



Annual Report 2018



Royal College of Nursing



Royal College of Nursing



Combined RCN Group annual report and consolidated financial accounts for year ended 31 December 2018

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

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Photographs

Cover: RCN student members outside the Houses of Parliament ahead of a lobby of MPs in November 2018.

Left: RCN reps at the Joint Reps’ Conference in Gateshead in October 2018.



Sue Warner

Chair of Council

The year saw hard-won progress on a number of important fronts, but held considerable and unexpected challenges for the RCN Group. I am determined we will learn from these and will adapt and be stronger as a result.

2017 ended with the opening of tough negotiations with the Westminster Government on a new pay award for England following the confirmation that it would 'Scrap the Cap' on NHS pay rises as a direct result of our members' intensive campaigning. In the early months of 2018, we kept the pressure on Government and NHS Employers, forcing them to drop planned attacks on unsocial hours payments and annual leave entitlement.

After an agreement was reached for the NHS in England and put to members in the spring, the RCN's own processes and procedures did not stand up to later scrutiny. Despite the very real benefits the three-year deal brings after years of austerity, the RCN should have been clearer in explaining to members how and when each would be affected. Senior personnel left and, following an extraordinary general meeting, elections were held to elect a new RCN Council.

In the time since, we have taken forward recommendations made in an independent report by the Electoral Reform Services – including clearer governance, decision making, accountability and, most importantly, member engagement and communication. These changes are designed to ensure the voice of our members shapes every aspect of the Group's work.

I truly believe our biggest strength is our members. Not many organisations can say they have such a large membership. We can be the only real voice of nursing. As Chair of Council, my key priority is to make sure that we're connecting with members in a meaningful way. We are undertaking research to understand how members want to be communicated with, so that we can get better at it and make sure the RCN is the organisation members need it to be and the Group

provides the services and support you need. That voice is used most powerfully in our campaigning. Safe staffing legislation is the top priority for members and following the success in Wales, where the Nurse Staffing Levels (Wales) Act, was enshrined in law in 2016, campaigns began to take shape this year to fight for safe staffing legislation across the rest of the UK.

In 2018, the Group provided help and support to record numbers of members. We recruited more students in the autumn months than ever before and progressed our plans to recruit more health practitioners to the College, tailoring a greater number of our services to their work. Our fantastic network of accredited reps, reaching into workplaces, also gave immeasurable reassurance and support on the ground.

In this year, the RCN worked more co-operatively across the whole Group to develop our commercial offer and deliver on our ambition to diversify our finances, to roll-out a self-service model and manage the significant task of complying fully with new data handling (GDPR) laws to protect members' information.

The RCN faced one of the toughest years in its considerable history, but our dedicated and skilled staff ensured that it was business as usual throughout. The first ever group strategy and three-year plan for 2019–2021 was agreed, significant progress was made with the implementation of the new governance arrangements and our key business priorities for the year delivered. The year ended with more members and greater energy and optimism for our future and that of the great profession we represent.



Sue Warner
Chair of Council
Date: 9 April 2019

Opposite

RCN, Cavendish Square, London.
Photographed in July 2018 following the completion of major external works.

The Report of Council

Priority 1 Strengthening the Royal College function

We continue to hold a position of influence on professional nursing and related policy issues with governments and statutory agencies across the UK. Our work on local, regional, country-specific and UK-wide issues is managed through the *Future Nurse, Future Workforce* board in consultation with the RCN Professional Nursing Committee.

This year, we have been working to improve how we share experience and learning across the UK, especially in relation to our *Staffing for Safe and Effective Care* campaigns.

We continue to drive up standards in practice, including through work resulting from Congress resolutions. This has spanned many different practice areas and settings, including prison nursing and the care home sector. We have set standards for advanced level practice in nursing, with 265 nurses having successfully met our credentialing standards and in November, a number of RCN Advanced Level Nurse Practitioners attended a celebration event at the RCN, Cavendish Square, in London to recognise their achievements.

We developed a wide range of resources to support best practice, all of which are available via the clinical topic areas on the RCN website.

Having responded to the NMC consultation on education standards, we are committed to raising awareness of these new standards and the associated changes, which have implications for every RCN member as well as the wider health care system. A series of fully-booked workshops took place in England, and further work is being undertaken across the UK. We are developing a number of online resources to support our members in implementing these changes.

For the first time, health care assistants (HCAs) took part in our highly successful *Leadership* and *Demonstrating Value* programmes. These were delivered to 259 HCAs, registered nurses and senior nurse leaders and we developed technology-enhanced learning to further support these programmes. We continue to develop the programme across the UK.

The RCN Wales Nurse of the Year Alumni Network took part in a programme of events on personal and career development pathway opportunities. This network is a highly engaged consortium of innovative nurse leaders at all levels, promoting nursing within Wales, the UK and internationally.

Members told us that staffing is their number one priority. In response we agreed a set of UK-wide principles to underpin our call to enshrine registered nurse staffing levels for safe and effective care in law in each country of the UK.

Strengthening our professional voice



member responses to 80+ consultations

The Nurse Staffing Levels (Wales) Act 2016 was implemented in full on 6 April 2018. The College worked in partnership with others to develop the *Nurse Staffing (Wales) Act 2016: Statutory Guidance*.

Kirsty Williams, an Assembly Member in Wales who introduced what would become the Nurse Staffing (Wales) Act as a Private Member's Bill in 2014, delivered the RCN Northern Ireland Annual Lecture in Belfast.

Our *Ask for More* campaign in Scotland launched in September, with RCN members and the public showing their support by signing up online and by filling in postcards which demonstrated to MSPs the level of support for our campaign in their constituencies. Members have been actively supporting *Ask for More*, talking about staffing for safe and effective care in workplaces and in their local communities. They took to the streets of five cities across Scotland in October, and visited Edinburgh's Christmas market, to talk to the public and fellow members about the campaign and encourage sign-ups. By the end of the year more than 5,000 people had pledged their support for Scotland's nursing teams.

Priority 2

Protecting members, pay, terms and conditions, and advocating safe and effective staffing

Following negotiations between the UK Government and NHS staff side unions between January and March, a three-year pay deal for nursing staff working in the NHS in England was agreed, ending the UK Government's 1% cap on public sector pay rises. The deal also included the restructuring of Agenda for Change (AfC) pay bands, removing overlaps between pay bands and reducing the number of pay points within each band. The RCN successfully fought cuts to both annual leave entitlement and sickness/absence terms.

After pressure from the RCN and others, the Department of Health and Social Care announced in July that the three-year pay deal for NHS staff in England would be extended to staff on AfC contracts who are not directly employed by the NHS.

The agreement for England was ratified by the NHS Staff Council on 27 June. This triggered the Barnett formula, releasing funds for pay negotiations in Scotland, Wales and Northern Ireland. Three-year pay deals were subsequently accepted in Scotland (on 17 August) and Wales (on 17 September) supported by 77% and 66% of those who voted respectively.

In the absence of an assembly in Belfast, a formal pay offer was announced by the Department of Health in November. Following a consultative ballot, RCN members in Northern Ireland made it clear that if an agreement on pay could not be reached, they were prepared to be balloted for industrial action.

The RCN and Oxford Brookes University began a research project considering the question of gender and nursing pay and the extent to which nursing is considered 'women's work' within the broader context of the position of women in the labour market. The results of the research will inform related policy decisions for the RCN, in terms of its political influencing, negotiating and campaigning. An interim report is expected to be published at Congress in May.

The UK Safety Rep Committee successfully lobbied for tougher criminal sanctions for people who assault nursing staff in England and Wales. The Assaults on Emergency Workers (Offences) Act 2018 will apply to those who provide NHS-funded care, including those working in the independent sector providing NHS services.

The independent sector team continued to work with employers beyond the NHS to improve pay, and terms and conditions of service for RCN members. We ensured that employers had reported – and taken steps to address – their gender pay gaps. We also reacted to

Supporting our members

16,260

cases opened for
employment matters

10,763
managed
by staff

5,497
managed
by reps

107

employment tribunal
claims issued

Total of
£5,008,124.83

recovered in compensation

instances of bullying, harassment and pay differentials highlighted in independent sector staff surveys.

Staffing legislation is at different stages across the four countries, but our programme sets out a consistent, UK-wide model for planning and delivery of campaigns, providing clarity on governance, decision making and accountability for Council, the Professional Nursing and Trade Union Committees, and the Executive Team.

In Wales, we lobbied the Welsh Government to ensure the extension of the Nurse Staffing Levels (Wales) Act 2016 to community nursing, children's wards, mental health and care homes. We also worked to support activists to scrutinise their health boards and hold to account their performance in implementing fully the Act. *Exploring Resilience of Frontline Nurses in Wales*, the focus of a PhD funded by RCN Wales and being undertaken by Senior Lecturer Judith Benbow at Cardiff University, entered the writing-up stage and early results were shared with members.

In Scotland, the Health and Care (Staffing) (Scotland) Bill reached Stage 1 of the parliamentary process. Our primary focus remains to ensure cross-party support for the principles of the Bill. The public- and member-facing elements of the work were designed to demonstrate support for the principles of the Bill, and resulted in local and national activities across Scotland.

The 2014 *Delivering Care* policy framework set out principles of nursing workforce planning for commissioners and providers of health and social care in Northern Ireland. The absence of an assembly, executive and minister has resulted in an inability to achieve policy agreement on subsequent stages of this work and has delayed the launch of our campaign in Northern Ireland.

In England, the Health and Social Care Select Committee's inquiry into nursing reflected our position on the lack of accountability for supply of the nursing workforce. Our *Left to Chance* report provided a platform to engage MPs and peers, with RCN members mentioned in Parliament and at political party conferences. The Secretary of State for Health and Social Care committed publically to expanding the nursing workforce and giving consideration to legislation. Our student members are leading the *Fund Our Future* campaign.

Priority 3

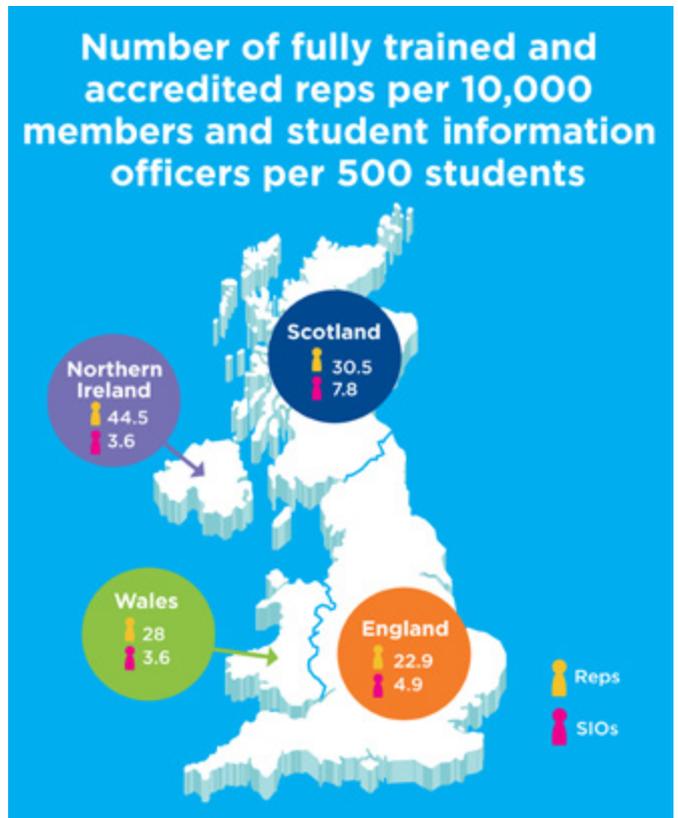
Enhance our engagement with members and champion diversity and inclusion

We are committed to significantly improving member-led design and involvement in campaigning activity.

We established pilot sites in three English regions – South East, East Midlands and Eastern – and in Northern Ireland as part of the *Engaging Active Members* project to explore new ways of working with and empowering members. Outcomes of this work, so far, have included a meeting between members and the Secretary of State for Health and Social Care, developing our customer relationship management (CRM) system to manage member engagement, and successfully negotiating changes to a local workplace sickness absence policy. The pilot site (in the Southern Branch in Northern Ireland) is focused on member engagement and is being led by an accredited steward supported by a designated senior officer. Since the pilot commenced, the branch has developed a Facebook page with over 100 members engaging in relevant discussions and debate. This activity has also resulted in the recruitment of two new RCN stewards.

Student members in Scotland told us that while they value their bursary, it was not enough to support them through their studies. We successfully lobbied Scottish Government for an increase in financial support to £10,000 a year from 2020/21, supporting work to widen access to nursing courses and to diversify the workforce.

We worked with the Open University (OU) in Northern Ireland to support 120 health care support workers (HCSWs) in 2017 and 154 in 2018 to undertake a pre-registration nursing degree. The RCN has worked collaboratively with the OU through the provision of library skills and also a number of classroom-style tutorials concentrating on issues relating to accountability, patient safety and professionalism in practice.



RCN Wales has developed a toolkit for representatives to use with members at both ward and health board levels to help implement and monitor compliance of the Nurse Staffing Levels (Wales) Act 2016.

Our *Parity of Esteem* programme addresses the importance of how every conversation should address mental health, and has included wide-ranging UK engagement with members and service users to explore what is currently happening around this agenda and to plan for future work to address the gaps. We facilitated a roundtable discussion in Scotland with mental health nurse leaders and the newly appointed Minister for Mental Health, Clare Haughey MSP. During the session they considered the challenges facing mental health nurses in their day-to-day roles and shared examples of good practice. The RCN in Northern Ireland is working in partnership with the Chief Nursing Officer and Clinical Education Centre to design and deliver learning and development programmes for health and social care staff on mental capacity, in anticipation of new mental capacity legislation.

