



Royal College
of Nursing

ANNUAL REPORT

**Combined RCN Group annual
report and consolidated
financial accounts for the
year ended
31 December 2014**

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

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Introduction

Message from the Chair of Council

This was my first full year as your Chair of Council. I took on this role with a great sense of pride but also one of huge responsibility at such a challenging time for our profession.

I am only too well aware of the tough time you are all having and the huge pressure that it puts on you and your families. I also know there are no easy answers.

All we want is to be able to provide the very best care. However, it is not right to expect nursing staff to subsidise the provision of patient care in the face of fewer staff, diminished services and increasing patient numbers.

I believe we have made a difference over the past 12 months. We have published clear evidence on the scale of cuts to nursing posts and the impact these are having on services; raising the awareness to the public and our critics about the realities of nursing today.

We have a strong campaign underway, right where it counts - in the workplace, to fight what is happening to our profession. I believe that our manifesto, to which you have all contributed, gives us a powerful voice leading up to the general election.

I hope this annual report demonstrates that we have been working harder than ever to support you. This year alone we supported more than 24,625 new representation cases in 7,110 workplaces. Our legal team has secured almost £7.5m in employment tribunal and personal injury compensation for members. Counselling was provided for 1,177 members and we offered 1,112 careers advice sessions. We helped members manage over £8m of debt and negotiated £89,000 of this debt to be written off for members with chronic ill health. We prevented homelessness for 17 members and assisted members to gain just over £1m in backdated, on-going or appealed benefits, tax credit or charitable payments.

We have focussed our energies on continuing to drive up the quality of patient care by promoting our standards for the improvement of patient care and the advancement of clinical practice. We have worked with a wide range of royal colleges; professional organisations and patient groups to develop our quality standards and guidance for care. We have set up a new clinical advisory group to enable nurse leaders to be more actively involved in the development and implementation of RCN strategy, policy and key outputs.

This report sets out some of that work and I believe it illustrates why the duality of our role makes us stronger.

We reviewed the way we support our members to raise concerns about the quality of patient care, and developed a series of patient safety resources, which illustrate the crucial role we play in protecting patients from harm and avoiding preventable accidents.

Another key focus of our work has been to scope our future education offer to make sure it is fit to meet the complex demands of a changing health care landscape and will align with the Nursing and Midwifery Council (NMC) model of revalidation and the associated implications for continuing professional development. Mentorship and its impact on practice education is also a priority work area, which will enable us to develop appropriate resources to support best practice in mentorship. We have continued to lobby governments and decision makers to ensure that adequate resources are available to support investment in staff development.

Finally, I want to highlight our international responsibilities. During the year our International Committee completed its review of its long term strategy to increase our international presence by supporting the capacity building of other national associations. You will also see from the report that we have continued to be active in Europe through the European Federation of Nurses Associations and the European Federation of Public Service Unions.

Many of you will have heard that Peter Carter has decided it is time to leave us. I want to acknowledge the huge contribution Peter Carter has made to the RCN and the nursing profession as our Chief Executive & General Secretary over the past eight years. I also want to thank Andrea Spyropoulos on behalf of us all for her strong leadership as our President from 2010-2014 and take this opportunity to thank our retiring student member of Council - Claire Jeeves who has done an admirable job in leading our student members over the past two years and Chris Piercy who has retired as Board Chair and Council Member for the Northern Region. Lastly, I would like to acknowledge the hard work all your Council Members do on your behalf.

I hope you will agree that this *Annual Report* highlights the challenges we are facing as a profession and our robust responses to them and the sheer range and depth of the work we are doing.

Without you, our members, we would not be the organisation we are and could not support our colleagues in the way we do. I believe that, together, we've done some very good work over the past year. However going into 2015 there are many very real challenges and I know Council can always rely on your help and support in these very difficult times.

My personal priority continues to be to improve member engagement. I hope you have started to see that the new consultation process is making a difference; that I have been listening carefully to your views, concerns and ideas and am taking every opportunity to speak about the issues of greatest concern to you.

As a Council we are determined to defend your pay, terms and conditions; demand respect for the amazing work you do and to get the public to understand why things go wrong when staffing levels and skill mix are not right.

I look forward to continuing to work with you over the coming year.



Michael Brown
Chair of Council

The report of Council

The Royal College of Nursing works to protect and improve the quality and standard of nursing, patient care and the patient experience. We do this by promoting excellent and innovative practice and by identifying causes of poor care and how these can be remedied. We also promote the interests of nurses, health care support workers, assistant practitioners, students, midwives, patients and communities. We do this by working closely with UK, European and international agencies, including trade unions, professional membership associations and voluntary organisations, helping to shape health policy in the interests of the public, patients and our members.

Change in accounting year end

In 2011 the membership agreed on the recommendation of Council to combine the annual general meeting (AGM) with Congress. This change required the RCN to move its accounting year end to 31 December. To this end the RCN had a nine-month accounting period from April 2013 to December 2013.

For continuity Council prepared its plans and budgets for 2013 and 2014 based on a 21-month period from April 2013 to December 2014. This report covers the final 12 months of that 21-month plan. From 2015, the RCN budgeting period is once again aligned with the accounting period.

Our five-year strategy 2013-2018

The RCN strategic plan covers the period from April 2013 to December 2017 and is set out under the five key areas of our activities:

- Promoting excellence in practice.
- Nursing development and education.
- Shaping health policies.
- Representing nursing.
- An effective, value-for-money organisation.

Our priorities for 2014

Under the strategic plan's key areas of activity, Council agreed 10 priorities for the 21-month period from April 2013 to December 2014. These priorities also provide the framework for Council to report its achievements and successes in the annual report; the progress we have made on these in 2014 is set out below.

The 10 priorities are grouped into three headings; being a professional organisation; being a trade union; and being a value-for-money organisation. These are independent and not in order of importance.

1. Being a professional organisation

A. Strategic plan key area: Promoting excellence in practice

i) Council priority: The positioning and reputation of nursing

- **The importance of nursing leadership**

Support for our Executive Nurse Network continues to grow as it moves into the second phase of its development under a new Chair. The network's purpose is to provide support for executive nurses across the UK; to facilitate electronic and face-to-face communication between them; and to develop a conduit for the voice of executive nurses and UK strategy makers to influence and inform UK policy and strategy.

In 2014, we also set up a new Clinical Advisory Group to enable nurse leaders to be more actively involved in the development of RCN policy, strategy and key outputs. Another important strand of our work in 2014 was to advocate nursing's role in commissioning, to promote the role of specialist nurses and to demonstrate how nurse-led innovative practice makes a difference to patient care and experience.

As health and social care in Scotland moves towards full integration from 2015, the RCN has worked hard to promote the importance of visible, accountable nurse leadership to provide professional advice and assurance in the commissioning and delivery of integrated care. Whilst we were unsuccessful in our attempts to get new legislation amended to enshrine the role of the nurse director in law, we continued to lobby to ensure that nurse leaders are named as core members of new integrated governance arrangements.

In Scotland, the RCN has also worked with media professionals to develop a series of case studies profiling the innovative and effective work of nurses working with some of the most marginalised client groups including those in the criminal justice system, homeless families and migrant communities. *Nursing at the edge* will inform our forthcoming public work to promote the importance of nurse-led services with the Scottish politicians and new integrated care commissioners, who are responsible for improving Scotland's poor record on health inequalities.

- **Safe staffing**

The RCN has continued to speak out against those government decisions which undermine the nursing workforce and threaten patient safety; and through a series of evidence-based *Frontline First* reports the RCN has been able to demonstrate the reality of nursing in the UK with authority, and articulate how nursing must be supported in order for patients to receive the best possible care.

The February 2014 *Frontline First* report *More Than Just a Number* identified significant recent cuts in band 7 and 8 senior nursing roles, resulting in a serious loss of skills, experience and leadership, while November's *Turning Back the Clock?* looked at the steep fall in nursing numbers and available beds in mental health services across the UK, despite rising demand.

Safe staffing was a key activity throughout 2014 - we campaigned actively, and evidenced links between safe staffing levels and patient outcomes. It also formed part of our manifesto for the 2014 European elections.

In 2013, the Department of Health and NHS England commissioned The National Institute for Health and Care Excellence (NICE) to produce a series of guidelines on safe staffing. The RCN worked with NICE on the development of these guidelines and tools, was represented on the steering group and contributed to the project groups. In 2014, the first guidance was published on nurse staffing levels on adult inpatient wards in acute hospitals and for midwifery. This was a first positive step and has put pressure on hospitals to provide levels of nursing staff to ensure safe and compassionate care. The guidance also includes a number of red flags that indicate when care is being compromised and when immediate action should be taken to avoid harm to patients.

The RCN in Wales has been working closely with Assembly Member Kirsty Williams on her proposed Safe Nurse Staffing Levels (Wales) Bill. In addition, members have been pro-active in showing their support for the Bill and raising awareness through an e-petition.

- **Regulation and development of the health care support worker role**

The RCN has long lobbied for mandatory regulation of all health care support workers (HCSWs).

The system of voluntary registration proposed in the Health and Social Care Act 2012 has not been taken up, with some of The Cavendish Review's recommendations for the training and education of HCSWs being implemented instead. Since Cavendish, Health Education England and the sector skills councils have been tasked with developing draft standards for a Care Certificate, set to be introduced in England in April 2015. It is intended to be part of the induction for health care assistants, assistant practitioners, care support workers and others who are giving support to clinical roles in the NHS and who have any direct contact with patients.

While the RCN has concerns about the implementation of the Care Certificate, and in particular about its quality assurance, we are supportive of the concept of a standardised approach to training for support workers and have given our members the chance to contribute ideas for the content of the certification.

We will however continue to call for a system of mandatory regulation for all health care support workers.

We have continued to develop our well-regarded *First steps* online programme for health care support workers which helps them get started in their career by teaching the key principles underpinning the role. It will be further upgraded to cover Care Certificate topics.

Changes to the definition of the RCN Health Practitioner membership category were made in 2014 in order to strengthen its focus on nursing. As a result, from 1 January 2015 only those providing health and social care who are supervised by a registered nurse, midwife or health visitor and who are not on a professional register will be eligible to join the RCN as a Health Practitioner member. Their specific role, or any qualifications they may hold, will no longer be directly relevant.

- **Our clinical priorities**

Our year in numbers

- In 2014, the number of RCN members who are in at least one forum increased by 7%.
- The fastest-growing forums were:
 - Defence Nursing Forum, 16% increase
 - Mental Health Forum, 13% increase
 - Emergency Care Association, 11% increase
 - Learning Disability Nursing Forum, 10% increase
 - Neuroscience Forum, 10% increase.
- 141 reports were submitted by forums detailing their representation of the RCN.
- 44 publications were issued, ranging from clinical guidance to educational resources and position statements.
- Forums contributed to 39 professional conferences and events this year.

Representing nursing and nurses

During 2014, the RCN ensured that whenever decisions affecting practice (and therefore nursing) were made the nursing perspective was heard. Examples of this work in 2014 include:

- leading for nursing at the National Review of Urgent and Emergency Care in England
- leading for nursing at the four-country NMC Revalidation Task and Finish Group
- leading for nursing on updated UK guidance on decisions related to cardiopulmonary resuscitation (CPR)
- providing nursing leadership at the Academy of Medical Royal Colleges

- acting as UK nursing leaders at European level on a range of issues, including e-health
- ensuring expert nurses and midwives were present and heard at government level providing clinical expertise to national and inter-collegiate clinical and technical guideline development groups (e.g. National Confidential Enquiry into Patient Outcome and Death report on tracheotomy care).

Shaping health policy

During 2014 we focussed on a range of priority issues across communities of practice including acute and primary mental health care, acute and primary physical health care, midwifery and women's health, public health, children and young people, vulnerable adults, the care of older people and community care. We also worked in highly specialist areas that are relevant across many communities of practice such as end-of-life care, reduction of physical restraint, anti-microbial stewardship, self-care of long-term conditions and eradication of female genital mutilation (FGM). RCN guidance and resources published in 2014 include:

- *Antimicrobial Resistance - RCN position on the nursing contribution*
- *Decisions relating to cardiopulmonary resuscitation*
- *The future for community children's nursing*
- *Supporting behaviour change through motivational interviewing.*

Promoting excellence in practice

Being the largest Royal College, and unique in encompassing all communities of practice, perhaps our most important role is to ensure that the vast expertise from within the membership is transferred, through clinically robust publications, to the point of care. Our professional forums exist to do this.

