wells

#### **External Adviser**

Frank McKenna

#### **Business Committee**

Andrew McGovern, Chair  
David Harding-Price, Vice Chair from October 2012  
Stuart Young, Vice Chair until October 2012  
Hamish Kemp  
Anne Kennedy  
Brenda McIlmurray from October 2012  
Ian Norris  
Gary Stockwell from October 2012

#### **External Advisers**

Shona Brown  
Bernard Crotty  
Simon Ellen

### **Council Committees**

#### **Nursing Policy and Practice Committee**

Ian Norris, Chair  
Carol Evans, Vice Chair  
Cecilia Anim  
Tim Coupland  
Sue Fern  
Claire Jeeves from October 2012  
Hamish Kemp  
Andrew McGovern  
Brenda McIlmurray from October 2012  
Andy Patrick  
Chris Piercy  
Gemma Selby until June 2012  
Andrea Spyropoulos  
Rachel Trencher  
Sue Warner

#### **Membership and Representation Committee**

Anne Wells, Chair  
David Miller, Vice Chair  
Lorrae Allford  
Cecilia Anim  
Kevin Bell  
Michael Brown  
David Cardwell from October 2012  
David Harding-Price  
Gaynor Jones  
Anne Kennedy  
Ann Marie O'Neill  
Sylvia Simmons from October 2012  
Gary Stockwell from October 2012  
Christine Thomas  
Roy Tomlinson

Mike Travis  
Stuart Young until October 2012

#### **Health Practitioner Committee**

Brenda McIlmurray, Chair  
David Cardwell  
Richard Holtby  
Lorraine Hicking-Woodison  
Maive Coley  
David Herring  
Brian Murphy

#### **RCN Student Committee**

Gary Stockwell (London), Chair from January 2013  
Stuart Young (West Midlands), Chair until October 2012  
Gavin Wollacott (East Midlands), Vice Chair from January 2013  
Michelle Watt (Scotland), Vice Chair until December 2012  
Helen Ballantyne (Yorkshire & Humber)  
Jessica Curtis (Eastern)  
Katie Davis (Scotland) from January 2013  
Ellie Durston (Wales) from January 2013  
Claire Flatt (West Midlands) from January 2013  
Brendan Garry (Scotland) from January 2013  
Joy Griffiths (North West) until December 2012  
Claire Jeeves (South West)  
Stephen Kells (Northern Ireland) until December 2012  
Claire Lyons (Northern Ireland) from March 2013  
Alexis Mackenzie-Slight (West Midlands) until December 2012  
Kieran Mahoney (Wales) from March 2013  
John McAteer (Northern Ireland)  
Tamara Morgan (Wales) until December 2012  
Simon Nielson (North West) from January 2013  
Jayne Parker (South East)  
David Seelig (London) from January 2013  
Gemma Selby (West Midlands) until June 2012  
Steven Walton (Northern)  
Andrew Wyllie (Scotland) until August 2012

#### **Council Committee Sub-groups**

##### **Forums Governance Group**

David Miller, Chair  
Tara Bartley FRCN  
Dr Michael Brown from October 2012  
Sandra Grieve until December 2012  
David Harding-Price  
Julie Hyde until February 2013  
Professor Janet Marsden FRCN  
David Quayle, Chair of Forum Chairs Committee  
Sue Warner  
Barry Wroe until September 2012

### **Research and Development Governance Group**

Dr Sue Bale, Chair  
Dr Helen Allbutt  
Dr Claire Chatterton  
Linda Dobrzanska until November 2012  
Dr Leslie Gelling  
Hamish Kemp  
Professor Ruth Northway  
Professor Maqi Sque  
Professor Annie Topping  
Dr Alison Twycross

### **RCN Students Governance Group**

Ian Norris, Chair  
Claire Jeeves from October 2012  
Jayne Parker  
Gemma Selby until June 2012  
Gary Stockwell from October 2012  
Anne Wells  
Gavin Wollacott  
Stuart Young until October 2012

### **Trade Union Governance Group**

Roy Tomlinson, Chair  
Lorrae Allford  
Catriona Forsyth  
Catherine Leach  
Professor Janet Marsden FRCN  
Margaret McCambridge until October 2012  
Denise McLaughlin  
Robert Moore until October 2012  
Andrew Patrick  
Pauline Pearsall

### **Council sub-committees**

#### **Agenda Committee**

Professor Rod Thomson FRCN, Chair  
Stuart McKenzie, Vice Chair  
Tom Bolger  
Billy Drysdale  
Geoff Earl  
BJ Waltho  
Michael Brown, Vice Chair of Council has represented the Chair of Council on the Committee

#### **Awards Committee**

Andrea Spyropoulos, Chair  
Cecilia Anim  
Michael Brown  
Jane Denton CBE FRCN, Fellow's Convenor  
Professor Kathleen McCourt CBE FRCN  
Ann Marie O'Neill

#### **Diversity Committee**

Chris Piercy, Chair from October 2012  
Sandra James, Chair until October 2012  
Anne Wells, Vice Chair

Michelle Cowen  
Vivienne Ferris  
Gill Francis  
Ali Richards  
Tamsin Kilgour  
Ofrah Mulflahi  
Rachael Ridley  
Sylvia Simmons from October 2012  
Rosemary Strange  
Jane Wray

### **Ethics Committee**

Margaret Kelly, Chair  
Cecilia Anim  
John Bridson  
David Edwards  
Ann Gallagher  
Judith Hill  
Janet Holt  
Martin Johnson  
Ann King  
Carolyn Roberts  
Sue Warner  
Kerry Welch until November 2012

### **International Committee**

Professor Kathleen McCourt CBE FRCN, Chair  
Paula Hancock, Vice Chair  
Cecilia Anim  
Andrew Clarke  
Alan Finnegan  
Judith Malan  
Andrea Spyropoulos  
Rachel Trencher

### **External Advisers**

Monika Kosinska

## **Country and regional boards**

### **Northern Ireland Board**

Ann Marie O'Neill, Chair  
Margaret Meehan, Vice Chair from March 2013  
Michael Battersby until September 2012  
Kevin Bell  
Eamonn Connolly until December 2012  
Roisin Devlin from January 2013  
Louise Dorman until December 2012  
Martain Fiddis until December 2012  
Kathryn Gault from January 2013  
Margaret Graham until December 2012  
Donna Hanna until December 2012  
Francis Lavery  
Anne Marie Marley from January 2013  
Joseph McCambridge  
Margaret McCambridge  
William McCormick  
Paul McElwee from January 2013

Lorna Mercer until December 2012  
Alison Milliken  
Gillian Moore until April 2012  
Robert Moore until December 2012  
Karen Oakes from January 2013  
Ann Scott  
Rosemary Strange until December 2012  
Mary Walker

### **Scotland Board**

Michael Brown, Chair  
James Stewart Donnelly, Vice Chair  
Gordon Anderson until December 2012  
Neil Brown until December 2012  
Elspeth Caithness  
Garry Campbell from January 2013  
Geoff Earl from January 2013  
Rosemary Glass until December 2012  
Alistair Grant from January 2013  
Kathy Kenmuir  
Norma Laurenson until December 2012  
Stuart McKenzie until December 2012  
Joan McKie until December 2012  
Stuart McLauchlan  
Kathleen McLaren  
Andrew Patrick  
Graham Revie  
Evelyn Ryan until June 2012  
Elizabeth Shannon from January 2013  
Ken Shaw from January 2013  
Jane Thompson until December 2012  
Eric Watson until December 2012  
Richard Watters from January 2013

### **Wales Board**

Christine Thomas, Chair  
Anne Stevenson, Vice Chair  
Derek Browne from January 2013  
Jane Carroll  
Delyth Clarke until December 2012  
Moira Davies until December 2012  
Christine Edwards Jones  
Jan Evans until December 2012  
Gaynor Jones  
Owain Jones from January 2013  
Alison Kedward until December 2012  
Marjorie Lloyd from January 2013  
Tamara Morgan until December 2012  
William Nicholls from January 2013  
Kate Parry from January 2013  
Pamela Parsons  
Gareth Phillips from January 2013  
Elizabeth Rees until December 2012  
Jim Richardson  
Sandra Robinson-Clarke  
Fiona Salter  
Yvonne Thomas

Yvonne Whitfield  
Gill Williams from January 2013  
Helen Williams until December 2012