Customer service

Satisfaction rate

81%

Feedback

Positive vs Negative



97% vs 3%

Complaints



200 per 10,000 members

Across the English regions, hundreds of delegates attended our Black History Month events which celebrated the contribution of black and minority ethnic (BAME) staff to the delivery of health and social care in the 70 years since the arrival in London of HMT Empire Windrush. Speakers included MPs, artists, leaders from the health service and the media. RCN members and staff attended *Pride* events across England, Scotland, Wales and Northern Ireland, and we worked with members in regions and branches to set up local retired member networks.

RCN Wales holds the Chair of the Welsh NHS Partnership Forum and, through its leadership, a new Attendance at Work policy was launched in 2018. A section of the policy aims to ensure compliance with the Equality Act 2010, specifically in relation to disability and how reasonable or tailored adjustments are applied in practice.

To accompany the *Hidden in Plain Sight: Celebrating Nursing Diversity* exhibition in Scotland, we looked at why men are underrepresented in nursing and positive solutions to encourage more men to join the profession. Extensive print, broadcast and social media coverage highlighted the topic in advance of a well-attended discussion event at Glasgow Caledonian University. We are also co-chairing *Valuing Diversity in the Nursing Workforce – Men in Nursing*, an initiative commissioned by the Chief Nursing Officer in Northern Ireland. Aligned to this, RCN members have been talking to school children about nursing careers for men, an initiative which has attracted attention from countries around the world.

Priority 4

To review and develop the offer to health care practitioners

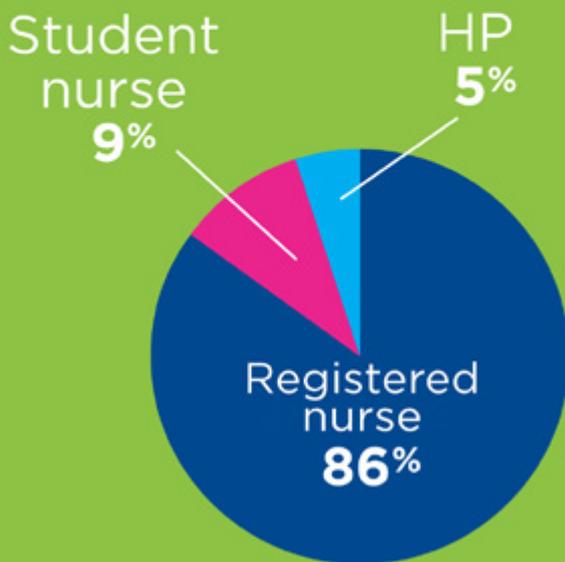
We refreshed and updated health care practitioner (HP) content on the RCN website, making it more relevant and easier to navigate. In particular, it highlights learning and development, and career opportunities. We developed new resources to support our HP members, including case studies to showcase HP roles across different settings. Health care practitioners attended RCN Leadership programmes for the first time.

This year we increased the number of development events in Wales for HCSWs on record-keeping, leadership, diabetes, and infection and prevention control. Delegates found these bespoke, tailored programmes immensely helpful for their practice. In Northern Ireland we worked collaboratively with the Open University and the Department of the Economy to promote learning and development opportunities and career progression for HCSWs in the independent sector. This resulted in the pilot of a Higher Level Apprenticeship for 35 HCSWs. Having successfully completed the programme, students were awarded a Certificate in Health Care Practice which provides the opportunity for career progression as a HCSW or entry to a pre-registration nursing degree. A number of Fundamentals of Care programmes (targeted at HCSWs) were delivered at the RCN and in various health and social care trusts and independent settings in Northern Ireland. Topics for these programmes included: measuring temperature, pulse and respirations, end of life care, recognising the deteriorating patient, care of the patient with dementia and restrictive practice.

In Wales, the Cardiff Branch piloted a series of monthly sessions with HCSWs as part of their corporate induction programme with Cardiff and Vale University Health Board. This has led to increased recruitment of HP members, raised the profile of the RCN to this group, and developed a strong link to the branch and its activities.

The *#WeCare* campaign celebrated the contribution of Scotland's HCSWs. Two short films recognising the important role they play in Scotland's nursing teams

Membership by category



have been viewed over 2,000 times and were shown to members and MSPs at a reception in the Scottish Parliament. The campaign was also the focus of a successful Congress fringe event – *Nursing Beyond Nurses* – which looked at how we value HCSWs.

The *Value of Reps* project has resulted in more HP members becoming accredited reps, and we developed tailored local resources across England to welcome trainee nursing associates into membership and support them on their journey through to registration.

Priority 5 To realise the benefits from the new governance arrangements

Following the Council Review (2014–2016) and the vote at the 2016 AGM to accept its recommendations, a new, smaller RCN Council began work in January 2018, along with the new directly elected RCN professional nursing and trade union committees.

The aim of the review was to allow Council to delegate work to the new council committees enabling it to

better fulfil its role as the decision-making board of the RCN Group. Its first priorities were to develop a new group strategy and three-year plan and budget. It also focused on different ways of working and set up new task-and-finish groups with members from across the organisation to ensure its decisions were informed by members' views.

Embedding these changes was slower than anticipated, with meetings dominated by the NHS pay deal, the resulting EGM and Council elections. An evaluation of the transition to the new governance arrangements was undertaken in November in order to inform the incoming Council of the further work needed to realise the benefits of the Council Review.

Council will use a detailed action plan to implement the recommendations of the independent review carried out by Electoral Reform Services in relation to the NHS pay deal and the implementation of the framework agreement on the reform of Agenda for Change.

Priority 6 To ensure the financial sustainability of the organisation

Financial sustainability remains key to the long-term success of the Group and the Financial Review (on pages 12-15) together with the financial statement, provide further detail. In this section we focus on the important activities we have been undertaking to diversify and sustain finances across the Group.

Our new commercial strategy was launched in 2018. This included the expansion of RCN events to include *renevents.tv* – a new service of live-streamed and recorded events – as well as increased web advertising and 53 new sponsors. We also launched the first ever tender for a new affinity partner package.

During the year we significantly expanded our range of education products, launching our credentialing scheme and creating an infection prevention control postgraduate programme which includes e-learning as well as face-to-face delivery.

This new work took place alongside an expansion of existing income streams, including consultancy, leadership and other professional development programmes and our conference centre business.



At the 2018 AGM, RCN members passed a resolution giving Council the dispensation to set subscription rates for a further five years. During the previous five-year period, subscription rates were raised only once, in January 2014. Allowing Council dispensation to set subscription rates provides it with the flexibility to plan financial resources effectively, ensuring services to members remain effective and in line with their needs. Council announced at the AGM that subscriptions would not be raised in 2019.

In March 2018, we made a one-off payment of £4.9m to the RCN defined benefit scheme, this was over and above the required annual deficit payment of £3.2m. These payments were agreed as part of the revised funding plan resulting from the 2016 triennial valuation, which sets the required funding and contribution levels for the scheme, and was signed off by Council and the scheme's Trustees in December 2017. These payments, paid from accumulated funds, are necessary to ensure the RCN meets its statutory obligations to the pension scheme. The interim funding update at 30 September 2017, received summer 2018 (which requires no action from the RCN) reported a scheme deficit of £26.3m - a significant decrease from the £52.1m deficit reported in the 30 September 2016 triennial valuation. Whilst

this is a positive development. Pension scheme valuations are essentially a snapshot in time and can fluctuate greatly depending on prevailing economic conditions. The next triennial valuation will be at 30 September 2019.

RCN Foundation

The RCN Foundation had its most successful fundraising year to date with voluntary income exceeding £1m for the first time. The RCN Foundation is a grantmaker in perpetuity and therefore manages its income in a prudent and sustainable way to ensure it can address the needs of the nursing community whilst ensuring it can meet any future demands made on its resources.

RCNi

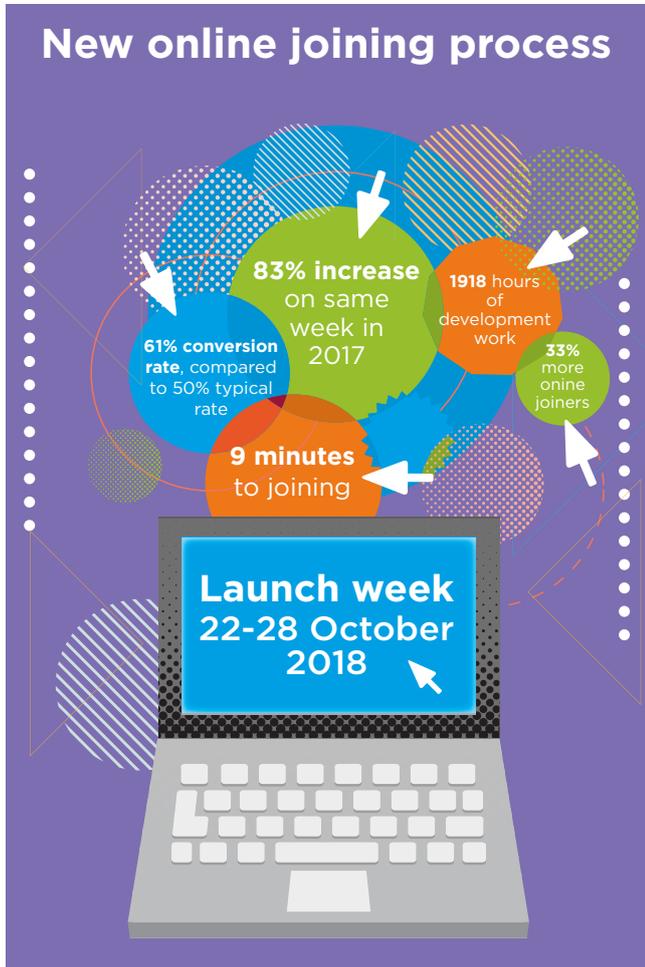
2018 was a challenging year for RCNi, which has been working to deliver profound changes to its business model and to replace traditional revenue streams in a digital world. Its priorities have been to stabilise the personal subscription business, grow UK and international business-to-business income, and develop a portfolio of nursing solutions and tools to improve nursing best practice.

Priority 7 To implement our new service model through our transformation plan

We made considerable progress in 2018 in developing the way we use our website and CRM to transform the services we provide to our members.

We improved both content and functionality on the RCN website, making access to support and information much easier. We significantly improved the online joining process, and enhanced the member journey further with the launch of an appointment booking process for Member Support Services. The introduction of a centralised, online approach to events registration has simplified and improved the member and customer experience.

Members can self-serve on a wider range of issues than ever before, including downloadable letter templates for under/overpayment issues as well as downloadable membership-related documents.



Members can now also access RCND advice via live chat from 8.30am–8.30pm.

Another aim of our transformational plan is to enable both staff and active members to work in a more agile way. We introduced a learning management system which is improving the way we train and educate both groups. Having access to a blended portfolio of online and face-to-face training options means that we can quickly and efficiently achieve compliance – such as with this year’s bespoke online GDPR training module – whilst maximising the value of face-to-face training.

Our first technology-enhanced learning (TEL) module, Infection Prevention and Control, launched in November. Embracing technology to deliver the course in a flexible and responsive way, it combines online and face-to-face elements to customers across the UK. We also launched RCNevents.tv where members are able to access live and recorded events and webinars.

Priority 8 To strengthen information management and protect our data

All staff and accredited representatives completed GDPR training prior to the GDPR-enforceable date of May 25 using the new online learning management tool. We developed a new preference centre within the CRM to allow members to choose what information they wanted to receive from the RCN Group, and published a new privacy statement. A Group Data Protection Officer was appointed, new group-wide data protection and IT policies were introduced, a third-party data asset register was compiled and a Group-wide information asset register was created. We also completed a project to identify the location and owners of all data stored by the Group. *Safe Send* was introduced for all RCN Group staff to help prevent emails being sent incorrectly or having incorrect documents attached. We implemented a new file structure and data retention schedule which ensures data is retained no longer than is required.

We implemented a cyber policy which will protect and support us should we ever become subject to a cyber attack. Annual tests are undertaken by an independent industry expert to check the security of all our systems.

Financial review

The RCN Group is made up of RCN UK, a special registered trade union and professional Royal College, RCN Publishing Company (RCNi), the RCN Foundation (RCNF), a registered charity, and RCN Holdco Limited.

The RCN Group statement of comprehensive income, statement of changes in equity, statement of financial position and statement of cash flows for the year ended 31 December 2018 are set out on pages 27, 28, 29 and 30.

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

RCN Group results

The RCN Group results for the year ended 31 December 2018 report a surplus after taxation of £9.9m (31 December 2017: £13.5m).

The main driver for the decrease in the RCN Group surplus is due to the performance of RCN Group investments. Overall realised gains were £1.4m lower than the previous year and there were foreign exchange losses of £1.6m compared to a gain of £0.8m in the previous year. Further information regarding RCN Group investments can be found under the Investments, policy and performance section on page 14.

The RCN Group operating surplus for the year ended 31 December 2018 of £6.7m is similar to the operating

surplus of £6.6m in 2017. This reflects the fact that overall both RCN Group income and expenditure in 2018 remained broadly similar to the previous year.