The forums, whose membership continued to grow in 2014, worked with the Corporate Communications and Publishing team to publish a wide range of clinical technical guides, competency frameworks, best practice guidance and clinical monitoring tools. And in partnership with the RCN Events team they contributed to an innovative range of seminars, workshops and conferences. Many of our forums also act as specialist representatives nationally and internationally. Examples of forum work in 2014 include:

Clinical and technical publications

- RCN Society of Orthopaedic and Trauma Nursing - *Guidance for peripheral neurovascular observations.*
- RCN Children and Young People: Staying Healthy Forum - *Nurse-led immunisation of school-aged children.*
- RCN Women's Health Forum - *Updated guidance on gynaecological cancers.*
- RCN Defence Nursing Forum - *Guide to defence nursing.*
- RCN Fertility Nursing Forum - *Performing intra-uterine insemination and embryo transfer.*
- RCN Imaging Nurses Forum - *Ionising radiation protection, guidance for nursing staff.*

Events and education

- The RCN Critical Care and In-Flight Nursing Forum held a series of workshops to provide clinical education in current practice challenges for their In-Flight members and members in Intensive Care Units
- The RCN Perioperative Forum held an event for their members to help equip them to manage the challenges of dealing with obese patients, now seen more frequently in hospital.
- The RCN Continence Care Forum conference focussed on giving their members the tools to deliver more effective bladder and bowel rehabilitation and management.
- The RCN Nurses in Management and Leadership forum brought their members together with the NMC and Chief Nursing Officer (England) to consider the key issues for nurse leaders.

Representation

- The RCN Perioperative Forum represented the RCN on the NHS England Surgical Patient Safety Expert Reference Group.
- The RCN Cancer and Breast Care Forum represented the RCN at the European Oncology Nursing Society.
- The RCN Emergency Care Association represented the RCN at the Inter-Collegiate Board for Training in Pre-Hospital Emergency Medicine.
- The RCN Defence Nursing Forum held an engagement event with the NMC and Health Education England and their members as part of the Shape of Caring Review.

ii) Council priority: An authoritative body of professional knowledge

- **Royal College of Nursing Library and Heritage Centre**

In August 2013, the Library and Heritage Centre opened to the public for the first time, supported by a grant of £500,000 from the RCN Foundation. The centre attracted an average monthly footfall of nearly 15,000 visitors in the year, made up of RCN staff and members, other health care workers and the general public. Of these, around 1,400 attended tours, and nearly 900 attended events.

Throughout 2014, Library and Heritage Centre staff offered regular tours to booked groups. The majority of these groups approached us after attending an event, or searching online for nursing history activities in London. A number have come via the dedicated RCN page on the London Museums of Health and Medicine, a popular route for organisers of educational visits, particularly school and college students. Health care groups have primarily been students, ranging from college students considering nursing as a career to delegations of international nurses. Public tours have included historical societies and university students from the arts and humanities.

In September 2014, the RCN considerably increased public access to tours by participating in the Open House London architecture weekend for the first time. 550 visitors attended in just one day and volunteer RCN staff gave 36 guided tours of our historic building.

This activity has enabled us to reach an audience largely unfamiliar with nursing practice. In a short questionnaire carried out with just under a quarter of visitors (125), 93% were not RCN members or staff, and the vast majority had never visited the building before.

Exhibitions during 2014 included *This is nursing*, *Nursing education* and *Royalty*. We also ran an exhibition curated by experts from the History of Nursing Society exploring nursing in the First World War which was accompanied by a seminar series. We have programmed our activities around the First World War commemorations, signing up as an official partner of the centenary with the Imperial War Museum (www.1914.org). This has enabled us to reach an audience with a specific interest in military history as well as with a connection to contemporary military services. At a well-attended study afternoon, run jointly by the Defence Nursing Forum and the History of Nursing Society, half of the 75 attendees were not RCN members, and most of these did not work in health care or medicine.

Our first public lecture on 10 October was a huge success, with 121 attendees. Nathan Filer, mental health nurse and Costa Award-winning author of *The Shock of the Fall* (2013), revealed how his interest in the personal histories of individuals led him to specialise in mental health following registration, and how his work as a nurse later inspired his writing. And historian and former mental health service user Professor Barbara Taylor discussed her memoir *The Last Asylum*, a personal account of the closure of the public asylum system.

Evaluation of the lecture showed that half of the attendees worked in neither health care nor medicine, with some identifying themselves as service users, including RCN members who valued reflections of their own experiences as both service users and nursing staff. The juxtaposition of speakers was appreciated, and the event proved both accessible and inspiring.

- **Knowledge and innovation**

During 2014 the Standards, Knowledge and Information Service managed nearly 300 consultations to help NICE build guidance and appraise health technologies and published 40 research, innovation, quality and safety bulletins.

We also contributed to the Scottish Intercollegiate Guidelines Programme to the Professional Records Standards Body and organised the quality assessment of around 40 other guidance and professional resources developed by other organisations. This work, along with the quality-assured publications developed by our own forums, has helped build an extensive professional resource, stating care and service definitions, specifications and providing evidence of what works to help members measure, plan and improve care and patient experiences.

Understanding what influences nurses' care quality is key to enabling us to effectively support their decision making and practice. Research for the professional attitudes and behaviours stream of the Future Nurse Future Workforce programme found that the socialisation of nurses in the work place and the development of their professional identity are important influences on the attitudes and behaviours that they adopt.

In 2013 our Nursing Practice and Policy Committee committed to making it easier for nursing staff to use knowledge in practice and policy making, and to feel confident and able to use research and innovation to enhance care. To this end the new *Knowledge and innovation action plan* was launched in January 2014. The plan sets out what the RCN will do to promote and enable the use, build, assurance and sharing of professional nursing knowledge over the next five years.

The plan helps us to co-ordinate activities across the RCN and will ensure that all our work is quality assured and evidence based, and is shared by and with our members and partners to ensure the College is viewed as a globally-respected authority on nursing.

We have continued to work closely with partners to build the nursing evidence base, such as our research alliance, the RCN Research Institute at the University of Warwick and the research teams which contributed rapid evidence assessments and briefing documents to inform RCN policy and professional developments as diverse as restraint in mental health settings and leadership.

More than 400 delegates attended the RCN research conference in Glasgow last April.

Our contribution to scholarship was further enhanced by the inclusion of our archives on the renowned Archives Hub that provides a gateway to many of the UK's richest historical archives and by the inclusion of 12,000 records from the RCN Library catalogue on WorldCat, the world's largest network of library content and services.

The RCN worked with the Office of Public Management (OPM) to equip nursing staff in Scotland, Wales and Northern Ireland with the skills needed to report their contribution to patient experiences, in both financial and clinical outcome terms. The RCN and OPM were awarded a Burdett Trust grant to introduce the programme in England.

The RCN's Research and History of Nursing societies have been working on ways to help nursing staff research and analyse data, and we are supporting the Association of UK University Hospitals Directors of Nursing group in its campaign to promote academic clinical career options.

B. Strategic plan key area: Nursing development and education

i) Council priority: Nursing education

Two new education roles were created in 2014. The Assistant Head of Nursing for Education, Learning and Development will help shape, enhance and deliver RCN strategy in this area. The second new role will support the delivery of our professional resources, and help the professional and trade union sides of the RCN align more closely.

By building and strengthening relationships and engaging in key local and national debates, we have worked tirelessly to ensure that our position on the educational and developmental needs of health care assistants and students is fully informed and that their views are properly represented in the RCN's work across all four countries.

In Scotland this has involved being an integral member of the Chief Nursing Officer's education review and ensuring RCN positions were reflected in the resultant "Setting the Direction" strategic aims. In particular this has included supporting mentor roles and a focus on enhancing the learning environment and opportunities for continuing professional development (CPD).

In response to both the Willis Commission and the evaluation of the NMC pre-registration nursing education standards, a review is underway of existing and future mentorship models, and their impact on practice-based learning. We are also reviewing the RCN's online learning resources (including an evaluation of *First Steps*), in order to improve our e-portfolio and further embrace technology-enhanced learning ahead of revalidation.

C. Strategic plan key area: Shaping health policy

i) Council priority: Campaigning on key health care issues

Frontline First continued to provide us with robust evidence to underpin and promote the RCN's work.

Our *This is Nursing* website and associated email and social media activity contributed to a growing awareness of and engagement with the RCN's professional work. We have now developed a significant bank of clinical case studies and examples of excellent clinical practice.

A nurses' day reception at the House of Commons provided an excellent opportunity to showcase the work of nurse award winners and other outstanding nurses to a group of more than 80 MPs and Peers. Our Nurse of the Year Awards have continued to profile the very best in nursing.

The RCN participates in a wide range of policy events and seminars with health and social care policy think tanks on issues affecting England, the UK and Europe. In particular, the RCN's views on funding, financing and the organisation and delivery of health and social care are regularly sought and cited by others.

Strong media coverage enhances the reach and impact of our campaigning work. We had a successful year nationally and regionally, securing 3,000 stories between May and December alone.

In 2014 the RCN made 14 written submissions to Parliamentary select committee inquiries and gave oral evidence on four occasions. We held two successful Parliamentary receptions and ran 20 one-to-one meetings, three fringe events, and six roundtable events at the Westminster political party conferences. Parliamentarians were briefed on five key pieces of draft legislation, with particular focus on the Assisted Dying Bill and the Serious Crime Bill.

Our work with the Royal College of Physicians' Future Hospital Programme in the lead up to the 2015 General Election is a good example of our continued close collaboration with other medical colleges. The programme sets out a vision for the future of acute medical care in the UK as well as better health and care provision.

We undertook major consultation exercises with our members in response to the NMC proposals on revalidation, education standards and fee increases. The views of nearly 10,000 members informed the RCN's response to the NMC.

In 2014, the RCN positioned itself as a leading health organisation in tackling female genital mutilation (FGM) through raising awareness among health care professionals. In June, we co-hosted a highly successful stakeholder event attended by health professionals, stakeholders, media and FGM campaigners. Speakers included Norman Baker, Home Office Minister for Crime Prevention and Jane Ellison, Public Health Minister. The RCN was also invited to attend the Prime Minister's flagship event, the 'Girls Summit' on tackling violence among women and girls. The Home Office has now also announced that it will introduce mandatory reporting of FGM on those 18 years old and under, by professional groups, including nurses - this is an important step towards eradicating FGM.

A survey of Emergency Care Association members to gauge pressures in A&E informed our official response to the government consultation, and was used for external media and lobbying work. It led to a series of highly successful A&E summits held across the UK in which members explored how they could influence staffing levels and service configuration to best effect for patients.

In June our call on the Government to fulfil its commitment to increase the community workforce by 10,000 to help meet the growing demands of an ageing population led to a strong public debate on the importance of district nursing. Our survey of community staff showed a 47% reduction in the number of qualified district nursing staff in England over the past decade.

Devised in 2014 and launched in January 2015, *Future Conversations* is a joint RCN and Scottish Executive Nurses Directors initiative, giving nursing staff the opportunity to talk openly about their concerns, aims and ambitions, and to influence future workforce, education and nursing policies.

Nurses' Voices from the Northern Ireland Troubles, an oral history book documenting the role of nurses from 1969 to the signing of the Good Friday agreement in 1998 has focussed public attention on their incredible reserves of patience, determination, fortitude and courage in caring for patients from across the political divide.

2. Being a trade union

A. Strategic plan activity area: Representing nursing and nurses

i) Council priority: Partnership working in the current political and economic climate

- **Protecting our members**

Our members across the public and independent sectors have continued to face unprecedented organisational change, restructures and cuts in pay, and terms and conditions. We continue to actively address these and influence negotiations through our lead positions on the NHS Staff Council.

250,000 members contact our contact centre RCN Direct every year for advice and information; for support for professional practice; counselling and support when members need it; and for workplace representation and legal support.

In 2014, the RCN provided representation to 24,625 members in 7,110 workplaces. A total of 14,973 new cases were opened over the course of the year; 9,684 opened by RCN staff and 5,289 opened by RCN stewards. To support stewards in the provision of representation to members the RCN commenced a project to provide stewards with IT equipment and mobile phones to allow them to contact staff and members more readily and to access the case management system from any location.

In response to the Government's decision to reject the NHS Pay Review Body's recommendation of a 1% pay increase in relation to NHS staff in England, Council launched our *What If Fair Pay Campaign* in June 2014 and this has been the focus of our strategy to resist attacks on the incremental system and unsocial hours arrangements.

The campaign is there to give nursing staff a voice. Our message has been clear: nursing staff have cared for record numbers of patients through the most disruptive reorganisation in the history of the NHS and in the face of huge workforce cuts. They deserve to be valued and appreciated and the Government should do the decent and honourable thing by giving nursing staff the pay rise they deserve.