### **East Midlands Board**

David Miller, Chair  
Neil Thompson, Vice Chair from January 2013  
Jenny Creasey from October 2012  
Marva Duncan  
Pat Edkins  
Ed Fairley  
David Harding-Price  
Ruth Hartley until December 2012  
Michael Hayworth  
Roger Milligan  
Lindsey Randell  
Simon Ralls until July 2012  
Helen Ritchie from January 2013  
Jeanette Robinson  
Liam Whitelaw  
Gavin Wollacott until December 2012

### **Eastern Board**

Anne Wells, Chair  
Trevor Allen, Vice Chair  
Carol Evans  
Sandra Gover from October 2012  
Becky Judge  
Pauline Kingston  
Jayne Mewis until May 2012  
Sam Neville from October 2012  
Pauline Newson until May 2012  
Lisa Nobes until June 2012  
Bernadette Smith until October 2012  
Marcia Turnham until October 2012  
Tracey Whale from October 2012  
Tessa Woodcock until October 2012

### **London Board**

Andrew McGovern, Chair  
Christopher McDonnell, Vice Chair  
Karen Barrett  
Neville De Silva from December 2012  
Ursula Gallagher  
Susan Howkins  
Tom Morahan  
Ian Norris  
Lisa Oluyinka  
Yemi Osho  
Maria Ponto from December 2012  
Karen Sanders  
Mike Smith  
Barbara Walters until December 2012  
Dr Neslyn Watson-Druee CBE FRCN until  
December 2012  
Andrew White

### **Northern Board**

Chris Piercy, Chair  
Professor Kathleen McCourt CBE FRCN, Vice Chair  
Neil Anderson  
Karen Dutton  
Denise Elgie until October 2012  
Pat Ferguson  
Gordon Lees from January 2013  
Amanda McEwan  
Denise McLaughlin  
Rachael Ridley from January 2013  
Mark Tull until October 2012  
Margaret Wardrobe  
Jan Weightman  
Michael White from January 2013

### **North West Board**

Hamish Kemp, Chair  
Professor Janet Marsden FRCN, Vice Chair  
Suzanne Butler  
Claire Chatterton  
Shelia Dunbar from January 2013  
Catriona Forsyth until January 2013  
Maggie Heaton from January 2013  
Catherine Leach until January 2013  
Marcia Jones until January 2013  
Amanda O'Connor  
Verna Phillips from January 2013  
Ali Richards  
Jean Rogers  
Alison Taylor until June 2012  
Geoff Thompson from January 2013  
Mike Travis

### **South East Board**

Rachel Trencher, Chair  
Kathy Doughty, Vice Chair  
Brian Bostock from January 2013  
David Collins until February 2013  
Claire Drot from January 2013  
Paul Irving until October 2012  
Sandra James until October 2012  
Patricia Kemish until December 2012  
Susan Kewell  
Kenneth Lloyd from January 2013  
Karen McNay  
Angela Mohamed  
Beng Poh  
Trish Pullen until March 2013  
Glyn Scott until December 2012  
Sylvia Simmons  
Andrea Thorne  
Malachy Ujam

### **South West Board**

Lorrae Allford, Chair  
Sharon McGinn, Vice Chair  
Dawn Cooper from October 2012  
Tim Coupland  
Darren Eaves until October 2012  
Lindsay Jones from October 2012  
Kathy Lawrie until October 2012  
Laura Matless until October 2012  
Kathy Moore  
Debra Nicholson from October 2012  
Lesley Pallett until October 2012  
Mena Parnell  
Susan Pickett  
Edna Piper until December 2012  
Valerie Radmore  
Kristina Rees from October 2012  
Vanda Squire  
Karl Wallace from October 2012

### **West Midland Board**

Sue Warner, Chair from January 2013  
Sue Fern, Chair until December 2012  
Tracey Budding, Vice Chair from January 2013  
Christopher Barber from January 2013  
Juliana Benjamin from January 2013  
Colin Burgess from January 2013  
Simon Cadman from January 2013  
Lesmarie Crawford until December 2012  
Lisa Evans-Dimmock  
Constance Johnson from January 2013  
John Kelsall from January 2013  
Alexis McKenzie-Slight until December 2012  
Philip Noyes until December 2012  
Linda Pascall from January 2013  
Merry Pearcey from January 2013  
Pauline Pearsall  
Mitzi Wilson

### **Yorkshire & the Humber Board**

Roy Tomlinson, Chair  
Anne Kennedy, Vice Chair  
Pam McIvor  
Carol Popplestone  
Anne Penny from January 2013  
Wendy Train  
Tina Sykes  
Tony Daniels  
Annette Else from January 2013  
Paul Smith  
Sue Panther  
Roger Cowell from January 2013  
Mathew Sidebottom from January 2013  
Kate Harper  
Richard Brownhill until December 2012  
Cora Browning until December 2012  
John Pinney until December 2012

## Management

### Executive Team

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

### Chief Executive & General Secretary

Dr Peter Carter OBE

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

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

## Risk management

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

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

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

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

Over the 12 months, we have focused on:

- financial and economic risk
- reputation risk
- compliance risk
- membership risk
- legal risk and
- technological risk.

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

## Financial review

The group income and expenditure statement, balance sheet and cashflow statement for the year ended 31 March 2013 are set out on pages 34, 36 and 37. These financial statements are presented in accordance with UK Generally Accepted Accounting Practice (UK GAAP) and the Trade Union and Labour Relations (Consolidation) Act 1992.

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

The financial statements also include a Statement of Recognised Gains and Losses (STRGL) on page 35. This represents the movement in the balance sheet, which is not included within the income and expenditure statement.

## RCN UK results

This year the RCN UK has incurred two significant non-recurrent items of expenditure, which have the effect of reducing the reported surplus for the RCN UK by a combined £3.1m. An amount of £2.0m relates to the disposal of fixed assets, which are now redundant due to the refurbishment work at RCN 20 Cavendish Square. An amount of £1.1m relates to prior year VAT and interest charged by HMRC arising from a review of the RCN's partial exemption method.

Total income for the RCN UK was £72.6m (2011-12: £72.0m). This represented a 0.1 per cent increase from the previous year. Subscription income remained at a similar level to that seen in 2011-12 reflecting little change in overall membership numbers. Other income increased due to the transfer of commission and licensing services from RCN Membership Services Limited (RCN MS) and RCN Licensing Limited (RCN L) to the RCN UK as part of the members' voluntary (solvent) liquidation of these two subsidiaries. There was also increased funding for commissioned programmes in Northern Ireland. The RCN UK experienced a reduction in income from events in making a switch to smaller and shorter events as a consequence of the difficult economic climate.

Total RCN UK expenditure excluding the two significant non-recurrent items above was £65.6m (2011-12: £64.2m). This represents an increase of £1.4m from the previous year. Increases in expenditure in 2012-13 include an increase in the provision of legal representation services due to a higher volume of activity, a rise in staff costs in England due to an increase in the case workload and the revenue costs associated with the refurbishment of RCN 20 Cavendish Square, which began in February 2012.

The net assets of the RCN UK, including the effect of the RCN pension scheme deficit, decreased from £13.3m to £7.7m. The movement is a result of the increase in the pension scheme deficit offset in part by the surplus in the year. The RCN UK reported a net operating surplus before tax for the year ended 31 March 2013 of £3.6m (2011-12: £8.6m). The RCN UK did not incur a tax liability in 2012-13 and has surrendered its losses to the group. Excluding the two significant non-recurring items of expenditure, the RCN UK net operating surplus was £6.7m.

## RCN Group results

The RCN Group wholly owns three trading subsidiaries: RCN Publishing Company Limited (RCN PC), RCN Membership Services (RCN MS) and RCN Licensing Limited (RCN L). RCN L and RCN MS have entered members' voluntary (solvent) liquidation on 29 May 2013.

The RCN Group results for the year ended 31 March 2013 report a surplus before taxation of £6.0m (2011-12: £9.7m). Excluding the two non-recurrent items of expenditure noted above in the year 2012-13 the surplus before taxation is £9.1m (see expenditure with RCN UK results for detail).

Total income for the RCN Group was £86.0m (2011-12: £85.5m). Total RCN Group expenditure, excluding the two significant non-recurrent items above, was £78.0m (2011-12: £76.7m). This represents an increase of £1.3m from the previous year.