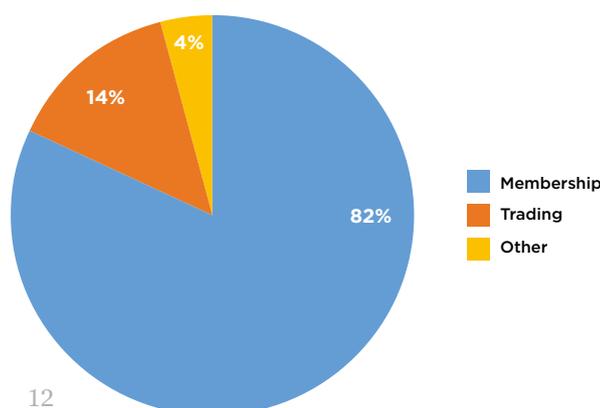
- The surplus before taxation for the RCN Group excluding the charitable activities of the RCN Foundation was £11m, as stated in note 3.1.

Income

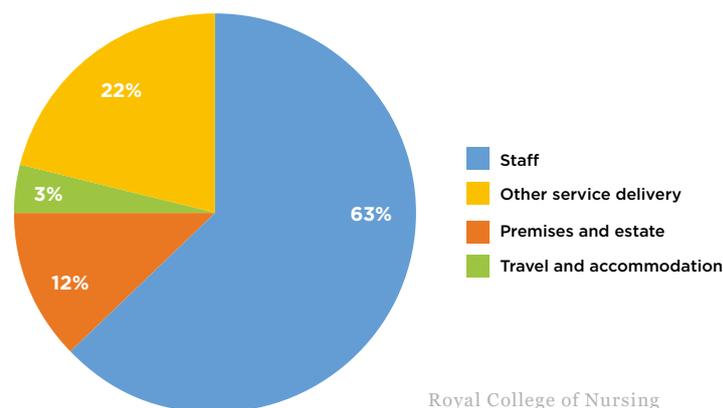
RCN Group income for the year ended 31 December 2018 was £90.2m (31 December 2017: £90.2m).

- Overall RCN UK membership subscription income in 2018 remained broadly at the same level achieved in 2017. During the first half of 2018 total membership numbers remained lower than in 2017, most notably the registered nurse category, as the number of members leaving outstripped new members joining. From July 2018 member numbers have grown, particularly in the health practitioner category including those joining from the first cohort of trainee nurse associates. The growth in member numbers during the latter part of 2018 reflects a slight shift in the overall mix of membership categories which is why the higher membership numbers is not reflected directly in the level of income achieved as different membership categories have different subscription prices.
- 2018 saw the launch of the RCN Group commercial income strategy, as we begin to explore new opportunities and strengthen our financial position. Progress in 2018 included introducing a new live-streamed events service, expanding our education and learning products, and launching an affinity partner package.

RCN Group 2018 income - £90m



RCN Group 2018 expenditure - £83m

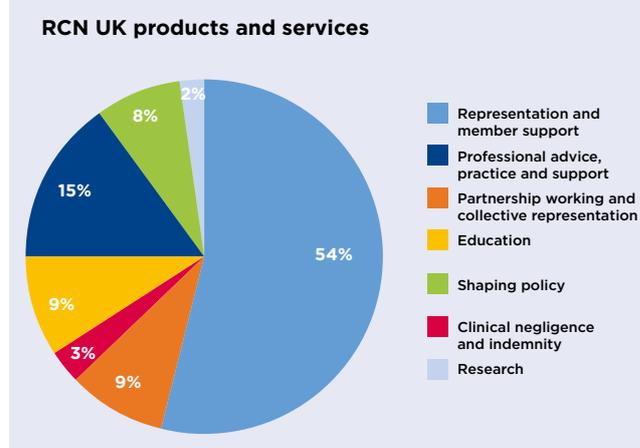


- RCNi achieved sales revenue of £12.4 million (2017: £13.5 million) and achieved profits before tax of £84k (2017: £435k). The reduction in RCNi turnover and profit in comparison to 2017 occurred due to further decline in traditional revenue streams and the additional cost incurred from restructuring the business. Whilst revenue from personal subscriptions to journals continues to decline, new revenue streams are growing as RCNi develops its digital product portfolio in response to changing market needs.
- RCN Foundation had its single biggest grant since it was established, as a result of a fundraising campaign run on the Omaze platform fronted by actor and RCN Ambassador Emilia Clarke. The Foundation also implemented its first pro-active legacy fundraising campaign and benefited from legacies to the value of £0.6m in 2018.
- RCN Holdco Limited's share of the profit from the RCN Law joint venture was £80k from personal injury case work and will writing services. RCN Holdco expects to see increasing profit from this joint venture over the next three years, with distribution of profits commencing in 2020.

Expenditure

RCN Group expenditure for the year ended 31 December 2018 was £83.5m (31 December 2017: £83.6m). Overall, the focus was on tightly controlling costs whilst pursuing the RCN Group digital strategy.

RCN UK continues to report by products and services. 2018 expenditure relating to each of these is shown below. Further information can be found in note 9.



The significant differences between expenditure in 2018 and 2017 are shown below.

RCN Group expenditure	2018 £'000	2017 £'000	Movement
Staff	52,332	49,556	↑ Staff costs have increased by 6% despite a 2% reduction in Full Time Equivalent, due to the impact of incremental progression, staff pay award of 2.75%, and £0.5m estimated impact of GMP on the defined benefit pension scheme.
Premises and estates	10,300	9,603	↑ 7% increase due to continued development of the Customer Relationship Management system (CRM), and rising costs related to leasing and maintaining offices.
Accommodation and travel	2,893	2,830	↑ 2% increase due to increased travel prices, mitigated where possible by use of virtual meetings.
Other service delivery	17,945	21,595	↓ 17% reduction compared to 2017 includes lower costs of member representation for regulatory and clinical negligence indemnity cases, and efficiencies in business support costs.
Total RCN UK	83,470	83,584	↓ Overall RCN Group expenditure shows negligible movement.

Net assets

The total net assets of the RCN Group, including the effect of the RCN Pension Scheme deficit, increased from £123.4m to £129.8m. This includes charitable funds of the RCN Foundation of £32.6m (31 December 2017: £33.7m), which are not available for general use.

Investments, policy and performance

The RCN Group holds two investment portfolios, one in the RCN UK and the other within RCN Foundation. The two portfolios have distinct investment strategies and share the same ethical policies. The RCN Foundation adopts a low to medium level of risk to investing, compared to a medium level of risk by RCN UK.

The RCN UK investment objective is to achieve capital growth over time. The portfolio will be subject to short-term volatility but, nevertheless, will aim to achieve its long-term target.

The Finance and Investment Committee agreed to adopt a segregated approach, investing in fixed interest issues and individual shares rather than funds as this is the most efficient way of achieving the agreed asset allocation and ethical requirements. The fund managers have discretion over the selection of stocks but the contract with Sarasin & Partners stipulates the requirement for the investments to be managed in a socially responsible manner (in line with the RCN values and corporate policies) and to avoid any investment in companies with a direct link to the manufacture of tobacco products.

The market value of RCN Group investments dropped significantly during December 2018, resulting in unrealised losses at 31 December 2018 of around £5.4m. However, much of these losses were recovered in the early part of 2019. The significant fluctuation in the value of RCN Group investments in a short space of time was in line with general market performance during that time, and serves as a reminder of the volatility risk associated with investment portfolios. The RCN Group investment income for 2018 reported £2.5m (2017: £2.4m). Further information can be found in note 4.

In 2018, the RCN together with the RCN Foundation commissioned an independent review of the RCN Group investment manager and the individual portfolios held by the RCN and the RCN Foundation. Several recommendations were received and more work will be carried out in 2019 with our current investment manager Sarasin & Partners, who have been reappointed following the review.

Pension

The RCN Group defined benefit pension scheme liability, as calculated under FRS102 (accounting valuation) requirements, at 31 December 2018 was £2.5m (31 December 2017: £12.2m).

This reduction is predominately due to a decrease in the value of scheme liabilities as a result of an increased discount rate due to higher bond values at 31 December 2018.

The scheme liabilities at 31 December 2018 includes the estimated impact to the scheme of Guaranteed Minimum Pension (GMP) equalisation. The estimated impact is £461k, and is included in the pension charge outlined in note 15.2.

Council continues to be committed to reducing the deficit. The funding requirement of the pension scheme, as determined by the triennial actuarial valuation, is incorporated into the financial strategy and budget to ensure the scheme obligations are met. The RCN has deliberately held significant cash reserves to ensure it can meet its obligations to the scheme as they fall due without detriment to member services or being required to take monies from the investment portfolio when markets are poor.

The full pension scheme deficit, as calculated under the accounting valuation is recognised in the RCN UK statement of financial position, although RCNi, which has staff members in the scheme, contributes to the annual deficit payments.

The pension scheme continues to represent a significant financial commitment for the RCN.

In 2018 the RCN made total payments to the scheme of £12.7m, the impact of the scheme on the RCN's financial statements is broken down in the table below.

Transaction	£'000	Impact on financial statements
Employer contributions	4,205	Cash payments from accumulated funds
Annual deficit funding	3,156	Cash payments from accumulated funds
One-off deficit funding	4,900	Cash payments from accumulated funds
PPF levy payment	285	Cash payment included within operating expenditure
Scheme administrative expenses	157	Cash payment included within operating expenditure
Member/augmentation payments	34	Cash payment included within operating expenditure
Total paid by RCN in 2018	12,737	
FRS102 charge to statement of comprehensive income	4,873	Non cash, calculated by actuaries, based on assumptions and included within operating expenditure
Net surplus of scheme in 2018	7,864	Reduces RCN accumulated funds, increases funds held at pension scheme
Actuarial gain in year	1,829	Changes in deficit as a result of assumptions used. Shown in statement of comprehensive income
Total movement in deficit	9,693	Positive impact on RCN statement of financial position

Valuing, managing and accounting for defined benefit schemes can be complex, more details on specific pension matters can be found in the following notes to the financial statements:

Note 1.g (pensions) – provides context on the scheme and explains the detail of the FRS102 and purpose of the triennial actuarial valuation.

Note 15.2 – provides detail through data tables of the current position of the scheme at 31 December 2018 based on current and previous accounting valuations.

Financial resilience

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

Managing our risks

The RCN Group strategic risk register is reviewed monthly by the Executive Team and quarterly by Council, with input from the Audit and Finance and Investment Committees to ensure that adequate measures are in place to manage our identified risks.

Strategic risks are those which, if not managed, may force a change in the strategic direction of the organisation and pose a threat to the successful delivery of the organisation's strategic plan and its business priorities.

We have continued to develop our risk management tool. It enables us to evaluate each of the risks on our register against a range of factors (including our degree of risk preparedness and our risk appetite). It can also test the organisation's key decisions and help us to determine where resources can be directed for maximum effect.

The environment in which the RCN operates has continued to change rapidly over the past 12 months and this has given rise to new strategic risks, the most significant of which are:

- democratic change means we cannot say we have a mandate from members
- the impact of devolution of health and negotiations on the pay, terms and conditions of members working in the NHS

- our current delivery model means we are not able to meet the needs of our growing membership in the independent sector
- the negative impact on our membership of changes to the routes into nursing and the structure of the profession
- the impact of the challenging external context in which the nursing profession is working on the future sustainability of the organisation
- we do not increase our commercial income and continue to be over-dependent on membership income
- management of RCN information fails to meet with legislative obligations

Addressing these long-term strategic risks is at the heart of our corporate strategy for 2019–2021 and our organisational priorities for 2019.

Environmental and social review

NHS Blood and Transplant relocated their busy West End centre to a suite of rooms at RCN Cavendish Square for three months at the end of 2018 whilst their building was refurbished. Many RCN staff used this opportunity to donate blood.

As we review our leases and procurement contracts we focus on improving sustainability; compliance with modern slavery legislation and our commitment to equality and inclusion.

Leases were renewed for RCN offices in Glasgow and Bury St Edmunds. The Newbury office was relocated to a new premises in June and we began a review of all RCN properties.

In addition, our estates team is in the process of changing to energy efficient LED lighting in all RCN buildings.

The Health and Safety Committee agreed in December 2018 to include environmental issues in their workplan. This specifically relates to reducing our use of paper in order to work more efficiently. A template for corporate stationery was issued so that individuals can print off what they need as required rather than placing bulk orders of letterheaded paper and compliment slips with a printing supplier.

We are proud to be a Sunday Times top 100 best company and hold Gold Star Investor in People accreditation. We know that our diversity is our strength. We are committed to developing, maintaining and supporting a culture of equality and diversity in employment, and ensure that people with disabilities are afforded equal opportunities to enter employment and progress within the organisation.

We ensure our staff have a good work-life balance; their health and wellbeing are supported, and their training and career development needs are provided for. If an employee becomes disabled in the course of their employment, reasonable steps are taken to accommodate their disability by considering adjustments to working practices and arrangements, or by considering redeployment and appropriate retraining to enable them to remain in our employment.

Our staff raised £11,552.01 for charity in 2018. Two departments joined Keep Wales Tidy as part of the departmental away days to litter pick.

The GEM scheme continues to be popular with staff. 6,624 gems were awarded in 2018.

181 managers attended the *Who Cares Wins* managers' conference in Gateshead in June. The conference explored how managers can use compassion and trust to create inspired teams.

The organisation once again took place in the Global Corporate Challenge. This 100-day wellbeing challenge aims to increase activity levels in participants. In 2018, 25 teams of seven staff members participated, a slight increase on the previous year. 83% of participants increased their activity to over 10,000 steps per day, compared with only 29% pre-Global Challenge. Participants also reported that they had lost weight, slept better and 73% confirmed their stress levels were reduced following the challenge. The Global Corporate Challenge supports Unicef.