The NHS Pay Review Body has been asked to make observations on the barriers and enablers within the Agenda for Change pay system, for delivering health care services every day of the week without increasing the existing spend. The RCN will be submitting a response to the Pay Review Body on Seven Day Care and will be emphasising how the Government is conflating Seven Day Care with unsocial hours to dismantle Agenda for Change. Unsocial hours payments are essential to ensure adequate staffing for nights and weekends and 61% of nurses, midwives and health visitors rely on unsocial hours payments, which equate to £3,875 per year of their earnings.

ii) Council priority: Broaden our focus beyond the NHS

During 2014 we continued to make huge efforts to develop relationships with independent organisations and to increase membership from the independent sector.

In England we focussed on improving our ability to support existing relationships with independent sector providers and we have made real progress in recruiting members and representatives from the sector.

Independent sector membership has increased significantly in Northern Ireland and we have established an independent sector managers' local network. A leadership programme has been offered to all home managers, and 2,000 health care assistants and 1,000 registered nurses have been targeted for programmes on clinical topics.

In Scotland, the key focus of member recruitment has involved a cross team approach targeting a number of care homes promoting both the representation and professional practice benefits of membership across all member groups. Our *“Supporting Better Care development programme for Health Care Assistants/Assistant Practitioners in Scotland* continues to be a highly effective way of recruiting and retaining members from the independent sector. The current integration and scrutiny policy agendas in Scotland have proved to be a pivotal means of enhancing the RCN's engagement and influence with independent/third sector leaders and employers across Scotland. Recruitment of accredited representatives continues to focus on learning representatives from the care home sector.

The Welsh Board agreed a new, 12-month plan for the independent sector in Wales in April 2014 and we have worked hard to involve independent sector members in activist and branch activity. Our work on the Development of Excellence in Practice in the independent sector has continued through membership of the Linc Cymru partnership group, and through the drafting of a *Competency framework for registered nurses in the independent sector* with the Aneurin Bevan University Health Board Matrons' Forum. In August 2014, St Kentigern's hospice in St Asaph opened a learning centre, which provides a valuable link between the RCN and the independent sector.

iii) Council priority: Valuing accredited representatives and demonstrating the benefits of accredited representatives to employers

We have continued to prioritise support for our accredited representatives. Good progress continues with the implementation of the customer relationship management system project and the roll-out of equipment and case management training for our representatives.

In 2014, the UK Committees and Boards reviewed the learning and development programme and the role descriptors. The programme was independently evaluated by the Office for Public Management and the pathway delivery has been scrutinised by our quality assurance partner, the Open College Network.

We are designing advanced skills workshops based on needs identified in the workplace and we are exploring the best way to support reps to work together in workplace teams to communicate the impact of our reps' work to employers.

England has held facility agreement workshops to benchmark the facilities agreements against an agreed model. This supports accredited representatives to secure facility time and resource and articulate a business case demonstrating the benefits of accredited representatives.

A number of new learning agreements have been signed with care homes in Northern Ireland. In Wales there are regular meetings with local health authority board HR directors and in Scotland the integration of health and social care has provided an opportunity to highlight to non-NHS employers the necessary regulatory and professional frameworks that need to be in place to support delivery of safe quality care and how RCN accredited representatives can help.

We have focussed on updating and cleansing the data we hold on our representatives and developing quality assured monitoring and reporting systems and processes.

It has been agreed to set up local networks led by the country and regional representatives on the UK representative committees as a means for our representatives to have regular contact with other representatives in their country or region and make sure their work is informed by members' views and concerns.

These networks will also enable us to provide more support for student information officers and improve our engagement with the student community and with our health care support workers on the ground.

iv) Council priority: an organisation that thinks and acts globally

We have a new international strategy. Its aims are to represent, advocate and strengthen the status of the nursing profession internationally; to enhance patient care, health and wellbeing in the UK and elsewhere by improving professional policy and practice internationally; and to improve the health of communities internationally by working with nursing and other organisations to shape health policies and capacity build sister organisations.

In 2014, our work focussed on developing and harnessing UK nursing expertise and experience to improve global health outcomes; shaping and influencing EU and international policies that impact on UK nursing and population; learning from other countries to improve nursing and health in the UK; strengthening nursing's voice and influence globally; and becoming an organisation that thinks globally.

Alongside this, the International Committee initiated specific pieces of work to strengthen the RCN's international development work and its influence on key European issues.

We signed a *Memorandum of understanding* with the Zambia Union of Nurses Organisation as part of its commitment to international development and we are working to strengthen sister nursing organisations.

We hosted the biennial meeting of the Commonwealth Nurses and Midwives Federation in March and now have two members on its Board.

The College has continued to be involved in the detailed work around the implementation of the professional qualifications directive, in the UK and at European Federation of Nurses Associations and as part of the working group looking at future education competences for nurses across Europe.

On the EU's health workforce action plan, we are working closely with EFN and with the European Federation of Public Services Unions to shape the outcomes of a number of key projects, including one on horizon scanning on future health workforce needs in European countries.

We influenced the EU election manifestos of its European alliances and launched our own manifesto in April based on RCN member views, followed by a hustings with UK MEP candidates in May. The RCN manifesto included calling for MEPs in the next European Parliament to ensure an appropriately educated, regulated and developed EU nursing workforce.

We continue to be well represented on the Boards of European alliances and actively participated in EPSU's Congress in May, led by the Chair of Council, which set the agenda for EPSU's work for the next five years.

3. An effective value for money organisation

A. Strategy plan activity area: An effective value for money organisation

i) Council priority: Ensuring a financially viable and stable organisation; improving our membership engagement and developing our trading activities.

The economic downturn of recent years, the continuing cuts in health care spending and the high levels of uncertainty and change has inevitably had a major impact on our priorities and resulted in a significant and on-going increase in the demands for our services.

We have focussed on strengthening the College as a membership organisation. At the same time we have worked hard to ensure that we deliver our services in as an efficient and effective way as possible and continue to make year on year savings wherever possible.

Our membership numbers have never been higher and the demands on our services and the associated costs have never greater. In 2014, our legal costs for supporting members were £4.5m higher than in the 9 month period ended 31 December 2013. This has involved us continuing to take tough decisions where needed and to prioritise the needs of our members.

During the year, we set up a new investment portfolio with £40m from our cash reserves, with the aim of generating both growth and income. The results for this first year show that the investment portfolio generated investment income of £567k and unrealised gains in the market value of £2.9m. This will help us ensure that in the longer term we can keep any subscription increases as low as possible.

We have also been restructuring the way we plan and report our work so it sits within a framework of products and services; and in addition we have been working to develop a new commercial strategy. The products and services framework can be seen in note 9 on page 53 and our report will follow this format from 2015.

To ensure we support our activists and staff to achieve our plans, 2014 has been a year when we have focussed on the transformation and implementation on new technologies and ways of working.

We have invested significantly in our new customer relationship management system to support delivery of services and prioritised the continued development of our case management system and the rollout of equipment to support our accredited representatives. Our new website and new bulk email system have also been major priorities to enable us to deliver a new level of personalisation and customisation. We have also continued to embed our process of consulting with members on governance and related changes. A review of our social media policy is also underway.

At the same time we have reviewed all our business processes and embarked on a major programme of organisational change to ensure we are in a position to maximise the benefits of the new technology by transforming the way we work and engage with members and stakeholders. To support this we have introduced our new behavioural core competencies for staff to support our cultural change programme.

ii) Council priority: The RCN as a first class modern progressive employer

For the fifth year running we have been awarded Best Companies accreditation and a place once again in the Sunday Times Top 100. We have also retained our two star 'outstanding' accreditation that sits alongside our Investors in People Gold Standard accreditation.

As a member of the Institute of Customer Service, we launched Customer Promise - our commitment to improve the quality of our customer service. And we were delighted that Dr Peter Carter was made a Vice President of the Institute in March.

We introduced our new Future Leadership Programme in support of our investment in our emerging leaders and we reviewed our management development programme.

Our learning and development programme and projects support our organisational priorities to deliver our shared learning culture and enable staff to develop new ideas and thinking and improve their awareness of their health and wellbeing. Our corporate social responsibility policy is in the process of being developed to improve our practice in this area.

Summary of our future plans

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

Our energies must focus on continuing to drive up the quality of patient care, by rigorously promoting and implementing our standards for the quality of patient care and working tirelessly to safeguard our members' jobs, pay, terms and conditions.

Being a professional organisation

We will:

- ensure our professional outcomes are recognised as significant contributors to the Royal College's role as the voice of nursing
- build the RCN vision for education, learning and development
- roll-out the refreshed Clinical Leadership Programme
- maintain and grow our relationships with key EU organisations
- ensure nursing evidence contributes to UK and international standards and guidance
- use international perspectives on wider health policy and nursing practice to inform RCN work
- deliver, implement and lead the *RCN knowledge and innovation action plan*
- enable nurse leaders to be more actively involved in the development of key professional products
- implement a different way of working for forums
- monitor the impact of health and social care reforms and new NHS structures on patient care and nurses with a key focus on commissioning providers and new models of care, system regulation and social care
- provide briefings, analysis and evidence to a range of organisations on the performance of the NHS system with a specific focus on the issues and implications for nursing practice.

Being a trade union

We will:

- enhance our future activist programme and review the learning and development programme and resources to support accredited RCN representatives in the workplace
- demonstrate the benefits of accredited representatives to employers
- continue our *What If* campaign to ensure we are seen to be leading on activity that ensures jobs, pay and conditions are defended across all sectors and any attacks on them resisted
- continue our *Frontline First* campaign to provide robust evidence to underpin the RCN's work to achieve safe staffing levels and a good skills mix
- review our existing support mechanisms for members who raise concerns with the aim of enhancing and clarifying our support for whistleblowing
- protect and promote equality and diversity in employment through collective negotiations in NHS Staff Council and European Federation of Public Service Unions supported by guidance for accredited representatives and officers.

Being a business

We will:

- continue to invest in the recruitment and retention of members
- continue to improve our engagement with members to increase the capacity and effectiveness of the RCN at UK, national and local levels
- provide access to member information to members who need it as part of their RCN role
- strengthen our presence in the independent, private, voluntary and other sectors
- seek to continue to grow our membership numbers and partnerships
- continue to build an organisational culture that places customer service at the heart of everything we do and recognises the need for efficiency and effectiveness in the way we do business
- embed our equality and inclusion principles into everything we do
- ensure the Council Review reinforces the role of the College in influencing policy on nursing leadership and education; setting standards for nursing; being an authoritative body of professional knowledge; championing effective nursing policies and best practices and campaigning on key health care issues
- structure the organisation's work around a framework of products and services
- develop a commercial strategy to maximise non-membership income
- transform our business processes and activities through the implementation of new technology including a new website and ways of working.

Thank you to our supporters

The following are all companies and organisations who during 2014 supported projects over £5,000:

Army Medical Services
AstraZeneca
Baxter
Bio-Oil
BUPA
Default Blue
DRC Locums
Forest Tosara Ltd
H1 Healthcare Group Ltd
Hotboard by Ward-Henry
ID Medical
Lighthouse Financial Advice
Liverpool Hospital
LV=Liverpool Victoria
Medlsis
MSD
NHS England
NHS Improving Quality

NHS Professionals
Norgine Pharmaceuticals Limited
Nursing & Midwifery Council
Nursing Times
PDC Healthcare
RCN Foundation
Royal Air Force
Royal Navy
Seca Ltd
Sidra
Slimming World
Stryker UK Ltd
The Open University
The Princess Grace Hospital
Thornbury Nursing Services
University of Glasgow
Vauxhall Motors Ltd

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

Deloitte LLP
Chartered Accountants and Statutory Auditors
2 New Street Square, London EC4A 3BZ

Investment managers

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

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 and 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 one trading subsidiary, RCN Publishing Company Limited. RCN Licensing Limited and RCN Membership Services Limited were placed in members' voluntary (solvent) liquidation in May 2013, as they no longer served a function.

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 consolidated 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.

Students and health practitioner members are represented through the following:

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 three Council sub-committees that assist Council with policy development and carry out work delegated by Council. Members of the 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 three 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 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. The **RCN Investment Sub-committee** reviews the investment policy, mandate and performance and reports directly to the Business Committee.

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.

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.

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.