The RCN Group total pension scheme liability at 31 March 2013 was £48.1m (2011-12: £39.3m). This represents an adverse movement of £8.8m. Despite the value of the scheme assets increasing by 15.6 per cent, this has been offset by the increase in the scheme's liabilities. The value of the scheme's liabilities has increased by 17.0 per cent. Council continues to be committed to reducing the deficit. A payment of £1.5m was paid against the scheme deficit in year; being the amount required under the agreed deficit funding plan with the pension regulator. Further details of pension scheme matters can be found in note 15 of the financial statements.

The total net assets of the RCN Group, including the effect of the RCN Pension Scheme deficit, decreased from £43.1m to £39.2m. This includes charitable funds of £26.9m, which are not available for general use. The main reason for the significant movement is the increase in the pension scheme deficit from £39.3m to £48.1m, which has been partially offset by the operating surplus in the year.

## RCN Publishing Company Limited

The principal activities of RCN PC are communications through journal publishing, exhibitions and public relations within nursing and related fields. Turnover was down by 2.6 per cent to £13.5m reflecting the challenging trading environment that continues to persist. RCN PC cost of sales and distribution costs decreased by 8 per cent as a result of reduction in frequency of the *RCN Bulletin*.

## RCN Membership Services Limited

The activities of RCN MS consist of procuring insurance, financial and ancillary products and services, and the marketing and publicising of the same, to the RCN and its members. The company receives its income from a share of commission generated by this service. The majority of these contracts transferred over to the RCN during 2012-13. As a result, the company made a pre-tax loss of £5k for the financial year (2011-12: £289k net profit). Dividends paid in year to RCN UK amounted to £453k. RCN MS activities will continue under RCN UK.

## RCN Licensing Services Limited

The activities of RCN L consist of licensing the RCN's logo and trademarks and the provision of the RCN Consultancy Service. There was no income in 2012/13 for the supply of catering and ancillary services as rooms were unavailable for external hire due to the refurbishment of RCN 20 Cavendish Square. The company made a pre-tax profit of £89k for the financial year (2011-12: £85k). The main licensing contract transferred over to the RCN on the 1 April 2012; so the income from this service is shown in the RCN's figures and not those of RCN L. Dividends paid in year to RCN UK amounted to £313k. RCN L activities will continue under RCN UK.

## RCN Foundation

The RCN is the sole member of the RCN Foundation, a charitable company limited by guarantee. The RCN Foundation was set up to support nursing staff to improve the health and wellbeing of the public. It funds bursaries for those wishing to study and provides support to staff at times of hardship. The RCN Foundation also gives grants to innovative projects that make a difference to service development and the safety, quality and dignity of patient care. The RCN Foundation prepares its financial statements following the Statement of Recommended Practice on Accounting and Reporting by Charities (SORP) 2005, as updated in 2008. Its net assets of £26.9m are consolidated in these financial statements but are not available for non-charitable activity. The main asset base of the RCN Foundation is the long-term investment portfolio, with a year-end valuation of £23.0m.

The RCN Foundation investments reported net gains of £1,818,000 (2012: net losses of £184,000) which consists of realised gains on the sale of investment assets of £2,286,000 (2012: £184,000), realised gains of £13,000 on currency exchange rate movements, and unrealised losses on the

investment portfolio of £481,000 (2012: £368,000). The remainder of its assets are cash and short-term investments. In 2012-13, the RCN Foundation reported net movement in funds of £2.0m.



## Statement of Council members' responsibilities

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

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

In so far as the Council members are aware:

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

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

The maintenance and integrity of the RCN website is the responsibility of RCN Council. The work carried out by the auditors does not involve the consideration of these matters, and accordingly, the auditors accept no responsibility for any changes that may have occurred in the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and the other information included in annual reports may differ from legislation in other jurisdictions.

On behalf of Council



Professor Kathleen McCourt CBE FRCN  
Chair of Council  
July 2013

## Independent auditors' report to the Council members of the Royal College of Nursing of the United Kingdom

We have audited the financial statements of the Royal College of Nursing of the United Kingdom for the year ended 31 March 2013, which comprise the Group and parent entity Income and Expenditure accounts, Group and parent entity Balance Sheets, Group and parent entity Statement of Total Recognised Gains and Losses, the Group Cashflow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### Respective responsibilities of Council members and auditors

As explained more fully in the Statement of Council Members' Responsibilities, the Council members are responsible for the preparation of financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

### Scope of the audit of the financial statements

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

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent entity's affairs as at 31 March 2013 and of the group's and parent entity's surplus and the group's cashflows for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Trade Union and Labour Relations (Consolidation) Act 1992 and section 25 of the Royal College of Nursing Standing Orders.

### Matters on which we are required to report by exception

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

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



PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors, London  
Date: 18 July 2013

## Financial statements

### Income and expenditure accounts for the year ended 31 March 2013

	Note	RCN UK 2013 £'000	RCN UK 2012 £'000	RCN Group 2013 £'000	RCN Group 2012 £'000
<b>INCOMING RESOURCES</b>					
Membership income	3	69,163	69,108	69,163	69,108
Trading income		-	-	13,142	13,147
Other income	3	3,399	2,878	3,679	3,227
<b>TOTAL INCOME</b>		<b>72,562</b>	<b>71,986</b>	<b>85,984</b>	<b>85,482</b>
<b>RESOURCES EXPENDED</b>					
Staff costs	8/9	40,367	39,031	45,644	43,974
Premises and estate costs	9	8,751	7,129	9,657	9,530
Travel and accommodation	9	2,473	2,692	2,557	2,717
Other service delivery costs	9	17,156	15,407	23,268	20,451
<b>TOTAL COSTS</b>		<b>68,747</b>	<b>64,259</b>	<b>81,126</b>	<b>76,672</b>
<b>OPERATING SURPLUS</b>					
Exceptional loss	10	(2,031)	-	(2,031)	-
Investment income	4	200	165	847	750
Net realised investment gains	11	-	-	2,286	184
Currency exchange gain	11	-	-	13	-
Dividends received from subsidiary	5.2	1,622	708	-	-
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>3,606</b>	<b>8,600</b>	<b>5,973</b>	<b>9,744</b>
Tax	7	-	-	(161)	6
<b>SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>3,606</b>	<b>8,600</b>	<b>5,812</b>	<b>9,750</b>

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

The activities of the two trading subsidiaries that were placed into members' voluntary (solvent) liquidation transferred to the RCN UK during 2012-13.

The notes on pages 38 to 54 form part of these financial statements.

## Statement of total recognised gains and losses for the year ended 31 March 2013

	Note	RCN UK 2013 £'000	RCN UK 2012 £'000	RCN Group 2013 £'000	RCN Group 2012 £'000
Actuarial losses on defined benefit pension scheme – Pensions Trust	15.1	(9,136)	(25,636)	(9,136)	(25,636)
NILGOSC adjustment	15.2	-	570	-	570
Revaluation reserve adjustment	20	(64)	(64)	(64)	(64)
Net unrealised losses on fixed asset investments	11	-	-	(481)	(368)
Transfer of charitable funds to subsidiary charity		-	(111)	-	-
Other net recognised losses		(9,200)	(25,241)	(9,681)	(25,498)
Surplus in year		3,606	8,600	5,812	9,750
<b>TOTAL RECOGNISED LOSSES SINCE LAST FINANCIAL STATEMENTS</b>		<b>(5,594)</b>	<b>(16,641)</b>	<b>(3,869)</b>	<b>(15,748)</b>

## Reconciliation of movements in funds for the year ended 31 March 2013

	RCN UK 2013 £'000	RCN UK 2012 £'000	RCN Group 2013 £'000	RCN Group 2012 £'000
Surplus in year	3,606	8,600	5,812	9,750
Other net recognised losses	(9,200)	(25,241)	(9,681)	(25,498)
Net deductions from funds	(5,594)	(16,641)	(3,869)	(15,748)
<b>ACCUMULATED FUNDS AT 1 APRIL</b>	<b>13,270</b>	<b>29,911</b>	<b>43,089</b>	<b>58,837</b>
<b>ACCUMULATED FUNDS AT 31 MARCH</b>	<b>7,676</b>	<b>13,270</b>	<b>39,220</b>	<b>43,089</b>