The RCN IT Team taking part in the Keep Wales Tidy litter pick

Thank you to our supporters

We would like to express our warmest thanks to the companies listed below, for their substantial support of the RCN in 2018. The same thanks go to all the other companies, groups and individuals – far too numerous to list here – who help to make our work possible.

BD	Lighthouse Financial Advice Ltd	Penine Care NHS Foundation Trust
Bio Oil	LV=	Public Health Agency
Cerner	Manpower Recruitment working with Atos	Roche Pharmaceuticals
Defence Medical Services	My Improvement Network	SC Johnson Professional
Health Education England	NHS Employers	Wiley
HSCRecruit (Northern Ireland)	NHS Wales	
Jobtrac+		

We were delighted and honoured that *Game of Thrones* and *Star Wars* actor Emilia Clarke agreed to become the RCN's first ever Ambassador. Emilia joined us at the 2018 RCNi Awards and, through a campaign on the *Omaze* platform, generated the largest ever single donation to the RCN Foundation.

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

Reference and administrative details

Registered office

20 Cavendish Square, London W1G 0RN

Company registration number: RC000459
Trade Union list number: 528T

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

Bankers

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

Independent auditor

Deloitte LLP
Statutory Auditor
1 New Street Square, London EC4A 3HQ
United Kingdom

Investment managers

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

Lawyers

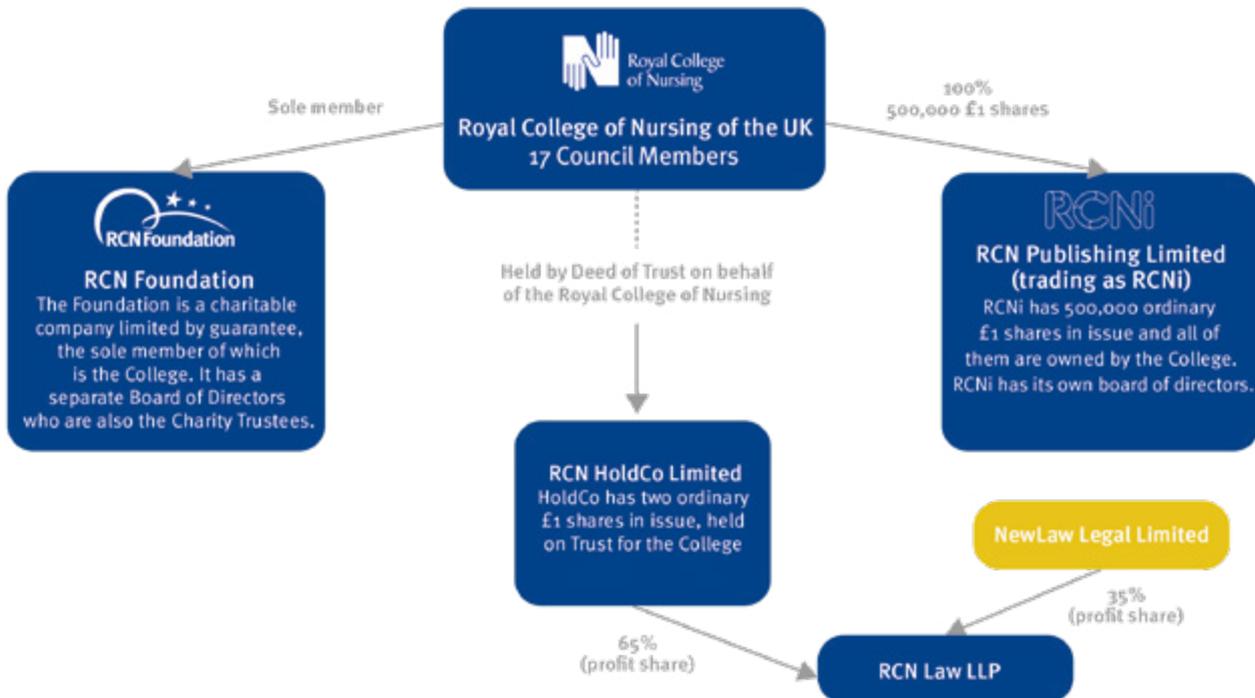
Bates Wells and Braithwaite LLP
10 Queen Street Place, London EC4R 1BE

Acting Chief Executive & General Secretary

Dame Donna Kinnair

Corporate governance

Royal College of Nursing Group structure and relationships

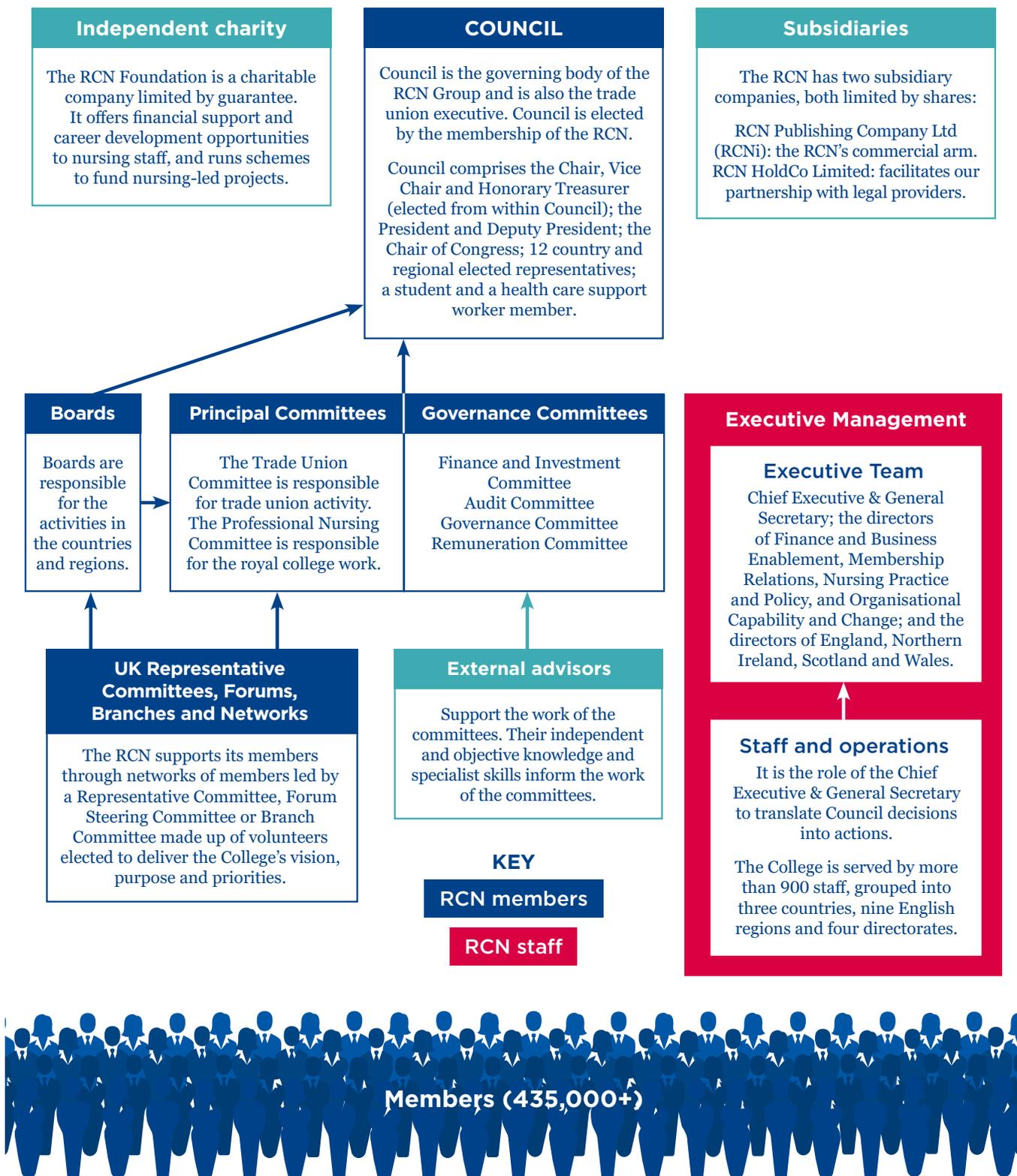


RCN Council 2018 photographed at Cavendish Square, 12 December 2017



- 1** Carol Popplestone (Yorkshire & The Humber) **2** Sue Warner (West Midlands)
3 Maria Trewern (South East, Chair of Council) **4** David Miller (East Midlands)
5 Elspeth Caithness (Scotland) **6** Cecilia Akrisie Anim (President)
7 Richard Jones (Wales, Vice Chair of Council) **8** Trevor Allen (Eastern)
9 Dave Dawes (North West, Honorary Treasurer) **10** Rod Thomson (Deputy President)
11 Vicky Brotherton (South West) **12** Brian Murphy (Health Practitioner) **13** Trevor Peel (Northern)
14 Siobhan Donald (Northern Ireland) **15** Charlotte Hall (Student) **16** Cynthia Davis (London)

Corporate Governance Framework



RCN Council 2019



Photographed at Cavendish Square, 24 January 2019:

- 1 BJ Waltho (Chair of Congress, non-voting member of Council)
2 Heather Mercer (South East) 3 Geoff Earl (Scotland) 4 Dee Sissons (East Midlands)
5 Sue Warner (West Midlands, Chair of Council) 6 Geoffrey Walker (South West)
7 Ann Marie O'Neill (Northern Ireland) 8 Evan Keir (Health Practitioner)
9 Anne Marie Rafferty (President) 10 Dave Dawes (North West)
11 Carol Popplestone (Yorkshire & The Humber) 12 Yvonne Coghill (Deputy President)
13 Richard Jones (Wales, Vice Chair of Council) 14 Trevor Peel (Northern)
15 Amy Fancourt (Student) 16 Cynthia Davis (London)
Not pictured Janice Waters (Eastern)

Looking forward

Plans and priorities for 2019

The first RCN Group Strategy and three year Group Plan for 2019–2021 was developed and agreed during 2018.

Provision of education and learning

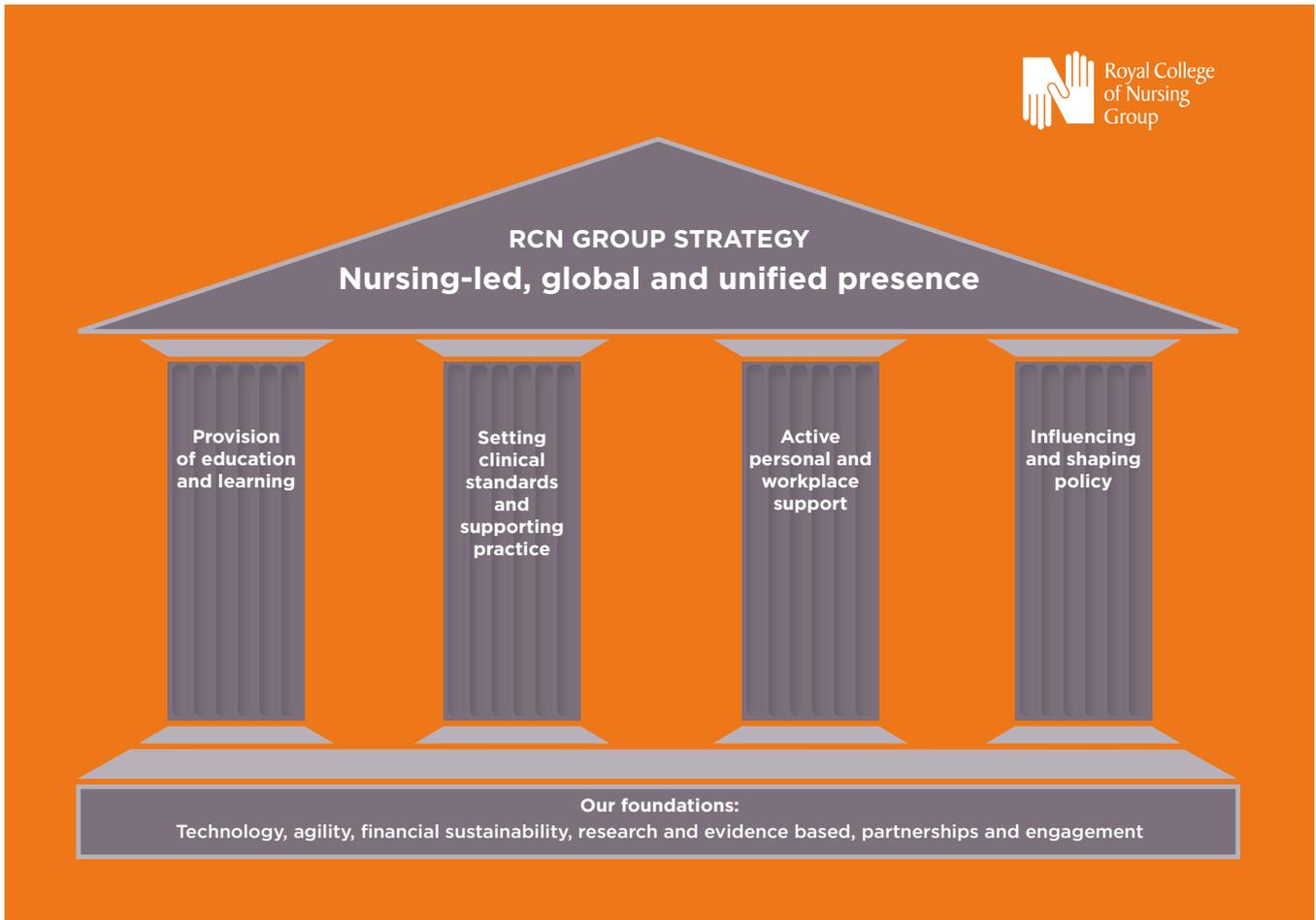
Patients have a right to expect the very best care which is by evidence-based practice and from practitioners who are informed and up to date. We aim to ensure that the nursing team can readily access up-to-date, world-class education and professional development resources, at any time and in any setting in a way that is personalised to them.

