

Form AR21

Trade Union and Labour Relations (Consolidation) Act 1992

Annual Return for a Trade Union

Name of Trade Union:	Royal College of Nursing		
Year ended:	31 December 2019		
List no:	528T		
Head or Main Office address:	20 Cavendish Square		
	London		
	England		
Postcode	W1G 0RN		
Website address (if available)	www.rcn.org.uk		
Has the address changed during the year to which the return relates?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	('X' in appropriate box)
General Secretary:	Dame Donna Kinnair		
Telephone Number:	020 7647 3949		
Contact name for queries regarding the completion of this return	Syed Hassan		
Telephone Number:	020 7627 3689		
E-mail:	Syed.Hassan@rcn.org.uk		

Please follow the guidance notes in the completion of this return

Any difficulties or problems in the completion of this return should be directed to the Certification Officer as below or by telephone to: 0330 109 3602

You should send the annual return to the following email address stating the name of the union in subject:

For Unions based in England and Wales: returns@certoffice.org

For Unions based in Scotland: eymw@tcyoung.co.uk

Contents

Trade Union's details.....	1
Return of members.....	2
Change of officers.....	2
Officers in post.....	2a
General fund.....	3
Analysis of income from federation and other bodies and other income.....	4
Analysis of benefit expenditure shown at general fund.....	5
Accounts other than the revenue account/general fund.....	6-8a
Political fund account.....	9-9vii
Analysis of administrative expenses	10
Analysis of officials' salaries and benefits.....	11
Analysis of investment income.....	12
Balance sheet as at.....	13
Fixed assets account.....	14
Analysis of investments.....	15
Analysis of investment income (controlling interests).....	16
Summary sheet.....	17
Information on Industrial action ballots.....	18-19
Information on Industrial action.....	20-21
Notes to the accounts.....	22
Accounting policies.....	23
Signatures to the annual return.....	23
Checklist.....	23
Checklist for auditor's report.....	24
Auditor's report (continued).....	25
Membership audit certificate.....	i-iii
Guidance on completion.....	26

Return of Members

(see notes 10 and 11)

	Number of members at the end of the year				
	Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (including Channel Islands)	Totals
Male	46,776	1,267	50	292	48,385
Female	403,299	14,255	364	2,129	420,047
Other	759	31	3	12	805
Total	450,834	15,553	417	2,433	A 469,237

Number of members at end of year contributing to the General Fund

453,689

Number of members included in totals box 'A' above for whom no home or authorised address is held:

6,599

Change of Officers

Please complete the following to record any changes of officers during the twelve months covered by this return

Position Held	Name of Officer ceasing to hold Office	Name of Officer Appointed	Date of change

State whether the union is:

a. A branch of another trade union?

Yes

No

If yes, state the name of that other union:

b. A federation of trade unions?

Yes

No

If yes, state the number of affiliated unions:

and names:

Analysis of income from federation and other bodies and other income

(see notes 19 and 20)

Description	£000
Federation and other bodies	
Total federation and other bodies	
Any Other Sources	
Conference income	2
Room Hire and Catering Income	510
Commission Income	144
Grant Income	285
Sponsorship Income	114
Management Fee Income	477
Other Income	1,556
(as a result of using the RCN Four Strategic Themes allocation method in 2019)	
Total other sources	3,088
Total of all other income	3,088

Analysis of benefit expenditure shown at the General Fund

(see notes 21 to 23)

			£000
Representation – Employment Related Issues		brought forward	30,706
	30,690	Advisory Services	2,372
Representation – Non Employment Related Issues		Other Cash Payments	
		Education and Training services	1,273
Communications		Negotiated Discount Services	
	16	Other Benefits and Grants (specify)	
Dispute Benefits			
carried forward	30,706	Total (should agree with figure in General Fund)	34,351

(See notes 21 and 23)

Fund 2		Fund Account		
Name:		£	£	
Income	From members			
	Investment income (as at page 12)			
	Other income (specify)			
	Total other income as specified			
	Total Income			
	Interfund Transfers IN			
Expenditure	Benefits to members			
	Administrative expenses and other expenditure (as at page 10)			
		Total Expenditure		
		Interfund Transfers OUT		
	Surplus (Deficit) for the year			
	Amount of fund at beginning of year			
	Amount of fund at the end of year (as Balance Sheet)			
	Number of members contributing at end of year			

Fund 3		Fund Account		
Name:		£	£	
Income	From members			
	Investment income (as at page 12)			
	Other income (specify)			
	Total other income as specified			
	Total Income			
	Interfund Transfers IN			
Expenditure	Benefits to members			
	Administrative expenses and other expenditure (as at page 10)			
		Total Expenditure		
		Interfund Transfers OUT		
	Surplus (Deficit) for the year			
	Amount of fund at beginning of year			
	Amount of fund at the end of year (as Balance Sheet)			
	Number of members contributing at end of year			

(See notes 21 and 23)

Fund 6		Fund Account	
Name:		£	£
Income	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
	Interfund Transfers IN		
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	Total Expenditure		
	Interfund Transfers OUT		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		
	Number of members contributing at end of year		

Fund 7		Fund Account	
Name:		£	£
Income	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
	Interfund Transfers IN		
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	Total Expenditure		
	Interfund Transfers OUT		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		
	Number of members contributing at end of year		

(See notes 21 and 23)

Fund 8		Fund Account	
Name:		£	£
Income	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
	Interfund Transfers IN		
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	Total Expenditure		
	Interfund Transfers OUT		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		
	Number of members contributing at end of year		

Fund 9		Fund Account	
Name:		£	£
Income	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
	Interfund Transfers IN		
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	Total Expenditure		
	Interfund Transfers OUT		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		
	Number of members contributing at end of year		

Political fund account

(see notes 24 to 33)

£

£

Political fund account 1		To be completed by trade unions which maintain their own political fund	
	Income		
	Members contributions and levies		
	Investment income (as at page 12)		
Other income (specify)			
		Total other income as specified	
		Total income	
Expenditure under section (82) of the Trade Union and Labour Relations (Consolidation) Act 1992 on purposes set out in section (72) (1) where consolidation of expenditures from the political funds exceeds £2,000 during the period			
	Expenditure A (as at page i)		
	Expenditure B (as at page ii)		
	Expenditure C (as at page iii)		
	Expenditure D (as at page iv)		
	Expenditure E (as at page v)		
	Expenditure F (as at page vi)		
	Non-political expenditure (as at page vii)		
		Total expenditure	
		Surplus (deficit) for year	
		Amount of political fund at beginning of year	
		Amount of political fund at the end of year (as <u>Balance Sheet</u>)	
		Number of members at end of year contributing to the political fund	
		Number of members at end of the year not contributing to the political fund	
		Number of members at end of year who have completed an exemption notice and do not contribute to the political fund	
Political fund account 2		To be completed by trade unions which act as components of a central trade union	
Income	Contributions and levies collected from members on behalf of central political fund		
	Funds received back from central political fund		
	Other income (specify)		
		Total other income as specified	
		Total income	
Expenditure	Expenditure under section 82 of the Trade Union and Labour Relations (Consolidation) Act 1992 (specify)		
	Administration expenses in connection with political objects(specify)		
	Non-political expenditure		
		Total expenditure	
		Surplus (deficit) for year	
		Amount held on behalf of trade union political fund at beginning of year	
		Amount remitted to central political	
		Amount held on behalf of central political fund at end of year	
		Number of members at end of year contributing to the political fund	
		Number of members at end of the year not contributing to the political fund	
		Number of members at end of year who have completed an exemption notice and do not therefore contribute to the political fund	

Expenditure from the political fund not falling within section 72 (1) of the trade union & labour relations (consolidation) act 1992

For expenditure not falling within section 72 (1) the required information is-

(a) the nature of each cause or campaign for which money was expended, and the total amount expended in relation to each one	£

Total expenditure

(b) the name of each organisation to which money was paid (otherwise than for a particular cause of campaign), and the total amount paid to each one

£

Total expenditure

£

(c) the total amount of all other money expended

Total expenditure

Total of all expenditures

Analysis of administrative expenses and other outgoings excluding amounts charged to political fund accounts

(see notes 34 and 35)

	£000
Administrative Expenses	
Remuneration and expenses of staff	5,939
Salaries and Wages included in above	5,679
Auditors' fees	74
Legal and Professional fees	864
Occupancy costs	9,644
Stationery, printing, postage, telephone, etc.	61
Expenses of Executive Committee (Head Office)	1,895
Expenses of conferences	7
Other administrative expenses (specify)	
member services & resources	366
public relations and marketing	183
Other Outgoings	
Outgoings on land and buildings (specify)	
Other outgoings (specify)	
tretert	
Total	19,033
Charged to: General Fund (Page 3)	19,033
Total	19,033

Analysis of investment income

(see notes 47 and 48)

	Political Fund £		Other Fund(s) £000
Rent from land and buildings			
Dividends (gross) from:			
Equities (e.g. shares)			596
Interest (gross) from:			
Government securities (Gilts)			231
Mortgages			
Local Authority Bonds			
Bank and Building Societies			9
Other investment income (specify)			
			836
		Total investment income	836
		Credited to:	
		General Fund (Page 3)	836
		Political Fund	
		Total Investment Funds	836

Fixed assets account

(see notes 53 to 57)

	Land and Buildings		Furniture and Equipment £	Motor Vehicles £	Not used for union business £	Total £
	Freehold £	Leasehold £				
Cost or Valuation						
At start of year						
Additions						
Disposals						
Revaluation/Transfers						
At end of year						
Accumulated Depreciation						
At start of year						
Charges for year						
Disposals						
Revaluation/Transfers						
At end of year						
Net book value at end of year						
Net book value at end of previous year						

Analysis of investments

(see notes 58 and 59)

Quoted	All Funds Except Political Funds £000	Political Fund £000
Equities (e.g. Shares)		
UK equities	3,014	
Global equities	23,666	
Government Securities (Gilts)		
Fixed interest securities and bonds	6,442	
Other quoted securities (to be specified)		
Alternative assets	4,103	
Property	1,448	
Liquid assets	2,452	
Total quoted (as Balance Sheet)	41,125	
Market Value of Quoted Investment	41,125	
Unquoted		
Equities		
Government Securities (Gilts)		
Mortgages		
Bank and Building Societies		
Other unquoted investments (to be specified)		
Total unquoted (as Balance Sheet)		
Market Value of Unquoted Investments		

Analysis of investment income (controlling interests)

(see notes 60 and 61)

Does the union, or any constituent part of the union, have a controlling interest in any limited company?

Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
------------------------------	--

If YES name the relevant companies:

Company name	Company registration number (if not registered in England & Wales, state where registered)

Are the shares which are controlled by the union registered in the names of the union's trustees?

Yes <input type="checkbox"/>	No <input type="checkbox"/>
------------------------------	-----------------------------

If NO, state the names of the persons in whom the shares controlled by the union are registered.

Company name	Names of shareholders

Summary sheet

(see notes 62 to 73)

	All funds except Political Funds £000	Political Funds £000	Total Funds £000
Income			
From Members	52,496		52,496
From Investments	836		836
Other Income (including increases by revaluation of assets)	3,088		3,088
Total Income	56,420		56,420
Expenditure (including decreases by revaluation of assets)			
Total Expenditure	53,384		53,384
Funds at beginning of year (including reserves)	44,677		44,677
Funds at end of year (including reserves)	47,713		47,713
Assets			
Fixed Assets			
Investment Assets			41,125
Other Assets			20,983
		Total Assets	62,108
Liabilities		Total Liabilities	14,395
Net Assets (Total Assets less Total Liabilities)			47,713

(see notes 74 to 80)

Did the union hold any ballots in respect of industrial action during the return period?	No
If Yes How many ballots were held: <input style="width: 50px;" type="text"/>	
For each ballot held please complete the information below:	
Ballot 1	
Number of individual who were entitled to vote in the ballot	<input style="width: 80px;" type="text"/>
Number of votes cast in the ballot	<input style="width: 80px;" type="text"/>
Number of Individuals answering "Yes" to the question	<input style="width: 80px;" type="text"/> <small>1</small>
Number of individuals answering "No" to the question	<input style="width: 80px;" type="text"/> <small>2</small>
Number of invalid or otherwise spoiled voting papers returned	<input style="width: 80px;" type="text"/> <small>3</small>
	1-3 should total "Number of votes cast"
Were the number of votes cast in the ballot at least 50% of the number of individuals who were entitled to vote in the ballot	<input style="width: 60px;" type="text"/>
Does section 226(2B) of the 1992 Act apply in relation to this ballot (see notes 76-80)?	<input style="width: 60px;" type="text"/>
If yes, were the number of individuals answering "Yes" to the question (or each question) at least 40% of the number of individuals who were entitled to vote in the ballot	<input style="width: 60px;" type="text"/>
Ballot 2	
Number of individual who were entitled to vote in the ballot	<input style="width: 80px;" type="text"/>
Number of votes cast in the ballot	<input style="width: 80px;" type="text"/>
Number of Individuals answering "Yes" to the question	<input style="width: 80px;" type="text"/> <small>1</small>
Number of individuals answering "No" to the question	<input style="width: 80px;" type="text"/> <small>2</small>
Number of invalid or otherwise spoiled voting papers returned	<input style="width: 80px;" type="text"/> <small>3</small>
	1-3 should total "Number of votes cast"
Were the number of votes cast in the ballot at least 50% of the number of individuals who were entitled to vote in the ballot	<input style="width: 60px;" type="text"/>
Does section 226(2B) of the 1992 Act apply in relation to this ballot (see notes 76-80)?	<input style="width: 60px;" type="text"/>
If yes, were the number of individuals answering "Yes" to the question (or each question) at least 40% of the number of individuals who were entitled to vote in the ballot	<input style="width: 60px;" type="text"/>
Ballot 3	
Number of individual who were entitled to vote in the ballot	<input style="width: 80px;" type="text"/>
Number of votes cast in the ballot	<input style="width: 80px;" type="text"/>
Number of Individuals answering "Yes" to the question	<input style="width: 80px;" type="text"/> <small>1</small>
Number of individuals answering "No" to the question	<input style="width: 80px;" type="text"/> <small>2</small>
Number of invalid or otherwise spoiled voting papers returned	<input style="width: 80px;" type="text"/> <small>3</small>
	1-3 should total "Number of votes cast"
Were the number of votes cast in the ballot at least 50% of the number of individuals who were entitled to vote in the ballot	<input style="width: 60px;" type="text"/>
Does section 226(2B) of the 1992 Act apply in relation to this ballot (see notes 76-80)?	<input style="width: 60px;" type="text"/>
If yes, were the number of individuals answering "Yes" to the question (or each question) at least 40% of the number of individuals who were entitled to vote in the ballot	<input style="width: 60px;" type="text"/>

Ballot 4

Number of individual who were entitled to vote in the ballot

Number of votes cast in the ballot

Number of Individuals answering "Yes" to the question 1

Number of individuals answering "No" to the question 2

Number of invalid or otherwise spoiled voting papers returned 3

1-3 should total "Number of votes cast"

Were the number of votes cast in the ballot at least 50% of the number of individuals who were entitled to vote in the ballot

Does section 226(2B) of the 1992 Act apply in relation to this ballot (see notes 76-80)?

If yes, were the number of individuals answering "Yes" to the question (or each question) at least 40% of the number of individuals who were entitled to vote in the ballot

Ballot 5

Number of individual who were entitled to vote in the ballot

Number of votes cast in the ballot

Number of Individuals answering "Yes" to the question 1

Number of individuals answering "No" to the question 2

Number of invalid or otherwise spoiled voting papers returned 3

1-3 should total "Number of votes cast"

Were the number of votes cast in the ballot at least 50% of the number of individuals who were entitled to vote in the ballot

Does section 226(2B) of the 1992 Act apply in relation to this ballot (see notes 76-80)?

If yes, were the number of individuals answering "Yes" to the question (or each question) at least 40% of the number of individuals who were entitled to vote in the ballot

Ballot 6

Number of individual who were entitled to vote in the ballot

Number of votes cast in the ballot

Number of Individuals answering "Yes" to the question 1

Number of individuals answering "No" to the question 2

Number of invalid or otherwise spoiled voting papers returned 3

1-3 should total "Number of votes cast"

Were the number of votes cast in the ballot at least 50% of the number of individuals who were entitled to vote in the ballot

Does section 226(2B) of the 1992 Act apply in relation to this ballot (see notes 76-80)?

If yes, were the number of individuals answering "Yes" to the question (or each question) at least 40% of the number of individuals who were entitled to vote in the ballot

Ballots and Industrial Action: If you have 6 or more entries for either of these, please complete the Excel Spreadsheet

(see note 81)

***Categories of Nature of Trade Dispute**

- A: terms and conditions of employment, or the physical conditions in which any workers require to work;
- B: engagement or non-engagement, or termination or suspension of employment or the duties of employment, of one or more workers;
- C: allocation of work or the duties of employment between workers or groups of workers;
- D: matters of discipline;
- E: a worker's membership or non-membership of a trade union;
- F: facilities for officials of trade unions;

- G: machinery for negotiation or consultation, and other procedures, relating to any of the above matters, including the recognition by employers or employers' associations of the right of a trade union to represent workers in such negotiation or consultation or in the carrying out of such procedures

Did Union members take industrial action during the return period in response to any inducement on the part of the Union? YES/NO

No

If **YES**, for each industrial action taken please complete the information below:

Industrial Action 1

1. please tick the nature of the trade dispute for which industrial action was taken using the categories* below:

A B C D E F G

2. Dates of the industrial action taken: to

3. Number of days of industrial action:

4. Nature of industrial action.

Industrial Action 2

1. please tick the nature of the trade dispute for which industrial action was taken using the categories* below:

A B C D E F G

2. Dates of the industrial action taken: to

3. Number of days of industrial action:

4. Nature of industrial action.

Industrial Action 3

1. please tick the nature of the trade dispute for which industrial action was taken using the categories* below:

A B C D E F G

2. Dates of the industrial action taken: to

3. Number of days of industrial action:

4. Nature of industrial action.

use a continuation page if necessary

Industrial Action 4

1. please tick the nature of the trade dispute for which industrial action was taken using the categories* below:

A B C D E F G

2. Dates of the industrial action taken: to

3. Number of days of industrial action:

4. Nature of industrial action.

Industrial Action 5

1. please tick the nature of the trade dispute for which industrial action was taken using the categories* below:

A B C D E F G

2. Dates of the industrial action taken: to

3. Number of days of industrial action:

4. Nature of industrial action.

Industrial Action 6

1. please tick the nature of the trade dispute for which industrial action was taken using the categories* below:

A B C D E F G

2. Dates of the industrial action taken: to

3. Number of days of industrial action:

4. Nature of industrial action.

Industrial Action 7

1. please tick the nature of the trade dispute for which industrial action was taken using the categories* below:

A B C D E F G

2. Dates of the industrial action taken: to

3. Number of days of industrial action:

4. Nature of industrial action.

Industrial Action 8

1. please tick the nature of the trade dispute for which industrial action was taken using the categories* below:

A B C D E F G

2. Dates of the industrial action taken: to

3. Number of days of industrial action:

4. Nature of industrial action.

Ballots & Industrial Action- If you have 6 or more entries for either of these, please complete the Excel Spreadsheet

Notes to the accounts

(see notes 82 and 83)

All notes to the accounts must be entered on or attached to this part of the return.