## Balance sheets as at 31 March 2013

	Note	RCN UK 2013 £'000	RCN UK 2012 £'000	RCN Group 2013 £'000	RCN Group 2012 £'000
<b>FIXED ASSETS</b>					
Tangible assets	10	21,387	23,237	21,565	23,434
Investments	11	-	-	23,018	17,103
<b>TOTAL</b>		<b>21,387</b>	<b>23,237</b>	<b>44,583</b>	<b>40,537</b>
<b>CURRENT ASSETS</b>					
Stocks		8	8	8	8
Debtors and prepayments	12	2,536	2,259	3,444	3,113
Short-term deposits	17	51,364	43,639	58,735	54,327
Cash at bank and in hand	17	894	838	2,293	2,853
<b>TOTAL</b>		<b>54,802</b>	<b>46,744</b>	<b>64,480</b>	<b>60,301</b>
<b>CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR</b>					
Creditors and accrued charges	13.1	(9,968)	(8,219)	(11,238)	(9,205)
<b>NET CURRENT ASSETS</b>		<b>44,834</b>	<b>38,525</b>	<b>53,242</b>	<b>51,096</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>66,221</b>	<b>61,762</b>	<b>97,825</b>	<b>91,633</b>
Provisions for liabilities and charges	13.2	(10,446)	(9,181)	(10,506)	(9,233)
<b>NET ASSETS (EXCLUDING PENSION SCHEME LIABILITY)</b>		<b>55,775</b>	<b>52,581</b>	<b>87,319</b>	<b>82,400</b>
Defined benefit pension scheme liability	15	(48,099)	(39,311)	(48,099)	(39,311)
<b>TOTAL NET ASSETS (INCLUDING PENSION SCHEME LIABILITY)</b>		<b>7,676</b>	<b>13,270</b>	<b>39,220</b>	<b>43,089</b>
<b>REPRESENTED BY:</b>					
Pension Escrow Account	20	4,925	4,913	4,925	4,913
Revaluation reserve	20	2,356	2,420	2,356	3,557
Accumulated funds	20	48,494	45,248	53,107	49,036
<b>RESERVES EXCLUDING RESERVES FOR CHARITABLE PURPOSES AND PENSION LIABILITY</b>		<b>55,775</b>	<b>52,581</b>	<b>60,388</b>	<b>57,506</b>
Pension reserve	15	(48,099)	(39,311)	(48,099)	(39,311)
<b>TOTAL RESERVES EXCLUDING RESERVES FOR CHARITABLE PURPOSES</b>		<b>7,676</b>	<b>13,270</b>	<b>12,289</b>	<b>18,195</b>
Reserves for charitable purposes	6.2	-	-	26,931	24,894
<b>TOTAL RESERVES</b>		<b>7,676</b>	<b>13,270</b>	<b>39,220</b>	<b>43,089</b>

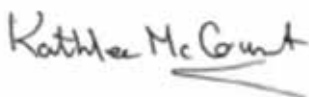
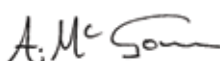
Notes on pages 38 to 54 form part of these financial statements.

The financial statements were approved by Council on 17 July 2013

Professor Kathleen McCourt CBE FRCN  
Chair of Council

Andrew McGovern  
Honorary Treasurer

Peter Carter OBE  
Chief Executive &  
General Secretary


## Group cashflow statement for the year ended 31 March 2013

	Note	2013 £'000	2012 £'000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>18.1</b>	<b>9,249</b>	<b>10,319</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest		847	750
Taxation	<b>7</b>	(161)	6
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Purchase of tangible fixed assets	<b>10.2</b>	(1,977)	(1,327)
Acquisition of investments	<b>11</b>	(22,771)	(322)
Disposal of investments	<b>11</b>	18,491	473
Decrease/(increase) in investment cash	<b>11</b>	170	(152)
<b>NET CASH INFLOW</b>		<b>3,848</b>	<b>9,747</b>
Management of liquid resources	<b>16</b>	(4,408)	(9,142)
<b>(DECREASE)/INCREASE IN CASH</b>	<b>17</b>	<b>(560)</b>	<b>605</b>

## Notes to the financial statements

### 1. Accounting policies

The consolidated financial statements presented show the consolidated income and expenditure account, statement of total recognised gains and losses, balance sheet and cashflows of the RCN Group for the year ended 31 March 2013.

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

#### (a) Accounting convention

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of freehold land and buildings and investments, and are in accordance with applicable United Kingdom accounting standards.

The financial statements have been prepared on a going concern basis and in accordance with the accounting policies set out below, all of which have been applied consistently.

#### (b) Income

Income is accounted for on an accruals basis. Any tax credit arising on income received net of tax is accrued as part of the income arising.

Membership income is apportioned between representation activities and other college activities in line with expenditure.

Revenue grants for specific purposes in the Foundation are recognised on receipt as restricted income. Legacy income is accrued at the point that the entitlement, measurability and certainty of the amount becomes known.

#### (c) Deferred income

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

#### (d) Basis of consolidation

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

#### (e) Expenditure

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

##### Staff costs

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

##### Premises and estate costs

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

##### Travel and accommodation

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

##### Other service delivery costs

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

## (f) Pensions

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

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

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

## (g) Irrecoverable value added tax

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

## (h) Deferred tax

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

## (i) Tangible fixed assets

Tangible fixed assets are included at cost except the long leasehold building of 20 Cavendish Square, which is held at the revalued amount. The revalued book amounts have not been updated as the RCN UK has previously adopted the transitional arrangements permitted by FRS 15 "Tangible Fixed Assets". Dates of property valuations under the transitional arrangements are set out in note 10.

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

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

## (j) Depreciation

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

Freehold buildings	50 years
Leasehold improvements	50 years, or based on expected economic life of works done, or the period of the lease if less

### Components:

• Equipment	5 years
• External works	20 years
• Library works	20 years
• Other works including electrical and mechanical works	10 years



Computer software	5 years
Computer equipment	3 years
Furniture and other equipment	5 years

Prior to 1 April 2012, the cost of the leasehold improvements was depreciated as a single unit using the straight line method over 50 years, or the period of the lease if less. The policy has been refined to take into account the different economic lives of the components making up the leasehold improvements.

**(k) Impairment of fixed assets**

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

**(l) Investments**

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

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

**(m) Leasing**

Assets held under leasing arrangements which transfer substantially all the risks and rewards of ownership to the RCN Group are capitalised. The capital element of the related rental obligations is included in creditors. The interest element of the rental obligations is charged to the income and expenditure account so as to produce a constant

periodic rate of charge. Rentals for other leased assets, held under the terms of operating leases are charged directly to the income and expenditure account over the term of the lease.

**(n) Liquid resources**

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

**(o) Provisions**

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

Costs arising from the provision of legal services to members are charged to the income and expenditure accounts in the year in which they are incurred under representation activities. Because of the prolonged nature of litigation, and the uncertainty of the outcome of any particular case, no attempt is made to estimate future legal costs, or recoveries of legal costs, for ongoing cases. In cases where there is litigation which falls within the professional indemnity, RCN UK includes a provision within the financial statements to cover the RCN UK's proportion of the potential liability.

**(p) Direct tax**

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

**(q) Exceptional items**

Exceptional items are defined as transactions that are one-off and not generated through normal RCN UK or RCN group member operational or trading activities.

## 2. Surplus on ordinary activities

Surplus on ordinary activities is stated after charging:

	RCN UK 2013 £'000	RCN UK 2012 £'000	RCN Group 2013 £'000	RCN Group 2012 £'000
<b>DEPRECIATION</b>	1,678	1,167	1,790	1,280
<b>OPERATING LEASES:</b>				
Land and buildings	1,037	1,118	1,217	1,380
Other leased assets	226	133	249	197
<b>AUDITORS' REMUNERATION:</b>				
Audit services	98	105	122	142

## 3. Incoming resources – RCN UK

	Representation activities £'000	Other College activities £'000	Total 2013 £'000	Total 2012 £'000
Membership income	45,835	23,328	69,163	69,108
Other Income	1,034	2,365	3,399	2,878
	<b>46,869</b>	<b>25,693</b>	<b>72,562</b>	<b>71,986</b>

Representation is defined as relating to Trade Union activities.

Membership income is split – 66% representation and 34% other College activities in line with expenditure. See note 9 for basis of allocation.