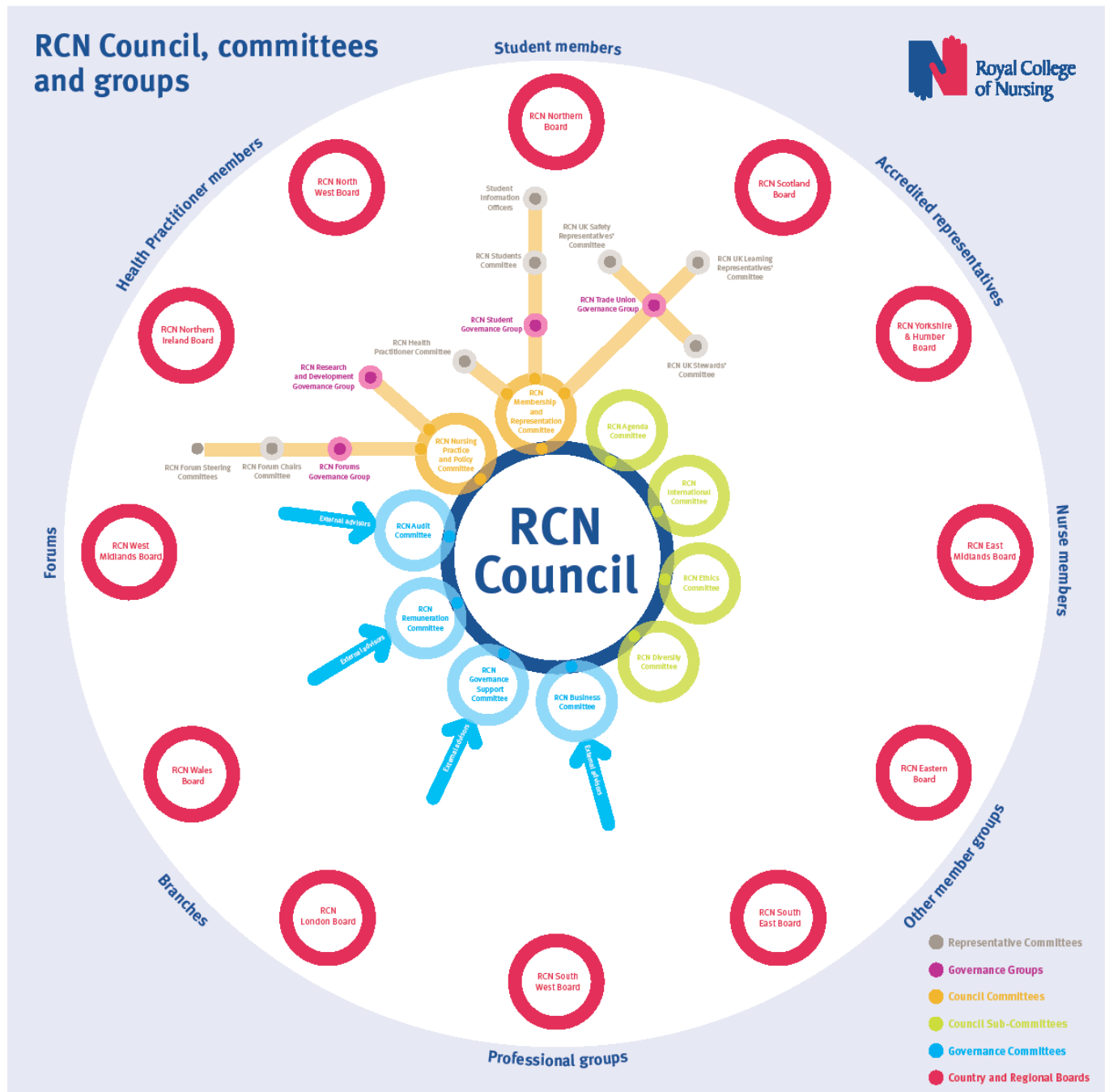
RCN UK Safety Representatives' Committee: provides a network for the feedback of information to boards and local safety representatives, and advises on the RCN policy on workplace health and safety issues. It also provides a means for boards and local representatives to feed their concerns and priorities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

The diagram below shows our governance and representative structure.



There is a 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.

Our ways of working 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 election materials are as informative as possible, and that our systems and processes are objective, fair, equitable and transparent.

Induction and development

The RCN has an induction and development programme for all Council, board and committee members focussed 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 happened for the first time in June 2014.

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

Michael Brown (Scotland) Chair of Council
Lorrae Allford (South West) Vice Chair of Council
Andrea Spyropoulos, RCN President
Cecilia Anim, RCN Deputy President
Kevin Bell (Northern Ireland)
Tracey Budding (West Midlands)
David Cardwell, Health Practitioner member of Council
Gill Cort (East Midlands)
Fiona Devlin (Northern Ireland)
Carol Evans (Eastern)
Brendan Garry, Student member of Council
Rachel Greaves (South East)
David Harding-Price (East Midlands) Honorary Treasurer
Claire Jeeves, Student member of Council
Gaynor Jones (Wales)
Anne Kennedy (Yorkshire and Humber)
Joanne Kerr (North West)
Gordon Lees (Northern)

Stuart McKenzie, Chair of Congress from July 2014
Brenda McIlmurray, Health Practitioner member of Council
Ian Norris (London)
Margaret North (South West)
Andrew Patrick (Scotland)
Christopher Piercy (Northern)
Sylvia Simmons (South East)
Christine Thomas (Wales)
Professor Rod Thomson FRCN, Chair of Congress until July 2014
Roy Tomlinson (Yorkshire and Humber)
Mike Travis (North West)
Peter Walsh (London)
Sue Warner (West Midlands)
Anne Wells (Eastern)

Governance Committees

Audit Committee

Ian Norris, Vice Chair
Tracey Budding
David Cardwell
Carol Evans
Claire Jeeves
Gordon Lees
Sylvia Simmons
Sue Warner

External advisers

Paul Rees, Chair
Sophia Bhatti
Hugh Spicer from September 2014
Mike Weaver

Observers

David Harding-Price, Honorary Treasurer

Remuneration Committee

Anne Wells, Chair
Michael Brown
Anne Kennedy
Christine Thomas

External adviser

Ann Smart

Observers

David Harding-Price, Honorary Treasurer

Governance Support Committee

Kevin Bell, Chair
Michael Brown
Gill Cort
Fiona Devlin
Andy Patrick
Christopher Piercy
Andrea Spyropoulos
Mike Travis

External advisers

Frank McKenna
Jon Walsh

Business Committee

David Harding-Price, Chair
Lorrae Allford, Vice-Chair
Brendan Garry
Gaynor Jones
Brenda McIlmurray
Ian Norris
Margaret North
Andrea Spyropoulos
Roy Tomlinson
Peter Walsh

External advisers

Simon Ellen
David Hopton from September 2014
Simon McClean from September 2014

Observers

Paul Rees

Investment Sub-Committee (of Business Committee)

David Harding-Price, Chair
Lorrae Allford, Vice Chair

External advisers

Simon Ellen
Simon McClean from September 2014
Paul Rees

Council Committees

Nursing Practice and Policy Committee

Ian Norris, Chair
Rachel Greaves, Vice Chair
Lorrae Allford
Cecilia Anim
Carol Evans
Brendan Garry
David Harding-Price
Joanne Kerr
Brenda McIlmurray
Margaret North
Andy Patrick
Christopher Piercy
Andrea Spyropoulos
Roy Tomlinson
Peter Walsh
Sue Warner

Membership and Representation Committee

Anne Wells, Chair
Tracey Budding, Vice Chair
Cecilia Anim
Kevin Bell
Gill Cort
Fiona Devlin
Claire Jeeves
Gaynor Jones
Anne Kennedy
Gordon Lees
Sylvia Simmons
Christine Thomas
Mike Travis

Health Practitioner Committee

Brenda McIlmurray, Chair
David Cardwell
Maive Coley
Tracie Cuplitt
Steve Dunne-Howells
David Herring
Lorraine Hicking-Woodison
Deborah Jackson
Helen Lloyd
Brian Murphy on RCN staff secondment from October 2014
Judith Page
Joanie Spiegel

Student Committee

Claire Jeeves, Chair
Grant Byrne
Katie Davis
Claire Flatt
Emily Gartshore
Kevin Hall
Claire Lyons
Kieran Mahoney
Conor McElwee
Lisa Mickleburgh
Simon Nielson
Jennifer Rawles
Rebecca Richards
Gary Stockwell

Council Committee Sub-groups

Forums Governance Group

Rachel Greaves, Chair
Tara Bartley FRCN
Dr Michael Brown
Major Chris Carter
Lorraine Hicking-Woodison
Professor Janet Marsden FRCN
David Quayle
Peter Walsh
Sue Warner

Research and Development Governance Group (Disbanded May 2014)

Dr Sue Bale FRCN, Chair
Dr Helen Allbutt
Dr Claire Chatterton
Professor Ruth Northway FRCN
Professor Magi Sque
Dr Alison Twycross

Student's Governance Group

Ian Norris, Chair
Carol Evans
Brendan Garry
Kevin Hall
Claire Jeeves
Kieran Mahoney
Anne Wells, Chair MRC

Trade Union Governance Group

Tracey Budding, Chair
Catriona Forsyth
Anne Kennedy
Catherine Leach
Gordon Lees
Professor Janet Marsden FRCN

Denis McLaughlin
Brian Murphy
Phil Noyes
Andrew Patrick
Pauline Pearsall
Graham Revie from February 2014
Karen Sanders
Sylvia Simmons
Anne Wells

Council Sub-committee

Agenda Committee

Stuart McKenzie, Vice Chair until June 2014 and then Chair
Professor Rod Thomson FRCN, Chair until June 2014
BJ Waltho, Vice Chair from August 2014
Tom Bolger
Michael Brown, Chair of Council
Billy Drysdale
Geoff Earl
Dominic Walsh from September 2014

Awards Committee

Lorrae Allford
Cecilia Anim
Michael Brown
Jane Denton CBE FRCN
Andrea Spyropoulos
Christine Thomas

Diversity Committee (until June 2014 when the Committee stood down)

Christopher Piercy, Chair
Michelle Cowen
Vivienne Ferris
Gill Francis
Tamsin Kilgour
Ofrah Muflahi
Rachael Ridley
Sylvia Simmons
Rosemary Strange
Anne Wells
Jane Wray

Ethics Committee

Janet Holt, Chair
Cecilia Anim
David Edwards
Ann Gallagher until May 2014
Martin Johnson
Ann King
Carolyn Roberts
Sue Warner

International Committee

Professor Kathleen McCourt CBE FRCN, Chair
Paula Hancock, Vice Chair
Cecilia Anim
Andrew Clarke
Kevin Davies from November 2014
Alan Finnegan
Rachel Greaves
Judith Malan
Andrea Spyropoulos

External adviser

Kevin Davies from November 2014
Monika Kozinska until June 2014

Country and regional boards

Northern Ireland

Fiona Devlin, Chair and Council member
Margaret Meehan, Vice Chair
Kevin Bell, Council member
Roisin Devlin
Kathryn Gault
Francis Lavery
Ann Marie Marley MBE
Joseph McCambridge
Margaret McCambridge
William McCormick
Paul McElwee
Alison Milliken
Karen Oakes
Mary Walker

Scotland

Michael Brown, Chair and Council member
James Stewart Donnelly, Vice Chair
Elspeth Caithness
Garry Campbell
Diane Coleman
Teresa Connor
Andy Dunlop until April 2014
Geoff Earl
Alistair Grant
Kathy Kenmuir
Kathleen McLaren
Stuart McLauchlan
Andrew Patrick, Council member
Graham Revie
Elizabeth Shannon until July 2014
Richard Watters

Wales

Gaynor Jones, Chair and Council member
Kate Parry, Vice Chair
Jane Carroll
Christine Edwards-Jones
Owain Jones
Dr Marjorie Lloyd
Billy Nichols
Pamela Parsons
Gareth Phillips
Sandra Robinson-Clark
Fiona Salter
Anne Stevenson
Christine Thomas, Council member
Yvonne Thomas
Gill Williams

Eastern region

Anne Wells, Chair and Council member
Trevor Allen, Vice Chair
Carol Evans, Council member
Carol Evans
Laura Falconer
Rhonda Fusco
Sandra Gover
Pauline Kingston
Samantha Neville
Valerie Outhwaite
Michael Oyeleye
Julie Smith
Tracey Whale

East Midlands region

Gill Cort, Chair and Council member
Helen Varney, Board Vice Chair
Jenny Creasey
Marva Duncan
Pat Edkins
Ed Fairley
David Harding-Price, Council member
Roger Milligan
Helen Morrison
Helen Ritchie
Jeanette Robinson
Neil Thompson
Liam Whitelaw until August 2014