Please see statutory accounts in the attached Annual Report

Accounting policies



(see notes 84 and 85)

Please See statutory accounts in the attached annual report.

Signatures to the annual return

(see notes 86 & 87)

Including the accounts and balance sheet contained in the return. Please send the return with the original signatures. Copies will not be accepted.

Secretary's Signature: 	Chairman's Signature: 
Name: Dame Donna Kinnair	Name: Dee Sissons
Date: 30 July 2020	Date: 30 July 2020

Checklist

(see notes 88 to 89)

(please tick as appropriate)

Has the return of change of officers been completed? (see Page 2 and Note 12)	Yes		No	
Has the list of officers in post been completed? (see Page 2 and Note 12)	Yes		No	
Has the return been signed? (see Pages 23 and 25 and Notes 86 and 95)	Yes		No	
Has the auditor's report been completed? (see Pages 20 and 21 and Notes 2 and 77)	Yes		No	
Is a rule book enclosed? (see Notes 8 and 88)	Yes		No	
A member statement is: (see Note 80)	Enclosed		To follow	
Has the summary sheet been completed? (see Page 17 and Notes 7 and 62)	Yes		To follow	
Has the membership audit certificate been completed? (see Page i to iii and Notes 97 and 103)	Yes		No	

Checklist for auditor's report

(see notes 90 and 96)

The checklist below is for guidance. A report is still required either set out overleaf or by way of an attached auditor's report that covers the 1992 Act requirements.

1. In the opinion of the auditors or auditor do the accounts they have audited and which are contained in this return give a true and fair view of the matters to which they related? (See section 36(1) and (2) of the 1992 Act and notes 92 and 93)

Please explain in your report overleaf or attached.

2. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:

- a. kept proper accounting records with respect to its transactions and its assets and liabilities; and
- b. established and maintained a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances. (See section 36(4) of the 1992 Act set out in note 92)

Please explain in your report overleaf or attached

3. Your auditors or auditor must include in their report the following wording:

In our opinion the financial statements:


- **give a true and fair view of the matters to which they relate to.**
- **have been prepared in accordance with the requirements of the sections 28, 32 and 36 of the Trade Union and Labour Relations (consolidation) Act 1992.**

Auditor's report (continued)

The above responses merely reference matters set out in our attached independent auditors' report to the Royal College of Nursing of the United Kingdom on the financial statements of the Royal College of Nursing of the United Kingdom for the year ended 31 December 2019 (the "annual financial statements auditors' report"). This report is not substitute for reading the "annual financial statements auditors' report and the financial statements to which they relate. We have not performed any additional procedures in giving this report except for agreeing that the amounts and disclosures in the return are accurately extracted from the attached annual financial statements.

The above responses and the annual financial statements auditors' report, including opinion, are made solely to the College's members, as a body, in accordance with the 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 auditors' 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.

Signature(s) of auditor or auditors:



Name(s):

Reza Motazedi

Profession(s) or Calling(s):

Chartered Accountant

Address(es):

Deloitte LLP

Hill House

1 Little New Street

Postcode

EC4A 3TR

Date

31/07/2020

Contact name for inquiries and telephone number:

Reza Motazedi
020 7007 7646

N.B. When notes to the account are referred to in the auditor's report a copy of those notes must accompany this return.

Membership audit certificate

made in accordance with section 24ZD of the Trade Union and Labour
Relations (Consolidation) Act 1992

(See notes 97 to 103)

At the end of the reportign period proceding the one to which this audit relates was the total membership of the trade union greater than 10,000?

Yes

If "YES" please complete SECTION ONE below or provide the equivalent information on a separate document to be submitted with the completed AR21

If "NO" please complete SECTION TWO below or provide the equivalent information on a separate document to be submitted with the completed AR21

Membership audit certificate

Section one

For a trade union with more than 10,000 members, required by section 24ZB of the 1992 Act to appoint an independent assurer

- 1 In the opinion of the assurer appointed by the trade union was the union's system for compiling and maintaining its register of the names and addresses of its members satisfactory to secure, so far as is reasonably practicable, that the entries in its register were accurate and up-to-date throughout the reporting period?

Yes

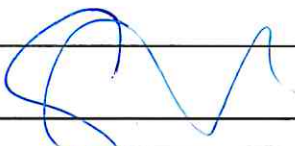
- 2 In the opinion of the assurer has he/she obtained the inforamation and explanations necessary for the performance of his/her functions?

Yes

If the answer to **either** questions 1 or 2 above is "NO" the assurer must:

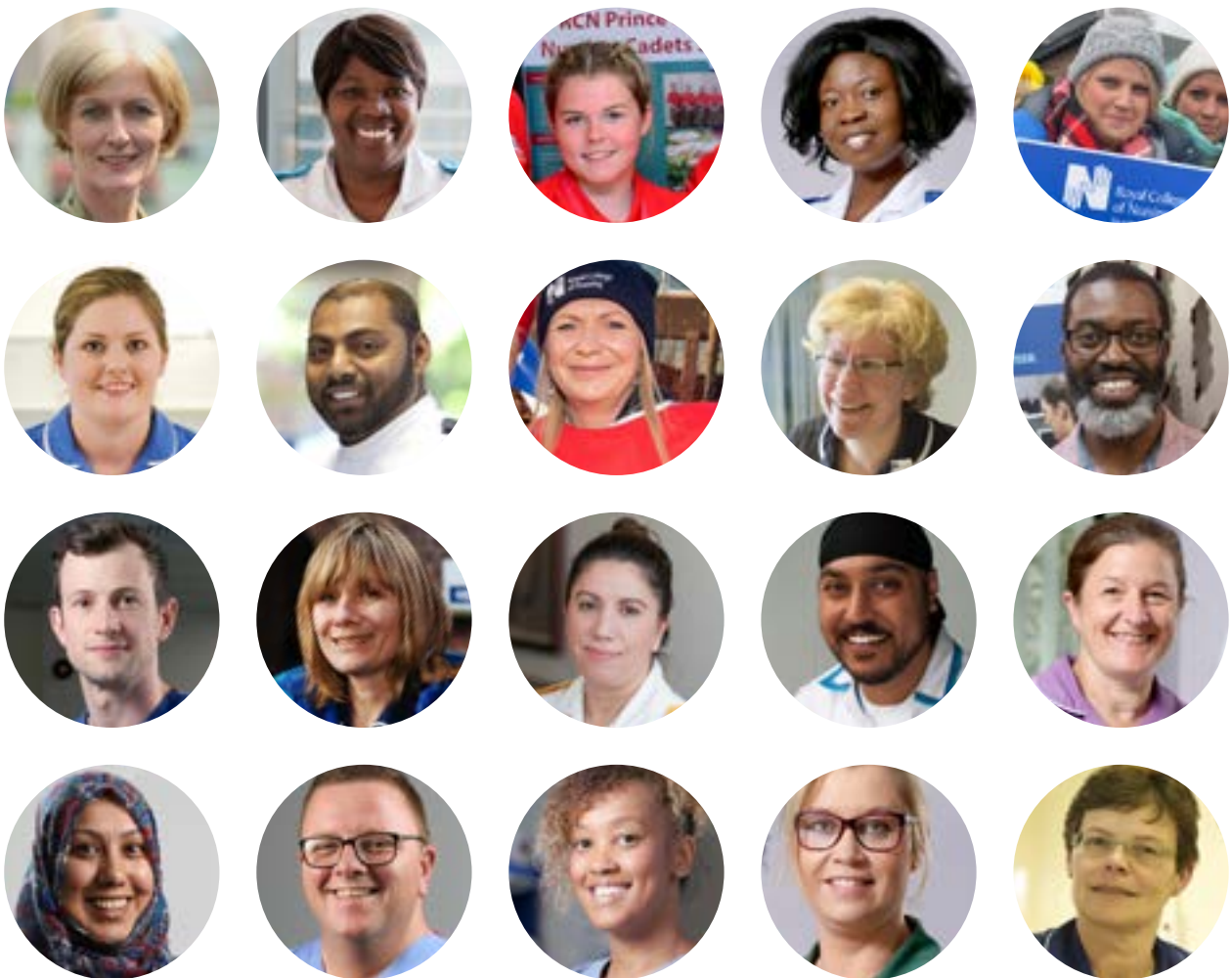
- (a) set out below the assurer's reasons for stating that
- (b) provide a description of the information or explanation requested or required which has not been obtained
- (c) state whether the assurer required that information or those explanations from the union's officers, or officers of any of its branches or sections under section 24ZE of the 1992 Act
- (d) send a copy of this certificate to the Certification Officer as soon as is reasonably practicable after it is provided to the union.

Membership audit certificate (continued)

Signature of assurer	
Name	Simon Hearn
Address	Civica Election Services The Election Centre 33 Clarendon Road London, N8 0NW
Date	03/02/2020
Contact name and telephone number	Simon Hearn, Managing Director 020 8365 8909

RCN

The Royal College of Nursing Annual Report 2019



Combined RCN Group annual report and consolidated financial accounts for year ended 31 December 2019

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

Registered office

20 Cavendish Square, London W1G 0RN

Company registration number: RC000459

Trade Union list number: 528T

RCN Legal Disclaimer

This publication contains information, advice and guidance to help members of the RCN. It is intended for use within the UK but readers are advised that practices may vary in each country and outside the UK.

The information in this booklet has been compiled from professional sources, but its accuracy is not guaranteed. Whilst every effort has been made to ensure the RCN provides accurate and expert information and guidance, it is impossible to predict all the circumstances in which it may be used. Accordingly, the RCN shall not be liable to any person or entity with respect to any loss or damage caused or alleged to be caused directly or indirectly by what is contained in or left out of this website information and guidance.

Published by the Royal College of Nursing, 20 Cavendish Square, London W1G 0RN

© 2020 Royal College of Nursing. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means electronic, mechanical, photocopying, recording or otherwise, without prior permission of the Publishers. This publication may not be lent, resold, hired out or otherwise disposed of by ways of trade in any form of binding or cover other than that in which it is published, without the prior consent of the Publishers.

Contents

Welcome	4
Corporate governance	5
The RCN Group	6
Corporate governance framework	7
Looking forward	8
Risk management	12
Priority 1: Our Safe and Effective Care campaign	16
Priority 2: Developing members through their careers	22
Priority 3: Mobilising our membership	26
Priority 4: Shaping the future of the nursing profession and health care	30
Priority 5: Investing in our future by transforming the way we work	38
Financial review	44
Statement of Council members' responsibilities	51
Independent auditor's report to the members of the Royal College of Nursing of the United Kingdom	52
Financial statements	56
Thank you to our supporters	89
Reference and administrative details	90

Welcome



Dame Donna Kinnair OBE
Chief Executive &
General Secretary



Dee Sissons
Chair of Council

The story of the Royal College of Nursing has been one of necessary change and fundamental growth.

At the time of writing we are in the midst of the COVID-19 pandemic and those words have never been truer. The nursing profession has been at the centre of this crisis and will have been changed by it for ever. During this time the RCN has transformed the way it works to ensure we continue to meet the increased support and advice our members need. As we move forward we will be building on the learning from this period by continuing to work more flexibly, making better use of technology and at the same time emphasise the importance of people, teamworking and member engagement.

In more than a century, our members had never needed to resort to industrial action. But in 2019, colleagues in Northern Ireland took the difficult decision to ballot members there on strike action over unsafe staffing levels and pay disparity.

What happened in Northern Ireland in 2019 is a testament to many things: the level of concern and anger our members feel; their individual and collective determination to do what's right for their patients and profession; the public's support for both; and how, when RCN members and our staff work hand-in-hand, we make a real difference.

The campaigning of RCN members saw Scotland become the second country in the UK to introduce legislation on safe staffing levels this year, following the lead set by Wales. And our members in England launched their campaign to secure the same legal accountability for the nursing workforce. No matter which country you look at, these efforts pushed nursing to the top of the political agenda in the year's election campaign and secured commitments on our issues from all parties.

But elections weren't limited to Westminster. The College held its own set for a new Council. The four-year term these members serve brings stability to the top of the organisation. Together with a permanent Executive Team, the College began planning how to rise to the challenges of the new decade and ensure members do the same.

New programmes of work were launched to reshape what the College offers – spanning educational services, greater visibility for the RCN in the independent health and care sectors and how we keep it the most attractive organisation for nursing professionals.

The year had one further fundamental lesson. Northern Ireland shows how members engage with the College when it leads the way for them and with them. The spirit and resolve on display all year there inspired people to get more active, with many others even joining for the first time. This example will live long in the memory as we debate how to campaign, engage and secure change together.

Corporate governance

The Royal College of Nursing of the United Kingdom (RCN) was established in 1916 and incorporated by Royal Charter in 1928. Since 1977 the RCN has also been registered as a special register trade union.



RCN Council is responsible for governing the RCN. RCN Council:

- sets strategy and direction in line with the overall purpose
- monitors performance and ensures that effective compliance controls are in place
- ensures compliance with Royal Charter, Standing Orders, regulations and policies
- ensures effective engagement with RCN members and other stakeholders.

The RCN's Executive Team is responsible for delivering the agreed RCN strategy.

2019 Council

(from left to right):

BJ Waltho, Chair of Congress, non-voting member of Council

Dr Heather Mercer, South East

Geoff Earl, Scotland

Dee Sissons, East Midlands

Sue Warner, West Midlands, Chair of Council

Geoffrey Walker OBE, South West

Ann Marie O'Neill, Northern Ireland

Evan Keir, Health Practitioner

Professor Anne Marie Rafferty CBE FRCN, President

Dave Dawes, North West

Carol Popplestone, Yorkshire & The Humber

Yvonne Coghill CBE FRCN, Deputy President

Richard Jones MBE, Wales, Vice Chair of Council

Trevor Peel, Northern

Amy Fancourt, Student

Cynthia Davis, London

Not pictured: **Dr Janice Waters**, Eastern

The RCN Group

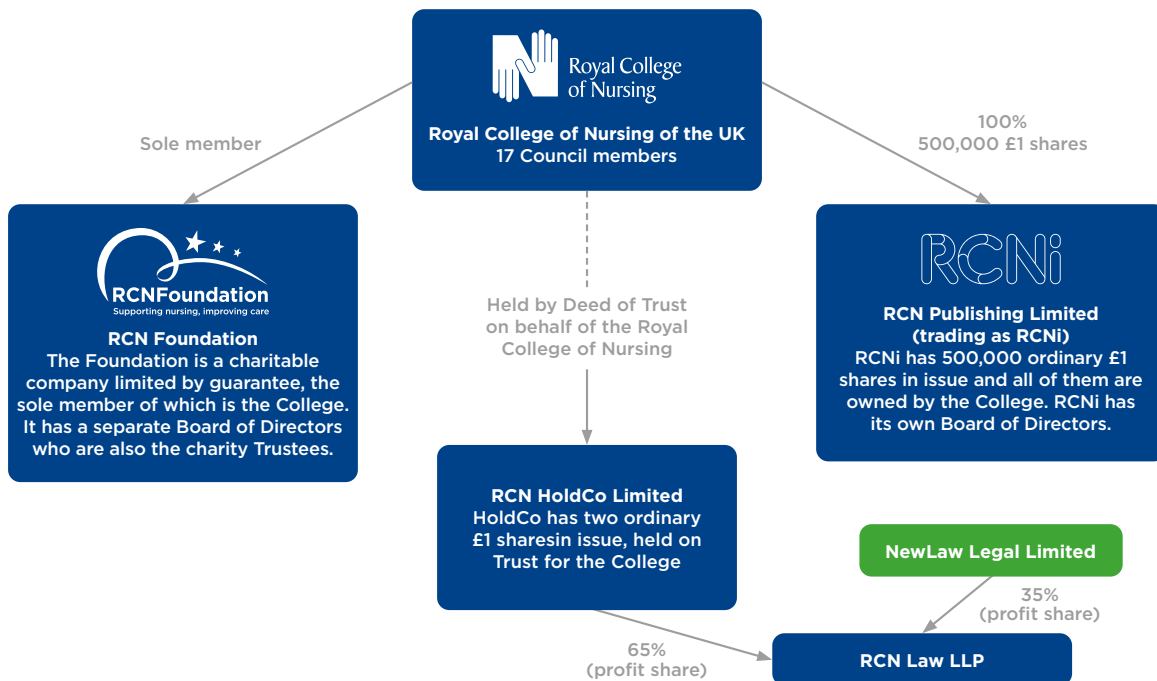
The Royal College of Nursing of the United Kingdom is the membership body.

RCN Publishing Limited (RCNi) is a wholly owned subsidiary of the Royal College of Nursing. It provides an essential nursing resource, inspiring and informing the whole nursing team to deliver best practice and exceptional patient care.

The RCN Foundation is an independent charity that supports the needs of the nursing team.

RCN Holdco Limited is part of a limited liability partnership, which provides personal injury services to members of the Royal College of Nursing.