## 4. Investment income

	RCN UK 2013 £'000	RCN UK 2012 £'000	RCN Group 2013 £'000	RCN Group 2012 £'000
UK equities	-	-	401	340
Overseas equities	-	-	122	64
UK fixed interest	-	-	120	159
Bank interest	200	165	204	187
	<b>200</b>	<b>165</b>	<b>847</b>	<b>750</b>

## 5. RCN UK Trading subsidiary undertakings

### 5.1 Subsidiary results

RCN Publishing Company Limited (RCN PC) is a publisher of nursing journals. RCN Membership Services Limited (RCN MS) receives commission income from companies that provide affinity type benefits to RCN UK members. RCN Licensing Limited (RCN L) receives income from companies granted licenses to use the RCN UK's logo and trademarks, the supply of catering services and the provision of the RCN UK Consultancy Service. All the subsidiaries are incorporated in the United Kingdom. The trading activities of RCN L and RCN MS were transferred to RCN UK during 2012/13 and those entities were placed in members' voluntary (solvent) liquidation in May 2013.

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

	RCN PC 2013 £'000	RCN PC 2012 £'000	RCN MS 2013 £'000	RCN MS 2012 £'000	RCN L 2013 £'000	RCN L 2012 £'000
Income	13,499	13,833	20	347	215	408
Costs	(12,089)	(12,898)	(25)	(58)	(126)	(323)
<b>NET PROFIT</b>	<b>1,410</b>	<b>935</b>	<b>(5)</b>	<b>289</b>	<b>89</b>	<b>85</b>
Taxation	(161)	6	-	-	-	-
<b>RETAINED IN SUBSIDIARY</b>	<b>1,249</b>	<b>941</b>	<b>(5)</b>	<b>289</b>	<b>89</b>	<b>85</b>

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

## 5.2 Summarised balance sheet of subsidiary trading companies

	RCN PC 2013 £'000	RCN PC 2012 £'000	RCN MS 2013 £'000	RCN MS 2012 £'000	RCN L 2013 £'000	RCN L 2012 £'000
Fixed assets	179	196	-	-	-	-
Current assets	5,653	4,757	30	489	215	265
<b>CREDITORS: FALLING DUE WITHIN ONE YEAR</b>						
Creditors and accrued charges	(1,825)	(1,347)	(8)	(10)	(126)	(41)
Provisions for liabilities and charges	(60)	(52)	-	-	-	-
<b>TOTAL NET ASSETS</b>	<b>3,947</b>	<b>3,554</b>	<b>22</b>	<b>479</b>	<b>89</b>	<b>224</b>
<b>CAPITAL AND RESERVES</b>	<b>3,947</b>	<b>3,554</b>	<b>22</b>	<b>479</b>	<b>89</b>	<b>224</b>

During the year a dividend was paid from RCN PC of £856k (2012: £708k), RCN MS of £453k (2012: nil) and RCN L of £313k (2012: nil) to RCN UK.

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

<b>500,000</b>	<b>500,000</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
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## 6. RCN Foundation

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

### 6.1 Summarised statement of financial activities

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

	RCN Foundation 2013 £'000	RCN Foundation 2012 £'000
Incoming resources	998	857
Resources expended	(779)	(1,061)
Other recognised gains and losses	1,818	(184)
<b>NET MOVEMENT IN FUNDS</b>	<b>2,037</b>	<b>(388)</b>

## 6.2 Summarised balance sheets of RCN Foundation

	RCN Foundation 2013 £'000	RCN Foundation 2012 £'000
Fixed assets	23,018	17,103
Current assets	4,363	8,530
<b>CREDITORS: FALLING DUE WITHIN ONE YEAR</b>		
Creditors and accrued charges	(450)	(739)
Total net assets	<b>26,931</b>	<b>24,894</b>
Revaluation reserve	656	1,137
Other funds	26,275	23,757
<b>RESERVES</b>	<b>26,931</b>	<b>24,894</b>

## 7. Taxation note

Taxation on surplus on ordinary activities UK corporation tax	RCN UK 2013 £'000	RCN UK 2012 £'000	RCN Group 2013 £'000	RCN Group 2012 £'000
Current tax on surplus for the year	-	-	175	-
Adjustments in respect of prior years	-	-		(1)
Total current tax	-	-	175	(1)
Deferred tax Movement in year	-	-	(14)	(5)
<b>TAXATION ON SURPLUS ON ORDINARY ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>161</b>	<b>(6)</b>

The tax assessed for the year is lower (2012: lower) than the main rate of corporation tax in the UK.

The differences are explained below:

	RCN UK 2013 £'000	RCN UK 2012 £'000	RCN Group 2013 £'000	RCN Group 2012 £'000
Surplus on ordinary activities before tax	1,985	7,892	5,973	9,744
Surplus on ordinary activities at the main rate of corporation tax in the UK of 24% (2012: 26%)	476	2,052	1,434	2,533
Accelerated capital allowances and other timing differences	880	(6)	895	(2)
Sundry timing differences	(7)	(24)	(7)	(21)
Expenses not deductible for tax purposes	-	-	5	5
Group relief (claimed)/surrendered	204	349	-	-
Losses carried forward	-	121	-	121
Adjustments in respect of prior periods	-	-	-	(1)
Non-taxable income	(1,505)	(2,432)	(1,505)	(2,432)
Income covered by tax exemptions	(48)	(60)	(647)	(204)
<b>CURRENT TAX CHARGE</b>	<b>-</b>	<b>-</b>	<b>175</b>	<b>(1)</b>

### Deferred tax asset balance

The group has a deferred tax asset arising from timing differences as set out below. Shown as 23% rate for the current year (2012: 24%).

Analysis of deferred tax asset	2013 £'000	2012 £'000
Excess of capital allowances over depreciation	1	(11)
Short-term timing differences	14	12
Pension provision	11	10
<b>CARRIED FORWARD AS AT 31 MARCH</b>	<b>26</b>	<b>11</b>

There are also unrecognised deferred tax assets totalling £553,000 in respect of tax losses and other short-term timing differences. In addition, there are unrecognised deferred tax liabilities totalling £11,000 in respect of capital allowances over depreciation in relation to the RCN UK.

## 8. Staff costs – Group

	2013 £'000	2012 £'000
Salaries	36,670	35,477
Social security	3,139	3,014
Pensions	5,835	5,483
<b>TOTAL</b>	<b>45,644</b>	<b>43,974</b>

Of the total staff costs £26,655,000 (2012: £25,298,000) has been allocated to representation activities.

The total pension costs £5,835,000 (2012: £5,483,000) comprises £5,615,000 (2012: £3,684,000) in respect of the RCN pension scheme and £220,000 (2012: £1,899,000) in respect of NILGOSC.

In respect of pensions, an amount of £1,760,000 (£1,540,000 for the Pensions Trust and £220,000 for NILGOSC) has been paid (2012: £4,343,000 (£2,444,000 for the Pensions Trust and £1,899,000 for NILGOSC)) in excess of the historic employers contribution rate so as to reduce the pension fund deficit.

Please see note 15 for more information regarding the RCN pension scheme (note 15.1) and NILGOSC (note 15.2).

The average number of staff employed during the year was 963 (2012: 945). The full time equivalent number of staff was 867 (2012: 864).

#### Full time equivalent staff numbers by department category

	2013	2012
National Boards	113	105
English Regions	220	219
RCN Institute	62	75
RCN Direct	90	92
Other	296	285
RCN Publishing	86	88
<b>TOTAL</b>	<b>867</b>	<b>864</b>

#### Total staff numbers

	2013	2012
RCN UK	865	843
RCN Publishing	98	102
<b>TOTAL</b>	<b>963</b>	<b>945</b>

The total emoluments for the Chief Executive & General Secretary in the year were £149,169 (2012: £149,169).

2013 staff costs include £549,357 (2012: £518,170) in respect of compensation for loss of office due to restructuring and redundancies arising from changes following reviews of some of the RCN UK's operations.