Setting clinical standards and supporting practice

Teams and individuals delivering health and care can rely on us to keep them informed on best practice and to set and promote world-class standards so that they can provide the very best care to their patients.

Active personal and workplace support

Those working in health and care do their best work in an environment which is safe and respects and supports their physical and mental wellbeing. We work with members of the nursing team and their employers to nurture exemplary working practices and support them when things go wrong.



Influencing and shaping policy

We develop evidence-based positions and work to influence those in power to shape policy. We work with decision makers and opinion formers to inform and recognise the importance and contribution of the nursing team to securing the best outcomes for patients. We have no ties to any political party and we take pride in our political independence.

Our business priorities for the three years 2019–2021 are to:

- ensure that nurses, prospective nurses, and other health and care practitioners, can readily access up-to-date, world-class education and professional development resources
- drive exemplary working practices
- develop tools and resources to empower the nursing workforce to lead and champion our work on the ground
- influence and shape health and wider public policy issues
- strengthen our engagement and champion diversity and inclusion
- enrich the customer experience through making the best and most efficient use of digital technology by ensuring that our systems are easy to use, up-to-date and integrated.

- ensure our data is managed securely and thoughtfully to enable all our stakeholders to make the most of the RCN Group
- develop a culture that fosters high performance delivered through a highly skilled, engaged and agile workforce
- strive to grow our income whilst at the same time maintaining our subscriptions at as low a level as possible
- work with other organisations, here and overseas: governments, health and care delivery groups, charities, health care companies, and others.

In 2019 Council's specific priorities are to:

- campaign for safe and effective staffing across the UK
- strengthen our employment relations function and review our approach to pay and terms and conditions negotiations
- develop and implement our Independent Sector Strategy
- develop an education and learning strategy
- improve our membership engagement and, in particular, our website
- focus on member recruitment and retention
- evaluate the Council Review and agree next steps.

Statement of Council members' responsibilities

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

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

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

The Council members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the organisation and enable them to ensure that the financial statements comply with the Trade Union and Labour Relations (Consolidation) Act 1992 and the Royal College of Nursing of the United Kingdom's

standing orders. They are also responsible for safeguarding the assets of the organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



Sue Warner
Chair of Council
Date: 9 April 2019

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

Opinion

In our opinion the financial statements of the Royal College of Nursing (the 'College') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 December 2018 and of the Group's and College's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the Trade Union and Labour Relations (Consolidation) Act 1992 and Section 25 of the Royal College of Nursing Standing Orders.

We have audited the financial statements of the Royal College of Nursing which comprise:

- the Group and College Statement of Comprehensive Income;
- the Group and College Statement of Changes in Equity;
- the Group and College Statement of Financial Position;
- the Group Statement of Cash Flows; and
- the related notes 1 to 24.

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

Basis for opinion

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

We are independent of the Group and the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ('The FRC's') Ethical Standard, and we have fulfilled our other

ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of Council Members

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, and for such internal control as the Council members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Trade Union and Labour Relations (Consolidation) Act 1992 we are required to report in respect of the following matters if, in our opinion:

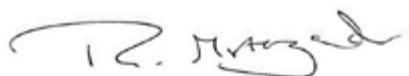
- proper accounting records have not been kept with respect to the College's transactions and its assets and liabilities; or
- the College has not established and maintained a satisfactory system of control over its accounting records, cash holdings and all receipts and remittances; or

- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

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.



Reza Motazed (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
Date: 9 April 2019



Financial statements

Statement of comprehensive income for the year ended 31 December 2018

	Note	RCN UK 31 December 2018 £'000	RCN UK 31 December 2017 £'000	RCN Group 31 December 2018 £'000	RCN Group 31 December 2017 £'000
Income					
Membership income	3	73,921	73,854	73,921	73,854
Trading income		–	–	12,229	12,879
Other income	3	3,804	3,897	4,048	3,456
Total income		77,725	77,751	90,198	90,189
Expenditure					
Staff costs	8	46,154	43,558	52,332	49,556
Premises and estate costs		9,801	9,186	10,300	9,603
Travel and accommodation		2,880	2,811	2,893	2,830
Other service delivery costs		11,963	14,522	17,945	21,595
Total expenditure	9	70,798	70,077	83,470	83,584
Operating surplus		6,927	7,674	6,728	6,605
Investment income	4	1,540	1,415	2,524	2,434
Net realised gains on investments	11	1,666	2,568	2,233	3,635
Dividends received from subsidiary	5.1.b	275	450	–	–
Foreign exchange (losses)/gains on investments		(1,238)	661	(1,560)	801
Surplus before taxation	2	9,170	12,768	9,925	13,475
Taxation	7	–	–	5	(79)
Surplus after taxation		9,170	12,768	9,930	13,396
Actuarial gains/(losses) on defined pension scheme	15.2	1,829	(938)	1,829	(938)
Revaluation reserve adjustment	19	(64)	(63)	(64)	(63)
Net unrealised (losses)/gains on fixed asset investment	11	(3,091)	1,893	(5,372)	3,244
Net unrealised gains/(losses) on joint venture		–	–	80	51
Total comprehensive income for the period		7,844	13,660	6,403	15,690
Reserves brought forward		85,420	71,760	123,427	107,737
Reserves carried forward		93,264	85,420	129,830	123,427

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

Notes on pages 31 to 55 form part of these financial statements.

Statement of changes in equity for the year ended 31 December 2018 | RCN UK

	Revaluation reserve £'000	Accumulated funds £'000	Pension reserve £'000	Total funds £'000
Accumulated funds at 1 January 2017 as previously reported	2,118	84,227	(14,585)	71,760
Surplus in period	–	9,409	3,359	12,768
Other comprehensive income	(63)	1,893	(938)	892
Accumulated funds at 31 December 2017	2,055	95,529	(12,164)	85,420
Surplus in period	–	1,306	7,864	9,170
Other comprehensive income	(64)	(3,091)	1,829	(1,326)
Accumulated funds at 31 December 2018	1,991	93,744	(2,471)	93,264

Statement of changes in equity for the year ended 31 December 2018 | RCN Group

	Reserves for charitable purposes £'000	Revaluation reserve £'000	Accumulated funds £'000	Pension reserve £'000	Total funds £'000
Accumulated funds at 1 January 2017 as previously reported	31,579	2,118	88,625	(14,585)	107,737
Surplus in period	765	–	9,272	3,359	13,396
Other comprehensive income	1,351	(63)	1,944	(938)	2,294
Accumulated funds at 31 December 2017	33,695	2,055	99,841	(12,164)	123,427
Surplus in period	1,217	–	849	7,864	9,930
Other comprehensive income	(2,282)	(64)	(3,010)	1,829	(3,527)
Accumulated funds at 31 December 2018	32,630	1,991	97,680	(2,471)	129,830

Statement of financial position as at 31 December 2018

	Note	RCN UK 31 December 2018 £'000	RCN UK 31 December 2017 £'000	RCN Group 31 December 2018 £'000	RCN Group 31 December 2017 £'000
Fixed assets					
Property, plant and equipment	10	18,163	20,780	18,466	21,111
Intangible assets	10.3	–	–	2	5
Long term financial assets	11.1	59,976	62,646	90,264	94,962
Investment in joint venture	5.2	–	–	95	16
Total		78,139	83,426	108,827	116,094
Current assets					
Inventory		22	27	22	27
Debtors and prepayments	12	3,039	2,128	4,476	3,153
Short term financial assets	11.2	–	–	1,001	1,001
Short-term deposits	17	22,827	21,816	26,366	25,008
Cash at bank and in hand	17	6,163	5,253	7,768	6,639
Total		32,051	29,224	39,633	35,828
Creditors – amounts falling due within one year					
Creditors and accrued charges	13.1	(9,237)	(9,111)	(10,854)	(10,299)
Net current assets		22,814	20,113	28,779	25,529
Total assets less current liabilities		100,953	103,539	137,606	141,623
Provisions for liabilities and charges	13.2	(5,218)	(5,955)	(5,305)	(6,032)
Net assets (excluding pension scheme liability)		95,735	97,584	132,301	135,591
Defined benefit pension scheme liability	15.2	(2,471)	(12,164)	(2,471)	(12,164)
Net assets (including pension scheme liability)		93,264	85,420	129,830	123,427
Represented by:					
Revaluation reserve	19	1,991	2,055	1,991	2,055
Accumulated funds	19	93,744	95,529	97,680	99,841
Reserves excluding reserves for charitable purposes and pension liability		95,735	97,584	99,671	101,896
Pension reserve	15.2	(2,471)	(12,164)	(2,471)	(12,164)
Total reserves excluding reserves for charitable purposes		93,264	85,420	97,200	89,732
Reserves for charitable purposes	6.2	–	–	32,630	33,695
Total reserves		93,264	85,420	129,830	123,427

Notes on pages 31 to 55 form part of these financial statements.

The financial statements were approved by Council on 09 April 2019.



Sue Warner
Chair of Council



David Dawes
Honorary Treasurer



Dame Donna Kinnair
Acting Chief Executive
& General Secretary

RCN Group statement of cash flows for the year ended 31 December 2018

	31 December 2018 £'000	31 December 2017 £'000
Surplus from operating activities	6,728	6,605
Depreciation	2,927	3,030
Amortisation of intangible assets	3	3
Write off property, plant and equipment	44	192
Taxation	(5)	(79)
Total pension contributions less current service and finance costs	(7,864)	(3,359)
Revaluation reserve adjustment	(64)	(63)
Decrease in inventories	5	10
(Increase) in debtors	(1,323)	(108)
Increase/(decrease) in creditors	555	(413)
(Decrease)/Increase in provisions	(727)	1,082
Net cash generated from operating activities	279	11,336
Investing activities		
Interest received	2,524	2,434
Purchase/disposal of property, plant and equipment and intangible assets	(326)	(662)
Acquisition of financial assets	(18,654)	(27,665)
Disposal of financial assets	18,660	23,475
(Increase) in financial assets	(669)	(599)
Net realised investment gains	673	4,436
Net cash inflow	2,487	8,319
Management of liquid resources	2,502	(2,991)
Increase in cash	(1,129)	(5,328)
Cash and cash equivalents at beginning of year	31,647	23,328
Cash and cash equivalents at end of year	34,134	31,647
Components of cash and cash equivalents		
Cash	7,768	6,639
Cash equivalents	26,366	25,008
Total	34,134	31,647

Notes to the financial statements

1. Accounting policies and assessment of going concern

The consolidated financial statements presented show the consolidated statement of comprehensive income, statement of changes in equity, statement of financial position and the statement of cash flows of the RCN Group for the year ended 31 December 2018.

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

These accounts are prepared on the going concern basis. The Council considers that there are no material uncertainties about the Royal College of Nursing's ability to continue as a going concern and the Council members have a reasonable expectation that the RCN Group has adequate resources in operational existence to meet obligations as they fall due for at least 12 months from the date of signing and beyond.

The most significant areas of adjustment and key assumptions that affect items in the accounts are to do with financial asset investments and pensions. With respect to the next reporting period 2019, the most significant area of uncertainty that affect the carrying values of assets held by the Royal College of Nursing are due to worldwide economic uncertainty and proximity of Brexit.

a. Accounting convention

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

The financial statements have been prepared in accordance with the accounting policies set out below, all of which have been applied consistently.

b. Income

Income is accounted for on an accruals basis. Any tax credit arising on income received net of tax is accrued as part of the income arising. Membership and other income is apportioned between representation activities and other college activities in line with expenditure.

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

c. Deferred income

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

d. Accrued income

Income is accrued and included in the income and expenditure accounts when there is a probable future economic benefit that can be reliably measured.

e. Basis of consolidation

The RCN Group financial statements consolidate the accounts of the RCN UK, RCN Foundation, RCN Holdco Limited and RCNi on a line-by-line basis. Financial transactions between group entities are eliminated on consolidation.

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 running costs and depreciation.

Travel and accommodation

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

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

f. Expenditure (continued)

Other service delivery costs

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

g. Judgements and key sources of estimation uncertainty

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

Pensions

The RCN UK operates defined benefit and defined contribution schemes.

Defined benefit pension schemes

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

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

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

basis as the staff costs of the scheme members. Gains arising on a curtailment not allowed for in the actuarial assumptions are recognised in the statement of comprehensive income under incoming resources.

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

Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and the data used is updated to reflect current conditions at each statement of financial position date. The pension scheme assets are measured at bid value. The costs, assets and liabilities of the defined benefit schemes operating by the Group are determined using methods relying on actuarial estimates and assumptions. Details of the key assumptions are set out in note 15. The resulting pension scheme deficit is included on the statement of financial position. A pension scheme asset is recognised on the statement of financial position only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the statement of financial position date.

The triennial valuation determines the funding levels required over the expected life of the scheme. The requirements of FRS102 report the RCN's obligation to the scheme at a specific point in time.

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 defined benefit scheme are automatically enrolled into the lowest contribution level. Once in the scheme employees can opt to move to a higher level of contribution. Please see note 15.1 for more information. All employer contributions made to the scheme are charged to the statement of comprehensive income as incurred.