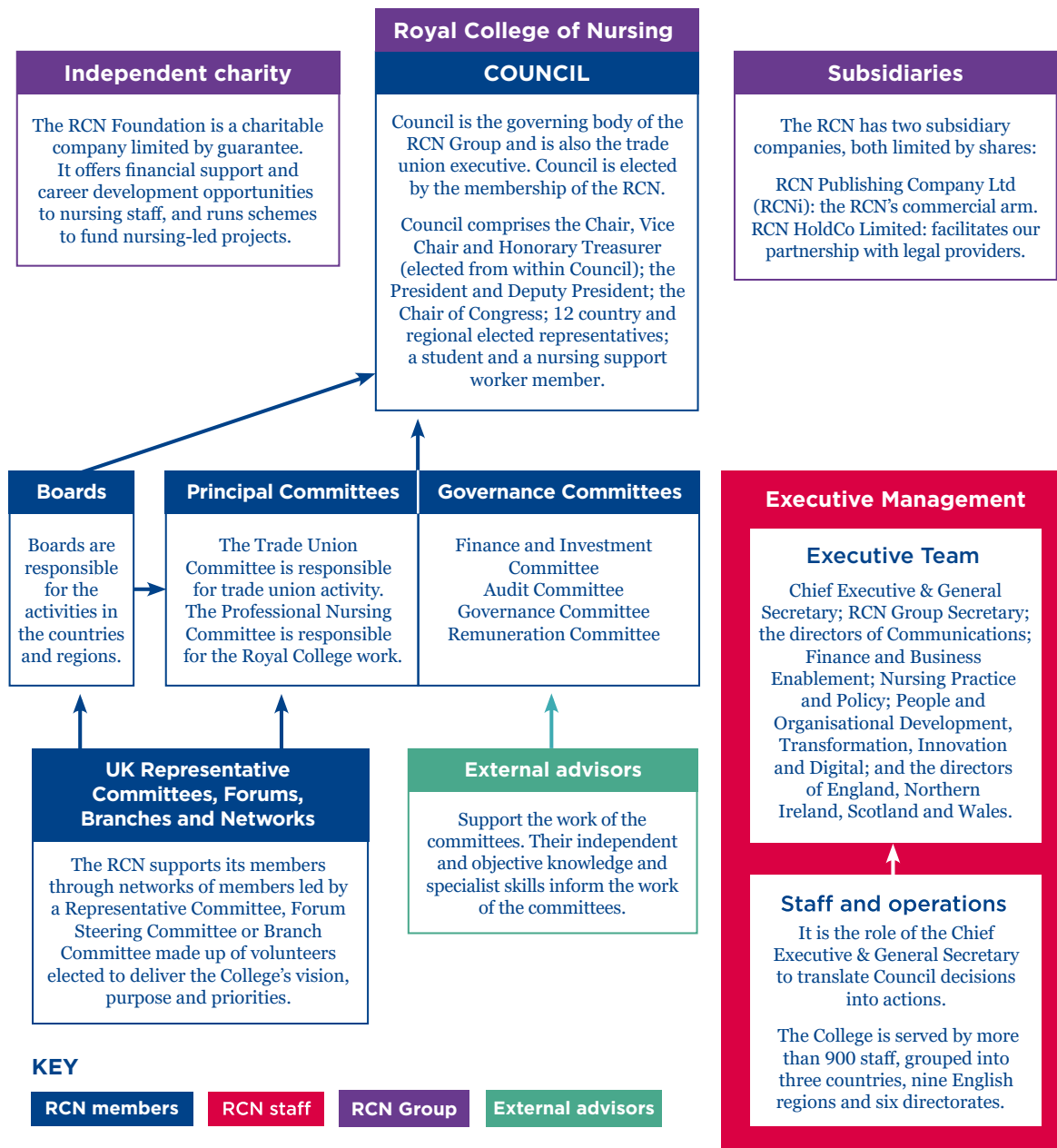
Royal College of Nursing Group structure and relationships



Corporate governance framework

Royal College of Nursing Group structure

The Royal College of Nursing is a corporate body established by Royal Charter. It is one of a small number of special register trade unions allowed to have a corporate status. The College is the parent of the RCN Group with control over the RCN Foundation, RCN Publishing Limited (RCNi) and RCN HoldCo Limited.



Looking forward

2020 Council

(from left to right):

Geoffrey Walker OBE,
South West

Dave Dawes, North West
- Honorary Treasurer

Evan Keir, Nursing
Support Worker

Richard Jones MBE,
Wales – Vice Chair of
Council

Amy Fancourt, Student
Seat now vacant,
Yorkshire & The Humber

Dr Janice Waters,
Eastern

Fiona Devlin, Northern
Ireland

**Professor Anne Marie
Rafferty CBE FRCN,**
President

Jeremy Benton, South
East

Geoff Earl, Scotland

Dr Annessa Rebar,
Northern

Dee Sissons, East
Midlands and Chair of
Council

Professor Rod Thomson
FRCN, West Midlands

BJ Waltho, Chair of
Congress

Dr Joan Myers OBE,
London

Not pictured: **Yvonne
Coghill CBE FRCN,**
Deputy President

We welcome our new Council who were elected for the period 2020 to 2023.



RCN Group strategy plans and priorities for 2020

The first RCN Group Strategy and three-year Group Plan for 2019–2021 was developed and agreed during 2018 under four strategic themes:

1. Provision of education and learning

Patients have a right to expect the very best care which is underpinned 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.

2. 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.

3. 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.

4. 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 secure 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 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 we have focused on the following five priorities which are set out in detail on pages 16–42.

1. Our Safe and Effective Care campaign
2. Developing members through their careers
3. Mobilising our membership
4. Shaping the future of the nursing profession and health care
5. Investing in our future by transforming the way we work.

COVID-19

Since the beginning of 2020, the COVID-19 pandemic has had - and continues to have - an impact on how we work and delivery of our business. Nursing has been at the forefront of fighting this new virus. The RCN has prioritised meeting the needs of our members and the increased service demands being experienced in the face of disruption. Ensuring we influence and represent the interests of our members in the national debate on the implementation of the emergency plans to tackle COVID-19 and re-opening of other services.

The RCN's response to COVID-19 is therefore being reflected in all areas of our work across our four strategic themes and in each of the following 2020 priority activities

Looking forward, the specific priorities for 2020 are:

- Staffing for Safe and Effective Care campaign.
- Independent Health and Social Care Strategy.
- UK Pay Strategy.
- Education Strategy.



the People's People

When we're going to bed, Sam has already started her night shift.

She'll bring comfort, relieve pain, fight infection and make her patients feel that little bit less scared. She's a people person.

But her shift will also be chronically understaffed. Patients waiting in corridors, care left undone.

Nurses are the People's People. And now we need to fight for them.

England is missing more than 40,000 nurses. Tell the Government to fix it. Sign our petition today at

rcn.org.uk/guardian

 Royal College of Nursing

[#safestaffingsaveslives](https://twitter.com/safestaffingsaveslives)

- Independent Governance Review/Implementation.
- Business Transformation Strategy (including a workforce strategy, a property strategy and a digital transformation strategy).
- Information Management and Business Intelligence.
- Membership Strategy (to incorporate the Membership Category Review).
- Income Strategy (to incorporate the Commercial Strategy).
- Influencing policy and professional standards.

Council has also agreed the following ways of working principles to be embedded into our work.

- Members will help shape new priority work through member and staff collaborative working and co-production.
- We will actively engage members in decision making and priority setting.
- We will have clear and transparent member decision making and will prepare concise decision papers with clear recommendations.
- An evidence base will inform decision making.
- We will capture, share and learn from individual projects.
- We will embrace innovation to optimise member engagement.
- We will adopt a robust and structured approach to ensuring consistent two-way communication.
- An equality and inclusion impact assessment will be carried out for every piece of work.
- A risk assessment will be undertaken for every piece of work.
- Our environmental and sustainability principles will be applied to all our work.
- There will be a project initiation document prepared for every new project with clear measurable targets and key performance indicators (KPIs).
- We will put in place resource allocation mechanisms.

Risk management

Managing strategic risks

Strategic risks are those that may result in a change in our strategic direction and threaten the successful delivery of our business priorities. The external context in which the RCN and the nursing profession operates continues to change rapidly and this has given rise to a number of significant new strategic risks. Over the past twelve months the impact of the changes to the routes into nursing, the structure of the profession, the current delivery model, the devolution of health and negotiations on the pay, terms and conditions of members and Brexit have and are continuing to have, significant impacts on our business and our priorities.

COVID-19

We are currently in the midst of an emergency situation with the COVID-19 pandemic. It is having a major impact on our members and we have successfully transformed the way we work as an organisation to ensure we have been able to continue to meet the increased demand from our members for support and services.

Our significant risks

Below are the processes and controls we have in place to ensure we achieve our priorities for the year ahead.

Our priority	The objectives at risk in 2020	Controls and mitigation
To continue to meet the changing and growing service demands of our members in the current COVID-19 emergency situation and future.	As we move to re-open our offices and transform the way we work in the new “normal” and unlock from COVID-19 we will not be able to continue to protect the health and well-being of our staff and ensure we can continue to meet the new and growing service demands.	Our Group Plan in light of the current COVID-19 pandemic has been reviewed and in some cases activities have been postponed and work programmes re-focused to support our members at this time.
Staffing for Safe and Effective Care campaign	This campaign is our highest priority for 2020. We recognise it is a long-term project to influence changes in legislation.	The campaign’s progress is overseen by a dedicated oversight and scrutiny group and its objectives have been reviewed to build on learning from the current emergency situation resulting from COVID-19.
Independent Health and Social Care Strategy	To provide tailored services and models of working that support our growing membership in the independent health and social care sector.	A member task and finish group has been set up to oversee development of an organisational-wide strategy. There is a staff programme board in place to support the task and finish group and ensure the delivery of the strategy.
UK Pay Strategy	A UK pay strategy to ensure our role in negotiating pay, terms, and conditions for our members is not eroded by devolution of health, country-by-country or employer-by-employer negotiations.	The Trade Union is overseeing the development of our new UK pay strategy. Boards and Committees are being consulted to shape the strategy.

Education Strategy	The development and implementation of an RCN Group Education strategy, with associated delivery model, to meet the needs of the membership.	A member task and finish group is overseeing this work. The project plan and timeline has been reviewed to take account of the changed external context to ensure the strategy is delivered by the end of the year.
Independent Governance Review	As “the voice of nursing”, the organisation’s governance and democratic processes must have a mandate from the members.	An independent review of our governance arrangements has been completed and Council is leading work to ensure members have confidence in future in our decision making process, and ensure members views are informing our decision making.
Business Transformation Strategy	Without an evolving transformation strategy we risk being unable to deliver our business agenda.	Our priority work programme will be supported by a new digital transformation strategy. A new business transformation director and external expertise is in place and will support the Executive Team to deliver our transformation programme.
Technology	Our technology infrastructure and systems fail and/or are subject to cyber attack, disrupting critical business and service delivery functions.	Our technology systems are regularly updated with the latest security features, data recovery arrangements in place and cyber insurance cover in place with a regular programme of testing.
Information Management and Business Intelligence	The organisation does not benefit from managing our business data effectively, using business intelligence and ensuring compliance with legislation.	We are implementing a new Information Governance Strategy. We have regular reporting of GDPR compliance and data breaches. Developing our Business Intelligence and evidence based approach to decision making is a business priority.

Membership Strategy	Our strategy of member growth and retention requires our membership offer (and the way we deliver it) to meet the needs of all members across all sectors.	<p>We have in place a Council-led dedicated task and finish group review our current membership categories, subscription model and offer.</p> <p>The membership is being consulted at every stage of the work.</p>
Income Strategy/ Commercial Strategy	There is a risk that we do not grow our income from our commercial strategy and continue to be too dependent on our membership income and our investment income.	<p>We are refocussing our commercial offer.</p> <p>We are focussed on developing our capability to work differently to embrace a more commercial approach to our work.</p> <p>We are aligning our business intelligence strategy and transformation plan to support this agenda whilst reducing costs.</p> <p>We are regularly reviewing the performance of the investment manager.</p>

Priority 1: Our Safe and Effective Care campaign

Deliver the RCN's overall approach to staffing for safe and effective care work through leadership of country campaign groups

To have in place evidence and knowledge that will support the RCN's position

To harness support for the RCN's position on staffing for safe and effective care from members, the public, stakeholders and politicians

To use UK safe staffing as a vehicle for the RCN's member engagement strategy

To drive change which enables staffing for safe and effective care in every health and care setting, regardless of provider

Deliver RCN's overall approach to staffing for safe and effective care work (including implementing the RCN's five principles) through leadership of country campaign groups

UK framework

Our UK framework, launched in January 2019, clearly sets out the requirements for public and member campaigning and are clearly articulated. The project plan sets out milestones and monitoring. All four country campaigns have work streams in place to support public campaigning and member engagement.

Project initiation documents (PIDs) for 2020 signed off

UK and country campaign PIDs for 2020 were approved through UK programme board and their approach country board/scrutiny committee.

Oversight and Scrutiny Committee

The RCN Council's Overview and Scrutiny Committee for the UK Safe and Effective Staffing Campaign was established to provide scrutiny of the work of the UK Programme Board, addressing recommendations of the Electoral Reform Services (ERS) report by the way it works and monitoring the delivery of the campaign against the plans agreed by RCN Council.

To have in place evidence and knowledge that will support the RCN's position

International legislation review

This project explored the experience of 23 partner nursing associations worldwide at different stages of developing safe staffing legislation or statutory guidance/frameworks. It provides an overview of National Nursing Association (NNA) experiences and perceptions of existing and proposed nurse staffing legislation, including: the different approaches taken, campaigning tactics used, how legislation works in practice and the impact of legislation on nursing practise and patient care. We are currently agreeing with partners how the data can be used publicly. A public facing output will be produced in early 2020, as well as augmenting this data with analysis of the actual legislation from countries where it exists.

Sheffield University Alliance

The UK-wide alliance is in the second year of a five-year contract, with the aim of undertaking primary and secondary research to influence priority issues for nursing policy and practice. The alliance has a wide-ranging workplan which includes developing an evidence base on staffing for safe and effective care, emerging nursing roles and capacity building for research in the nursing profession.

Organisational learning

An organisational learning workstream purpose document has been completed and the direction of travel was agreed by the UK Programme Board and the UK Overview and Scrutiny Committee. Each UK workstream and country campaign progress report includes a section on learning to be shared.

Workstream and campaign exception reporting is presented at the UK Programme Board and Overview and Scrutiny Committee.

Feedback from the organisational learning workstream indicates they are confident that informal learning and sharing is taking place and there have been some good examples of that evidence.

The workstream has identified links with the SMART planning and decision-making framework.

The Executive Team (ET) have commissioned a staff management development programme (MDP) project on the topic of organisational learning. They will be looking to do an assessment of how we are doing as an organisation by interviewing staff and researching best practice. A report is due in April 2020 with recommendations which are likely to include approaches to sharing and storing evaluation and learning, and how organisational development can support RCN organisational learning.

A business case has been successful in securing funds for a project sponsored by our President. Planning is well underway to commence a combination of interviews, training and learning events early in 2020.

Wales implementation report

RCN Wales researched and published a report examining the implementation and impact of the first safe staffing legislation in the UK. This was accompanied by two further publications, the first providing an overview of the nursing workforce and its supply, and the second providing specific recommendations for improved work force planning in Wales. RCN Wales's published policy documents have won plaudits across the sector for their impact and quality.

To harness support for the RCN's position on staffing for safe and effective care from members, the public, stakeholders and politicians

Congress (briefing, fringes, lectures etc)

In 2019 a range of Congress activities related to staffing for safe and effective care occurred which demonstrated the ongoing organisational importance of safe and effective staffing as a strategic priority. The activities included events and fringes, lectures, use of public spaces which had UK and country-specific content/analysis, and an engagement report setting out member campaigning.

Campaign sign ups

England: RCN England launched their public campaign asking people to call on the Westminster Government to invest in tomorrow's nurses, end this crisis and make clear in law who is truly accountable for safe and effective patient care. As at 31 December 2019 the petition has over 90,000 signatures and over 7,000 of those sign ups have agreed to become an e-campaigner and share our messages online. A new role has also been developed for launch in 2020 of active campaigner for those members who would like to be more involved in our campaigns.

Northern Ireland: RCN Northern Ireland launched their public campaign asking the people of Northern Ireland to support their nurses and demand that the Department of Health takes action to resolve our nurse staffing crisis and pay Northern Ireland nurses what they deserve. The petition had 22,000 signatures from the public at the end of December 2019.

Scotland: The 'Ask for More' campaign culminated in a request for those who had signed up (over 5,000) to email their Member of Scottish Parliament (MSP) in advance of the Stage 3 debate. More than 3,000 emails were sent to MSPs highlighting why getting the Health and Care (Staffing) (Scotland) Bill right for nursing and for patients was important and asking MSPs to make use their vote in the chamber. A small group of members attended the final debate in the Scottish Parliament in May. Following the successful passing of the Bill, 'thank you' emails were sent to members of the public and those of the RCN that had engaged in the campaign. Plans for 2020 will concentrate on developing resources for members to support implementation of the Health and Care (Staffing) (Scotland) Act.

Wales: Workshops have been held with members and regular newsletters sent to Wales's e-champions. Safe Staffing Champions have been nominated from representatives in each health board and they have received specific training in this role. A toolkit has been developed to provide all RCN Wales Representatives with a resource to support activity in their area. In November members from across Wales gathered in the Senedd to call for more action on safe staffing. In addition two successful stakeholder conferences on the topic of safe staffing were held attracting widespread support and building alliances. Research was commissioned to examine patient views with a view to extending this work in to the next campaigning year.

Manifestos

During the UK Government General election, all major political parties in Westminster included nurse staffing as a high priority in their manifesto.

Member engagement at Westminster

In July, nursing staff attended our most successful Westminster event in Parliament to discuss their experiences of delivering care in hospitals, care homes and community settings in England. Frontline nursing staff and students stressed the need for urgent action to tackle the workforce crisis and ensure patients receive safe, effective care. As a result, over 1,400 actions were taken. This helped ensure that more than 100 MPs and Peers from across all political parties attended the event hosted by RCN members.

Recognition for Scotland's 'Ask for More' campaign

The 'Ask for More' Campaign was selected as a finalist in the Best Public Affairs Campaign category at the Chartered Institute of Public Relations annual Pride awards.

Safe staffing as a vehicle for the RCN's member engagement strategy

Resource pack for representatives (Reps) - health and safety campaigning

A campaigning resource pack has been developed and launched for RCN Reps to support them in any campaign activity that is being taken forward with members. All of the resources have been developed with a dedicated working group made up of RCN members, reps and staff from across the UK.