London region

Ian Norris, Chair and Council member
Christopher McDonnell, Vice Chair
Karen Barrett
Ursula Gallagher
Matthew Hodson
Susan Howkins
Tom Morahan

Lisa Oluyinka
Yemi Osho
Maria Ponto
Philip Roud
Karen Sanders
Mike Smith
Neville de Silva
Faith Thornhill
Peter Walsh, Council member

Northern region

Christopher Piercy, Chair and Council member
Michael Appleby, Vice Chair
Cynthia Agbo
Neil Anderson
Karen Dutton
Pat Ferguson
Ann Fox
Gordon Lees, Council member
Amanda McEwan
Denise McLaughlin
Rachael Ridley
Margaret Wardrobe
Jan Weightman
Michael White

North West region

Joanne Kerr, Chair and Council member
Jean Rogers, Vice Chair
Suzanne Butler
Dr Claire Chatterton
David Dawes
Shelia Dunbar
Maggy Heaton
Karen Lister
Professor Janet Marsden FRCN
Verna Philips
Ali Richards
Geoff Thompson
Mike Travis, Council member

South East region

Rachel Greaves, Chair and Council member
Kathy Doughty, Vice Chair
Brian Bostock
Claire Drot
Richard Hurn
Susan Kewell until April 2014
Kenneth Lloyd
Karen McNay
Dr Heather Mercer
Angela Mohamed
Maria Nicholson
Beng Poh

Sylvia Simmons, Council member
Andrea Thorne until May 2014
Malachy Ujam
Cecilia Wigley

South West region

Lorrae Allford, Chair and Council member
Debra Nicholson, Vice Chair
Dawn Cooper
Lindsay William Jones
Sharon McGinn
Kathy Moore
Margaret North, Council member
Mena Parnell
Susan Pickett
Valery Radmore
Kristina Rees
Vanda Squire

West Midlands region

Sue Warner, Chair from October 2013 and Council member
Juliana Benjamin, Vice Chair from October 2013
Christopher Barber
Tracey Budding, Council member
Colin Burgess
Constance Johnson
John Kelsall
Linda Pascall
Merry Pearcey
Pauline Pearsall
Mitzi Wilson

Yorkshire & the Humber region

Roy Tomlinson, Chair and Council member
Pam McIvor, Vice Chair
Roger Cowell
Tony Daniels
Annette Else
Kate Harper until June 2014
Anne Kennedy, Council member
Anne Penny
Carol Popplestone
Mathew Sidebottom
Paul Smith
Tina Sykes
Wendy Train

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 until November 2014

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 used a risk-based approach.

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 purpose of these reports is to allow 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 twelve months, we have focussed 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 identifies further actions needed to mitigate the risk.

Financial review

In 2011 the membership agreed the recommendation of Council to combine the annual general meeting (AGM) with Congress. This change also required the RCN to move its accounting year end to 31 December. To this end the RCN had a nine-month accounting period from April 2013 to December 2013 which is shown in the comparative figures. The accounting year now runs from January to December. As a result, it is difficult to make an accurate comparison year on year as not all income and expenditure occur evenly throughout the year.

The RCN Group income and expenditure statement, balance sheet and cash flow statement for the year ended 31 December 2014 are set out on pages 41, 43 and 44. 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 RCN Group statements report the consolidation on a line-by-line basis of the RCN UK, its trading subsidiary RCN Publishing Company Limited and the RCN Foundation.

The financial statements also include a Statement of Recognised Gains and Losses (STRGL) on page 42. This represents the movement in the reserves, which is not included within the income and expenditure statement.

RCN Group results

The RCN Group results for the year ended 31 December 2014 report a surplus before taxation of £10.6m (9 months ended 31 December 2013: £10.0m).

The RCN Group operating surplus for the year ended 31 December 2014 was £9.2m (9 months ended 31 December 2013: £8.7m). This was made up of:

- total income for the RCN Group for the year ended 31 December 2014 of £87.8m (9 months ended 31 December 2013: £64.9m); and
- total RCN Group expenditure for the year ended 31 December 2014 of £78.7m (9 months ended 31 December 2013: £56.2m).

The RCN Group non-operating transactions for the year ended 31 December 2014 include investment income generated from investment assets held by each of the group entities of around £1.5m.

The RCN Group defined benefit pension scheme liability at 31 December 2014 was £54.6m (31 December 2013: £49.7m). Council continues to be committed to reducing the deficit. RCN Council approved the latest actuarial valuation of the defined benefit scheme based on the position at 30 September 2013 in November 2014. Because of that valuation, RCN Council agreed a revised deficit recovery plan with the scheme's Trustees, The Pensions Trust; this included a one-off lump sum payment of £15m. £10.1m of this was paid in December 2014; this is included within scheme assets in the FRS17 valuation and thereby reduced the pension deficit accordingly. The amounts held in the Pension Escrow fund (£4.9m) were paid over after the balance sheet date in March 2015, and are reported as a pension commitment in note 21 of the financial statements. This has not impacted the financial results for the year ended 31 December 2014.

Further details of pension scheme matters can be found in note 15 of the financial statements. The full pension scheme deficit is recognised in the RCN UK balance sheet although RCN Publishing, who have staff members in the scheme, contributes to the annual deficit payment.

The total net assets of the RCN Group, including the effect of the RCN Pension Scheme deficit, decreased from £49.2m to £45.6m. This includes charitable funds of £29.4m (31 December 2013: £28.4m), which are not available for general use.

RCN UK results

Total income for the RCN UK was £74.2m (9 months ended 31 December 2013: £54.7m). Subscription income rose to £70.4m in line with increased membership numbers.

Total RCN UK operating expenditure in the year ended 31 December 2014 was £65.0m (9 months ended 31 December 2013: £46.4m).

Taking the nine-month figure to 31 December 2013 adjusted for one-off non-recurrent items pro-rated to 12 months would give an operating expenditure figure of £64.9m, which is £0.2m less than in the current financial year ended December 2014.

The comparison is set out in the table below:

	12 months to 31 December 2014 £'000	2013 pro-rated to 12 months £'000	9 months to 31 December 2013 £'000
Total operating costs	65,033	-	46,396
Add release of NILGOSC provision	-	-	1,543
Add release of annual leave provision	-	-	709
Operating costs excluding one-off costs	65,033	64,864	48,648

The table above reports a minimal increase in costs against the 2013 pro-rated position; however, this masks some significant variances.

In 2014 legal indemnity provisions and costs increased significantly by £5.4m when compared to the December 2013 position. It should be noted that in 2013 expenditure related to clinical indemnity was particularly low, partly due to the release of some significant claims and partly due to a general trend downwards. The significant increase in legal costs from 2013 to 2014 have been offset by £5.2m in lower staff costs, legal representation cases (non-indemnity), and premises and estates costs.

The operating surplus for the year ended 31 December 2014 is £9.2m (9 months ended 31 December 2013: £8.3m).

The net assets of the RCN UK, including the effect of the RCN pension scheme deficit, decreased from £16.7m to £12.1m. The negative movement reflects the impact of the actuarial losses on the defined benefit pension scheme partially offset by the operating surplus in the year.

In February 2014, the RCN UK invested £40m from cash holdings into a managed investment portfolio. The £40m was invested gradually into investment assets, primarily equities and fixed interest, during the year; the portfolio was fully invested at 31 December 2014. In the period to 31 December 2014 the portfolio generated gross investment income of £0.6m (9 months ended 31 December 2013: £0.1m from short-term deposits) and unrealised gains in the market value of the investments of £2.9m during the year. Investments stand at £42.9m at 31 December 2014.

RCN received a dividend from its wholly owned subsidiary, RCN Publishing of £0.6m (9 months ended 31 December 2013: £1.2m).

RCN Publishing Company Limited

The principal activities of RCN Publishing Company Limited (RCN PC) are communications through journal publishing, exhibitions and public relations within nursing and related fields. The company had a satisfactory year ended 31 December 2014 with pre tax profits of £0.9m (9 months ended 31 December 2013: £1.1m). Turnover for the year was £14.3m, which equals the comparative pro-rated figure for 2013. However, cost of sales and administration costs were higher for the year ended 31 December 2014, resulting in an operating profit margin of 6.3% (9 months ended 31 December 2013: 9.7%). The decrease is mainly due to the cost of brand development activities in 2014.

RCN Foundation

The RCN UK 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 give 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 £29.4m are consolidated in these financial statements but are not available for general use. The main asset base of the RCN Foundation is a long term investment portfolio, with a year end valuation of £27.7m.

The RCN Foundation investments reported investment income of £0.9m and net gains of £0.9m (9 months ended 31 December 2013: investment income of £0.7m and net gains of £1.3m). In the year ended 31 December 2014, the RCN Foundation reported a positive net movement in funds of £982k (9 months ended 31 December 2013: £1,456k).

Statement of Council members' responsibilities

The Council members' are responsible for preparing the report of Council and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

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



Michael Brown
Chair of Council
22 April 2015

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 December 2014 which comprise the Group and College Income and Expenditure Account, the Group and College Balance Sheets, the Group Cash Flow Statement, the Group and College Statement of Total Recognised Gains and Losses, and the related notes 1 to 25. 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).

This report is made solely to the College's members, as a body, in accordance with Section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992 and section 17 of the Royal College of Nursing Royal Charter. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Council members and auditor

As explained more fully in the Statement of Council members' responsibilities, the Council members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the College's affairs as at 31 December 2014 and of the group and College's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Trade Union and Labour Relations (Consolidation) Act 1992 and section 25 of the Royal College of Nursing Standing Orders.

Matters on which we are required to report by exception

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

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



Reza Motazedi (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London
22 April 2015

Financial statements

Income and expenditure accounts for the period ended 31 December 2014

Note	RCN UK 12 months to 31 December 2014 £'000	RCN UK 9 months to 31 December 2013 £'000	RCN Group 12 months to 31 December 2014 £'000	RCN Group 9 months to 31 December 2013 £'000	
Incoming resources					
Membership income	3	70,360	51,880	70,360	51,880
Trading income		-	-	13,805	10,323
Other income	3	3,829	2,812	3,666	2,674
Total income		74,189	54,692	87,831	64,877
Resources expended					
Staff costs	8/9	37,829	29,430	43,641	33,564
Premises and estate costs	9	8,741	7,023	9,743	7,706
Travel and accommodation	9	2,589	1,935	2,715	2,039
Other service delivery costs	9	15,874	8,008	22,559	12,860
Total costs		65,033	46,396	78,658	56,169
Operating surplus		9,156	8,296	9,173	8,708
Loss on disposal of fixed assets	10	(104)	(18)	(104)	(18)
Investment income	4	567	115	1,478	790
Net realised investment gains/(losses)	11	23	-	(31)	454
Currency exchange gains		(29)	-	73	82
Dividends received from subsidiary	5.2	596	1,249	-	-
Surplus on ordinary activities before taxation	2	10,209	9,642	10,589	10,016
Tax	7	-	-	(143)	(246)
Surplus on ordinary activities after taxation		10,209	9,642	10,446	9,770

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

The notes on pages 45 to 66 form part of these financial statements.