Legal provision

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

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

to estimation uncertainty. The uncertainty is linked to the progress of cases and the percentage likelihood of success.

Dilapidations

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

h. Irrecoverable Value Added Tax

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

i. Direct tax

Current tax is provided at amounts expected to be paid or recovered using tax rates and laws that have been enacted or substantially enacted by the statement of financial position date.

j. Deferred tax

Deferred taxation is recognised in respect of all timing differences that have originated, but not reversed at the statement of financial position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the statement of financial position date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion for gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

k. Property, plant, equipment and intangible assets

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

Expenditure in the RCN UK of a capital nature over £1,000 is capitalised as Property, plant and equipment. Expenditure in RCNi of a capital nature over £500 is capitalised as Property, plant and equipment.

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

I. 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	3-5 years RCN Group estimates the useful life of software at five years but RCNi uses the shorter useful life of three years due to the rapid technological change in their sector.
Computer equipment	3 years (included in furniture and equipment in note 10)
Furniture and other equipment	5 years

m. Impairment of Property, plant and equipment

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

n. Financial assets

Financial assets are stated at market valuation, where market value represents the bid market price on the last trading day of the year. Unlisted securities are stated at original cost. Financial assets purchased as part of treasury management, which are intended to be held for less than one year, are shown as short term deposits; financial assets held to generate longer term income and capital growth are shown within property, plant and equipment. Realised gains and losses are charged to the income and expenditure account; unrealised gains and losses are charged to other comprehensive income. Foreign currency transactions within the investment

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

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

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

o. Leasing

Assets held under leasing arrangements which transfer substantially all the risks and rewards of ownership to the RCN Group are capitalised as fixed assets at the fair value of the leased asset. The capital element of the related rental obligations is included in creditors. The interest element of the rental obligations is charged to the income and expenditure account so as to produce a constant periodic rate of charge. Rentals for other leased assets, held under the terms of operating leases are charged directly to the income and expenditure account on a straight-line basis over the term of the lease.

p. Liquid resources

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

q. Provisions

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

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

r. Financial Instruments

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

2. Surplus on activities

Surplus on activities is stated after charging:

	RCN UK 31 December 2018 £'000	RCN UK 31 December 2017 £'000	RCN Group 31 December 2018 £'000	RCN Group 31 December 2017 £'000
Depreciation	2,626	2,723	2,827	2,909
Operating leases:				
Land and buildings	1,053	988	1,218	1,153
Other leased assets	169	172	173	176
Auditors' remuneration:				
Audit services*	102	106	129	133
Non-audit services	–	4	–	4

* RCN UK have funded the 2016, 2017 and 2018 audit fees on behalf of RCN Holdco as they had not generated sufficient cash reserves.

3. Income – RCN UK

	Representation activities £'000	Other college activities £'000	Total 31 December 2018 £'000	Total 31 December 2017 £'000
Membership income	48,596	25,325	73,921	73,854
Other income	2,501	1,303	3,804	3,897
Total	51,097	26,628	77,725	77,751

Representation is defined as relating to Trade Union activities.

Membership and other income is split – 65.74% representation and 34.26% other college activities in line with expenditure. See note 9 for basis of allocation. Included under other college activities is the Lamplight grant and management fees for the RCN Foundation.

3.1. Group results less charitable activities

Total RCN Group results less RCN Foundation charitable activities before taxation were equal to £11m (31 December 2017: £11.4m).

4. Investment income

	RCN UK 31 December 2018 £'000	RCN UK 31 December 2017 £'000	RCN Group 31 December 2018 £'000	RCN Group 31 December 2017 £'000
UK equities	305	204	777	721
Overseas equities	647	739	934	987
UK fixed interest	579	469	794	700
Bank interest	9	3	19	26
Total	1,540	1,415	2,524	2,434

Investment income is split – 56.25% representation (£866,000) and 43.75% other college activities (£674,000) in line with investment holdings. See note 18 for allocation of investment assets.

5. RCN UK trading subsidiary undertakings

RCNi and RCN Holdco Limited are the trading subsidiaries of the Royal College of Nursing of the United Kingdom (RCN). Their registered addresses are 20 Cavendish Square, London W1G 0RN.

5.1.a Trading results (RCNi)

RCNi (registered company no: 02119155) produces a portfolio of nursing journals, learning and decision support products, career services and events to the nursing community. RCNi is incorporated in the United Kingdom and wholly owned by the Royal College of Nursing of the United Kingdom. Details of the trading activities are set out below.

	RCNi 31 December 2018 £'000	RCNi 31 December 2017 £'000
Income	12,390	13,498
Costs	(12,306)	(13,063)
Profit	84	435
Taxation	5	(79)
Profit after tax	89	356

5.1.b Summarised statement of financial position RCNi

	RCNi 31 December 2018 £'000	RCNi 31 December 2017 £'000
Property, plant and equipment and intangible assets	292	322
Current assets	5,026	5,072
Creditors: falling due within one year		
Creditors and accrued charges	(1,405)	(1,299)
Provisions for liabilities and charges	(111)	(106)
Total net assets	3,802	3,989
Capital and reserves	3,802	3,989
Ordinary share capital held by the RCN UK (£'000) is:	500	500

During the year a dividend was paid from RCNi of £275,000 (31 December 2017: £450,000).

5.2. RCN Holdco Limited

RCN Holdco Limited (registered company no: 9691324) does not trade directly but is a member of a jointly-controlled entity, RCN Law LLP, which provides legal services to members of the Royal College of Nursing.

	RCN Holdco Limited 31 December 2018 £'000	RCN Holdco Limited 31 December 2017 £'000
Investment in joint venture	95	16
Total net assets/(liabilities)	95	16
Capital and reserves	95	16

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

6. RCN Foundation

RCN UK is the sole member of the RCN Foundation. RCN Foundation is a charitable company providing grants that supports nursing to improve health and well-being of the public. Their registered company number is 07026001 and their registered address is 20 Cavendish Square, London W1G 0RN.

6.1. Summarised statement of financial activities

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

	RCN Foundation 31 December 2018 £'000	RCN Foundation 31 December 2017 £'000
Income and endowments	2,356	1,430
Expenditure	(1,384)	(1,872)
Net (losses)/gains on investment	(2,037)	2,558
Net movement in funds	(1,065)	2,116

6.2. Summarised balance sheet of RCN Foundation

	RCN Foundation 31 December 2018 £'000	RCN Foundation 31 December 2017 £'000
Tangible property, plant and equipment	13	15
Investments	30,287	32,316
Current assets	2,827	2,169
Creditors: falling due within one year		
Creditors and accrued charges	(478)	(708)
Total assets less current liabilities	32,649	33,792
Creditors due after more than one year	(19)	(97)
Total net assets	32,630	33,695
Revaluation reserve	2,732	5,013
Other funds	29,898	28,682
Reserves	32,630	33,695

7. Taxation note

Taxation on surplus/(loss)

	RCN UK 31 December 2018 £'000	RCN UK 31 December 2017 £'000	RCN Group 31 December 2018 £'000	RCN Group 31 December 2017 £'000
UK corporation tax				
Current tax on surplus	–	–	–	85
Adjustments in respect of prior years	–	–	–	(1)
Total current tax	–	–	–	84
Deferred tax				
Movement in period	–	–	(5)	(5)
Taxation on surplus	–	–	(5)	79

7. Taxation note (continued)

The differences are explained below:

	RCN UK 31 December 2018 £'000	RCN UK 31 December 2017 £'000	RCN Group 31 December 2018 £'000	RCN Group 31 December 2017 £'000
Surplus before tax	8,936	12,768	9,391	13,475
Surplus at the main rate of corporation tax in the UK of 19% (December 2017: 19.25%)	1,698	2,457	1,784	2,594
Expenses not deductible for tax purposes	12,838	12,631	12,783	12,590
Income not taxable	(14,124)	(14,280)	(14,124)	(14,280)
Adjustments to brought forward values	(609)	(894)	(609)	(894)
Other tax adjustments, reliefs and transfers	184	221	184	221
Group income	(52)	(87)	(52)	(87)
Group relief surrendered/ (claimed)	37	12	–	–
Deferred tax not recognised	25	(53)	25	(57)
Change in tax rates	3	(7)	4	(7)
Adjustments to tax charge in respect of previous periods	–	–	–	(1)
Total tax (credit)/charge	–	–	(5)	79

Deferred tax asset/liability balance

The RCN Group has a deferred tax liability arising from timing differences as set out below, shown at 17% rate for the current year (31 December 2017: 17%).

	31 December 2018 £'000	31 December 2017 £'000
Analysis of deferred tax asset/(liability)		
Fixed asset timing differences	(38)	(41)
Short-term timing differences	15	13
Carried forward as at period end	(23)	(28)

There are also unrecognised deferred tax assets as at 31 December 2018 totalling £381,000 (31 December 2017: £356,000) in respect of tax losses and other short term timing differences in relation to the Royal College of Nursing.

8. Staff costs — RCN Group

	31 December 2018 £'000	31 December 2017 £'000
Wages and salaries	41,798	39,927
Social security costs	4,286	4,144
Other pensions costs	6,248	5,485
Total	52,332	49,556

Of the total staff costs £30,159,079 (31 December 2017: £29,589,126) has been allocated to RCN UK representation activities.

The total pension cost comprises:

	31 December 2018 £'000	31 December 2017 £'000
RCN defined benefit scheme (see note 15.2)	4,873	4,328
Expense charge	(336)	(306)
RCN defined contribution scheme (see note 15.1)	1,711	1,463
Total	6,248	5,485

RCN Group staffing numbers

Representation and other college activities: full time equivalent (FTE)

	2018 Average FTE	2017 Average FTE
Representation activities	572	569
Other college activities	246	267
RCNi	93	96
Total	911	932

Total staff numbers: average headcount

	2018 Average	2017 Average
RCN UK (including staff that support the RCN Foundation)	905	903
RCNi	103	101
Total	1,008	1,004

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

	31 December 2018 £'000	31 December 2017 £'000
RCN Chief Executive & General Secretary	292	183
RCN Executive Team	1,192	1,035
RCNi Directors	573	482
Total	2,056	1,700

The above table incorporates basic pay London Weighting where applicable and pension costs. Any compensation for loss of office paid in the period is also included in the table above. During the year ended 31 December 2018 there were two post holders in the position of RCN Chief Executive & General Secretary. The amount shown is total emoluments, pro-rata for the duration that each post holder was in the role. The outgoing RCN Chief Executive & General Secretary is a member of the RCN defined benefit pension scheme.

RCN UK staff with the exception of the RCN Chief Executive & General Secretary are paid on RCN UK pay scales. The Council is responsible for setting the pay of the Chief Executive and General Secretary on the advice of the Remuneration Committee. The RCN Chief Executive & General Secretary normally receives an annual increase at the same amount agreed for all staff.

RCN Foundation does not employ any staff. However, a service level agreement exists between the RCN UK and RCN Foundation for the provision of services.

The RCN's commercial subsidiary RCN Publishing Company (RCNi) has a remuneration package which includes a performance related pay process benchmarked against comparator organisations.

RCN UK staff costs in the year include £266,039 (31 December 2017: £167,106) in respect of compensation for loss of office due to restructuring and redundancies arising from changes following reviews of some of the RCN UK's operations. RCNi staff costs in the year include £65,464 (31 December 2017: £nil) in respect of compensation for loss of office due to restructuring and redundancies arising from changes to RCNi operations. These costs are covered by legal agreements and subject to confidentiality.

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

	31 December 2018			31 December 2017		
	RCN	RCNi	Total	RCN	RCNi	Total
£60,000–£70,000	105	13	118	49	7	56
£70,000–£80,000	26	–	26	26	–	26
£80,000–£90,000	11	1	12	11	2	13
£90,000–£100,000	1	–	1	–	–	–
£100,000–£110,000	4	2	6	5	1	6
£110,000–£120,000	2	–	2	2	–	2
£120,000–£130,000	2	–	2	1	–	1
£130,000–£140,000	1	–	1	1	–	1
£140,000–£150,000	1	–	1	–	–	–
£160,000–£170,000	–	1	1	1	1	2
£200,000 and over	1	–	1	–	–	–
Total	154	17	171	96	11	107

The figures in the above table include any payments made in respect of compensation for loss of office.

The increase in individuals whose emoluments are in the £60,000-£70,000 is due mainly to the impact of the 2018 pay award on grade E.5 of the RCN UK salary scale, which was previously below £60,000 exclusive of London weighting. This added 51 individuals whose emoluments were below £60,000 in 2017.

Gender pay gap

All organisations with over 250 employees are required to publish their gender pay gap data.

The RCN's gender pay gap has been calculated at :

Mean pay gap	8%
Median pay gap	11.5%

Our workforce is 75% female and 25% male. We are confident that both are paid equally for doing the same work. Our pay structure rewards length of service so any gender pay gaps within a pay grade are directly attributable to how long staff have worked at the RCN and not their gender.

The higher proportion of men in more senior roles has created a gender pay gap but this proportion has decreased substantially since 2010. Our mean pay gap has reduced by over two-thirds in the last eight years and the median pay gap by 2% since 2017.

The new reporting requirements also include a breakdown of the profile of men and women in the organisation's four pay quartiles. The chart below shows the preliminary figures for the RCN's pay quartiles.