The next stage of the development will be to roll-out this resource to all health and safety reps in early 2020, as part of the ongoing supervision and support offered. There are also plans to integrate the resource as part of the safety reps module in 2020/21.



Member decision-making framework member to member information cascade

The UK Oversight and Scrutiny Committee agreed that the decisions it takes will be based on the assurance that the programme is delivering its objectives. It agreed a clear framework for member decision making that reinforces new ways of working and ensures there is evident alignment with staff delivery and member scrutiny.

Communication is central to ensuring members can be assured that the UK Staffing programme is delivering in line with expectations. We developed an approach to communicating the key messages following each meeting of the Oversight and Scrutiny Committee through a member to member communication cascade.

To drive change which enables staffing for safe and effective care in every health and care setting, regardless of provider

Scotland – Legislation that covers health and care

The Health and Care (Staffing) (Scotland) Act gained Royal Assent on 6 June 2019.

The Act is the first legislation in the UK to set out the requirements for safe staffing across both health and care services and most clinical professions.

The Act has two important overarching provisions:

1. The principle that the main purpose of staffing is to provide safe, high quality services and the best outcomes for service users.
2. A duty on NHS and social care providers to make sure that at all times, there are suitably qualified and competent staff working in the right numbers.

The Act sets out how the overarching principles should be applied across health and social care, including in the commissioning of services. It also specifies different duties for health boards, councils, integrated authorities and the Scottish Government to report publicly on compliance with the Act.

In advance of the proposed phased implementation that starts in 2020, RCN Scotland is contributing to the guidance development process. A group of expert members from across health and social care have been engaged in this.

Wales – Second phase of campaigning

RCN Wales provided evidence calling for a specific amendment to the Quality and Engagement Bill that would link the duty of quality to effective workforce planning and sufficient staff. This suggested amendment received widespread stakeholder support including from the British Medical Association (BMA) and cross-party political support. The Welsh Government has committed to ensuring that statutory guidance is published which embodies these principles.

RCN Wales held a member event in the Senedd calling for safe staffing legislation in the care home sector and published an influential report on this topic. In addition, RCN Wales successfully persuaded the Welsh Assembly to hold an Inquiry into community nursing. As a result of this action, cross party support for an extension of section 25B into this area and additional investment into the programme was gained from the Welsh government.

In December 2019 the Welsh Government announced the extension of section 25B of the Act to children's inpatient wards as a result of RCN campaigning.

England campaign launch

90,000 members of the public had signed our petition supporting safe and effective care legislation by the end of December 2019. There was also extensive national and local media coverage, member-led local events and stakeholder endorsements.

Northern Ireland – Industrial action

In July, RCN Northern Ireland members were balloted on industrial and strike action. 96% of RCN members who returned their ballot papers voted to take industrial action and 92% voted to take strike action. The ballot involved RCN members working under Agenda for Change terms and conditions within the Health and Social Care services (HSC) in Northern Ireland. This is the first time in the history of the organisation that RCN members have voted to take strike action.

Strike action began in December at picket lines across Northern Ireland to demand that measures be taken to address the unsafe staffing levels and deliver pay parity. The strike action followed three days of industrial action, short of strike, which took place in early December.

Priority 2: Developing members through their careers

Develop the Education, Learning and Development and Technology Enhanced Learning strategy

To support team development and new ways of working

To support the provision of care through non commercial and commercial learning activity

To increase the evidence based provision across the RCN Group

Development of the Education, Learning and Development/Technology Enhanced Learning Strategy

The UK framework for the development and delivery of a five-year Education, Learning and Development (ELD) and the Technology Enhanced Learning (TEL) Strategy for The RCN Group is clearly articulated in a Project Initiation Document (PID). The strategy reflects the support required for continued delivery of the existing educational programme. It also reflects the need to identify and meet future education and learning requirements in a way that develops and increases the RCN offer for contemporary nursing.

The PID for 2020 was approved and signed off by the UK programme board. The objectives are supported by a project plan that clearly sets out the delivery criteria and milestones. The next stage of development will include a UK-wide engagement campaign with members.

Our key achievements during 2019

As part of the PID development, a survey of the existing provision of ELD and TEL was undertaken across the UK.

The leadership education delivery offer from the RCN has continued to grow across the UK at all levels. The introductory leadership programme, aimed at health care support workers, has been delivered in the north and south of England.

The clinical leadership programme is commissioned by a growing number of NHS trusts and independent sector organisations, such as The Welsh Blood Service.

The nursing career web resource was launched in May 2019. This resource continues to be one of the most frequently accessed and utilised web pages.



Team, development and new ways of working

The new Head of Education position that was appointed in 2019 provided an opportunity to review the current practice of the professional leads for learning and development and explore new ways of working.

Our key achievements during 2019

A skills gap analysis of the learning and development team was undertaken. It provided a framework for identifying the level of skills and knowledge in the team, as well as their learning and development needs.

Close working with colleagues within Nursing Practice, Policy and the four countries continues to develop. Having representation from the four countries at all our education meeting has helped to formalise ways of working and ensure the appropriate knowledge and skills underpin the educational offer.

A formalised evaluation and quality assurance process will become an integral part of the educational offer going forward.

Support through non-commercial and commercial learning activity

During 2019 a range of education and learning resources have been developed and made available for members. We have continued to look at different ways to support the learning needs of all members at different stages of their careers.

Our key achievements during 2019

As part of our non-commercial offer, a nursing careers resource has been developed. This free online interactive web resource is available to support the nursing team to plan their careers on a more informed basis.

In the autumn of 2019, the nursing careers resource won a commendation. In recognition of the level of stakeholder engagement undertaken with members to make the resource fit for purpose.

Our First Steps resource was relaunched following a review. It continues to support those that are new or returning to work in health and social care.

The Practice Based Learning (PBL) web resource is a free online resource. It provides support and guidance to nurses across the UK and incorporates the new Nursing and Midwifery Council (NMC) standards for supervision and

assessment. In developing the first phase of the resource, members across the UK were consulted through a series of engagement events.

As part of phase two of the PBL resource development, work has begun with the design and development of the first mental health online learning module that will be launched in 2020.

During 2019 an infection prevention and control online learning module was designed and has been delivered to two cohorts of participants. The feedback has been very positive and we are in the process of arranging delivery for the next cohort.

We have been successful in our bid to undertake the delivery of the RCN Foundation neuro-rehabilitation programme. In addition, we have secured a contract for delivering a demonstrating leadership programme in Ghana, in partnership with the Welsh Government. Engagement in both these new activities will allow us to increase our suite of commercial offers.

Increase in evidence-based provision

Ongoing engagement with the Sheffield Research Alliance has continued to ensure the evidence base of our work is supported. The work of the Alliance has been UK-wide to support the range of scholarly activities.

Our key achievements during 2019

A systematic review of Advanced Practice was commissioned. The outcome will be published in 2020.

The Alliance is also engaged in the undertakings of a review of continuing professional development, and a research study on the role of associate practitioners.

The outcome of these reviews will help to inform the development and delivery of our education programmes and content.



Priority 3: Mobilising our membership

To consider the use of industrial action in Northern Ireland (NI)

To consider the use of industrial action in Guernsey

To implement a UK RCN pay policy

To drive change which enables better terms and conditions of employment in the NHS and Independent sectors

To ensure members best interests are represented in relation to the NHS Pension

To consider the use of industrial action in Northern Ireland (NI)

Governance process to ensure NI Board recommendations on industrial action in NI are scrutinised, agreed and implemented

Industrial action in Northern Ireland was initiated, progressed and agreed through the membership structure – from members, through branches, Northern Ireland Board, the Trade Union Committee and finally to RCN Council. RCN staff played an important supporting role to this member-led action, which included co-opting staff on a long-term basis from other countries to the Northern Ireland office, media support from HQ and bringing officers, senior officers and other staff to support members and NI staff during the action itself. This model – where members were the decision-makers and staff worked to support them – was overwhelmingly successful with many members engaging with the RCN for the first time on picket lines and at branch meetings. As a result some branch meetings in Northern Ireland have seen higher levels of attendance.

To consider the use of industrial action in Guernsey

Governance process to ensure South East Board recommendations on industrial action in Guernsey are scrutinised, agreed and implemented

Guernsey members have been challenging the inequality of their pay for some years. The lack of legislation to support equal pay issues and the frustrations of members with the unsatisfactory offers from employers have resulted in RCN Council authorising the recommendation of the Trade Union Committee for the members in Guernsey to be balloted on industrial action. Members in Guernsey have led and engaged on a number of demonstrations including a member's march and a rejection of the last offer by a member ballot.

To implement a UK RCN pay policy

Embrace the learning from the independent report commissioned from Electoral Reform Services Ltd to engage members in the development of an RCN UK Pay Policy

In 2019 the RCN UK Pay Policy was developed by the RCN Trade Union Committee with input from the UK Representatives Committees and RCN staff from across all four nations. This pay policy sets out high level principles which should inform the development of specific RCN negotiating strategies and objectives when entering into discussions on pay, terms and conditions. This will ensure RCN negotiators represent the interests of members in a consistent and democratically accountable way. Consultation on the final UK Pay Policy will commence in 2020.

To drive change which enables better terms and conditions of employment in the NHS and Independent sectors

NHS terms and conditions work streams

Throughout 2019 the RCN has continued to play a leading role in the Staff Council, negotiating pay and conditions on behalf of RCN members in the NHS. RCN lead members, including the Chair of the Trade Union Committee and two of the three Chairs of the UK Reps Committees, have been active participants in NHS Staff Council plenary meetings, supported by senior RCN officials with responsibility for employment relations.

During 2019 the NHS Staff Council and national partnership forums have continued to negotiate and implement outstanding aspects of the framework agreements agreed in 2018. The outcomes of negotiations have been scrutinised and approved by the Trade Union Committee.

The RCN, alongside other health unions, negotiated improvements to shared parental leave entitlements and rights to child bereavement leave for staff working in the NHS. From 1 April 2019, parents working in the NHS in England, Wales and Scotland who suffer a child bereavement are entitled to two weeks' leave on contractual pay.

In 2019 England and Wales, employers and health unions worked in partnership to prepare an 'At a Glance' document which summarised the key changes to NHS pay in 2019/20. In Scotland, the Scottish Terms and Conditions Committee published circulars providing information on changes to pay.



During 2018/19, employers and health unions, including the RCN, started negotiations on buying and selling leave. Consensus was reached on areas of good practice including limits for leave which can be sold, and the adoption of fair processes for requests to buy or sell leave. Unfortunately rates of pay were not able to be agreed. These principles will now form part of the national handbook of terms and conditions of service, they may help to inform discussions on local policies.

Time Off In Lieu (TOIL) and annual leave

In November 2019, the Staff Council started talks on a new time off in lieu (TOIL) policy for England, using the agreement reached in Scotland as a starting point for discussions.

Working with representatives and members the RCN has produced guidance, delivered training and workshops on job evaluation. The RCN holds the staff side co-chair position at the NHS Staff Council Job Evaluation Group.

Terms and conditions in the independent sector

A new trade union recognition agreement was achieved with Elysium Healthcare, one of the largest providers of mental health and learning disability services in the UK outside of the NHS.

Working closely with members the UK's largest private health and care company, we have protected member interests during an uncertain time for its future as it is taken over by administrators. This has involved organising multiple national TUPE transfers in a way that ensures employment rights are protected, negotiating with the Brighterkind care home company (part of Four Seasons Health Care (FSHC)) to secure annual pay uplifts for all workers, along with employer reimbursement of registration fees for care assistants in Scotland and Northern Ireland.

Priority 4: Shaping the future of the nursing profession and health care

Sheffield Research Alliance and some of its outputs

The RCN's international alliances and International Committee

Parity of esteem, TOP, and Prince of Wales

WHO Year of the Nurse 2020 and FNF 2020 - Looking ahead to 2020

Key pieces of work taken forward by the PNC

Congress outputs and resolutions

Sheffield Research Alliance (SRA) and some of its outputs

In 2019, the Alliance between the Royal College of Nursing and the University of Sheffield was in the second year of a five-year contract. The scope of the Alliance is UK-wide, with the aim to undertake primary and secondary research to influence priority issues for nursing policy and practice. The Alliance has a four country nursing advisory group, including nursing research experts from a range of UK academic institutions as well as representation from the RCN's UK Professional Nursing Committee.

Our key achievements during 2019

In line with organisational priorities, understanding and developing the evidence base for staffing for safe and effective care is a priority. The University of Sheffield undertook a scoping review of the full existing UK and international research evidence base for impact of nurse staffing levels on patient care. In addition, they carried out a systematic review of the existing UK and international evidence base for the impact of nurse staffing levels on care that was either not completed or was missed, specifically in primary and community settings. Furthermore, they have re-analysed data from the 2017 Safe Staffing Survey, examining prevalence of care left undone and its relationship to registered nurse staffing levels within community nursing and were advised on future iterations of the safe staffing survey.

The other objectives of the SRA are understanding emerging nursing roles in the UK (such as advance nursing practitioners and nursing associates) and to build capacity for research within the nursing profession. Two cohort studies have been designed and initiated, to demonstrate nursing contributions for influencing policy makers, and for shared good practice: Advanced Nurse Practitioners; and Trainee Nursing Associates.

The RCN's international alliances and International Committee

Our objectives

Our international work focuses on the benefits that it provides to the RCN and the nursing profession, the relevance the work has to the RCN's strategic aims and the effectiveness and impact of the work.

The RCN is currently a member of various international alliances/networks, including:

- European Federation of Nurses Associations (EFN)
- European Nursing Research Foundation (ENRF)
- European Federation of Public Services Unions (EPSU)
- European Forum of National Nursing and Midwifery Association (EFNNMA)
- Commonwealth Nurses and Midwives Federation (CNMF)
- European Public Health Alliance (EPHA)
- International Confederation of Midwives (ICM).

As a matter of good practice, the RCN seeks to review and assess the value of its alliances both in the UK and internationally. We are doing this by assessing their impact, efficacy, value for money, policy change, membership engagement, governance arrangements and member mobilisation.

Parity of esteem, Termination of pregnancy, and the Prince of Wales Cadet Scheme

The Nursing Department has led on developing projects that have been agreed as RCN Congress resolutions. Some resolutions agreed in previous years, concluded their activities in 2019 whilst others have become embedded as part of normal activity.

Parity of esteem (PoE)

The PoE programme of work has been successful in creating visibility in core areas of mental health practice, to ensure it is on an equal footing with physical health care.

Our key achievements during 2019

The PoE programme of work has developed a set of practical resources and competencies to support the development of parity in nursing practice. Some key outputs have been:

Making Parity Reality campaign during mental health awareness week in October 2019. This campaign was used to launch a collection of web-based materials that had been developed. They include case studies that demonstrate examples of good practice.

A lived experience workshop was delivered in partnership with Citizen UK in September 2019. There was a high level of

engagement from a number of NHS organisations as well as Equally Well UK. We have established a firm collaboration with these national organisations in leading this area of work to support our membership.

A PoE publication with a four-country focus on policy and professional development was developed. Each UK country continues to work to influence and shape the mental health policy agenda; a focus on parity of physical and mental health equality for those with serious mental health needs.

As part of the learning and development offer, member-focused seminars have been recorded for continuing professional development (CPD). These seminars will become available on the member CPD platform.

The web-based campaign materials will be incorporated and managed as part of the mental health clinical pages.

Termination of pregnancy (ToP)

The ToP project was mandated by the Professional Nursing Committee (PNC) and included key national and country specific leads and partners, in recognition of some of the nuances that had to be considered when progressing this work. In 2018, a broad member engagement survey was undertaken and the outcome was used to direct the focus of the work in 2019. The project had four elements:

- a position statement on the decriminalisation of ToP
- changes to legislation in Northern Ireland around ToP
- nursing education in ToP services
- review of RCN guidance on Conscientious Objection.

Our key achievements for 2019

The publication of an RCN position statement was completed. The position is that the RCN supports the principle of removing criminal sanctions associated with termination of pregnancy.

A roundtable event took place in which the related Royal Colleges attended and discussed the ongoing work around the decriminalisation of ToP.

2019 has seen significant changes to the legislation on ToP in Northern Ireland. Due to the legislative position and sensitivities around this, consideration of the issues raised are being managed by the RCN Northern Ireland office. A response by the RCN to the consultation on the framework for legislative change was submitted in December 2019.



A scoping exercise of the education and training needs of the nursing workforce that work in and/or support ToP services was undertaken. This will be used to inform a framework for nursing education in ToP services. The outcome of this work is scheduled for publication in January 2020.

In July 2019, the RCN guidance on ‘Conscientious Objection’ was reviewed and published on the website.

The ongoing activity relating to this area of work will be mainstreamed as part of the RCN’s offer on women’s health.

Prince of Wales Cadet Scheme

Our key achievements for 2019

The Prince of Wales Cadet Scheme project was formally launched in Wales in 2019 by HRH Prince of Wales and the RCN’s Chief Executive & General Secretary.

The cadet scheme has gained momentum and ran a number of education programmes that have introduced participants to experiences that have led them to consider nursing as a career.

Plans are in place to extend the scheme to England.

World Health Organisation (WHO) Year of the Nurse 2020 and Florence Nightingale Foundation 2020

In 2018 the Director General of the WHO, Dr Tedros Ghebreyesus, announced that 2020 would be designated as the International Year of the Nurse and the Midwife, in honour of the bicentenary of the birth of Florence Nightingale.

During the summer of 2019, the Executive Team and the International Committee asked the RCN President and the Associate Director of Nursing to lead a programme of work that would set out the RCN's contributions to events during 2020. The RCN simultaneously agreed to be a key partner with the Florence Nightingale Foundation (FNF) for its international conference on the 27 and 28 October 2020. This will enable us to have an exhibition site as well as leading two academy sessions during the conference.

We have established a Task and Finish Group to focus on the plans for 2020, as well as identify the specific contributions that we will make as part of the two academy sessions that the RCN will lead at the conference. The group has four country and regional representation as well as participants from a number of our forums and Committees. We have engaged with a number of forums in encouraging responses to the FNF conference organisers call for abstracts focused on the four themes of : Impact, Professionalism, Global Health and Digital Health.