Statement of total recognised gains and losses for the year ended 31 December 2014

Note	RCN UK 12 months to 31 December 2014 £'000	RCN UK 9 months to 31 December 2013 £'000	RCN Group 12 months to 31 December 2014 £'000	RCN Group 9 months to 31 December 2013 £'000	
Actuarial losses on defined benefit pension scheme - Pensions Trust	15.2	(17,684)	(566)	(17,684)	(566)
Revaluation reserve adjustment	20	(64)	(47)	(64)	(47)
Net unrealised gains on fixed asset investments	11	2,877	-	3,710	787
Transfer of funds from subsidiary		-	22	-	-
Other net recognised (losses)/gains		(14,871)	(591)	(14,038)	174
Surplus in period		10,209	9,642	10,446	9,770
Total recognised (losses)/ gains since last financial statements		(4,662)	9,051	(3,592)	9,944

Reconciliation of movements in funds for the year ended 31 December 2014

	RCN UK 12 months to 31 December 2014 £'000	RCN UK 9 months to 31 December 2013 £'000	RCN Group 12 months to 31 December 2014 £'000	RCN Group 9 months to 31 December 2013 £'000
Surplus in period	10,209	9,642	10,446	9,770
Other net recognised (losses)/gains	(14,871)	(591)	(14,038)	174
Net (deductions)/ additions from funds	(4,662)	9,051	(3,592)	9,944
Accumulated funds at the start of the period	16,727	7,676	49,164	39,220
Accumulated funds at period end	12,065	16,727	45,572	49,164

Balance sheets as at 31 December 2014

Note	RCN UK 31 December 2014 £'000	RCN UK 31 December 2013 £'000	RCN Group 31 December 2014 £'000	RCN Group 31 December 2013 £'000
Fixed assets				
Tangible assets	10	22,014	21,917	22,211
Investments	11.1	42,930	-	70,625
Total		64,944	21,917	92,836
Current assets				
Stocks		9	14	9
Debtors and prepayments	12	3,127	2,916	4,217
Short-term investments	11.2	5	-	1,006
Short-term deposits	17	15,291	55,187	19,703
Cash at bank and in hand	17	119	110	1,070
Total		18,551	58,227	26,005
Creditors - amounts falling due within one year				
Creditors and accrued charges	13.1	(7,599)	(7,245)	(9,372)
Net current assets		10,952	50,982	16,633
Total assets less current liabilities		75,896	72,899	109,469
Provisions for liabilities and charges	13.2	(9,223)	(6,495)	(9,289)
Net assets (excluding pension scheme liability)		66,673	66,404	100,180
Defined benefit pension scheme liability	15.2	(54,608)	(49,677)	(54,608)
Total net assets (including pension scheme liability)		12,065	16,727	45,572
Represented by:				
Pension Escrow Account	20	4,946	4,934	4,946
Revaluation reserve	20	2,245	2,309	2,245
Accumulated funds	20	59,482	59,161	63,620
Reserves excluding reserves for charitable purposes and pension liability		66,673	66,404	70,811
Pension reserve	15.2	(54,608)	(49,677)	(54,608)
Total reserves excluding reserves for charitable purposes		12,065	16,727	16,203
Reserves for charitable purposes	6.2	-	-	29,369
Total reserves		12,065	16,727	45,572

Notes on pages 45 to 66 form part of these financial statements.
The financial statements were approved by Council on 22 April 2015



Michael Brown
Chair of Council



David Harding-Price
Honorary Treasurer



Dr Peter Carter OBE
Chief Executive & General Secretary

RCN Group cashflow statement for the year ended 31 December 2014

	Note	12 months to 31 December 2014 £'000	9 months to 31 December 2013 £'000
Net cash inflow from operating activities	18.1	2,272	3,925
Returns on investments and servicing of finance			
Interest	4	1,478	790
Taxation	7	(143)	(246)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	10.2	(2,563)	(2,104)
Acquisition of investments	11	(52,217)	(7,681)
Disposal of investments	11	11,822	5,979
(Decrease)/increase in investment cash		(46)	1,736
Net cash (outflow)/inflow		(39,397)	2,399
Management of liquid resources	16	39,036	(3,007)
Decrease in cash	17	(361)	(608)

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 cash flows of the RCN Group for the year ended 31 December 2014. Comparative figures are for the 9 months ended 31 December 2013.

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

These accounts are prepared on the going concern basis. The Council members have a reasonable expectation that the RCN Group has adequate resources to continue in operational existence for the foreseeable future.

(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 Generally Accepted Accounting Practice in the UK (UK GAAP).

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

Revenue grants for specific purposes in the Foundation are recognised 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) Accrued income

Incoming resources are accrued and included in the income and expenditure accounts when the entities are entitled to the income and it can be quantified with reasonable certainty.

(e) Basis of consolidation

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

(f) Expenditure

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

Staff costs

All payroll related costs including basic pay, employer's contributions to National Insurance and pensions cost incurred by the RCN of running the staff pension schemes. Other costs included in this category include the cost of temporary agency staff and staff seconded to the RCN UK from external organisations.

Premises and estate costs

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

Travel and accommodation

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

Other service delivery costs

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

(g) Pensions

The RCN UK operates defined benefit and defined contribution schemes.

Defined benefit pension schemes

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

For defined benefit schemes, the amount charged to the 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 period, 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.

Defined contribution pension scheme

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

(h) Irrecoverable Value Added Tax

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

(i) Direct tax

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

(j) 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.

(k) 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 re-valued 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 in the RCN UK of a capital nature over £1,000 is capitalised as fixed assets. Expenditure in RCN PC of a capital nature over £500 is capitalised as fixed assets.

Minor items of furniture and equipment below £1,000 (£500 for RCN PC) are charged to the income and expenditure account in the year of purchase.

(l) Depreciation

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

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

(m) 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.

(n) 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. Foreign currency transactions within the investment portfolio are recorded at the exchange rate ruling on the date of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Income and Expenditure account.

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

(o) 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.

(p) Liquid resources

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

(q) Provisions

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

Costs arising from the provision of legal services to members are charged to the income and expenditure account in the accounting period in which they are incurred under representation activities. Because of the prolonged nature of litigation, and the uncertainty of the outcome of any particular case, no attempt is made to estimate future legal costs, or recoveries of legal costs, for ongoing cases. In cases where there is litigation which falls within the professional indemnity, RCN UK includes a provision within the financial statements to cover the RCN UK's proportion of the potential liability. Information received after the balance sheet date is considered when measuring provisions and where new information is material, provisions are re-measured.

2. Surplus on ordinary activities

Surplus on ordinary activities is stated after charging:

	RCN UK		RCN Group	
	12 months to 31 December 2014 £'000	9 months to 31 December 2013 £'000	12 months to 31 December 2014 £'000	9 months to 31 December 2013 £'000
Depreciation	2,105	1,425	2,201	1,519
Operating leases:				
Land and buildings	1,022	898	1,204	1,033
Other leased assets	335	240	349	255
Auditors' remuneration:				
Audit services	104	95	116	114

3. Incoming resources - RCN UK

	Representation activities £'000	Other College activities £'000	Total 12 months to 31 December 2014 £'000	Total 9 months to 31 December 2013 £'000
Membership income	48,042	22,318	70,360	51,880
Other income	2,614	1,215	3,829	2,812
	50,656	23,533	74,189	54,692

Representation is defined as relating to Trade Union activities.

Membership and other income is split - 68% representation and 32% other College activities in line with expenditure. See note 9 for basis of allocation.

4. Investment income

	RCN UK		RCN Group	
	12 months to 31 December 2014 £'000	9 months to 31 December 2013 £'000	12 months to 31 December 2014 £'000	9 months to 31 December 2013 £'000
UK equities	136	-	561	300
Overseas equities	234	-	507	222
UK fixed interest	58	-	243	130
Bank interest	139	115	167	138
	567	115	1,478	790

Investment income is split - 39.4% representation (£223,000) and 60.6% other College activities (£344,000) in line with investment holdings. See note 19 for allocation of investment assets.

5. RCN UK Trading subsidiary undertakings

5.1 Trading results (RCN PC)

RCN Publishing Company Limited (RCN PC) is a publisher of nursing journals. RCN PC is incorporated in the United Kingdom.

Details of the trading activities are set out below.

	RCN PC 12 months to 31 December 2014 £'000	RCN PC 9 months to 31 December 2013 £'000
Income	14,277	10,704
Costs	(13,366)	(9,651)
Profit	911	1,053
Taxation	(143)	(246)
Profit after tax	768	807

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

5.2 Summarised balance sheet RCN PC:

	RCN PC 31 December 2014 £'000	RCN PC 31 December 2013 £'000
Fixed assets	173	152
Current assets	6,079	5,013
Creditors: falling due within one year		
Creditors and accrued charges	(2,575)	(1,594)
Provisions for liabilities and charges	-	(66)
Total net assets	3,677	3,505
Capital and reserves	3,677	3,505

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

500,000	500,000
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During the year a dividend was paid from RCN Publishing Company Limited (RCN PC) of £596k (9 months ended 31 December 2013: £1,249k).

6. RCN Foundation

RCN UK is the sole member of the RCN Foundation. RCN Foundation is a charitable company providing grants that supports nursing to improve health and 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 12 months to 31 December 2014 £'000	RCN Foundation 9 months to 31 December 2013 £'000
Incoming resources	1,044	807
Resources expended	(943)	(674)
Other recognised gains	881	1,323
Net movement in funds	982	1,456

6.2 Summarised balance sheet of RCN Foundation

	RCN Foundation 31 December 2014 £'000	RCN Foundation 31 December 2013 £'000
Tangible fixed assets	24	-
Fixed assets investments	27,695	26,226
Current assets	1,952	2,536
Creditors: falling due within one year		
Creditors and accrued charges	(302)	(375)
Total net assets	29,369	28,387
Revaluation reserve	2,276	1,443
Other funds	27,093	26,944
Reserves	29,369	28,387

7. Taxation note

Taxation on surplus on ordinary activities

	RCN UK		RCN Group	
	12 months to 31 December 2014 £'000	9 months to 31 December 2013 £'000	12 months to 31 December 2014 £'000	9 months to 31 December 2013 £'0000
UK corporation tax				
Current tax on surplus for the period	-	-	186	232
Adjustments in respect of prior years	-	-	(11)	12
Total current tax	-	-	175	244
Deferred tax				
Movement in period	-	-	(32)	2
Taxation on surplus on ordinary activities	-	-	143	246

The tax assessed for the period is lower (9 months ended 31 December 2013: lower) than the main rate of corporation tax in the UK. The differences are explained below:

	RCN UK		RCN Group	
	12 months to 31 December 2014 £'000	9 months to 31 December 2013 £'000	12 months to 31 December 2014 £'000	9 months to 31 December 2013 £'000
Surplus on ordinary activities before tax	10,207	9,642	11,117	10,016
Surplus on ordinary activities at the main rate of corporation tax in the UK of 21.49% (December 2013: 23%)	2,194	1,884	2,390	2,126
Accelerated capital allowances and other timing differences	(28)	(64)	(40)	(65)
Sundry timing differences	(3)	(48)	43	(49)
Expenses not deductible for tax purposes	13,178	387	13,182	391
Group relief (claimed)/surrendered	48	12	-	-
Adjustments in respect of prior periods	-	-	(11)	12
Group income	(128)	(287)	(128)	(287)
Non-taxable income	(15,261)	(1,855)	(15,261)	(1,855)
Income covered by tax exemptions	-	(29)	-	(29)
Current tax charge	-	-	175	244

Deferred tax asset balance

The RCN Group has a deferred tax asset arising from timing differences as set out below, shown at 20% rate for the current year (9 months ended 31 December 2013: 20%).

Analysis of deferred tax asset

Excess of capital allowances over depreciation
Short term timing differences
Pension provision
Carried forward as at period end

	12 months to 31 December 2014 £'000	9 months to 31 December 2013 £'000
Excess of capital allowances over depreciation	(6)	4
Short term timing differences	62	13
Pension provision	-	7
Carried forward as at period end	56	24

There are also unrecognised deferred tax assets totalling £461,000 in respect of tax losses and other short term timing differences in relation to the RCN UK. In addition, there are unrecognised deferred tax liabilities totalling £90,000 in respect of capital allowances over depreciation in relation to the RCN UK.

8. Staff costs - RCN Group

	12 months to 31 December 2014 £'000	9 months to 31 December 2013 £'000
Wages and salaries	36,866	27,246
Social security costs	3,137	2,290
Other pensions costs	3,638	4,028
Total	43,641	33,564

Of the total staff costs £29,798,000 (9 months ended 31 December 2013: £19,586,000) has been allocated to RCN UK representation activities.

The total pension cost comprises of:

	12 months to 31 December 2014 £'000	9 months to 31 December 2013 £'000
RCN Defined Benefit scheme (see note 15.2)	3,003	5,265
NILGOSC	-	(1,323)
RCN Defined Contribution scheme (see note 15.1)	635	86
Total	3,638	4,028

The average number of staff employed during the year was 968 (9 months ended 31 December 2013: 940). The full time equivalent number of staff was 883 (9 months ended 31 December 2013: 849).

Representation and other College activities

	2014 Average FTE	2013 Average FTE
Representation activities	545	491
Other College activities	249	273
RCN Publishing	89	86
Total	883	850

Total staff numbers

	31 December 2014	31 December 2013
RCN UK (including staff that support the RCN Foundation)	869	842
RCN Publishing	99	98
Total	968	940

The total emoluments for the Chief Executive & General Secretary for the year were £149,169 (9 months ended 31 December 2013: £111,877).

RCN UK staff costs in the year include £274,764 (9 months ended 31 December 2013: £200,647) 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.

RCN Publishing staff costs in the year include £487,625 (9 months ended 31 December 2013: £nil) in respect of compensation for loss of office due to restructuring and redundancies arising from changes following reviews of some of the RCN Publishing operations.