Profile of men and women within the organisation's four pay quartiles

Quartile	Men	Women
Upper	34.1%	65.9%
Upper middle	30.5%	69.5%
Lower middle	23.6%	76.4%
Lower	15.9%	84.1%

9. Breakdown of RCN UK expenditure linked to the trade union return (AR21)

Products and services – split by representation and other college activities 2018

	2018 Representation activities £'000	2018 Other college activities £'000	Total 31 December 2018 £'000
Representation and member support	38,221	–	38,221
Partnership working and collective representation	6,422	–	6,422
Clinical negligence indemnity	1,899	–	1,899
Education	–	6,519	6,519
Professional advice, practice and support	–	10,319	10,319
Shaping policy	–	5,847	5,847
Research	–	1,571	1,571
Total expenditure	46,542	24,256	70,798

Products and services – split by representation and other college activities 2017

	2017 Representation activities £'000	2017 Other college activities £'000	Total 31 December 2017 £'000
Representation and member support	37,237	–	37,237
Partnership working and collective representation	5,764	–	5,764
Clinical negligence indemnity	4,601	–	4,601
Education	–	6,129	6,129
Professional advice, practice and support	–	9,521	9,521
Shaping policy	–	5,386	5,386
Research	–	1,439	1,439
Total expenditure	47,602	22,475	70,077

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

Further analysis of RCN UK expenditure

	Representation activities £'000	Other college activities £'000	Total 31 December 2018 £'000	Total 31 December 2017 £'000
Staff costs	30,341	15,813	46,154	43,558
Premise and estate costs	6,443	3,358	9,801	9,186
Travel and accommodation	1,893	987	2,880	2,811
Other service delivery costs	7,864	4,099	11,963	14,522
Total expenditure	46,542	24,256	70,798	70,077

Representation is defined as relating to trade union activities.

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

10. Property, plant, equipment and intangible assets

10.1. Property, plant and equipment – RCN UK

	Freehold land and buildings £'000	Leasehold improvements £'000	Furniture and equipment £'000	Computer software £'000	Assets under construction £'000	Total £'000
Cost or valuation						
Balance at 1 January 2018	3,432	28,438	4,660	7,697	111	44,338
Additions	–	–	8	44	104	156
Disposals	–	(1,264)	(1,033)	169	–	(2,128)
Transfer of assets under construction	1	–	7	55	(63)	–
Write-off	–	–	–	–	(44)	(44)
Balance at 31 December 2018	3,433	27,174	3,642	7,965	108	42,322
Accumulated depreciation						
Balance at 1 January 2018	2,020	13,855	4,125	3,558	–	23,558
Charge for year	121	1,335	266	1,007	–	2,729
Disposals	–	(1,264)	(1,033)	169	–	(2,128)
Balance at 31 December 2018	2,141	13,926	3,358	4,734	–	24,159
Net book value at 31 December 2018	1,292	13,248	284	3,231	108	18,163
Net book value at 31 December 2017	1,412	14,583	535	4,139	111	20,780

Transfer of assets under construction includes the CRM (customer relationship management) system which became operational in 2017. A decision was made in early 2019 to pursue a different route for some CRM functionality under construction, this results in a write-off of costs relating to development of the original specification which has now been superseded.

The capitalised value reflects the costs incurred in building and developing the live functionality of the CRM, but costs of updating the system have been expensed. The software assets relating to the CRM in RCN UK, RCN Foundation and RCNi are all being depreciated over an estimated useful life of five years ending in 2023. At the balance sheet date no impairment to the capital value is considered necessary.

The historical cost of the revalued asset is:

	31 December 2018 Leasehold improvements £'000	31 December 2017 Leasehold improvements £'000
Cost	22,167	22,167
Accumulated depreciation based on historical cost	(9,589)	(9,146)
Historical cost net book value	12,578	13,021

10.2. Property, plant and equipment – RCN Group

	Freehold land and buildings £'000	Leasehold improvements £'000	Furniture and equipment £'000	Computer software £'000	Assets under construction £'000	Total £'000
Cost or valuation						
Balance at 1 January 2018	3,432	28,824	5,029	8,447	117	45,849
Additions	–	2	58	154	112	326
Disposals	–	(1,264)	(1,033)	169	–	(2,128)
Transfer of assets under construction	1	–	7	55	(63)	–
Write-off	–	–	–	–	(44)	(44)
Balance at 31 December 2018	3,433	27,562	4,061	8,825	122	44,003
Accumulated depreciation						
Balance at 1 January 2018	2,020	14,241	4,397	4,080	–	24,738
Charge for year	121	1,335	328	1,143	–	2,927
Disposals	–	(1,264)	(1,033)	169	–	(2,128)
Balance at 31 December 2018	2,141	14,312	3,692	5,392	–	25,537
Net book value at 31 December 2018	1,292	13,250	369	3,433	122	18,466
Net book value at 31 December 2017	1,412	14,583	632	4,367	117	21,111

10.3. Intangible assets

	RCN UK 31 December 2018 £'000	RCN UK 31 December 2017 £'000	RCN Group 31 December 2018 £'000	RCN Group 31 December 2017 £'000
Cost or valuation				
Cost as at 1 January 2018	–	–	9	9
Additions	–	–	–	–
Balance as at 31 December 2018	–	–	9	9
Depreciation				
Accumulated depreciation at 1 January 2018	–	–	4	1
Charge for year	–	–	3	3
Balance as at 31 December 2018	–	–	7	4
Net book value at 31 December 2018	–	–	2	–
Net book value at 31 December 2017	–	–	5	5

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

11. Financial assets

11.1. Long-term financial assets

	RCN UK 31 December 2018 £'000	RCN UK 31 December 2017 £'000	RCN Group 31 December 2018 £'000	RCN Group 31 December 2017 £'000
Market value at start of period	61,766	57,188	93,764	86,696
Additions at cost	11,985	16,511	18,654	23,664
Disposals at carrying value	(11,433)	(15,707)	(18,660)	(22,751)
Redemptions	(2,163)	(687)	(2,219)	(724)
Net realised gains	1,666	2,568	2,233	3,635
Net unrealised (losses)/gains	(3,091)	1,893	(5,372)	3,244
Financial assets at market value at period end	58,730	61,766	88,399	93,764
Cash held for reinvestment	1,246	880	1,865	1,198
Market value at period end	59,976	62,646	90,264	94,962
Historical cost at period end	53,295	52,839	80,850	80,142

Financial assets at market value comprise:

	RCN UK 31 December 2018 £'000	RCN UK 31 December 2017 £'000	RCN Group 31 December 2018 £'000	RCN Group 31 December 2017 £'000
Listed financial assets				
Fixed interest (Government securities and bonds)	18,866	19,149	24,386	24,938
UK equities	3,187	3,685	13,180	13,934
Global equities	28,674	29,389	38,994	40,229
Alternative assets	8,028	8,832	10,160	11,131
Property	–	585	1,706	2,303
Liquid assets	1,221	1,006	1,838	2,427
Total	59,976	62,646	90,264	94,962

Holdings over 5%

The following investments represented holdings in excess of 5% of the investment portfolio at 31 December 2018.

	RCN UK 31 December 2018	RCN UK 31 December 2017	RCN Group 31 December 2018	RCN Group 31 December 2017
Treasury 3.25%	5.3%	5.2%	5.3%	5.2%

11.2. Short-term financial assets

	RCN UK 31 December 2018 £'000	RCN UK 31 December 2017 £'000	RCN Group 31 December 2018 £'000	RCN Group 31 December 2017 £'000
Market value at start of period	–	–	1,001	1,000
Additions at cost	–	–	4,000	4,001
Redemptions	–	–	(4,000)	(4,000)
(Losses)/gains on short-term investments	–	–	–	–
Financial assets at market value at period end	–	–	1,001	1,001
Cash held for reinvestment	–	–	–	–
Market value at period end	–	–	1,001	1,001
Historical cost at period end	–	–	1,000	1,000

11.3. Investment in joint venture

	RCN UK 31 December 2018 £'000	RCN UK 31 December 2017 £'000	RCN Group 31 December 2018 £'000	RCN Group 31 December 2017 £'000
Investment in RCN Law LLP	–	–	95	16
Total	–	–	95	16

12. Debtors

	RCN UK 31 December 2018 £'000	RCN UK 31 December 2017 £'000	RCN Group 31 December 2018 £'000	RCN Group 31 December 2017 £'000
Trade debtors	940	132	1,641	735
Amount due from subsidiaries and associated undertakings	(13)	76	–	–
Other debtors	238	273	279	453
Taxation	188	204	188	204
Prepayments and accrued income	1,686	1,443	2,368	1,761
Total	3,039	2,128	4,476	3,153

All amounts included in debtors are receivable within one year except deferred tax of £(23,000) included within RCN Group taxation (31 December 2017 deferred tax of £(28,000) included within RCN Group taxation).

13. Creditors and accrued charges

13.1. Amounts falling due within 1 year

	RCN UK 31 December 2018 £'000	RCN UK 31 December 2017 £'000	RCN Group 31 December 2018 £'000	RCN Group 31 December 2017 £'000
Bank overdrafts and loans	30	45	30	45
Trade creditors	660	1,010	1,312	1,412
Amount due to subsidiaries and associated undertakings	519	510	–	–
Pension contribution	772	630	830	689
PAYE, social security and taxation	1,009	1,034	1,164	1,268
Other creditors	631	599	1,140	1,312
Accruals and deferred income	5,616	5,283	6,378	5,573
Total	9,237	9,111	10,854	10,299

13.2. Provision for liabilities and charges

	RCN UK 31 December 2018 £'000	RCN UK 31 December 2017 £'000	RCN Group 31 December 2018 £'000	RCN Group 31 December 2017 £'000
Provision for dilapidations	140	174	227	251
Professional indemnity claims	4,686	5,429	4,686	5,429
Provision for holiday pay	392	352	392	352
Total	5,218	5,955	5,305	6,032

RCN UK Movements - provision for liabilities and charges

	31 December 2017 £'000	New provisions £'000	Net adjustments £'000	Utilised £'000	31 December 2018 £'000
Provision for dilapidations	174	–	(34)	–	140
Professional indemnity claims	5,429	1,261	(1,310)	(694)	4,686
Provision for holiday pay	352	–	40	–	392
Total	5,955	1,261	(1,304)	(694)	5,218

RCN Group Movements - provision for liabilities and charges

	31 December 2017 £'000	New provisions £'000	Net adjustments £'000	Utilised £'000	31 December 2018 £'000
Provision for dilapidations	251	–	(24)	–	227
Professional indemnity claims	5,429	1,261	(1,310)	(694)	4,686
Provision for holiday pay	352	–	40	–	392
Total	6,032	1,261	(1,294)	(694)	5,305

Provision for dilapidations relates to the expected cost of alterations, wear and tear on 9 leasehold properties. Amounts are uncertain and are payable at the end of the lease term.

Provision for professional indemnity cases for members who are subject to claims of clinical negligence. The nature of these cases means that the liability is of uncertain timing and amount until each case is settled.

Provision for holiday pay outstanding as at year ended 31 December 2018.

14. Leasing commitments

14.1 Operating leases – RCN UK

The total future minimum lease payments as at 31 December 2018 under non-cancellable operating leases were:

	Assets 31 December 2018 £'000	Assets 31 December 2017 £'000
Within one year	416	288
Within one to two years	65	317
Within two to five years	53	91
Over five years	755	651
Total	1,289	1,347

14.2 Operating leases – RCN Group

The total future minimum lease payments as at 31 December 2018 under non-cancellable operating leases were:

	Assets 31 December 2018 £'000	Assets 31 December 2017 £'000
Within one year	590	463
Within one to two years	152	486
Within two to five years	53	177
Over five years	755	651
Total	1,550	1,777

15. Pensions

15.1. RCN Group defined contribution pension scheme

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

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

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

RCN Group employer contributions paid during the year ended 31 December 2018 were £1,711,000 (year ended 31 December 2017: £1,463,000). The increase in employer contributions is due to the number of employees enrolled increasing year on year. Contributions outstanding at 31 December 2018 in respect of this scheme amounted to £178,556 (31 December 2017: £nil).

15.2. RCN Group defined benefit pension scheme

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

The pension cost is assessed in accordance with FRS 102: Retirement benefits, based on the advice of independent qualified actuaries using the projected unit method, also known as accounting valuation.

The pension scheme was subject to an triennial valuation at 30 September 2016 by a qualified independent actuary. The valuation reported a deficit of £52.1m, compared to a deficit of £58.5m in September 2013. The 30 September 2016 valuation was finalised in December 2017.

The September 2016 valuation has resulted in a revised deficit-funding plan which included a one-off lump sum payment of £4.9m paid in March 2018. The revised deficit recovery plan maintained annual deficit payments at current levels continuing to rise annually by Retail Price Index (RPI). From 1 April 2018 the annual deficit

recovery payment will be £3.18m. Combined contribution rates have increased by 0.4% as a result of the September 2016 valuation, effective 1 April 2018, which has been shared equally by the employee and employer.

The scheme data in the September 2016 valuation forms the basis of the requirements by FRS102 and reported in the RCN's statement of financial position.

The market value of the fund assets as at 31 December 2018, net of additional voluntary contributions was £304,563,000. There was no investment holding greater than 5% of the value of the fund at 31 December 2018.

Employer

From 1 November 2013, changes to the scheme were implemented resulting in an employer's annual average contribution of 10.5%. From 1 April 2018, the average contribution rose to 10.7%. Estimated employer contributions to be paid by the RCN for the year ending 31 December 2019 are £8,455,852. The total deficit funding paid in the year ended 31 December 2018 was £12,261,000 and included a one-off payment of £4,900,000.