In October 2019 the celebrations kickstarted with our exhibition launch in the library at RCN headquarters to acknowledge the centenary of nurse registration.

The Emotions in Nursing exhibition was developed in 2019 and was launched in January 2020. Along with a number of historical exhibits, it features a series of newly commissioned stained glass windows depicting scenes reflecting the varied emotions experienced by nurses since Florence Nightingale's time.

Key pieces of work taken forward by the Professional Nursing Committee (PNC)

In 2019, Policy and Public Affairs UK and International Committee worked with the Professional Nursing Committee to develop positions on issues posing potential risks or opportunities to the nursing workforce in the UK. The Strategic Research Alliance, which seeks to build the evidence base to influence nursing policy and practice in the

UK, was facilitated to seek input from the PNC during the year. A strategic aim of the Strategic Research Alliance is to capture and build the evidence base for influencing policy makers in valuing and prioritising nursing, PNC was asked to share views and intelligence regarding the available evidence base to support the RCN UK-wide campaign on staffing for safe and effective care.

Our key achievements during 2019

Policy staff worked with the PCN to develop a position on the introduction and implementation of apprenticeships in England, in part to support effective implementation if introduced more widely in the UK. The PNC also steered the development of a UK position to protect 'supernumerary status' for nursing staff during pre-registration learning time. These positions form the basis for ongoing influencing and for holding policy makers to account.

Congress outputs and resolutions

Nursing, Policy and Practice leads on delivering a number of RCN Congress resolutions. For each of these a working group has been set up, which involves the member who proposed the resolution. RCN highlighted these mandates during the Political Party Conferences for Labour and Conservatives.

Our key achievements during 2019

Public Health Strategies on violence prevention and reduction

We have begun the process of identifying and engaging with a broad range of stakeholders from statutory agencies to voluntary and third sector organisations which work with communities which are significantly impacted by knife crime across their populations of children and young people.

We have also completed some initial evaluation of current UK strategies in this arena using the WHO framework. As a result, the focus is on lobbying government to implement a coherent public health approach to tackling violence. This would be through appropriate investment in preventative multi-agency activity in order to significantly reduce levels of violence and in particular knife crime amongst children and young people.

Period poverty

The Congress mandated resolution on period poverty is progressing. The work focuses on three key objectives:

- to raise awareness around period poverty

- to establish how the government promises are being achieved across the UK, and consider how to lobby for further improvements towards ending period poverty
- to engage in national discussions on the issue of period poverty.

Our key achievements during 2019

Output of the Women's Health Conference that took place in November 2019, included a box where delegates could donate sanitary products. The items donated were given to local charities that support women in Central London.

There was also a collection at 2019 Congress for 'Fresh as a Daisy', a local charity aiming to help women and girls in Bolton who struggle to afford essential sanitary products.

A range of different approaches are currently being considered for raising awareness and disseminating information at Congress 2020.

Sepsis

The approach to the development of this area of work has been primarily to build on the information and collaborations that already exist. There has been continued engagement with external organisations through the newly formed NHS England Deteriorating Patient Group that has representatives from across the system.

The RCN remains a key partner in the development of a National Paediatric Warning System. This will provide guidance and help to make clear the nursing response and contribution in identifying and treating sepsis.

Loneliness

Studies have identified the links between loneliness and poorer health outcomes. This Congress resolution has been progressed through the actions of a stakeholder group and focuses on three key objectives:

- the engagement with UK governments on respective national strategies
- support for nursing and midwifery staff to be able to recognise loneliness in patients and refer them for support
- guidance for employers, nursing and midwifery staff to recognise, prevent and manage loneliness that nursing and midwifery staff and colleagues may be experiencing.

The actions to meet these objectives will continue to be progressed and include cross departmental (RCN) collaborations.



Royal College of Nursing
RCH Prince of Wales
Nursing Cadet

Priority 5: Investing in our future by transforming the way we work

To deliver a financially sustainable future by making the most of our expertise and managing our finances well

To run an excellent organisation that enables us to deliver our business priorities and our vision for the profession

To be a responsible organisation that lives by the values which we champion in nursing

To develop an effective and progressive workforce with the skills and competencies they need to deliver our ambitious agenda

To deliver a financially sustainable future by making the most of our expertise and managing our finances well

2019 was the first of a three-year plan and budget cycle developed to underpin the RCN Group strategy and ensure the RCN is able to meet its priorities within a financially sustainable framework.

In 2019 we reported a net operating surplus of £3.2m, which was ahead of our planned position for the year, due in part to strong income generation and to some extent the delay to phase 2 of the Customer Relationship Management (CRM) programme, which will now be completed in mid-2020.

Membership income performed well during the year, due to a 3% increase in overall membership numbers. The introduction of online renewals and business intelligence gained from information held within the CRM system has contributed to this increase through improved member retention.

Non-membership income also grew in 2019, with conference services, Continuous Professional Development and other educational activities exceeding planned performance.

We have work underway to implement a new income strategy to continue our plan to diversify our income sources and reduce our reliance on membership subscriptions and investment income.

A key area of activity in the year was centred on our Staffing for Safe and Effective Care Campaign across all parts of the UK and the pay dispute in Northern Ireland. Working together with our members we have been able to divert resources to support this vital work whilst continuing to provide business as usual services to members and other stakeholders.

Whilst 2019 saw a £4.1m net increase in the clinical negligence indemnity provision, the majority of the increase relates to one case. Clinical negligence cases are reviewed regularly by the RCN in-house legal team and the RCN's clinical negligence lawyers.

During 2019 our investment portfolio performed well, with net income of £1.6m and net gains in year in excess of £10m, this more than recouped the losses of £2.7m experienced at the end of 2018. In 2019 we implemented the recommendations of the 2018 independent review of the investment portfolio, which included some relatively small

changes to the asset allocation benchmark and the currency exposure of the portfolio to sterling.

In July 2019 Council also agreed the transfer of £20m from bank deposits into the investment portfolio. The transfer is being undertaken in £5m tranches at three-month intervals. At 31 December 2019 £10m had been transferred into the portfolio. The remaining £10m will be transferred in the first half of 2020.

The accounting valuation, known as FRS102, of the RCN's defined benefit pension scheme reported a surplus of £13.6m. The RCN cannot report this in its statement of financial position as the RCN will not benefit from the surplus. The RCN continues to make its employer contributions monthly and its annual £3.3m deficit payments agreed as a result of the September 2016 triennial valuation approved by Council and the pension scheme trustees, TPT Retirement Solutions, in December 2017. The 2016 triennial valuation reported a scheme deficit of £52.1m. The latest triennial valuation, based on the position as at 30 September 2019 will be approved by the end of 2020. Early indications are that the scheme will continue to report a deficit, albeit significantly reduced from the 2016 position. More information is available in note 16 on page 78.

To run an excellent organisation that enables us to deliver our business priorities and our vision for the profession

RCN Council commissioned the Centre for Public Scrutiny to conduct an independent governance review to ensure the RCN's members have good oversight of the organisation's strategy and the process for key decisions, have the opportunity to influence and shape the organisation, are assured of openness and transparency and find its structures fit for purpose.

The RCN is a corporate body, incorporated by Royal Charter and a not-for-profit organisation. It is not a company set up under the Companies Act. The RCN is also a Special Register Trade Union.

The RCN adopts the Companies Act and the UK Corporate Governance Code 2018 for narrative reporting. However there are some fundamental differences between those organisations that are normally regulated by the Companies Act and the code and the RCN and some aspects are not therefore relevant.



Nevertheless generally the principles of good governance set out in the Code apply to the RCN and it therefore seeks to comply with the spirit as well as the letter of the Code where possible. In addition to its fiduciary duty and its focus on strategic business alignment Council has commissioned an independent review of the effectiveness of its governance arrangements and has been looking over the past 12 months at culture, stakeholder engagement and ESG reporting. It has also prioritised a review of its procurement strategy and its modern slavery statement.

We are continuing to implement a major business transformation including a digital transformation strategy.

Under our Audit Committee our risk and compliance processes have gone from strength to strength and during the year we have introduced new corporate performance reporting dashboards.

A Council Task and Finish Group is reviewing our membership categories to ensure our structure and member offer is to make our arrangements fit for the future and make sure they reflect the changing entry routes into nursing across the UK, support diversity and inclusion, and ensure long-term financial sustainability.

Member services

In 2019, satisfaction rate from members using member support services was 84.1%. Member Support Services (MSS) continue to work towards a self serve model with innovation in both online booking processes and web based resources. The success of this approach was reflected across the service in a decrease in DNA (did not attend) and LNC (late notice cancellations). There has been an increase in accessing careers resources online with 303,838 web hits in 2019. Lamplight introduced a pilot on food vouchers in the period up to Christmas which was very successful and assisted its main function to provide support to clients in financial hardship. In total, Lamplight identified £1,379,618.72 of unclaimed benefits for their clients through 2019. The introduction of an online mental health platform for RCN members via RCN Counselling services was introduced and there was a decrease in waiting times from the unprecedented levels seen in mid 2019. Members who have experienced a reliable improvement in their symptoms following counselling is 72%. Engagement with members was increased and video resources provided by Peer Support showcased some of the very good practice in place for supporting nurses with disabilities to remain in work. The complex issues of the impact on Universal Credit on student

income has been one of the issues being addressed by Welfare Services, and our Immigration services have led on the immigration health surcharge and worked together with our policy team on the `sole responsibility` issue for overseas nurses, which is of concern for our members.

Our contact centre handled over 86,000 contacts, via telephone, email and chat and 56% of these were resolved by advisers. We also supported 1,140 members with their statements.

Across 2019, the Support Team worked on our self-service offering. In March, an indemnity decision-maker was launched which has proven popular with members and since being implemented we have seen an overall reduction in calls coming into the centre on this topic. We also revamped our maternity and pregnancy toolkits in July and hits steadily increased ending with an increase in hits of 25% and 50% respectively in December. Overall, we had 1,376,722 hits to our online advice pages in Get-Help.

We have also supported the wider RCN priorities sharing intelligence around:

- members working in prisons
- sexual harassment data
- staffing levels contact – to support the Safe and Effective Care campaign
- supported our legal team colleagues looking into the variance in types of calls between our major ethnic groups
- Northern Ireland industrial action.

Looking ahead to 2020, we hope to expand on this as we move into the next phase of Speech Analytics implementation as we build our first categories.

To be a responsible organisation that lives by the values which we champion in nursing

Following a Resolution at 2019 Congress we have issued a position statement on climate change and we are committed to embedding sustainability principles into all our work. We have also started new work on a responsible investing policy and have plans to review our property strategy on the back on our new digital transformation agenda.

To develop an effective and progressive workforce with the skills and competencies they need to deliver our ambitious agenda

For the ninth consecutive year the RCN has achieved accreditation status from the Sunday Times Best Companies and gained a place on the Top 100 list.

Our drive to make the RCN as effective as it can continues with eight departments reviewing their internal structures during 2019, all to enable a better service for our members and ensure we are making best use of the expertise of our staff across the UK.

We continue to shorten the RCN gender pay gap as we have seen yet another decrease. In 2017 we reported a 12.8% mean, reducing to 7.7% in 2018, this has reduced again to 7.4% for 2019. Our median gender pay gap was 13.7% in 2017; 11.5% in 2018; and has reduced to 9.8% and whilst there has been some positive movement in the number of women in senior roles, there are still proportionally more men than women in senior positions.

Post-balance sheet event

Following closure of the 2019 financial statements, the COVID-19 pandemic has had a major impact on the UK and global economies. RCN Group is no exception. The pandemic gave rise to an emergency situation for our front-line members' and the organisation has risen to the challenge and is providing them with the increased support and advice they need at these unprecedented times.

At the same time the organisation has received unprecedented levels of support from the public and the RCN Foundation has attracted substantial individual and institutional donations to support the UK nursing profession. The RCN Foundation has also set up a new COVID-19 Healthcare Support Appeal Charity to distribute over £4.7m of grants received from an institutional donor to provide benevolent support for those working in the wider healthcare community who have been most impacted by the pandemic.

Please see "Going concern" on page 49 and note 27 "Post Balance Sheet Events-COVID-19" on page 86 for further information.



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 2019 are set out on pages 56, 57, 58 and 59.

These financial statements are presented in accordance with Financial Reporting Standard 102 (FRS102), 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.

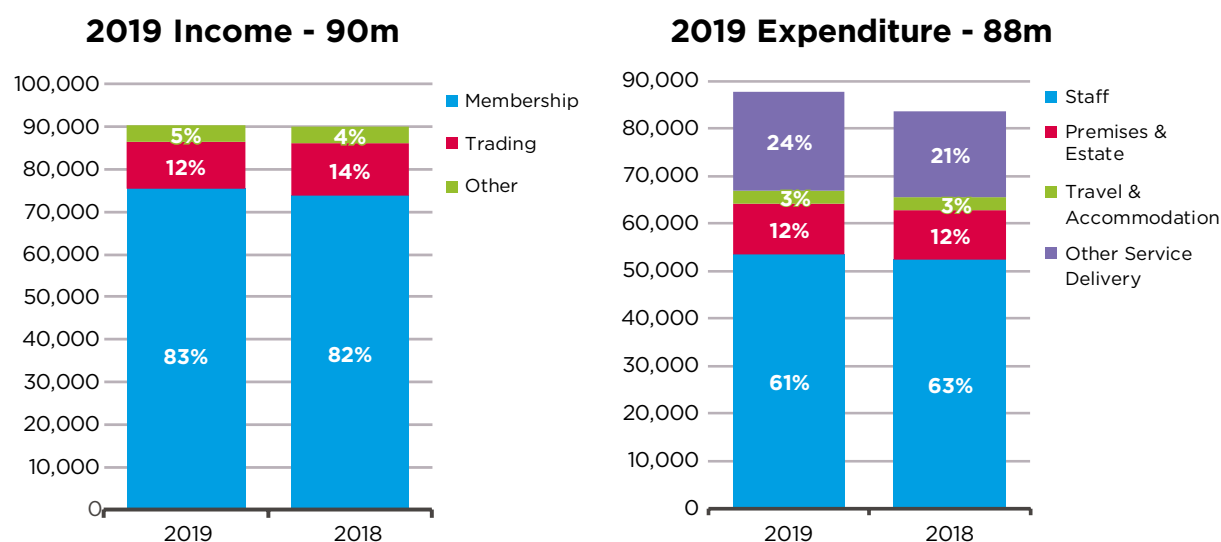
RCN Group results

The RCN Group results for the year ended 31 December 2019 report a surplus before taxation of £11.1m (31 December 2018: £9.9m).

The main driver for the increase in the RCN Group surplus is due to the performance of RCN Group investments which more than offset an overall increase in RCN Group expenditure. Overall realised gains were £2.7m higher than the previous year and there was a £2.6m favourable movement relating to foreign exchange movements from losses of £1.6m reported in 2018 to gains of £1.0m in 2019. Further information regarding RCN Group investments can be found in note 12.

The RCN Group operating surplus for the year ended 31 December 2019 of £2.3m is £4.4m lower than the operating surplus of £6.7m in 2018. Although total income across the group is similar to the previous year, total expenditure has been higher.

The surplus before taxation for the RCN Group excluding the charitable activities of the RCN Foundation was £6.4m lower when compared to the operating surplus of £11m in 2018.



Income

RCN Group income for the year ended 31 December 2019 was £90.5m (31 December 2018: £90.2m).

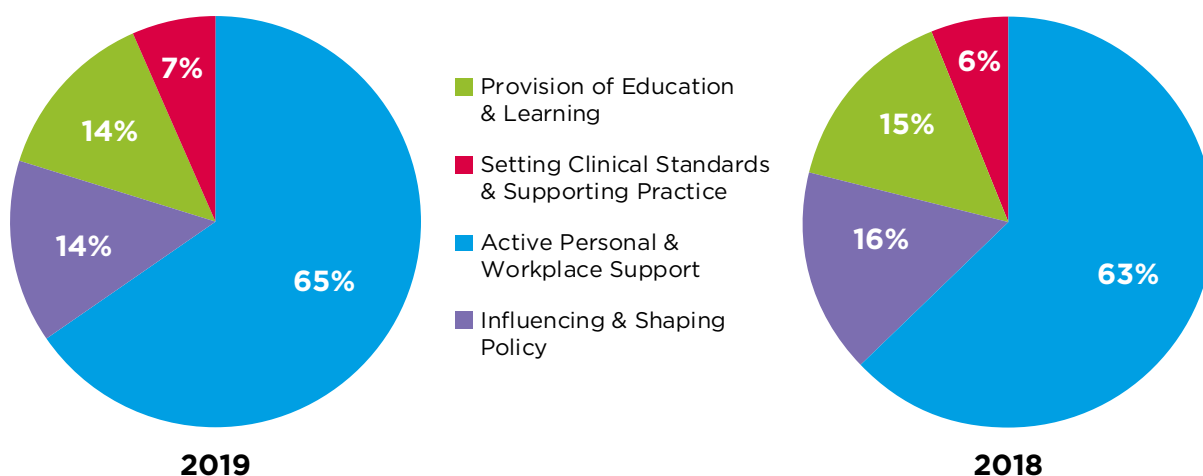
RCN Group Income	2019 £'000	2018 £'000		Movement
Membership	75,350	73,921	↑	Overall increase of 1.9% compared to 2018.
Trading	11,008	12,229	↓	RCNi trading income for 2019 excludes £1.3m of intra-group sales to RCN.
Other	4,116	4,048	↑	RCN non-subscription income has increased by £0.9m, through growth of events, professional education and conference services. RCN Foundation income was £0.8m higher in 2018 due to the Omaze fundraising campaign.
Total RCN Group	90,474	90,198	↑	Overall RCN Group income has increased by 0.3%.

Expenditure

RCN Group expenditure for the year ended 31 December 2019 was £88.1m (31 December 2018: £83.5m).

RCN Group Expenditure	2019 £'000	2018 £'000		Movement
Staff	53,361	52,332	↑	Staff costs have increased by 2% reflecting the annual staff pay award and incremental progression. There was a 0.5% reduction in overall Full Time Equivalent compared to 2018.
Premises and Estates	10,353	10,300	↑	Expenditure in the year included renewal of information technology as we pursue the digital and commercial strategies and maintaining office premises.
Accommodation and Travel	2,517	2,893	↓	13% reduction as we continue to make use of virtual meetings to reduce the financial and environmental impacts of travelling
Other Service Delivery	21,900	17,945	↑	22% increase compared to 2018 driven by increased provision for member clinical negligence indemnity cases.
Total RCN Group	88,131	83,470	↑	Overall RCN Group expenditure has increased by 5.6%.