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

The number of staff whose annual emoluments in the RCN Group (salary and other taxable benefits) are over £60,000 are as follows (including RCN Publishing):

	31 December 2014	31 December 2013
£60,000 - £70,000	33	33
£70,000 - £80,000	21	16
£80,000 - £90,000	4	5
£90,000 - £100,000	5	7
£100,000 - £110,000	5	-
£110,000 - £120,000	3	3
£140,000 - £150,000	1	1
Total	72	65

Please note that the 2013 figures have been annualised due to the 9 month financial year.

9. Breakdown of RCN UK expenditure

Products and services - split by representation and other College activities 2014

	2014 Representation activities £'000	2014 Other College activities £'000	Total 12 months to 31 December 2014 £'000
Representation and Member support	29,474	-	29,474
Partnership working and collective representation	4,378	-	4,378
Clinical Negligence Indemnity	10,552	-	10,552
Education	-	5,972	5,972
Professional advice, practice & support	-	8,850	8,850
Shaping Policy	-	4,477	4,477
Research	-	1,330	1,330
Total expenditure	44,404	20,629	65,033

A decision to reclassify the expenditure using products and services was made at the start of the financial year. For comparable purposes, we have restated the prior year end expenditure in line with the new classification.

Products and services - split by representation and other College activities 2013

	2013 Representation activities £'000	2013 Other College activities £'000	Total 9 months to 31 December 2013 £'000
Representation and Member support	21,748	-	21,748
Partnership working and collective representation	3,442	-	3,442
Clinical Negligence Indemnity	4,789	-	4,789
Education	-	4,446	4,446
Professional advice, practice & support	-	6,867	6,867
Shaping Policy	-	3,860	3,860
Research	-	1,244	1,244
Total expenditure	29,979	16,417	46,396

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

Further analysis of RCN UK expenditure:

	Representation activities £'000	Other College activities £'000	Total 12 months to 31 December 2014 £'000	Total 9 months to 31 December 2013 £'000
Staff costs	25,829	12,000	37,829	29,430
Premise and estate costs	5,968	2,773	8,741	7,023
Travel and accommodation	1,768	821	2,589	1,935
Other service delivery costs	10,839	5,035	15,874	8,008
Total expenditure	44,404	20,629	65,033	46,396

Representation is defined as relating to trade union activities.

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

10. Fixed assets

10.1 Fixed assets - RCN UK

	Freehold land & buildings £'000	Leasehold Improvements £'000	Furniture & equipment £'000	Computer Software £'000	Assets under construction £'000	Total £'000
Cost or Valuation						
Balance at 1 January 2014	3,435	26,744	6,155	2,353	297	38,984
Additions	-	624	727	15	1,057	2,423
Disposals	-	(196)	(2,444)	(209)	(2)	(2,851)
Transfer of assets under construction	-	19	10	30	(59)	-
Balance at 31 December 2014	3,435	27,191	4,448	2,189	1,293	38,556
Accumulated depreciation						
Balance at 1 January 2014	1,539	9,099	4,718	1,711	-	17,067
Charge for year	121	1,207	634	259	-	2,221
Disposals	-	(121)	(2,429)	(196)	-	(2,746)
Balance at 31 December 2014	1,660	10,185	2,923	1,774	-	16,542
Net book value at 31 December 2014	1,775	17,006	1,525	415	1,293	22,014
Net book value at 31 December 2013	1,896	17,645	1,437	642	297	21,917

The historical cost of the revalued asset is:

Cost
Accumulated depreciation based on historical cost
Historical cost net book value

	31 December 2014 Leasehold improvements £'000	31 December 2013 Leasehold improvements £'000
Cost	22,167	22,167
Accumulated depreciation based on historical cost	(7,816)	(7,373)
Historical cost net book value	14,351	14,794

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

10.2 Fixed assets - RCN Group

	Freehold land & buildings £'000	Leasehold Improvements £'000	Furniture & equipment £'000	Computer Software £'000	Assets under construction £'000	Total £'000
Cost or Valuation						
Balance at 1 January 2014	3,435	27,130	6,847	2,353	297	40,062
Additions	-	624	756	15	1,168	2,563
Disposals	-	(196)	(2,444)	(209)	(2)	(2,851)
Transfer of assets under construction	-	19	10	30	(59)	-
Balance at 31 December 2014	3,435	27,577	5,169	2,189	1,404	39,774
Accumulated depreciation						
Balance at 1 January 2014	1,539	9,466	5,277	1,711	-	17,993
Charge for year	121	1,226	710	259	-	2,316
Disposals	-	(121)	(2,429)	(196)	-	(2,746)
Balance at 31 December 2014	1,660	10,571	3,558	1,774	-	17,563
Net book value at 31 December 2014	1,775	17,006	1,611	415	1,404	22,211
Net book value at 31 December 2013	1,896	17,664	1,570	642	297	22,069

11. Investments

11.1 Long term investments

	RCN UK 31 December 2014 £'000	RCN UK 31 December 2013 £'000	RCN Group 31 December 2014 £'000	RCN Group 31 December 2013 £'000
Market value at start of period	-	-	25,876	22,935
Additions at cost	42,613	-	52,217	7,681
Disposals at carrying value	(2,940)	-	(11,294)	(5,791)
Redemptions	(72)	-	(528)	(188)
Net realised gains/(losses)	23	-	(31)	454
Net unrealised gains	2,877	-	3,712	785
Investments at market value at period end	42,501	-	69,952	25,876
Cash held for reinvestment	429	-	673	350
Market value at period end	42,930	-	70,625	26,226
Historical cost at period end	40,052	-	62,589	24,858

Investments at market value comprise:

	RCN UK 31 December 2014 £'000	RCN UK 31 December 2013 £'000	RCN Group 31 December 2014 £'000	RCN Group 31 December 2013 £'000
Listed investments				
Fixed interest (Government securities and bonds)	13,406	-	17,883	3,674
UK equities	5,657	-	14,723	9,718
Global equities	21,537	-	32,507	10,163
Alternative assets	1,792	-	3,379	813
Property	-	-	1,306	1,445
Liquid assets	538	-	827	413
Total	42,930	-	70,625	26,226

Holdings over 5%

The following investments represented holdings in excess of 5% of the investment portfolio at 31 December 2014.

	RCN UK 31 December 2014 £'000	RCN UK 31 December 2013 £'000	RCN Group 31 December 2014 £'000	RCN Group 31 December 2013 £'000
Treasury 1.25%	9.5%	-	9.5%	-
Treasury 3.25%	7.5%	-	7.5%	-

11.2 Short term investments

	RCN UK 31 December 2014 £'000	RCN UK 31 December 2013 £'000	RCN Group 31 December 2014 £'000	RCN Group 31 December 2013 £'000
Market value at start of period	-	-	1,002	1,000
Additions at cost	3,000	-	8,000	1,000
Redemptions	(3,000)	-	(8,000)	(1,000)
(Losses)/gains on short term investments	-	-	(2)	2
Investments at market value at period end	-	-	1,000	1,002
Cash held for reinvestment	5	-	6	-
Market value at period end	5	-	1,006	1,002
Historical cost at period end	5	-	1,005	1,000

12. Debtors

	RCN UK 31 December 2014 £'000	RCN UK 31 December 2013 £'000	RCN Group 31 December 2014 £'000	RCN Group 31 December 2013 £'000
Trade debtors	187	209	1,011	864
Amount due from subsidiaries and associated undertakings	48	23	-	-
Other debtors	378	331	352	331
Taxation	186	124	148	272
Prepayments and accrued income	2,328	2,229	2,706	2,689
	3,127	2,916	4,217	4,156

All amounts included in debtors are receivable within one year except deferred tax of £56k included within RCN Group taxation (9 months ended 31 December 2013 deferred tax of £24k included within RCN Group taxation).

13. Creditors and accrued charges

13.1 Amounts falling due within 1 year

	RCN UK 31 December 2014 £'000	RCN UK 31 December 2013 £'000	RCN Group 31 December 2014 £'000	RCN Group 31 December 2013 £'000
Bank overdrafts and loans	97	305	134	343
Trade creditors	474	241	1,541	911
Amount due to subsidiaries and associated undertakings	530	203	-	-
Pension contribution	383	457	390	519
PAYE, social security and taxation	865	816	1,055	1,111
Payments on account	-	-	-	13
Other creditors	316	223	532	500
Accruals and deferred income	4,934	5,000	5,720	5,047
	7,599	7,245	9,372	8,444

13.2 Provision for liabilities and charges

	RCN UK 31 December 2014 £'000	RCN UK 31 December 2013 £'000	RCN Group 31 December 2014 £'000	RCN Group 31 December 2013 £'000
Provision for onerous leases	-	26	-	26
Provision for dilapidations	396	415	462	481
Provision for professional indemnity claims	8,693	5,909	8,693	5,909
Provision for restructuring	134	145	134	145
	9,223	6,495	9,289	6,561

RCN UK Movements - provision for liabilities and charges

	31 December 2013 £'000	New provisions £'000	Net adjustments £'000	Utilised £'000	31 December 2014 £'000
Provision for onerous leases	26	-	-	(26)	-
Provision for dilapidations	415	(32)	70	(57)	396
Professional indemnity claims	5,909	8,329	(3,641)	(1,904)	8,693
Provision for restructuring	145	134	(55)	(90)	134
	6,495	8,431	(3,626)	(2,077)	9,223

RCN Group Movements - provision for liabilities and charges

	31 December 2013 £'000	New provisions £'000	Net adjustments £'000	Utilised £'000	31 December 2014 £'000
Provision for onerous leases	26	-	-	(26)	-
Provision for dilapidations	481	(32)	70	(57)	462
Professional indemnity claims	5,909	8,329	(3,641)	(1,904)	8,693
Provision for restructuring	145	134	(55)	(90)	134
	6,561	8,431	(3,626)	(2,077)	9,289

Onerous leases opening provision related to the leasehold property on Grays Inn Road being vacant between relocation of London regional office to RCN HQ in March 2014, and termination of the lease in July 2014.

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

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

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

14. Leasing commitments

14.1 Operating leases - RCN UK

The annual commitment as at 31 December 2014 under non-cancellable operating leases was:

	Land and Buildings 31 December 2014 £'000	Other Assets 31 December 2014 £'000	Land and Buildings 31 December 2013 £'000	Other Assets 31 December 2013 £'000
Leases expiring:				
Within one year	101	136	245	87
Within two to five years	880	35	768	201
Over five years	54	-	194	-
	1,035	171	1,207	288

14.2 Operating leases - RCN Group

The annual commitment as at 31 December 2014 under non-cancellable operating leases was:

	Land and Buildings 31 December 2014 £'000	Other Assets 31 December 2014 £'000	Land and Buildings 31 December 2013 £'000	Other Assets 31 December 2013 £'000
Leases expiring:				
Within one year	161	136	336	87
Within two to five years	880	49	768	215
Over five years	54	-	194	-
	1,095	185	1,298	302

15. Pensions

15.1 RCN UK defined contribution pension scheme

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

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

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

Employer contributions paid during the year ended 31 December 2014 were £579,000 (9 months ended 31 December 2013: £86,000). Contributions outstanding at 31 December 2014 in respect of this scheme amounted to £nil (31 December 2013: £55,000).

15.2 RCN UK defined benefit pension scheme

The RCN Group operates a defined benefit pension scheme with the assets of the scheme being held in separate trustee administered funds. This scheme was closed to new members with effect from 1 November 2013. Existing active members as at 31 October 2013 can still contribute to the scheme.

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

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

The market value of the fund assets as at 31 December 2014, net of additional voluntary contributions was £215,276,000. There was no investment holding greater than 5% of the value of the fund at 31 December 2014.

Following the actuarial valuation at 30 September 2013, revised contribution rates to the scheme were agreed, at the following rates.

Employer

From 1 November 2013, changes to the scheme were implemented resulting in an employer's annual contribution of 10.5%. Estimated employer contributions to be paid by the RCN UK for the year ending 31 December 2015 are £4,727,944.

Prior to 1 April 2015, the required annual lump sum contributions set out in the schedule of contributions agreed with the Pension Regulator and effective from 1 April 2012 were £1,540,000, subsequent payments increasing by RPI + 2% thereafter until the end of the recovery period to 31 March 2022 or a new funding plan agreed. The total deficit funding paid in the year ended 31 December 2014 was £1,690,000.

The defined benefit plan contributions were £16,088,000. At the end of the year, contributions of £384,000 representing the unpaid contributions for December 2014 were outstanding.