	RCN Group 31 December 2018 £'000
2018 Pension contribution payments	
Agreed annual deficit payment	3,156
One off lump sum payment	4,900
Individual CARE contributions	4,205
Total contribution paid	12,261
Contributions as per FRS102 valuation report	12,737
Variance	(476)
Variance explained:	
PPF Levy refund 2016-2018	285
Additional - member/augmentation payments	34
Scheme expenses	157
Total	476

Contributory employees

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). From 1 April 2018 current member contributions have been set at 6.2%, 8.2% or 13.2% (depending on employee opted retirement age).

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 CARE scheme.

FRS 102 Retirement benefits

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

Under the provision of FRS 102 the current deficit in the defined benefit scheme of £2,471,000 has been included as a separate liability on the statement of financial position. The valuation used for FRS 102 disclosures has been based on the most recently completed actuarial valuation by a qualified independent actuary at 30 September 2016 to take account of the requirements of FRS 102 in order to assess the liabilities of the scheme at 31 December 2018. The next actuarial valuation by a qualified independent actuary for the period ending 30 September 2019, will be finalised in December 2020.

A charge has been included for the estimated impact of the Guaranteed Minimum Pension (GMP) equalisation.

The principal actuarial assumptions were as follows:

	31 December 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014
Discount rate	2.75%	2.45%	2.7%	3.8%	3.6%
Inflation assumptions (RPI)	3.25%	3.25%	3.25%	3.1%	3.1%
Inflation assumptions (CPI)	2.25%	2.25%	2.25%	2.1%	2.1%
Allowance for revaluation of deferred and CARE pensions accrued before 1 November 2013 (with LPI of 5%)*	3.25% (RPI)	3.25% (RPI)	3.25% (RPI)	3.1% (RPI)	3.1% (RPI)
Allowance for CARE revaluation of pensions accrued after 1 November 2013 (with LPI cap of 2.5%)*	1.7% (CPI)	1.7% (CPI)	1.7% (CPI)	1.7% (CPI)	1.7% (CPI)
Allowance for pension payments increases accrued before 1 June 2007 (with LPI cap of 5%)*	3.1% (RPI)	3.1% (RPI)	3.1% (RPI)	3.0% (RPI)	3.0% (RPI)
Allowance for pension payments increases accrued after 1 June 2007 (with LPI cap of 5%)*	2.3% (CPI)	2.3% (CPI)	2.3% (CPI)	2.1% (CPI)	2.1% (CPI)
Allowance for pension payments increases accrued after 1 June 2007 (with LPI cap of 3%)*	1.95% (CPI)	1.95% (CPI)	1.9% (CPI)	1.9% (CPI)	1.9% (CPI)
Allowance for commutation of pension for cash at retirement	60% of Post A Day	60% of Post A Day	100% of Post A Day	No allowance	No allowance

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

	31 December 2018 Years	31 December 2017 Years	31 December 2016 Years	31 December 2015 Years	31 December 2014 Years
Life expectancies					
Longevity at age 65 for current pensioners					
— Men	22.1	22.1	22.2	23.0	23.3
— Women	23.8	23.7	23.9	24.7	24.9
Longevity at age 65 for future pensioners					
— Men	23.5	23.5	23.9	24.7	25.1
— Women	25.0	25.0	25.4	26.2	26.4

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

	31 December 2018 £'000	31 December 2017 £'000	31 December 2016 £'000	31 December 2015 £'000	31 December 2014 £'000
Equities	175,496	173,176	166,085	137,835	128,120
Bonds	112,887	115,737	93,017	70,152	63,777
Property	14,390	15,114	14,539	13,629	12,355
Other	1,198	1,432	999	1,199	10,312
Insured pensioners	592	704	726	788	862
Total market value of assets	304,563	306,163	275,366	223,603	215,426
Actuarial value of liability	(307,034)	(318,327)	(289,951)	(263,970)	(269,884)
Net pension liability	(2,471)	(12,164)	(14,585)	(40,367)	(54,458)

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

	31 December 2018 %	31 December 2017 %	31 December 2016 %	31 December 2015 %	31 December 2014 %
Equities	58	56	60	62	59
Bonds	37	38	34	31	30
Property	5	5	5	6	6
Other	–	1	1	1	4
Insured pensioners	–	–	–	–	1
Total market value of assets %	100	100	100	100	100

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

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

	31 December 2018 £'000	31 December 2017 £'000
Current service cost*	4,213	3,985
Interest on obligation	7,759	7,800
Interest on assets	(7,560)	(7,457)
Losses due to benefit changes (GMP)	461	–
Total	4,873	4,328

* The cost of death in service insurance premiums and PPF levies are paid in addition by the employer. The current service cost includes the cost of administration expenses.

Analysis of amounts charged to Statement of comprehensive income

	31 December 2018 £'000	31 December 2017 £'000
Return on plan assets - (losses)/gains	(14,012)	21,729
Experience gains and losses arising on the plan liabilities - (losses)/gains	(2,582)	8,830
Changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	18,423	(31,497)
Actuarial gains/(losses) charged to other comprehensive income	1,829	(938)

The cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income since adoption of FRS102 are shown below:

	Actuarial gains/(losses) charged to comprehensive income £'000	Cumulative actuarial gains and (losses) £'000
2014	(14,192)	(14,192)
2015	8,598	(5,594)
2016	23,949	18,355
2017	(938)	17,417
2018	1,829	19,246

Change in the present value of the defined benefit obligation

	31 December 2018 £'000	31 December 2017 £'000
Opening defined benefit obligation	318,327	289,951
Service cost	4,213	3,985
Interest cost	7,759	7,800
Contributions by employees	842	900
Actuarial (gains)/losses	(15,841)	22,667
Benefits paid	(8,727)	(6,976)
Losses (gains) due to benefit changes	461	–
Closing defined benefit obligation	307,034	318,327

Change in the fair value of the scheme assets

	31 December 2018 £'000	31 December 2017 £'000
Opening fair value of the scheme assets	306,163	275,366
Expected return	7,560	7,457
Actuarial (losses)/gains	(14,012)	21,729
Contributions by employer	12,737	7,687
Contributions by employees	842	900
Benefits paid	(8,727)	(6,976)
Closing fair value of the scheme assets	304,563	306,163
Actual return on scheme assets	6,452	29,186

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 2013 and 30 September 2016, resulting in the experience loss arising on the liabilities during 2018 in the disclosures, which amounts to around 0.84% of the liabilities.

	31 December 2018 £'000	31 December 2017 £'000	31 December 2016 £'000	31 December 2015 £'000	31 December 2014 £'000
Defined benefit obligation	(307,034)	(318,327)	(289,951)	(263,970)	(269,884)
Scheme assets	304,563	306,163	275,366	223,603	215,426
(Deficit)	(2,471)	(12,164)	(14,585)	(40,367)	(54,458)
Experience gains/(losses) on scheme liabilities:					
Amount	(2,582)	8,830	–	–	(4,148)
Percentage of the present value of scheme liabilities	0.84%	2.77%	–	–	1.5%
Actual return less expected return on scheme assets:					
Amount	14,012	(21,729)	(41,998)	(4,881)	14,987
Percentage of scheme assets	4.6%	(7.1%)	(15.3%)	(2.2%)	5.5%

Sensitivity

The following table provides an indication of the sensitivity of the value of liabilities to changes in assumptions. The impact on the Statement of Comprehensive Income cannot easily be predicted.

Change	Impact on liabilities*
Decrease discount rate by 0.1% p.a.	2% increase
Increase inflation linked assumptions by 0.1% p.a.	2% increase (of inflation - linked liabilities)
Increase life expectancy by 1 year	2% increase
* very approximate - not scheme specific	

Based on the value of liabilities at 31 December 2018, a 2% increase in liabilities would equate to approximately £6.1m.

16. Management of liquid resources

	31 December 2017 £'000	Cash flow £'000	31 December 2018 £'000
Cash invested in UK money market and deposit accounts	25,008	1,358	26,366

17. Analysis of changes in net funds

	31 December 2017 £'000	Cash flow £'000	31 December 2018 £'000
Short-term deposits	25,008	1,358	26,366
Cash at bank and in hand	6,639	1,129	7,768
Bank overdrafts and loans	(45)	15	(30)
Total	31,602	2,502	34,104

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

	Representation activities	Other college activities	Total 31 December 2018	Representation activities	Other college activities	Total 31 December 2017
	£'000	£'000	£'000	£'000	£'000	£'000
Property, plant and equipment						
Tangible assets	–	18,163	18,163	–	20,780	20,780
Investments	33,735	26,241	59,976	28,965	33,681	62,646
Total property, plant and equipment	33,735	44,404	78,139	28,965	54,461	83,426
Current assets						
Stock	–	22	22	–	27	27
Trade debtors	1,998	1,041	3,039	1,446	682	2,128
Other debtors	–	–	–	–	–	–
Prepayments and accrued income	15,006	7,821	22,827	14,820	6,996	21,816
Cash and short term deposits	4,051	2,112	6,163	3,568	1,685	5,253
Total current assets	21,055	10,996	32,051	19,834	9,390	29,224
Liabilities						
Bank overdraft	(20)	(10)	(30)	(31)	(14)	(45)
Trade creditors	(433)	(227)	(660)	(673)	(336)	(1,009)
Other creditors	(1,827)	(1,103)	(2,930)	(1,750)	(1,024)	(2,774)
Accruals and deferred income	(3,206)	(2,411)	(5,617)	(3,397)	(1,886)	(5,283)
Total liabilities	(5,486)	(3,751)	(9,237)	(5,851)	(3,260)	(9,111)
Total assets less current liabilities	48,304	51,649	100,953	42,948	60,591	103,539
Provisions	(5,036)	(182)	(5,218)	(4,101)	(1,854)	(5,955)
Net assets (excluding pension deficit)	44,268	51,467	95,735	38,847	58,737	97,584

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

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

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

19. Reserves

19.1. Reserves – RCN UK

	Revaluation reserve £'000	Accumulated funds £'000	Pension reserve £'000	Total £'000
At 1 January 2018	2,055	95,529	(12,164)	85,420
Surplus in period	–	1,031	7,864	8,895
Investment unrealised gains	–	(3,091)	–	(3,091)
Revaluation reserve	(64)	–	–	(64)
Dividends	–	275	–	275
Actuarial gain	–	–	1,829	1,829
At 31 December 2018	1,991	93,744	(2,471)	93,264

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

19.2. Reserves – RCN Group

	Reserves for charitable purposes £'000	Revaluation reserve £'000	Accumulated funds £'000	Pension reserve £'000	Total £'000
At 1 January 2018	33,695	2,055	99,841	(12,164)	123,427
Surplus in period	1,217	–	849	7,864	9,930
Investment unrealised gains	(2,282)	–	(3,010)	–	(5,292)
Revaluation reserve	–	(64)	–	–	(64)
Actuarial gain	–	–	–	1,829	1,829
At 31 December 2018	32,630	1,991	97,680	(2,471)	129,830

20. Commitments

20.1. Capital commitments

The value of contracts committed to but not provided for was £32,895 (31 December 2017: £297,000). This figure relates to continued progress on CRM, alongside a commitment for security software for the customer contact centre (PCI DSS, Payment card Industry Data Security Standard).

20.2. Pension commitments

The pension scheme was subject to an actuarial valuation at 30 September 2016 by a qualified independent actuary. The valuation reported a deficit of £52.1m, compared to a deficit of £58.5m in September 2013. The latest actuarial valuation of the CARE pension scheme has resulted in a revised deficit-funding plan of £3.18m per annum from 1 April 2018 rising by RPI annually thereafter. Also included in the revised deficit-funding plan was a one-off lump sum payment of £4.9m which was paid in March 2018.

The latest actuarial valuation of the defined benefit (CARE) scheme based on 30 September 2016 was finalised in December 2017.

21. Contingent liabilities

RCN UK contingent liabilities are estimated at £478,530 as at 31 December 2018 (31 December 2017: £704,185). The estimated liability arises from member cases within the professional indemnity scheme that have a lower than 50% chance of success.

22. Trade union and labour relations (consolidation) act 1992

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

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

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

23. Council and Committee expenses and remuneration

23.1. Council and Committee expenses

Out of pocket expenses paid to Council members while carrying out their governance duties in the year ended 31 December 2018 amounted to £69,000 (31 December 2017: £108,000). 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 21 (31 December 2017: 31). The reduction reflects the Council review which took effect in January 2018.

The total cost for Council member expenses incurred in 2018 was £39k lower than costs incurred in 2017, excluding remuneration. This is because the number of Council members was reduced following the Council review, with effect from 1 January 2018. In 2018 there were a total of 17 Council members compared with 31 in 2017. There were 17 Council members as at 01.01.18 and 17 as at 31.12.18. During 2018 2 Council members left and 2 joined. The Trade Union Committee and Professional Nursing Committee were formed as a result of the Council review, with effect from 1 January 2018. There are 14 members on each Committee. Out of pocket expenses paid to members of the Trade Union Committee and Professional Nursing Committee while carrying out their governance duties amounted to £32,000 and the number of Committee members who received reimbursement was 21.

23.2. Council remuneration

Council members do not receive remuneration for undertaking the role, however a total of £68,000 was paid to the employers of the former President and former Chair of Council as recompense for time spent on services for the RCN UK (31 December 2017: £66,000). Breakdown as follows:

	31 December 2018 £'000	31 December 2017 £'000
Chair of Council (former)	38	39
President (former)	30	27
Total	68	66

24. Related party transactions

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



20 Cavendish Square
London W1G 0RN
Tel: 020 7409 3333
www.rcn.org.uk

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