RCN UK four strategic themes



RCN UK now reports expenditure aligned to the four strategic themes developed and agreed for the 2019-2021 RCN Group Strategy, as shown above. The themes have been applied to 2018 comparatives throughout the Financial Report. Further information on RCN UK expenditure and analysis between representation and other college activities can be found in note 10.

Net results

The total net assets of the RCN Group, including the reduction of the RCN pension scheme deficit, increased from £129.8m to £150m. This includes charitable funds of the RCN Foundation of £37.3m (31 December 2018: £32.6m), which are not available for general use.

RCN total membership numbers have increased by 3% during the year. Whilst nurse members saw the highest increase in membership numbers, proportionally the nursing support worker category saw the highest increase year on year. As different categories have different subscription prices, this explains why the increase in income is not directly aligned with the increase in membership numbers. The increase in expenditure reflects £4.6m higher costs of the member indemnity scheme, following unusually low expenditure in 2018.

Trading income relates to the income generated by RCNi excluding any sales made to other RCN Group entities.

RCNi achieved sales revenue, including sales to other RCN Group entities of £12.4 million (2018: £12.4 million) and achieved profits before tax of £442k (2018: £84k). Although there has been a decline in traditional revenue streams, a substantial increase in profit has been achieved comparison to 2018 due to cost optimisation initiatives throughout the year. The business has been restructured to ensure it is aligned to market needs and equipped for future growth.

RCNi sells digital publications which are subject to standard rated Value Added Tax (VAT), but in a recent case between News Corp versus HMRC, the Upper-Level Tribunal upheld News Corp's appeal. Consequently, all digital and online publications will be subject to zero-rated VAT, however, HMRC has been granted permission to challenge the decision at the Court of Appeal level. It is not possible to predict the judgment at the Court of Appeal, which creates uncertainty regarding RCNi potential claim against HRMC for the amounts overpaid. On the contrary, if the court allows HMRC's appeal, it will result in raising an obligation for the bundled items (Printed and online/digital) where the business has underestimated the liability for the mixed rates products.

RCN Foundation continued to grow and evolve in 2019, with a reported net movement in funds of £4.7 million. The first RCN Foundation Impact Awards ceremony was held to celebrate the best and brightest recipients of education grants. The introduction of a new education grant for pre-registration students in partnership with the Leathersellers' Company Charitable Fund has received twice the number of applications than for other RCN Foundation grants. The priority funding programme which aimed at supporting nursing in a care home setting has come to an end after five years. Development has begun on two new priority funding programmes, focusing on the mental health and wellbeing of children and young people, and on learning disability nursing.

RCN Holdco Limited's share of the of the profit before tax from the RCN Law joint venture for 2019 was £217k, which is an increase of 173% (£80k) in comparison to 2018, from personal injury case work and will writing services. RCN Holdco expects to see increasing profit from this joint venture over the next two years, with distribution of profits commencing in 2020.

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 longer-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 being the most efficient way of achieving the agreed asset allocation and the 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 table below shows the asset allocation and currency exposure changes for both the RCN and RCN Foundation portfolios.

	RCN UK		RCN Foundation	
	Original Allocation %	New Allocation %	Original Allocation %	New Allocation %
Gilts	35.0	10.0	10.0	10.0
Corporate Bonds	0.0	10.0	10.0	10.0
UK Equities	0.0	0.0	35.0	20.0
Global Equities	55.0	65.0	35.0	50.0
UK and Global Property	0.0	5.0	5.0	5.0
Alternatives	10.0	10.0	0.0	5.0
Cash	0.0	0.0	5.0	0.0
Total fund	100.0	100.0	100.0	100.0
Currency exposure	80%	70%	75%	65%

During 2019 both the RCN and RCN Foundation worked with the investment manager to implement agreed recommendations arising from the 2018 independent review of their respective investment portfolios. The most significant change for both portfolios related to relatively small changes in their respective asset allocation benchmark and a reduction in the proportion of the respective portfolio's sterling weighting.

The implementation of the new asset allocation and currency weighting began in October 2019 and is due to be complete in January 2020.

In July 2019 Council approved the transfer of £20m from RCN bank deposits into the RCN investment portfolio. The transfer is being undertaken in £5m tranches at three monthly intervals. At 31 December 2019 £10m had been transferred into the portfolio, the remainder is due to be completed by mid-2020.

At 31 December 2019 Group investment portfolios reported significant gains, both recouping losses reported at 31 December 2018. Net realised gains for the Group, including the impact of foreign exchange movements, was £6m. The Group also reported unrealised gains of £9.1m at 31 December 2019. All asset classes performed well during the year, with equities, in-particular producing high returns. The favourable movement in the market value of both portfolios coming on the back of reported losses in 2018 highlights the volatility of the market value of investment which is subject to the fluctuation of the open market and thus exposed to a degree of uncertainty and speculation.

The two RCN Group investment portfolios reported combined investment income for 2019 of £2.7m (2018: £2.5m). Further information relating to both RCN and RCN Group investment income can be found in note 5.

Due to worldwide concern regarding COVID-19 pandemic, the RCN Group investment portfolios have fallen in value significantly in recent weeks in line with markets across the world. Whilst this is concerning, the RCN and RCN Foundation currently have no reason to withdraw funds from its investment portfolios and over time would expect the portfolio to recover losses as has happened in previous years.

Pension

At 31 December 2019 the RCN Group defined benefit pension scheme is shown within the 31 December 2019 financial statements as nil (31 December 2018: £2.5m deficit). The RCN defined benefit accounting valuation (also known as the FRS102 valuation) reported a scheme surplus of £13.6m, however as the scheme will not pay the surplus to the RCN, the RCN must report the scheme as having a nil valuation. The accounting valuation, like all valuations on defined benefit pension schemes, is a snapshot at a point in time, and this particular valuation is aimed at reporting the RCN's obligation to the scheme at the date of the Statement of Financial Position.

The last triennial valuation of the scheme, as at 30 September 2016, reported a scheme deficit of £52.1m. The next triennial valuation reporting the position as at 30 September 2019 is due to be approved at the end of 2020. Whilst it is anticipated that the reported deficit will be reduced from the 2016 position it is still expected to report a deficit. The triennial valuation is important because it is this valuation that determines how well or not the scheme is funded. It is also important to note that the duration of the scheme will extend for many decades into the future, it is difficult to predict how long scheme members will continue to draw their pension. It is also difficult to estimate accurately the income generated by the scheme to pay for pension payments as long as they fall due. It is for this reason that whilst it is good news the RCN defined benefit pension scheme reported a surplus in its 31 December

2019 accounting valuation, the £13.6m surplus reported does not represent an asset to the RCN and therefore cannot be reported on the RCN's statement of financial position.

The favourable movement in the accounting valuation deficit is due predominately to the increase in the value of scheme assets.

Council continues to be committed to ensuring the scheme is appropriately funded. The funding requirement of the pension scheme is incorporated into the financial strategy and budget to ensure the RCN's long-term obligation to the scheme can be met.

Further details of pension scheme matters can be found in note 16 of the financial statements. The full pension scheme deficit is recognised in the RCN UK balance sheet, although RCNi, which has staff members in the scheme, contributes to the annual deficit payment.

In 2019, the RCN made total payments to the scheme of £7.4m, 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	3,881	Cash payments from accumulated funds
Annual deficit funding	3,258	Cash payments from accumulated funds
Augmentation costs	68	Cash payments included within operating expenditure
Scheme administrative expenses	157	Cash payments included within operating expenditure
Total paid by RCN in 2019	7,364	
FRS102 charge to statement of comprehensive income	3,587	Non cash, calculated by actuaries, based on assumptions and included within operating expenditure
Net surplus of scheme in 2019	3,777	
Actuarial gain charged to OCI	12,728	
Actuarial gain reversed from OCI	(12,728)	FRS102 don't allow recognition of the gain, when accumulated obligations for the scheme exceeds the accumulated assets
Total movement in deficit	3,777	
Gain recognised	2,471	Positive impact on RCN Statement of financial position
Gain not recognised	1,306	The gain accounted was restricted to the previously recognised deficit in 2018

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 16.2 – provides detail through data tables of the current position of the scheme at 31 December 2019 based on current and previous accounting valuations.

Going concern

Following the introduction of lockdown measures in March 2020, the RCN transitioned its operations and workforce (of nearly 1,000 employees working from 17 different sites) to home and remote working, including both member-facing service delivery roles and back-office functions. These have, and continue to, function at near normal levels, except for face-to-face events and conference services, but even with these we have commenced transition to deliver these, where we can, virtually using digital technologies.

Each RCN Group entity has made an assessment regarding the impact of the ongoing COVID-19 pandemic on its operations and financial sustainability.

The assessment is looking forward into 2021 and covers the period up to at least 31 July 2021. The assessment covers the impact on the following five financial indicators: -

- Income
- Expenditure
- Asset values
- Liabilities
- Cash

As part of the impact assessment three broad scenarios have been considered in April 2020 and these continue to be updated and monitored up until the date of signing: -

- Expected – this is our formal Quarter 1 forecast position, which assumes current strict restrictions are eased towards the end of June 2020 with some, but fewer, restrictions in place for the remainder of 2020.
- Best – current strict restrictions are eased towards the end of May 2020 with a return to some form of “normality” for the remainder of 2020.
- Worse – current strict restrictions remain until late in the year, at least until October 2020 and most likely beyond before restrictions begin to ease.

In all three scenarios above our interpretation of “normality” includes some form of social distancing requirements for a significant period.

The RCN Group operating within the health care sector has had a different experience to other organisations during the COVID-19 pandemic. In fact, the crisis has created several new opportunities for the group including; an increase in donations from individuals and donors to new ways of working and accelerating the transformation agenda.

That is not to say that there are not any financial impacts due to the crisis on RCN and other group entities. Whilst membership income remains stable and is likely to do so over the next twelve to eighteen months, other income has come under significant challenge. This is particularly so of income relating to events and conference services.

To put in perspective, 94% of RCN’s income is attributable to membership subscription income, and is 83% of income for the entire RCN Group. As part of the RCN Group’s transformation and digital strategies we are developing digital events and other services which will in the medium term, we believe, replace some of the traditional income streams.

The RCN asset base remains strong in all scenarios. The RCN has no long-term debt, its liabilities being operating creditors and provisions.

RCN Council supported by management believe the RCN and all RCN Group entities remain financially viable and the 2019 annual report and financial statements can continue to be prepared on a going concern basis.

Please see note 27 – Post Balance Sheet Events COVID-19 on page 86 for further information.

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 (FRS102) 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.



Chair of Council

Date: 3 July 2020

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 2019 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 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 27.

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 Motazedi (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

Date: 3 July 2020



Financial statements

Statement of comprehensive income for the year ended 31 December 2019

	Note	RCN UK 31 December 2019 £'000	RCN UK 31 December 2018 £'000	RCN Group 31 December 2019 £'000	RCN Group 31 December 2018 £'000
Income					
Membership income	4	75,350	73,921	75,350	73,921
Trading income		–	–	11,008	12,229
Other income	4	4,433	3,804	4,116	4,048
Total income		79,783	77,725	90,474	90,198
Expenditure					
Staff costs	9	47,181	46,154	53,361	52,332
Premises and estate costs		9,926	9,801	10,353	10,300
Travel and accommodation		2,503	2,880	2,517	2,893
Other service delivery costs		17,014	11,963	21,900	17,945
Total expenditure	10	76,624	70,798	88,131	83,470
Operating surplus		3,159	6,927	2,343	6,728
Investment income	5	1,631	1,540	2,719	2,524
Net realised gains on investments	12	3,584	1,666	4,944	2,233
Dividends received from subsidiary	6.1.b	–	275	–	–
Foreign exchange gains/(losses) on investments		864	(1,238)	1,047	(1,560)
Surplus before taxation	3	9,239	9,170	11,053	9,925
Taxation	8	–	–	(123)	5
Surplus after taxation		9,239	9,170	10,930	9,930
Actuarial gains/(losses) on defined pension scheme	16.2	12,728	1,829	12,728	1,829
Actuarial gains/(losses) on defined pension scheme - removal of scheme surplus	16.2	(12,728)	–	(12,728)	–
Revaluation reserve adjustment	20	(64)	(64)	(64)	(64)
Net unrealised (losses)/gains on fixed asset investment	12	5,786	(3,091)	9,074	(5,372)
Net unrealised gains/(losses) on joint venture		–	–	176	80
Total comprehensive income for the period		14,961	7,844	20,116	6,403
Reserves brought forward		93,264	85,420	129,830	123,427
Reserves carried forward		108,225	93,264	149,946	129,830

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 60 to 88 form part of these financial statements.

Statement of changes in equity for the year ended 31 December 2019

RCN UK

	Revaluation reserve £'000	Accumulated funds £'000	Pension reserve £'000	Total funds £'000
Accumulated funds at 1 January 2018 as previously reported	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
Surplus in period	–	6,768	2,471	9,239
Other comprehensive income	(64)	5,786	–	5,722
Accumulated funds at 31 December 2019	1,927	106,298	–	108,225

Statement of changes in equity for the year ended 31 December 2019

RCN Group

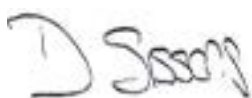
	Reserves for charitable purposes £'000	Revaluation reserve £'000	Accumulated funds £'000	Pension reserve £'000	Total funds £'000
Accumulated funds at 1 January 2018 as previously reported	33,695	2,055	99,841	(12,164)	123,427
Surplus in period	1,217	–	849	7,864	9,930
Other comprehensive income	(2,282)	(64)	(3,010)	1,829	(3,527)
Accumulated funds at 31 December 2018	32,630	1,991	97,680	(2,471)	129,830
Surplus in period	1,351	–	7,108	2,471	10,930
Other comprehensive income	3,303	(64)	5,947	–	9,186
Accumulated funds at 31 December 2019	37,284	1,927	110,735	–	149,946

Statement of financial position as at 31 December 2019

		RCN UK 31 December 2019 £'000	RCN UK 31 December 2018 £'000	RCN Group 31 December 2019 £'000	RCN Group 31 December 2018 £'000
	Note				
Fixed assets					
Property, plant and equipment	11	15,610	18,163	15,819	18,466
Intangible assets	11.3	–	–	–	2
Long term financial assets	12.1	80,216	59,976	115,349	90,264
Investment in joint venture	6.2	–	–	272	95
Total		95,826	78,139	131,440	108,827
Current assets					
Inventory		19	22	19	22
Debtors and prepayments	13	2,588	3,039	3,456	4,476
Short term financial assets	12.2	–	–	1,001	1,001
Short-term deposits	18	22,344	22,827	26,104	26,366
Cash at bank and in hand	18	5,188	6,163	7,094	7,768
Total		30,139	32,051	37,674	39,633
Creditors – amounts falling due within one year					
Creditors and accrued charges	14.1	(8,184)	(9,237)	(9,514)	(10,854)
Net current assets		21,955	22,814	28,160	28,779
Total assets less current liabilities		117,781	100,953	159,600	137,606
Provisions for liabilities and charges	14.2	(9,556)	(5,218)	(9,654)	(5,305)
Net assets (excluding pension scheme liability)		108,225	95,735	149,946	132,301
Defined benefit pension scheme liability	16.2	–	(2,471)	–	(2,471)
Net assets (including pension scheme liability)		108,225	93,264	149,946	129,830
Represented by:					
Revaluation reserve	20	1,927	1,991	1,927	1,991
Accumulated funds	20	106,298	93,744	110,735	97,680
Reserves excluding reserves for charitable purposes and pension liability		108,225	95,735	112,662	99,671
Pension reserve	16.2	–	(2,471)	–	(2,471)
Total reserves excluding reserves for charitable purposes		108,225	93,264	112,662	97,200
Reserves for charitable purposes	7.2	–	–	37,284	32,630
Total reserves		108,225	93,264	149,946	129,830

Notes on pages 60 to 88 form part of these financial statements.

The financial statements were approved by Council on 3 July 2020.



Dee Sissons
Chair of Council



David Dawes
Honorary Treasurer



Dame Donna Kinnair
Chief Executive & General Secretary

RCN Group statement of cash flows for the year ended 31 December 2019

	31 December 2019	31 December 2018
	£'000	£'000
Surplus from operating activities	2,343	6,728
Depreciation	2,971	2,927
Amortisation of intangible assets	2	3
Write off property, plant and equipment	–	44
Taxation	(123)	(5)
Total pension contributions less current service and finance costs	(3,388)	(7,864)
Revaluation reserve adjustment	(64)	(64)
Decrease in inventories	4	5
Decrease/(increase) in debtors	1,020	(1,323)
(Decrease)/increase in creditors	(1,340)	555
Increase/(decrease) in provisions	4,347	(727)
Net cash generated from operating activities	5,772	279
Investing activities		
Investment income	2,719	2,524
Purchase/disposal of property, plant and equipment and intangible assets	(390)	(326)
Acquisition of financial assets	(41,767)	(18,654)
Disposal of financial assets	35,026	18,660
(Decrease) in long-term financial assets	(8,283)	(669)
Net realised long-term investment gains	5,991	673
Net cash (outflow)/inflow from investing activities	(938)	2,487
Management of liquid resources	(913)	2,502
(Decrease) in cash	(262)	(1,129)
Cash and cash equivalents at beginning of year	34,134	31,647
Cash and cash equivalents at end of year	33,198	34,134
Components of cash and cash equivalents		
Cash	7,094	7,768
Cash equivalents	26,104	26,366
Total	33,198	34,134

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 2019.

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 financial statements are prepared on the going concern basis. The Council has considered the impact of the COVID-19 crisis on the going concern assumptions. The Finance and Investment Committee has reviewed and approved a detailed impact assessment presented by the Director of Finance on 15th May 2020.

The Council is of the opinion that any of the three scenarios in the impact assessment i.e. 'Likely', 'Best' and 'Worse' will not threaten the sustainability and viability of the business as a going concern. Therefore, it is not appropriate to modify the key assumptions and judgements while preparing the financial statements for the business.