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

	2013	2012
£60,000 - £70,000	34	36
£70,000 - £80,000	20	15
£80,000 - £90,000	1	3
£90,000 - £100,000	8	7
£100,000 - £110,000	-	1
£110,000 - £120,000	3	2
£140,000 - £150,000	1	1
<b>TOTAL</b>	<b>67</b>	<b>65</b>

## 9. Breakdown of RCN UK expenditure

	Representation activities £'000	Other College activities £'000	Total 2013 £'000	Total 2012 £'000
Employment related issues	25,819	-	25,819	23,222
Communications	328	3,407	3,735	3,714
Advisory Services	1,803	517	2,320	2,326
Education and training	2,250	6,863	9,113	9,231
Nursing Department	-	4,015	4,015	3,833
Administrative Expenses	15,360	8,385	23,745	21,933
<b>TOTAL EXPENDITURE</b>	<b>45,560</b>	<b>23,187</b>	<b>68,747</b>	<b>64,259</b>

Of which:

	Representation activities £'000	Other College activities £'000	Total 2013 £'000	Total 2012 £'000
Staff costs	26,655	13,712	40,367	39,031
Premise and estate costs	5,750	3,001	8,751	7,129
Travel and accommodation	1,606	867	2,473	2,692
Other service delivery costs	11,549	5,607	17,156	15,407
<b>TOTAL EXPENDITURE</b>	<b>45,560</b>	<b>23,187</b>	<b>68,747</b>	<b>64,259</b>

Representation is defined as relating to trade union activities.

Direct costs are allocated to the relevant activity. Non-direct costs are apportioned on the same proportion as the allocation of direct costs. Refer to note 8 for commentary on staff cost apportionment.

## 10. Fixed assets

### 10.1 Fixed assets – RCN UK

	Freehold land and buildings £'000	Leasehold improvements £'000	Furniture and equipment £'000	Computer software £'000	Assets under construction £'000	Total £'000
<b>COST OR VALUATION</b>						
Balance at 1 April 2012	3,420	26,668	6,307	1,807	868	39,070
Additions	-	878	716	70	255	1,919
Disposals	-	(2,061)	(347)	-	-	(2,408)
Transfer of assets under construction	15	311	3	539	(868)	-
<b>BALANCE AT 31 MARCH 2013</b>	<b>3,435</b>	<b>25,796</b>	<b>6,679</b>	<b>2,416</b>	<b>255</b>	<b>38,581</b>
<b>ACCUMULATED DEPRECIATION</b>						
Balance at 1 April 2012	1,328	7,245	5,976	1,284	-	15,833
Charge for year	121	1,075	249	293	-	1,738
Disposals	-	(30)	(347)	-	-	(377)
<b>BALANCE AT 31 MARCH 2013</b>	<b>1,449</b>	<b>8,290</b>	<b>5,878</b>	<b>1,577</b>	<b>-</b>	<b>17,194</b>
<b>NET BOOK VALUE AT 31 MARCH 2013</b>	<b>1,986</b>	<b>17,506</b>	<b>801</b>	<b>839</b>	<b>255</b>	<b>21,387</b>
<b>NET BOOK VALUE AT 31 MARCH 2012</b>	<b>2,092</b>	<b>19,423</b>	<b>331</b>	<b>523</b>	<b>868</b>	<b>23,237</b>

#### Exceptional item

As a consequence of the 20 Cavendish Square refurbishment in the current financial year, losses on disposal and additional depreciation have been expensed relating to the previous refurbishment. This has resulted in a £2,031,000 charge to the income and expenditure account.

#### The historical cost of re-valued assets is:

	2013 Leasehold improvements £'000	2012 Leasehold improvements £'000
Cost	22,167	22,167
Accumulated depreciation based on historical cost	(6,930)	(6,487)
<b>HISTORICAL COST NET BOOK VALUE</b>	<b>15,237</b>	<b>15,680</b>

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

## 10.2 Fixed assets – Group

	Freehold land and buildings £'000	Leasehold improvements £'000	Furniture and equipment £'000	Computer software £'000	Assets under construction £'000	Total £'000
<b>COST OR VALUATION</b>						
Balance at 1 April 2012	3,420	27,053	6,883	1,807	868	40,031
Additions	-	879	773	70	255	1,977
Disposals	-	(2,061)	(347)	-	-	(2,408)
Transfer of assets under construction	15	311	3	539	(868)	-
<b>BALANCE AT 31 MARCH 2013</b>	<b>3,435</b>	<b>26,182</b>	<b>7,312</b>	<b>2,416</b>	<b>255</b>	<b>39,600</b>
<b>ACCUMULATED DEPRECIATION</b>						
Balance at 1 April 2012	1,328	7,545	6,440	1,284	-	16,597
Charge for year	121	1,113	288	293	-	1,815
Disposals	-	(30)	(347)	-	-	(377)
<b>BALANCE AT 31 MARCH 2013</b>	<b>1,449</b>	<b>8,628</b>	<b>6,381</b>	<b>1,577</b>	<b>-</b>	<b>18,035</b>
<b>NET BOOK VALUE AT 31 MARCH 2013</b>	<b>1,986</b>	<b>17,554</b>	<b>931</b>	<b>839</b>	<b>255</b>	<b>21,565</b>
<b>NET BOOK VALUE AT 31 MARCH 2012</b>	<b>2,092</b>	<b>19,508</b>	<b>443</b>	<b>523</b>	<b>868</b>	<b>23,434</b>

See note 10.1 for commentary on disposal in year.

## 11. Investments – Group

	2013 £'000	2012 £'000
Market value at 1 April	16,846	17,181
Additions at cost	22,771	322
Disposals at carrying value	(18,491)	(473)
Net realised gain	2,286	184
Net unrealised loss	(481)	(368)
<b>INVESTMENTS AT MARKET VALUE AT 31 MARCH</b>	<b>22,931</b>	<b>16,846</b>
Cash held for reinvestment	83	253
UK unlisted securities:		
Cost at 1 April	4	4
<b>MARKET VALUE AT 31 MARCH</b>	<b>23,018</b>	<b>17,103</b>
<b>HISTORICAL COST AT 31 MARCH</b>	<b>22,377</b>	<b>15,960</b>

### Investments at market value comprise:

	2013 £'000	2012 £'000
<b>Listed investments</b>		
Fixed interest (Government securities and bonds)	4,044	4,576
UK equities	8,230	5,235
Global equities	9,076	6,287
Alternative assets	437	748
Property	1,125	-
Liquid assets	102	253
UK unlisted securities	4	4
<b>TOTAL</b>	<b>23,018</b>	<b>17,103</b>

<b>HOLDINGS OVER 5%</b>	2013	2012
Sarasin Equisar Global Thematic Fund	-	23.5%
Sarasin Sterling Class A income Bonds	-	8.2%
Sarasin CI Equisar Sterling Global Thematic Sterling Hedged	-	12.3%
Treasury Bonds – 2.25%	-	7.7%
Sarasin Charity – Thematic UK equity	-	30.6%

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

## 12. Debtors

	RCN UK 2013 £'000	RCN UK 2012 £'000	RCN Group 2013 £'000	RCN Group 2012 £'000
<b>DUE WITHIN ONE YEAR:</b>				
Trade debtors	258	239	786	887
Amounts due from subsidiaries and associated undertakings	-	2	-	-
Other debtors	288	489	314	477
Taxation	-	-	-	6
Prepayments and accrued income	1,990	1,529	2,344	1,743
	<b>2,536</b>	<b>2,259</b>	<b>3,444</b>	<b>3,113</b>

## 13. Creditors and accrued charges

### 13.1 Amounts falling due within one year

	RCN UK 2013 £'000	RCN UK 2012 £'000	RCN Group 2013 £'000	RCN Group 2012 £'000
Bank overdrafts and loans	87	135	388	-
Trade creditors	756	868	1,423	1,494
Amount due to subsidiaries and associated undertakings	327	313	-	-
Pension contribution	455	442	455	442
PAYE, social security and taxation	1,119	865	1,312	877
Payments on account	-	-	-	4
Other creditors	206	265	438	362
Accruals and deferred income	7,018	5,331	7,222	6,026
	<b>9,968</b>	<b>8,219</b>	<b>11,238</b>	<b>9,205</b>

### 13.2 Provision for liabilities and charges

	RCN UK 2013 £'000	RCN UK 2012 £'000	RCN Group 2013 £'000	RCN Group 2012 £'000
Provision for dilapidations	163	191	223	243
Provision for professional indemnity claims	7,865	6,174	7,865	6,174
Provision for restructuring	30	196	30	196
Provision for pension	1,679	1,679	1,679	1,679
Provision for holiday pay	709	941	709	941
	<b>10,446</b>	<b>9,181</b>	<b>10,506</b>	<b>9,233</b>