2014 Pension contribution payments

One off deficit payment	
Agreed annual deficit payment	
Individual CARE contributions (excluding December 2014)	
Total contribution	

RCN Group	
31 December 2014	
£'000	
	10,054
	1,690
	4,344
	16,088

Contributory employees

From 30 September 2010 until 31 October 2013 5.7% of pensionable salaries (depending on benefit scale) were set out in the schedule of contributions. From 1 November 2013 current members contributions were set out in the schedule of contributions at 6%, 8% or 13% (depending on employee opted retirement age).

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

FRS 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 £54,608,000 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 2013 to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 31 December 2014. The next actuarial valuation by a qualified independent actuary at 30 September 2016 and will be received by spring 2017.

The principal actuarial assumptions were as follows:

	31 December 2014	31 December 2013	31 March 2013	31 March 2012	31 March 2011
Discount rate	3.6%	4.6%	4.4%	4.6%	5.5%
Inflation assumptions (RPI)	3.1%	3.5%	3.3%	3.1%	3.4%
Inflation assumptions (CPI)	2.1%	2.6%	2.4%	2.2%	2.9%
Allowance for revaluation of deferred & CARE pensions accrued before 1 November 2013 (with LPI of 5%)*	3.1% (RPI)	3.5% (RPI)	3.3% (RPI)	3.1% (RPI)	3.4% (RPI)
Allowance for CARE revaluation of pensions accrued after 1 November 2013 (with LPI cap of 2.5%)*	1.7% (CPI)	2.1% (CPI)	-	-	-
Allowance for pension payments increases accrued before 1 June 2007 (with LPI cap of 5%)*	3.0% (RPI)	3.5% (RPI)	3.3% (RPI)	3.0% (RPI)	3.4% (RPI)
Allowance for pension payments increases accrued after 1 June 2007 (with LPI cap of 5%)*	2.1% (CPI)	2.6% (CPI)	2.4% (CPI)	2.2% (CPI)	2.9% (CPI)
Allowance for pension payments increases accrued after 1 June 2007 (with LPI cap of 3%)*	1.9% (CPI)	2.4% (CPI)	2.2% (CPI)	2.0% (CPI)	-
Allowance for commutation of pension for cash at retirement	No allowance	No allowance	No allowance	No allowance	No allowance

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

Life expectancies

Longevity at age 65 for current pensioners	
- Men	23.3
- Women	24.9
Longevity at age 65 for future pensioners*	
- Men	25.1
- Women	26.4

	31 December 2014 Years	31 December 2013 Years	31 March 2013 Years	31 March 2012 Years	31 March 2011 Years
Longevity at age 65 for current pensioners					
- Men	23.3	23.0	23.3	23.1	22.4
- Women	24.9	25.0	25.3	24.9	24.2
Longevity at age 65 for future pensioners*					
- Men	25.1	25.2	25.5	25.4	24.6
- Women	26.4	26.9	27.2	26.8	26.1

* assumed currently aged 45

An analysis of the scheme and the expected long term return rates at the period end were as follows:

	31 December 2014 £'000	31 December 2013 £'000	31 March 2013 £'000	31 March 2012 £'000	31 March 2011 £'000
Equities	128,120	116,721	110,309	95,713	88,694
Bonds	63,777	51,591	50,205	43,736	43,134
Property	12,355	10,853	10,042	6,485	5,874
Other	10,162	383	1,847	3,546	1,293
Insured pensioners	862	574	1,443	887	905
Total market value of assets	215,276	180,122	173,846	150,367	139,900
Actuarial value of liability	(269,884)	(229,799)	(221,945)	(189,678)	(156,508)
Net pension liability	(54,608)	(49,677)	(48,099)	(39,311)	(16,608)

	31 December 2014 %	31 December 2013 %	31 March 2013 %	31 March 2012 %	31 March 2011 %
Equities	59	64	64	64	63
Bonds	30	28	28	29	31
Property	6	6	1	4	4
Other	4	1	6	2	1
Insured pensioners	1	1	1	1	1
Total market value of assets %	100	100	100	100	100

	31 December 2014 Expected rate of return	31 December 2013 Expected rate of return	31 March 2013 Expected rate of return	31 March 2012 Expected rate of return	31 March 2011 Expected rate of return
Equities	6.4%	7.6%	7.0%	7.3%	8.0%
Bonds	2.6%	4.0%	3.4%	4.3%	5.1%
Property	5.4%	6.6%	6.0%	6.3%	7.0%
Other	0.5%	0.5%	0.5%	0.5%	0.5%
Insured pensioners	3.6%	4.0%	3.4%	4.2%	5.1%
Average rate of return	4.93%	6.48%	5.8%	6.18%	7.0%

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

Analysis of amounts charged to income and expenditure account

	12 months to 31 December 2014 £'000	9 months to 31 December 2013 £'000
Current service cost*	4,475	5,683
Interest on obligation	10,575	7,336
Expected return on scheme assets	(12,047)	(7,558)
Total	3,003	5,461

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

Analysis of amounts charged to Statement of total recognised gains and losses (STRGL)

	31 December 2014 £'000	31 December 2013 £'000
Actual return less expected return on scheme assets	11,495	(3,370)
Experience loss arising on the scheme liabilities	(4,148)	-
Changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	(25,031)	2,804
Actuarial losses charged to STRGL	(17,684)	(566)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since adoption of FRS17 is a loss of £89,347,000 (31 December 2013: cumulative loss of £71,663,000).

Change in the present value of the defined benefit obligation

	31 December 2014 £'000	31 December 2013 £'000
Opening defined benefit obligation	229,799	221,945
Service cost	4,475	5,683
Interest cost	10,575	7,336
Contributions by employees	1,185	1,263
Actuarial (gains)/losses	29,179	(2,804)
Benefits paid	(5,329)	(3,624)
Closing defined benefit obligation	269,884	229,799

Change in the fair value of the scheme assets

	31 December 2014 £'000	31 December 2013 £'000
Opening fair value of the scheme assets	180,122	173,846
Expected return	12,047	7,558
Actuarial gains/(losses)	11,495	(3,370)
Contributions by employer	15,756	4,449
Contributions by employees	1,185	1,263
Benefits paid	(5,329)	(3,624)
Closing fair value of the scheme assets	215,276	180,122
Actual return on scheme assets	23,542	4,188

The history of experience gains and losses are as follows:

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

	31 December 2014 £'000	31 December 2013 £'000	31 March 2013 £'000	31 March 2012 £'000	31 March 2011 £'000
Defined benefit obligation	(269,884)	(229,799)	(221,945)	(189,678)	(156,508)
Scheme assets	215,276	180,122	173,846	150,367	139,900
(Deficit)	(54,608)	(49,677)	(48,099)	(39,311)	(16,608)
Experience gains / (losses) on scheme liabilities:					
Amount	(4,148)	-	-	-	9,364
Percentage of the present value of scheme liabilities	1.5%	-	-	-	6.2%
Actual return less expected return on scheme assets:					
Amount	11,495	(3,370)	10,785	(3,270)	(489)
Percentage of scheme assets	5.3%	(1.9%)	6.2%	(2.2%)	(0.3%)

16. Management of liquid resources

	31 December 2013 £'000	Cash flow £'000	31 December 2014 £'000
Cash invested in UK money market and deposit accounts	58,739	(39,036)	19,703

17. Analysis of changes in net funds

	31 December 2013 £'000	Cash flow £'000	31 December 2014 £'000
Short-term deposits (including Pension Escrow Account)	58,739	(39,036)	19,703
Cash at bank and in hand	1,640	(570)	1,070
Bank overdrafts and loans	(343)	209	(134)
	60,036	(39,397)	20,639

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

18. Notes to the cash flow

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

	Note	31 December 2014 £'000	31 December 2013 £'000
Net incoming resources		10,589	10,016
Write off fixed assets		104	18
Interest	4	(1,478)	(790)
Net realised investment gains		(42)	(454)
Depreciation	10.2	2,316	1,582
Total pension contributions less current service and finance costs		(12,753)	1,012
Revaluation reserve adjustment		(64)	(47)
(Increase)/decrease in stock		5	(6)
(Increase)/decrease in debtors	12	(61)	(712)
(Decrease)/increase in creditors due within one year	13.1	928	(2,749)
(Decrease)/increase in provisions for liabilities and charges	13.2	2,728	(3,945)
Net cash inflow from operating activities		2,272	3,925

18.2 Reconciliation of net cash flow to increase in net funds

	Note	31 December 2014 £'000	31 December 2013 £'000
Net funds at the start of the period	17	60,036	57,637
(Decrease)/increase in liquid resources		(361)	(608)
Cash used to increase liquid resources	16	(39,036)	3,007
Change in net cash resulting from cash flows	17	(39,397)	2,399
Net funds	17	20,639	60,036

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

	Representation activities £'000	Other College activities £'000	Total 31 December 2014 £'000	Representation activities £'000	Other College activities £'000	Total 31 December 2013 £'000
Fixed assets						
Tangible assets	-	22,014	22,014	-	21,917	21,917
Investments	16,910	26,020	42,930	-	-	-
Total fixed assets	16,910	48,034	64,944	-	21,917	21,917
Current assets						
Stock	-	9	9	-	14	14
Trade debtors	128	59	187	134	75	209
Other debtors	385	227	612	198	280	478
Prepayments and accrued income	1,590	738	2,328	279	1,950	2,229
Cash at bank and in hand	10,748	4,667	15,415	21,814	33,483	55,297
Total current assets	12,851	5,700	18,551	22,425	35,802	58,227
Liabilities						
Bank overdraft	(66)	(31)	(97)	(196)	(109)	(305)
Trade creditors	(585)	(272)	(857)	(144)	(97)	(241)
Other creditors	(806)	(905)	(1,711)	(961)	(738)	(1,699)
Accruals and deferred income	(500)	(4,434)	(4,934)	(2,198)	(2,802)	(5,000)
Total liabilities	(1,957)	(5,642)	(7,599)	(3,499)	(3,746)	(7,245)
Total assets less current liabilities	27,804	48,092	75,896	18,926	53,973	72,899
Provisions	(8,693)	(530)	(9,223)	(6,290)	(205)	(6,495)
Net assets (excluding pension deficit)	19,111	47,562	66,673	12,636	53,768	66,404

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

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 £'000
At 1 January 2014	4,934	2,309	59,161	(49,677)	16,727
Surplus in period	12	-	(3,152)	12,753	9,613
Revaluation reserve	-	(64)	2,877	-	2,813
Dividends	-	-	596	-	596
Actuarial loss	-	-	-	(17,684)	(17,684)
At 31 December 2014	4,946	2,245	59,482	(54,608)	12,065

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

20.2 Reserves - RCN Group

	Reserves for charitable purposes £'000	Pension Escrow account £'000	Revaluation reserve £'000	Accumulated funds £'000	Pension reserve £'000	Total £'000
At 1 January 2014	28,387	4,934	2,309	63,211	(49,677)	49,164
Investment unrealised gains	833	-	-	2,877	-	3,710
Surplus in period	149	12	-	(2,468)	12,753	10,446
Revaluation reserve	-	-	(64)	-	-	(64)
Actuarial loss	-	-	-	-	(17,684)	(17,684)
At 31 December 2014	29,369	4,946	2,245	63,620	(54,608)	45,572

21. Commitments

21.1 Capital commitments

The value of contracts committed to but not provided for was £2,543,000 (31 December 2013: £927,000). This figure relates to work on Finance system upgrade, RCN website (internet and intranet) and the Membership Information System.

21.2 Pension commitments

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

22. Contingent liabilities

Contingent liabilities are estimated at £2,533,000 (31 December 2013: £1,768,000) which relates to the member's 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 auditors of the union, the Certification Officer (who is an independent officer appointed by the Secretary of State) and the police.

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

24. Council expenses and remuneration

24.1 Council expenses

Out of pocket expenses to Council members while carrying out their governance duties in the year ended 31 December 2014 amounted to £139,000 (9 months ended 31 December 2013: £102,000). Out of pocket expenses related predominantly to travel expenses incurred while carrying out Council duties. The number of Council members who received reimbursement within the period was 31 (9 months ended 31 December 2013: 37).

24.2 Council remuneration

Council members do not receive remuneration for undertaking the role, however a total of £97,000 was paid to the employers of the current President and Chair of Council as recompense for time spent on services for the RCN UK (31 December 2013: £46,000). Breakdown as follows:

	31 December 2014 £'000	31 December 2013 £'000
Chair of Council (current)	39	7
Chair of Council (past)	-	2
President	58	37
Total	97	46

25. Related party transactions

The RCN 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.



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