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 financial statements are to do with financial asset investments, provisions and pensions. Over the long term Council do not believe that COVID-19 will have a significant impact on those areas. Please see "Going concern" on page 49 and note 27 – Post Balance Sheet Events COVID-19 on page 86 for further information.

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 (FRS102) 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.

Other service delivery costs

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

g. Pensions

The RCN UK operates defined benefit and defined contribution schemes.

Defined benefit pension schemes

Pension asset and liabilities are recorded on the statement of financial position in line with FRS102, with scheme valuations undertaken by independent actuaries. FRS102, also known as the accounting 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.

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 often known as the market valuation, are obtained at least every three years. The data used is updated to reflect current conditions at each statement of financial position date in order to prepare the accounting valuation. The pension scheme assets are measured at bid value.

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 16.1 for more information. All employer contributions made to the scheme are charged to the statement of comprehensive income as incurred.

h. Irrecoverable Value Added Tax

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

i. Direct tax

Current tax is provided at amounts expected to be paid or recovered using tax rates and laws that have been enacted or substantially enacted 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 FRS102, 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.

l. Depreciation

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

Freehold buildings	50 years
Leasehold improvements	50 years or based on expected economic life of works done, or the period of the lease if less
Components:	
– Equipment	5 years
– External works	20 years
– Library works	20 years
– Other works including electrical and mechanical works	10 years
Computer software	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 11)
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 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. Critical 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

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.

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 used in the accounting valuation are set out in note 16. Any resulting pension scheme deficit is included on the statement of financial position.

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 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.

3. Surplus on activities

Surplus on activities is stated after charging:

	RCN UK 31 December 2019 £'000	RCN UK 31 December 2018 £'000	RCN Group 31 December 2019 £'000	RCN Group 31 December 2018 £'000
Depreciation	2,950	2,626	3,109	2,827
Operating leases:				
Land and buildings	1,011	1,053	1,176	1,218
Other leased assets	169	169	169	173
Auditors' remuneration:				
Audit services*	106	102	132	129
Non-audit services	–	–	–	–

* RCN UK have funded the 2016, 2017, 2018 and 2019 audit fees on behalf of RCN Holdco as they had not generated sufficient cash reserves.

4. Income – RCN UK

	Representation activities £'000	Other college activities £'000	Total 31 December 2019 £'000	Total 31 December 2018 £'000
Membership income	52,496	22,854	75,350	73,921
Other income	3,088	1,345	4,433	3,804
Total	55,584	24,199	79,783	77,725

Representation is defined as relating to Trade Union activities.

Membership and other income is split – 69.67% representation and 30.33% other college activities in line with expenditure. See note 10 for basis of allocation.

4.1. Group results less charitable activities

Total RCN Group results less RCN Foundation charitable activities before taxation were equal to £6.4m (31 December 2018: £11m).

5. Investment income

	RCN UK 31 December 2019 £'000	RCN UK 31 December 2018 £'000	RCN Group 31 December 2019 £'000	RCN Group 31 December 2018 £'000
UK equities	371	305	901	777
Overseas equities	791	647	1,122	934
UK fixed interest	450	579	658	794
Bank interest	19	9	30	19
Overseas fixed interest	–	–	8	–
Total	1,631	1,540	2,719	2,524

RCN investment income is split – 51.27% representation (£836,000) and 48.73% other college activities (£795,000) in line with investment holdings. See note 19 for allocation of investment assets.

6. 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.

6.1.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 2019 £'000	RCNi 31 December 2018 £'000
Income	12,352	12,390
Costs	(11,926)	(12,306)
Profit	442	84
Taxation	(86)	5
Profit after tax	356	89

6.1.b Summarised statement of financial position RCNi

	RCNi 31 December 2019 £'000	RCNi 31 December 2018 £'000
Property, plant and equipment and intangible assets	201	292
Current assets	5,780	5,026
Creditors: falling due within one year		
Creditors and accrued charges	(1,716)	(1,405)
Provisions for liabilities and charges	(107)	(111)
Total net assets	4,158	3,802
Capital and reserves	4,158	3,802
Ordinary share capital held by the RCN UK (£'000) is:	500	500

6.2. 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 2019 £'000	RCN Holdco Limited 31 December 2018 £'000
Investment in joint venture	272	95
Total net assets/(liabilities)	272	95
Capital and reserves	272	95

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.

7. 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.

7.1. Summarised statement of financial activities

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

	RCN Foundation 31 December 2019 £'000	RCN Foundation 31 December 2018 £'000
Income and endowments	1,598	2,356
Expenditure	(1,776)	(1,384)
Net gains/(losses) on investment	4,832	(2,037)
Net movement in funds	4,654	(1,065)

7.2. Summarised balance sheet of RCN Foundation

	RCN Foundation 31 December 2019 £'000	RCN Foundation 31 December 2018 £'000
Tangible property, plant and equipment	9	13
Investments	35,132	30,287
Current assets	2,753	2,827
Creditors: falling due within one year		
Creditors and accrued charges	(610)	(478)
Total assets less current liabilities	37,284	32,649
Creditors due after more than one year	–	(19)
Total net assets	37,284	32,630
Revaluation reserve	6,035	2,732
Other funds	31,249	29,898
Reserves	37,284	32,630

8. Taxation note

Taxation on surplus/(loss)

	RCN UK 31 December 2019 £'000	RCN UK 31 December 2018 £'000	RCN Group 31 December 2019 £'000	RCN Group 31 December 2018 £'000
UK corporation tax				
Current tax on surplus	–	–	141	–
Adjustments in respect of prior years	–	–	–	–
Total current tax	–	–	141	–
Deferred tax				
Movement in period	–	–	14	(5)
Taxation on surplus	–	–	127	(5)

The differences are explained below:

	RCN UK 31 December 2019 £'000	RCN UK 31 December 2018 £'000	RCN Group 31 December 2019 £'000	RCN Group 31 December 2018 £'000
Surplus before tax	3,159	8,936	3,818	9,391
Surplus at the main rate of corporation tax in the UK of 19% (December 2018: 19%)	600	1,698	725	1,784
Expenses not deductible for tax purposes	13,397	12,838	13,438	12,783
Income not taxable	(14,545)	(14,124)	(14,586)	(14,124)
Adjustments to brought forward values	(941)	(609)	(941)	(609)
Other tax adjustments, reliefs and transfers	–	184	(21)	184
Group income	–	(52)	–	(52)
Fixed asset difference	353	–	375	–
Group relief surrendered/(claimed)	–	37	–	–
Deferred tax not recognised	1,033	25	1,033	25
Change in tax rates	–	3	1	4
Adjustments to tax charge in respect of previous periods	(16)	–	(16)	–
Adjust closing deferred tax to average rate of 19%	166	–	166	–
Adjust opening deferred tax to average rate of 19%	(47)	–	(47)	–
Total tax (credit)/charge	–	–	127	(5)

The amount of 2019 tax charge appearing in the Statement of Comprehensive Income is different to the disclosure (see above). It relates to the tax credit of £4k relating to RCNi which was not accounted for within the 2018 financial statements.

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 2018: 17%).

	31 December 2019 £'000	31 December 2018 £'000
Analysis of deferred tax asset/(liability)		
Fixed asset timing differences	83	(38)
Short-term timing differences	(11)	15
Losses and other deductions	131	–
Carried forward as at period end	203	(23)

There are also unrecognised deferred tax assets as at 31 December 2019 totalling £375,000 (31 December 2018: £381,000) in respect of tax losses and other short term timing differences in relation to the Royal College of Nursing.

9. Staff costs – RCN Group

	31 December 2019	31 December 2018
	£'000	£'000
Wages and salaries	43,391	41,798
Social security costs	4,344	4,286
Other pensions costs	5,626	6,248
Total	53,361	52,332

Of the total staff costs £32,871,293 (31 December 2018: £30,159,079) has been allocated to RCN UK representation activities.

The total pension cost comprises:

	31 December 2019	31 December 2018
	£'000	£'000
RCN defined benefit scheme (see note 16.2)	3,976	4,873
Expense charge	(389)	(336)
RCN defined contribution scheme (see note 16.1)	2,040	1,711
Total	5,627	6,248

RCN Group staffing numbers

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

	2019 Average FTE	2018 Average FTE
Representation activities	612	604
Other college activities	209	214
RCNi	86	93
Total	907	911

Total staff numbers: average headcount

	2019 Average	2018 Average
RCN UK (including staff that support the RCN Foundation)	912	905
RCNi	95	103
Total	1,007	1,008

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

	31 December 2019	31 December 2018
	£'000	£'000
RCN Chief Executive & General Secretary	193	292
RCN Executive Team	1,004	1,192
RCNi Directors	511	573
Total	1,708	2,057

The Chief Executive and General Secretary fulfils the role of Key Management Personnel as defined in FRS102.

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. RCN Executive Team emoluments includes £185,000 paid to the employers of the Interim Director of Human Resources and Interim Director of Nursing Policy and Practice as recompense for time spent on services for the RCN.

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 £227,596 (31 December 2018: £266,039) 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 £288,638 (31 December 2018: £65,464) 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 £70,000 is reported below:

	31 December 2019			31 December 2018		
	RCN	RCNi	Total	RCN	RCNi	Total
£70,000–£80,000	26	2	28	26	–	26
£80,000–£90,000	14	–	14	11	1	12
£90,000–£100,000	2	1	3	1	–	1
£100,000–£110,000	2	1	3	4	2	6
£110,000–£120,000	2	2	4	2	–	2
£120,000–£130,000	–	–	–	2	–	2
£130,000–£140,000	1	–	1	1	–	1
£140,000–£150,000	1	–	1	1	–	1
£150,000 – £160,000	–	1	1	–	–	–
£160,000–£170,000	–	–	–	–	1	1
£170,000–£180,000	1	–	1	–	–	–
£180,000–£190,000	–	–	–	–	–	–
£190,000–£200,000	–	–	–	1	–	1
Total	49	7	56	49	4	53

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

This analysis only includes individuals employed directly by the RCN and RCNi.

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	7.4%
Median pay gap	9.8%

Our workforce is 74% female and 26% male. Whilst there has been some positive movement in the number of women in senior roles, there are still proportionally more men in senior roles than women.

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 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	29.4%	70.6%
Upper middle	32.7%	67.3%
Lower middle	23.2%	76.8%
Lower	19.1%	80.9%

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

Four strategic themes – split by representation and other college activities 2019

	2019 Representation activities £'000	2019 Other college activities £'000	Total 31 December 2019 £'000
Provision of education and learning	82	10,295	10,377
Setting clinical standards and supporting practice	–	5,032	5,032
Active personal and workplace support	46,060	4,147	50,207
Influencing and shaping policy	7,242	3,766	11,008
Total expenditure	53,384	23,240	76,624

Four strategic themes – split by representation and other college activities 2018

	2018 Representation activities £'000	2018 Other college activities £'000	Total 31 December 2018 £'000
Provision of education and learning	14	10,877	10,891
Setting clinical standards and supporting practice	–	4,336	4,336
Active personal and workplace support	39,351	4,920	44,271
Influencing and shaping policy	7,265	4,035	11,300
Total expenditure	46,630	24,168	70,798

In 2019 the four strategic themes replaced the previous seven products and services. The four strategic themes 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.

The respective figures for Representation and Other College Activities in the 2018 comparatives have been recalculated using this model for the purposes of comparison, which slightly increases the allocation to representation activities:

2018 restated: Representation 65.86%, Other College Activities 34.14%
(2018 Annual Report: Representation 65.74%, Other College Activities 34.26%)

Further analysis of RCN UK expenditure

	Representation activities £'000	Other college activities £'000	Total 31 December 2019 £'000	Total 31 December 2018 £'000
Staff costs	32,871	14,310	47,181	46,154
Premise and estate costs	6,915	3,011	9,926	9,801
Travel and accommodation	1,744	759	2,503	2,880
Other service delivery costs	11,854	5,160	17,014	11,963
Total expenditure	53,384	23,240	76,624	70,798

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.

11. Property, plant, equipment and intangible assets

11.1. 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 2019	3,433	27,174	3,642	7,965	108	42,322
Additions	–	–	91	165	69	325
Ancient VAT credit adjustment	–	102	57	5	–	164
Transfer of assets under construction	–	–	5	57	(62)	–
Capital reclassified as revenue	–	–	–	–	(12)	(12)
Write-off	–	(25)	–	(55)	–	(80)
Balance at 31 December 2019	3,433	27,251	3,795	8,137	103	42,719
Accumulated depreciation						
Balance at 1 January 2019	2,141	13,926	3,358	4,734	–	24,159
Charge for year	121	1,283	225	1,184	–	2,813
Ancient VAT credit adjustment	–	102	57	5	–	164
Depreciation relating to write-off assets	–	(7)	–	(20)	–	(27)
Balance at 31 December 2019	2,262	15,304	3,640	5,903	–	27,110
Net book value at 31 December 2019	1,171	11,947	155	2,234	103	15,610
Net book value at 31 December 2018	1,292	13,248	284	3,231	108	18,163

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 2019 Leasehold improvements £'000	31 December 2018 Leasehold improvements £'000
Cost	22,167	22,167
Accumulated depreciation based on historical cost	(10,033)	(9,589)
Historical cost net book value	12,134	12,578

11.2. 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 2019	3,433	27,562	4,061	8,825	122	44,003
Additions	–	–	149	169	73	391
Ancient VAT credit adjustment	–	102	57	5	–	164
Transfer of assets under construction	–	–	5	62	(67)	–
Capital reclassified as revenue	–	–	–	–	(13)	(13)
Write-off	–	(25)	–	(55)	–	(80)
Balance at 31 December 2019	3,433	27,639	4,272	9,006	115	44,465
Accumulated depreciation						
Balance at 1 January 2019	2,141	14,312	3,692	5,392	–	25,537
Charge for year	121	1,284	282	1,284	–	2,971
Ancient VAT credit adjustment	–	102	57	5	–	164
Depreciation relating to write-off assets	–	(7)	–	(19)	–	(26)
Balance at 31 December 2019	2,262	15,691	4,031	6,662	–	28,646
Net book value at 31 December 2019	1,171	11,948	241	2,344	115	15,819
Net book value at 31 December 2018	1,292	13,250	369	3,433	122	18,466

11.3. Intangible assets

	RCN UK 31 December 2019 £'000	RCN UK 31 December 2018 £'000	RCN Group 31 December 2019 £'000	RCN Group 31 December 2018 £'000
Cost or valuation				
Cost as at 1 January 2018	–	–	9	9
Balance as at 31 December 2018	–	–	9	9
Depreciation				
Accumulated depreciation at 1 January 2019	–	–	7	4
Charge for year	–	–	2	3
Balance as at 31 December 2019	–	–	9	7
Net book value at 31 December 2019	–	–	–	2
Net book value at 31 December 2018	–	–	2	5

12. Financial assets

12.1. Long-term financial assets

	RCN UK 31 December 2019 £'000	RCN UK 31 December 2018 £'000	RCN Group 31 December 2019 £'000	RCN Group 31 December 2018 £'000
Market value at start of period	58,730	61,766	88,399	93,764
Additions at cost	31,482	11,985	41,767	18,654
Disposals at carrying value	(24,196)	(11,433)	(34,692)	(18,660)
Redemptions	(30)	(2,163)	(334)	(2,219)
Net realised gains	3,584	1,666	4,944	2,233
Net unrealised gains/(losses)	5,786	(3,091)	9,074	(5,372)
Financial assets at market value at period end	75,356	58,730	109,158	88,399
Cash held for reinvestment	4,860	1,246	6,191	1,865
Market value at period end	80,216	59,976	115,349	90,264
Historical cost at period end	67,777	53,295	96,874	80,850

Financial assets at market value comprise:

	RCN UK 31 December 2019 £'000	RCN UK 31 December 2018 £'000	RCN Group 31 December 2019 £'000	RCN Group 31 December 2018 £'000
Listed financial assets				
Fixed interest (Government securities and bonds)	12,566	18,866	18,450	24,386
UK equities	5,878	3,187	14,481	13,180
Global equities	46,160	28,674	61,524	38,994
Alternative assets	8,003	8,028	10,067	10,160
Property	2,826	–	4,730	1,706
Liquid assets	4,783	1,221	6,097	1,838
Total	80,216	59,976	115,349	90,264

Holdings over 5%

The following investments represented holdings in excess of 5% of the investment portfolio at 31 December 2019.

	RCN UK 31 December 2019	RCN UK 31 December 2018	RCN Group 31 December 2019	RCN Group 31 December 2018
Treasury 3.25%	–	5.3%	–	5.3%

Due to the volatility of the market at the time the financial statements have been signed off, the investment portfolio has reduced its value. The RCN will continue monitoring the situation closely with our investment manager-Sarasin & Partners. Nevertheless, there is no intention to liquidate the portfolio in the near future.

12.2. Short-term financial assets

	RCN UK 31 December 2019 £'000	RCN UK 31 December 2018 £'000	RCN Group 31 December 2019 £'000	RCN Group 31 December 2018 £'000
Market value at start of period	–	–	1,001	1,001
Additions at cost	–	–	4,000	4,000
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

12.3. Investment in joint venture

	RCN UK 31 December 2019 £'000	RCN UK 31 December 2018 £'000	RCN Group 31 December 2019 £'000	RCN Group 31 December 2018 £'000
Investment in RCN Law LLP	–	–	272	95
Total	–	–	272	95

13. Debtors

	RCN UK 31 December 2019 £'000	RCN UK 31 December 2018 £'000	RCN Group 31 December 2019 £'000	RCN Group 31 December 2018 £'000
Trade debtors	483	940	888	1,641
Amount due from subsidiaries and associated undertakings	90	(13)	–	–
Other debtors	261	238	510	279
Taxation	46	188	46	188
Prepayments and accrued income	1,708	1,686	2,012	2,368
Total	2,588	3,039	3,456	4,476

All amounts included in debtors are receivable within one year except deferred tax of £9,523 included within RCN Group taxation (31 December 2018 deferred tax of £(23,000) included within RCN Group taxation).