#### Movements – provision for liabilities and charges

	RCN UK 2012 £'000	New provisions £'000	Released £'000	Utilised £'000	RCN UK 2013 £'000
Provision for dilapidations	191	40	(68)	-	163
Professional indemnity claims	6,174	4,873	(633)	(2,549)	7,865
Provision for restructuring	196	31	(72)	(125)	30
Provision for pension	1,679	-	-	-	1,679
Provision for holiday pay	941	-	(232)	-	709
	<b>9,181</b>	<b>4,944</b>	<b>(1,005)</b>	<b>(2,674)</b>	<b>10,446</b>

#### Movements – provision for liabilities and charges

	RCN Group 2012 £'000	New provisions £'000	Released £'000	Utilised £'000	RCN Group 2013 £'000
Provision for dilapidations	243	48	(68)	-	223
Professional indemnity claims	6,174	4,873	(633)	(2,549)	7,865
Provision for restructuring	196	31	(72)	(125)	30
Provision for pension	1,679	-	-	-	1,679
Provision for holiday pay	941	-	(232)	-	709
	<b>9,233</b>	<b>4,952</b>	<b>(1,005)</b>	<b>(2,674)</b>	<b>10,506</b>



## 14. Leasing commitments

### 14.1 Operating leases – RCN UK

The annual commitment as at 31 March 2013 under non-cancellable operating leases was:

	Land and buildings 2013 £'000	Other assets 2013 £'000	Land and buildings 2012 £'000	Other assets 2012 £'000
<b>Leases expiring:</b>				
Within one year	-	51	105	33
Within two to five years	674	242	495	237
Over five years	548	-	637	-
	<b>1,222</b>	<b>293</b>	<b>1,237</b>	<b>270</b>

### 14.2 Operating leases – RCN Group

The annual commitment as at 31 March 2013 under non-cancellable operating leases was:

	Land and buildings 2013 £'000	Other assets 2013 £'000	Land and buildings 2012 £'000	Other assets 2012 £'000
<b>Leases expiring:</b>				
Within one year	-	55	105	39
Within two to five years	856	256	676	253
Over five years	548	-	637	-
	<b>1,404</b>	<b>311</b>	<b>1,418</b>	<b>292</b>

## 15. Pensions

RCN UK staff are currently enrolled in one of two defined benefit pension schemes. Virtually all who have taken advantage of this are enrolled in the RCN UK pension scheme (15.1), a small number of staff employed within Northern Ireland have been enrolled in the NILGOSC scheme (15.2). The RCN UK defined benefit pension scheme is currently under review and a consultation period with staff is in progress.

### 15.1 RCN UK defined benefit pension scheme

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

The pension cost is assessed in accordance with FRS17: Retirement benefits, based on the advice of independent qualified actuaries using the projected unit method.

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

The market value of the fund assets as at 31 March 2013, net of additional voluntary contributions was £173,800,000. There was no investment holding greater than 5 per cent of the value of the fund at 31 March 2013.

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

#### Employer

From 30 September 2010 the employer's annual contribution is 12.9 per cent (2012: 12.9 per cent) of pensionable salaries plus additional annual lump sum contributions to offset the pension scheme deficit. Estimated employer contributions to be paid by the RCN UK in 2013/14 are £5,742,000.

The current required annual lump sum contributions set out in the schedule of contributions agreed with the Pension Regulator and effective from 1 April 2012 are £1,540,000 until the end of the recovery period to 31 March 2022, with subsequent payments increasing by RPI + 2 per cent thereafter. The total deficit funding paid in 2013 was £1,540,000.

## Contributory employees

5.7 per cent (2012: 5.7 per cent) or 2.8 per cent (2012: 2.8 per cent) of pensionable salaries (depending on benefit scale) as set out in the schedule of contributions.

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

## FRS 17 Retirement benefits

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

Under the provision of FRS 17 the current deficit in the defined benefit scheme of £48,099,000 has been included as a separate liability on the balance sheet. The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation by a qualified independent actuary at 30 September 2010 to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 31 March 2013.

The principal actuarial assumptions were as follows:

	2013	2012	2011	2010	2009
Discount rate	4.4%	4.6%	5.5%	5.7%	6.7%
Inflation assumptions (RPI)	3.3%	3.1%	3.4%	3.5%	3.0%
Inflation assumptions (CPI)	2.4%	2.2%	2.9%	-	-
Allowance for pension payments increases accrued before 1 June 2007 (with LPI of 5%)*	3.3% (RPI)	3.0% (RPI)	3.4% (RPI)	3.5% (RPI)	3.0% (RPI)
Allowance for pension payments increases accrued after 31 May 2007 (with LPI of 5%)*	2.4% (CPI)	2.2% (CPI)	2.9% (CPI)	3.5% (RPI)	3.0% (RPI)
Rate of increase in pension deferment with LPI of 5%	3.3%	3.1%	3.4%	3.5%	3.0%

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

## Life expectancies

	2013 Years	2012 Years	2011 Years	2010 Years	2009 Years
Longevity at age 65 for current pensioners					
- Men	23.3	23.1	22.4	22.4	22.3
- Women	25.3	24.9	24.2	25.1	25.0
Longevity at age 65 for future pensioners*					
- Men	25.5	25.4	24.6	24.5	24.4
- Women	27.2	26.8	26.1	27.1	27.0

\* assumed currently aged 45

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

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Equities	110,309	95,713	88,694	81,787	53,946
Bonds	50,205	43,736	43,134	34,997	23,596
Property	10,042	6,485	5,874	5,227	6,049
Other	1,847	3,546	1,293	3,782	8,503
Insured pensioners	1,443	887	905	1,128	1,169
<b>TOTAL MARKET VALUE OF ASSETS</b>	<b>173,846</b>	<b>150,367</b>	<b>139,900</b>	<b>126,921</b>	<b>93,263</b>
Actuarial value of liability	(221,945)	(189,678)	(156,508)	(157,083)	(111,390)
<b>NET PENSION LIABILITY</b>	<b>(48,099)</b>	<b>(39,311)</b>	<b>(16,608)</b>	<b>(30,162)</b>	<b>(18,127)</b>

	2013 %	2012 %	2011 %	2010 %	2009 %
Equities	64	64	63	64	58
Bonds	28	29	31	28	25
Property	1	4	4	4	6
Other	6	2	1	3	9
Insured pensioners	1	1	1	1	2
<b>TOTAL MARKET VALUE OF ASSETS %</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

	2013 Expected rate of return	2012 Expected rate of return	2011 Expected rate of return	2010 Expected rate of return	2009 Expected rate of return
Equities	7.0%	7.3%	8.0%	8.4%	8.2%
Bonds	3.4%	4.3%	5.1%	5.2%	5.7%
Property	6.0%	6.3%	7.0%	7.4%	8.2%
Other	0.5%	0.5%	0.5%	0.5%	0.5%
Insured pensioners	3.4%	4.2%	5.1%	5.2%	5.7%
<b>AVERAGE RATE OF RETURN</b>	<b>5.8%</b>	<b>6.18%</b>	<b>7.0%</b>	<b>7.21%</b>	<b>6.83%</b>

The above asset values are at bid value, as required under FRS17.

#### Analysis of amounts charged to income and expenditure account

	2013 £'000	2012 £'000
Current service cost*	6,210	5,088
Interest on obligation	8,802	8,514
(Expected return on scheme assets)	(9,388)	(9,918)
<b>TOTAL</b>	<b>5,624</b>	<b>3,684</b>

\*The cost of Death in Service Insurance Premiums and PPF levies are paid in addition by the employer. The current service cost includes the cost of administration expenses.

#### Change in the present value of the defined benefit obligation

	2013 £'000	2012 £'000
<b>OPENING DEFINED BENEFIT OBLIGATION</b>	<b>189,678</b>	<b>156,508</b>
Service cost	6,210	5,088
Interest cost	8,802	8,514
Contributions by employees	1,842	1,792
Actuarial losses	19,921	22,366
Benefits paid	(4,508)	(4,590)
<b>CLOSING DEFINED BENEFIT OBLIGATION</b>	<b>221,945</b>	<b>189,678</b>

#### Change in the fair value of the scheme assets

	2013 £'000	2012 £'000
<b>OPENING FAIR VALUE OF THE SCHEME ASSETS</b>	<b>150,367</b>	<b>139,900</b>
Expected return	9,388	9,918
Actuarial gains / (losses)	10,785	(3,270)
Contributions by employer	5,972	6,617
Contributions by employees	1,842	1,792
Benefits paid	(4,508)	(4,590)
<b>CLOSING FAIR VALUE OF THE SCHEME ASSETS</b>	<b>173,846</b>	<b>150,367</b>
<b>ACTUAL RETURN ON SCHEME ASSETS</b>	<b>20,173</b>	<b>6,648</b>

The history of experience gains and losses are as follows:

Years ending on 31 March	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Defined benefit obligation	(221,945)	(189,678)	(156,508)	(157,083)	(111,390)
Scheme assets	173,846	150,367	139,900	126,921	93,263
<b>(DEFICIT)</b>	<b>(48,099)</b>	<b>(39,311)</b>	<b>(16,608)</b>	<b>(30,162)</b>	<b>(18,127)</b>
<b>EXPERIENCE GAINS/(LOSSES) ON SCHEME LIABILITIES</b>					
Amount	-	-	9,364	201	(1,989)
% of the present value of scheme liabilities	-	-	6.2%	0.1%	1.8%
<b>ACTUAL RETURN LESS EXPECTED RETURN ON SCHEME ASSETS</b>					
Amount	10,785	(3,270)	(489)	22,673	(33,091)
% of scheme assets	6.2%	(2.2%)	(0.3%)	17.9%	35.5%

## 15.2 NILGOSC – Northern Ireland Local Government Officers' Pension Fund

The RCN UK currently has 18 members of the NILGOSC defined benefit scheme, 1 of which is active, and 17 are drawing their pension. The one active member will cease to be an active member of the scheme within the foreseeable future, therefore a prudent approach has been taken and a cessation payment of £1.679m has been provided.

The pension scheme deficit was removed in 2012 and replaced by a provision on the balance sheet. The provision has been reviewed in preparation for the 2013 accounts and is deemed to be a fair estimate of the likely liability due.

In 2013 a payment of £220,000 was made in respect of a pension deficit payment.

## 16. Management of liquid resources

	2012 £'000	Cashflow £'000	2013 £'000
Cash invested in UK money market and deposit accounts	54,327	4,408	58,735

## 17. Analysis of changes in net funds

	2012 £'000	Cashflow £'000	2013 £'000
Short-term deposits (including Pension Escrow Account)	54,327	4,408	58,735
Cash at bank and in hand	2,853	(560)	2,293
	<b>57,180</b>	<b>3,848</b>	<b>61,028</b>

## 18. Notes to the cashflow

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

	Note	2013 £'000	2012 £'000
Net incoming resources		5,718	9,560
Interest	4	(847)	(750)
Depreciation	10.2	1,815	1,347
Total pension contributions less current service and finance costs		(348)	(2,933)
Recognition of NILGOSC	15.2	-	-
Revaluation reserve adjustment		(64)	(63)
Decrease in stock		-	1
(Increase)/decrease in debtors	12	(331)	69
Increase/(decrease) in creditors due within one year	13.1	2,033	(171)
Increase in provisions for liabilities and charges	13.2	1,273	3,259
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<b>9,249</b>	<b>10,319</b>

## 18.2 Reconciliation of net cashflow to increase in net funds

	Note	2013 £'000	2012 £'000
<b>NET FUNDS AT 1 APRIL</b>	17	<b>57,180</b>	<b>47,433</b>
(Decrease)/increase in liquid resources		(560)	605
Cash used to increase liquid resources	16	4,408	9,142
<b>CHANGE IN NET CASH RESULTING FROM CASHFLOWS</b>	17	<b>3,848</b>	<b>9,747</b>
<b>NET FUNDS AT 31 MARCH</b>	17	<b>61,028</b>	<b>57,180</b>

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

	Representation activities £'000	Other College activities £'000	Total 2013 £'000	Representation activities £'000	Other College activities £'000	Total 2012 £'000
<b>FIXED ASSETS</b>						
Tangible assets	-	21,387	21,387	-	23,237	23,237
<b>TOTAL FIXED ASSETS</b>	-	<b>21,387</b>	<b>21,387</b>	-	<b>23,237</b>	<b>23,237</b>
<b>CURRENT ASSETS</b>						
Stock	8	-	8	8	-	8
Trade debtors	167	91	258	62	177	239
Other debtors	142	146	288	166	325	491
Prepayments and accrued income	1,258	732	1,990	936	593	1,529
Cash at bank and in hand	17,962	34,296	52,258	17,193	27,284	44,477
<b>TOTAL CURRENT ASSETS</b>	<b>19,537</b>	<b>35,265</b>	<b>54,802</b>	<b>18,365</b>	<b>28,379</b>	<b>46,744</b>
<b>LIABILITIES</b>						
Bank overdraft	(55)	(32)	(87)	(68)	(67)	(135)
Trade creditors	(504)	(252)	(756)	(551)	(317)	(868)
Other creditors	(1,014)	(1,093)	(2,107)	(1,051)	(834)	(1,885)
Accruals and deferred income	(1,530)	(5,488)	(7,018)	(2,175)	(3,156)	(5,331)
<b>TOTAL LIABILITIES</b>	<b>(3,103)</b>	<b>(6,865)</b>	<b>(9,968)</b>	<b>(3,845)</b>	<b>(4,374)</b>	<b>(8,219)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>16,434</b>	<b>49,787</b>	<b>66,221</b>	<b>14,520</b>	<b>47,242</b>	<b>61,762</b>
Provisions	(8,333)	(2,113)	(10,446)	(7,728)	(1,453)	(9,181)
<b>NET ASSETS (EXCLUDING PENSION DEFICIT)</b>	<b>8,101</b>	<b>47,674</b>	<b>55,775</b>	<b>6,792</b>	<b>45,789</b>	<b>52,581</b>

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

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

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

## 20. Reserves

### 20.1 Reserves – RCN UK

	Pension Escrow account £'000	Revaluation reserve £'000	Accumulated funds £'000	Pension reserve £'000	Total 2013 £'000
1 April 2012	4,913	2,420	45,248	(39,311)	13,270
Surplus in year	12	-	1,624	348	1,984
Transfer to accumulated funds	-	(64)	-	-	(64)
Dividends	-	-	1,622	-	1,622
Actuarial loss	-	-	-	(9,136)	(9,136)
<b>AT 31 MARCH 2013</b>	<b>4,925</b>	<b>2,356</b>	<b>48,494</b>	<b>(48,099)</b>	<b>7,676</b>

The pension Escrow account is monies for which the Pension Trust have legal claim to.

The revaluation reserve relates to the leasehold improvements. See note 10.1 for further detail.

### 20.2 Reserves – RCN Group

	Reserves for charitable purposes £'000	Pension Escrow account £'000	Revaluation reserve £'000	Accumulated funds £'000	Pension reserve £'000	Total 2013 £'000
1 April 2012	24,894	4,913	2,420	50,173	(39,311)	43,089
Investment unrealised gain	656	-	-	-	-	656
Surplus in year	1,381	12	-	2,934	348	4,675
Transfer to accumulated funds	-	-	(64)	-	-	(64)
Actuarial loss	-	-	-	-	(9,136)	(9,136)
<b>AT 31 MARCH 2013</b>	<b>26,931</b>	<b>4,925</b>	<b>2,356</b>	<b>53,107</b>	<b>(48,099)</b>	<b>39,220</b>

## 21. Capital commitments

The value of contracts committed to but not provided for was £644,110 (2012: £2,210,277). This figure relates to work on the RCN 20 Cavendish Square refurbishment.

## 22. Contingent liabilities

Contingent liabilities are estimated at £1,018,000 (2012: £580,000) which relates to the members' professional indemnity scheme.

## 23. Trade Union and Labour Relations (Consolidation) Act 1992

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

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

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

## 24. Council expenses and remuneration

### 24.1 Council expenses

Out of pocket expenses to Council members while carrying out their governance duties in 2013 amounted to £139,893 (2012: £155,618). Out of pocket expenses related predominantly to travel expenses incurred while carrying out Council duties. The number of Council members who received reimbursement within the year was 36 (2012: 39).

### 24.2 Council remuneration

Council members do not receive remuneration for undertaking the role, however a total of £55,359 was paid to the employers of the current President and Chair of Council as recompense for time spent on services for the RCN UK (2012: £78,252). Breakdown as follows:

	2013 £'000	2012 £'000
Chair of Council	3	19
Current President	52	59
<b>TOTAL</b>	<b>55</b>	<b>78</b>

## 25. Related party transactions

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

During the financial year the RCN Foundation incurred a service level charge of £84,000 from RCN UK (2012: £70,000).









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