14. Creditors and accrued charges

14.1. Amounts falling due within 1 year

	RCN UK 31 December 2019 £'000	RCN UK 31 December 2018 £'000	RCN Group 31 December 2019 £'000	RCN Group 31 December 2018 £'000
Bank overdrafts and loans	6	30	6	30
Trade creditors	646	660	278	1,312
Amount due to subsidiaries and associated undertakings	79	519	–	–
Pension contribution	817	772	873	830
PAYE, social security and taxation	2,125	1,009	2,397	1,164
Other creditors	586	631	1,049	1,140
Accruals and deferred income	3,925	5,616	4,911	6,378
Total	8,184	9,237	9,514	10,854

14.2. Provision for liabilities and charges

	RCN UK 31 December 2019 £'000	RCN UK 31 December 2018 £'000	RCN Group 31 December 2019 £'000	RCN Group 31 December 2018 £'000
Provision for dilapidations	144	140	241	227
Professional indemnity claims	8,765	4,686	8,766	4,686
Outsourced representation	232	–	232	–
Provision for holiday pay	415	392	415	392
Total	9,556	5,218	9,654	5,305

RCN UK Movements - provision for liabilities and charges

	31 December 2018 £'000	New provisions £'000	Net adjustments £'000	Utilised £'000	31 December 2019 £'000
Provision for dilapidations	140	–	4	–	144
Professional indemnity claims	4,686	5,055	(541)	(435)	8,765
Outsourced representation	–	232	–	–	232
Provision for holiday pay	392	–	23	–	415
Total	5,218	5,287	(514)	(435)	9,556

RCN Group Movements - provision for liabilities and charges

	31 December 2018 £'000	New provisions £'000	Net adjustments £'000	Utilised £'000	31 December 2019 £'000
Provision for dilapidations	227	–	14	–	241
Professional indemnity claims	4,686	5,055	(540)	(435)	8,766
Outsourced representation	–	232	–	–	232
Provision for holiday pay	392	–	23	–	415
Total	5,305	5,287	(503)	(435)	9,654

- Provision for dilapidations relates to the expected cost of alterations, wear and tear on nine 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 outsourced representation relates to reserves on ongoing member representation cases in Northern Ireland.
- Provision for holiday pay outstanding as at year ended 31 December 2019.

15. Leasing commitments

15.1 Operating leases – RCN UK

The total future minimum lease payments as at 31 December 2019 under non-cancellable operating leases were:

	Assets 31 December 2019 £'000	Assets 31 December 2018 £'000
Within one year	1,125	416
Within one to two years	735	65
Within two to five years	642	53
Over five years	502	755
Total	3,004	1,289

15.2 Operating leases – RCN Group

The total future minimum lease payments as at 31 December 2019 under non-cancellable operating leases were:

	Assets 31 December 2019 £'000	Assets 31 December 2018 £'000
Within one year	1,125	590
Within one to two years	735	152
Within two to five years	642	53
Over five years	502	755
Total	3,004	1,550

16. Pensions

16.1. 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	Employee	Employer
	If not salary sacrifice	Salary sacrifice	
Level 1	2.4%	3.0%	8.0%
Level 2	4.0%	5.0%	10.0%
Level 3	5.6%	7.0%	12.0%

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 2019 were £2,039,888 (year ended 31 December 2018: £1,711,000). The increase in employer contributions is due to the number of employees enrolled increasing year on year. Contributions outstanding at 31 December 2019 in respect of this scheme amounted to £190,129 (31 December 2018: £178,556).

16.2. 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 FRS102: 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 a triennial valuation as at 30 September 2019. The results of the actuarial valuation will be signed off by the RCN Council and the Pension Trustees (TPT) in November 2020, before submission to the Pension regulator by 31 December 2020.

The previous 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 revised deficit recovery plan maintained annual deficit payments at around £3.1m continuing to rise annually by Retail Price Index (RPI). From 1 April 2020 the annual deficit recovery payment will be £3,258,000. Combined contribution rates increased by 0.4% as a result of the September 2016 valuation, effective 1 April 2018, which were 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 2019, net of additional voluntary contributions was £353,235,000. There was no investment holding greater than 5% of the value of the fund at 31 December 2019.

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 2019, the average contribution rose to 10.7%. Estimated employer contributions to be paid by the RCN for the year ending 31 December 2020 are £8,455,852. The total contributions paid in the year ended 31 December 2019 was £7,139,000, including deficit funding of £3,258,000.

	RCN Group 31 December 2019 £'000
2019 Pension contribution payments	
Agreed annual deficit payment	3,258
Individual CARE contributions	3,881
Total contribution paid	7,139
Contributions as per FRS102 valuation report	7,364
Variance	(225)
Variance explained:	
Augmentation costs	(68)
Scheme expenses	(157)
Total	(225)

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 2019 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.

FRS102 Retirement benefits

The tables below state the FRS102 actuarial assumptions upon which the valuation of the scheme was based.

The principal actuarial assumptions were as follows:

	31 December 2019	31 December 2018	31 December 2017	31 December 2016	31 December 2015
Discount rate	2.05%	2.75%	2.45%	2.70%	3.80%
Inflation assumptions (RPI)	3.00%	3.25%	3.25%	3.25%	3.10%
Inflation assumptions (CPI)	2.00%	2.25%	2.25%	2.25%	2.10%
Allowance for revaluation of deferred and CARE pensions accrued before 1 November 2013 (with LPI of 5%)*	3.00% (RPI)	3.25% (RPI)	3.25% (RPI)	3.25% (RPI)	3.10% (RPI)
Allowance for CARE revaluation of pensions accrued after 1 November 2013 (with LPI cap of 2.5%)*	1.60% (CPI)	1.70% (CPI)	1.70% (CPI)	1.70% (CPI)	1.70% (CPI)
Allowance for pension payments increases accrued before 1 June 2007 (with LPI cap of 5%)*	2.90% (RPI)	3.10% (RPI)	3.10% (RPI)	3.10% (RPI)	3.0% (RPI)
Allowance for pension payments increases accrued after 1 June 2007 (with LPI cap of 5%)*	2.10% (CPI)	2.30% (CPI)	2.30% (CPI)	2.30% (CPI)	2.10% (CPI)
Allowance for pension payments increases accrued after 1 June 2007 (with LPI cap of 3%)*	1.80% (CPI)	1.95% (CPI)	1.95% (CPI)	1.90% (CPI)	1.90% (CPI)
Allowance for commutation of pension for cash at retirement	60% of Post A Day	60% of Post A Day	60% of Post A Day	100% of Post A Day	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 2019 Years	31 December 2018 Years	31 December 2017 Years	31 December 2016 Years	31 December 2015 Years
Life expectancies					
Longevity at age 65 for current pensioners					
– Men	21.9	22.1	22.1	22.2	23.0
– Women	23.6	23.8	23.7	23.9	24.7
Longevity at age 65 for future pensioners					
– Men	23.2	23.5	23.5	23.9	24.7
– Women	24.9	25.0	25.0	25.4	26.2

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

	31 December 2019 £'000	31 December 2018 £'000	31 December 2017 £'000	31 December 2016 £'000	31 December 2015 £'000
Equities	72,480	175,496	173,176	166,085	137,835
Bonds	176,162	112,887	115,737	93,017	70,152
Property	15,075	14,390	15,114	14,539	13,629
Other	88,998	1,198	1,432	999	1,199
Insured pensioners	520	592	704	726	788
Total market value of assets	353,235	304,563	306,163	275,366	223,603
Actuarial value of liability	(339,590)	(307,034)	(318,327)	(289,951)	(263,970)
Net pension asset/(liability)	13,645	(2,471)	(12,164)	(14,585)	(40,367)

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

	31 December 2019 %	31 December 2018 %	31 December 2017 %	31 December 2016 %	31 December 2015 %
Equities	21	58	56	60	62
Bonds	50	37	38	34	31
Property	4	5	5	5	6
Other	25	–	1	1	1
Insured pensioners	–	–	–	–	–
Total market value of assets %	100	100	100	100	100

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

	31 December 2019 £'000	31 December 2018 £'000
Current service cost*	4,004	4,213
Interest on obligation	8,345	7,759
Interest on assets	(8,373)	(7,560)
Losses due to benefit changes (GMP)	–	461
Total	3,976	4,873

* The current service cost includes the cost of administration expenses of £389k.

Analysis of amounts charged to Statement of comprehensive income

	31 December 2019 £'000	31 December 2018 £'000
Return on plan assets - gains/(losses)	40,516	(14,012)
Experience gains and losses arising on the plan liabilities - gains/(losses)	1,253	(2,582)
Changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	(29,041)	18,423
Actuarial gains charged to other comprehensive income	12,728	1,829

As per FRS102, an entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it can recover the excess either through reduced contributions in the future or through refunds from the plan.

The most recent preliminary assessment performed, which will contribute towards the 2019 triennial valuation due to be finalised by 31 December 2020, suggests a reduced deficit for the plan. Therefore, the organisation does not see any prospects of neither refund nor reduction regarding future contributions. Consequently, the net actuarial gain of £12.728m included in the disclosure is not recognised as an asset within the financial statements.

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
2019	12,728	31,974

Change in the present value of the defined benefit obligation

	31 December 2019 £'000	31 December 2018 £'000
Opening defined benefit obligation	307,034	318,327
Service cost	3,615	4,213
Interest cost	8,345	7,759
Contributions by employees	772	842
Actuarial (gains)/losses	27,788	(15,841)
Benefits paid	(7,964)	(8,727)
Losses (gains) due to benefit changes	–	461
Closing defined benefit obligation	339,590	307,034

Change in the fair value of the scheme assets

	31 December 2019 £'000	31 December 2018 £'000
Opening fair value of the scheme assets	304,563	306,163
Expected return	8,373	7,560
Expenses	(389)	–
Actuarial gains/(losses)	40,516	(14,012)
Contributions by employer	7,364	12,737
Contributions by employees	772	842
Benefits paid	(7,964)	(8,727)
Closing fair value of the scheme assets	353,235	304,563
Actual return on scheme assets	48,889	6,452

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 2019 £'000	31 December 2018 £'000	31 December 2017 £'000	31 December 2016 £'000	31 December 2015 £'000
Defined benefit obligation	(339,590)	(307,034)	(318,327)	(289,951)	(263,970)
Scheme assets	353,235	304,563	306,163	275,366	223,603
Net pension asset/(deficit)	13,645	(2,471)	(12,164)	(14,585)	(40,367)
Experience gains/(losses) on scheme liabilities:					
Amount	1,253	(2,582)	8,830	–	–
Percentage of the present value of scheme liabilities	0.36%	0.84%	2.77%	–	–
Actual return less expected return on scheme assets:					
Amount	(40,516)	14,012	(21,729)	(41,998)	(4,881)
Percentage of scheme assets	(11.46%)	4.6%	(7.1%)	(15.3%)	(2.2%)

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*
Discount rate by +/- 0.1% p.a.	+/- 2%
Inflation linked assumptions by +/- 0.1% p.a.	+/- 2%
Life expectancy by +/- 1 year	+/- 2-3%

Based on the value of liabilities at 31 December 2019, a 2% increase in liabilities would equate to approximately £6.8m.

17. Management of liquid resources - RCN Group

	31 December 2018 £'000	Cash flow £'000	31 December 2019 £'000
Cash invested in UK money market and deposit accounts	26,366	(262)	26,104

18. Analysis of changes in net funds - RCN Group

	31 December 2018 £'000	Cash flow £'000	31 December 2019 £'000
Short-term deposits	26,366	(262)	26,104
Cash at bank and in hand	7,768	(675)	7,094
Bank overdrafts and loans	(30)	23	(6)
Total	34,105	(913)	33,192

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

	Representation activities	Other college activities	Total 31 December 2019	Representation activities	Other college activities	Total 31 December 2018
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed assets						
Property, plant and equipment	–	15,610	15,610	–	18,163	18,163
Investments	41,125	39,091	80,216	33,979	25,977	59,976
Total fixed assets	41,125	54,701	95,826	33,979	44,160	78,139
Current assets						
Inventory	–	19	19	–	22	22
Debtors and pre-payments	1,803	785	2,588	2,001	1,038	3,039
Short term deposits	15,566	6,777	22,344	15,034	7,793	22,827
Cash at bank and cash in hand	3,614	1,574	5,188	4,059	2,104	6,163
Total current assets	20,983	9,155	30,139	21,094	10,957	32,051
Liabilities						
Bank overdraft	(4)	(2)	(6)	(20)	(10)	(30)
Trade creditors	(449)	(197)	(646)	(434)	(226)	(660)
Other creditors	(2,228)	(1,379)	(3,607)	(1,691)	(1,239)	(2,930)
Accruals and deferred income	(2,328)	(1,597)	(3,925)	(3,215)	(2,402)	(5,617)
Total liabilities	(5,009)	(3,175)	(8,184)	(5,360)	(3,877)	(9,237)
Total assets less current liabilities	57,099	60,681	117,781	49,713	51,240	100,953
Provisions	(9,386)	(170)	(9,556)	(5,036)	(182)	(5,218)
Net assets (excluding pension deficit)	47,713	60,511	108,225	44,677	51,058	95,735

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).

20. Reserves

20.1. Reserves – RCN UK

	Revaluation reserve £'000	Accumulated funds £'000	Pension reserve £'000	Total £'000
At 1 January 2019	1,991	93,744	(2,471)	93,264
Surplus in period	–	6,768	2,471	9,239
Investment unrealised gains	–	5,786	–	5,786
Revaluation reserve	(64)	–	–	(64)
Dividends	–	–	–	–
Actuarial gain/(loss)	–	–	–	–
At 31 December 2019	1,927	106,298	–	108,225

The revaluation reserve relates to the leasehold improvements. See note 11.1 for further detail.

20.2. Reserves – RCN Group

	Reserves for charitable purposes £'000	Revaluation reserve £'000	Accumulated funds £'000	Pension reserve £'000	Total £'000
At 1 January 2019	32,630	1,991	97,680	(2,471)	129,830
Surplus in period	1,351	–	7,108	2,471	10,930
Investment unrealised gains	3,303	–	5,947	–	9,250
Revaluation reserve	–	(64)	–	–	(64)
Actuarial gain/(loss)	–	–	–	–	–
At 31 December 2019	37,284	1,927	110,735	–	149,946

21. Commitments

21.1. Capital commitments

The value of contracts committed to but not provided for was £Nil (31 December 2018: £32,895).

21.2. 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 2016 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 current actuarial valuation of the defined benefit (CARE) scheme based on 30 September 2016 was finalised in December 2017. The next actuarial valuation based on the position at 30 September 2019, will be finalised in December 2020.

22. Contingent liabilities

RCN UK contingent liabilities are estimated at £343,500 as at 31 December 2019 (31 December 2018: £478,530). The estimated liability arises from member cases within the professional indemnity scheme that have a lower than 50% chance of success.

23. Trade union and labour relations (consolidation) Act 1992

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

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

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

24. Council and Committee expenses and remuneration

24.1. Council and Committee expenses

Expenses paid to, or on behalf of, Council members while carrying out their governance duties in the year ended 31 December 2019 amounted to £70,000 (31 December 2018: £69,000). Expenses related predominantly to travel expenses incurred while carrying out Council duties. The number of Council members who received reimbursement within the period was 17 (31 December 2018: 21).

Expenses paid to, or on behalf of, members of the Trade Union Committee and Professional Nursing Committee while carrying out their governance duties amounted to £38,000 (31 December 2018: £32,000). Expenses related predominately to travel and accommodation expenses incurred while carrying out Committee duties. The number of Committee members who received reimbursement was 28 (31 December 2018: 21).

24.2. Council remuneration

Council and Committee members do not receive remuneration for undertaking the role, however a total of £101,000 was paid to the employers of the President and Chair of Council as recompense for time spent on services for the RCN UK (31 December 2018: £68,000). Breakdown as follows:

	31 December 2019 £'000	31 December 2018 £'000
Chair of Council (former)	21	38
President (former)	–	30
President (current)	80	–
Total	101	68

25. Related party transactions

The RCN Group has taken the exemption under FRS102 not to disclose any transactions of balances between wholly-owned subsidiary entities, which have been eliminated on consolidation.

26. Mixed VAT Contingent Asset/Liability

RCNi sells subscription for several nursing journals to individuals and businesses. Some of its products where Online/digital and Print are combined as a single product. In practice, Online and digital products are subject to the standard rate VAT, whereas printed learning materials attract zero rate VAT. For such products, VAT legislation requires the business to apply mixed rates. To address the situation, the current mixed rates used by RCNi was calculated back in 2014. However, these rates were not reviewed annually as per VAT legislation. The business will be submitting a voluntary disclosure to HMRC to disclose the amount of underpaid VAT in this respect.

Stating the above, in December 2019, an Upper Tribunal judgment for the ongoing case between Newscorp Versus HMRC was given in favour for the taxpayer. Newscorp argued that online/digital publications are the same as paper-based products and should not be taxed at the standard rate. HMRC has appealed against the decision, and hearing is allowed at the next level of the judiciary, i.e., Court of Appeal.

Furthermore, the Government announced, in the March 2020 budget, that it will introduce legislation to extend the zero-rating to digital publications from 1 December 2020. Our VAT advisors, BDO, advised us that we are entitled to a 4-year retrospective claim for the VAT paid on the products.

At this point, the probability of a cash inflow or outflow is based on the outcome of the Newscorp case. Therefore we do not recognise an asset or a liability within the financial statements.

27. Post Balance Sheet Events-COVID-19

The COVID-19 pandemic arose after the RCN's reporting date, 31 December 2019. A detailed forecast for all RCN Group entities was performed in April 2020. The forecasts continue to be updated and monitored until the date of signing to assess three broad scenarios;

- Expected – this is our formal Quarter 1 forecast position, where current strict restrictions are eased towards the end of June 2020 with some, but fewer, restrictions in place for the remainder of 2020
- Best – current strict restrictions are eased towards the end of May 2020 with a return to some form of “normality” for the remainder of 2020
- Worse – current strict restrictions remain until late in the year, at least until October 2020 and most likely beyond before restrictions begin to ease

In all three scenarios our interpretation of “normality” includes some form of social distancing requirements for a significant period.

The table below shows the high level impact on the RCN's operating surplus, statement of comprehensive income, net assets and in year cashflow under each of the scenarios.

	Expected £'000	Best £'000	Worse £'000
31 December 2020			
Operating surplus	(1,408)	1,979	(12,242)
SOCI	(10,457)	3,025	(32,682)
SOFP (net assets)	81,183	94,667	58,961
Cash balances	17,549	19,990	9,140
Net cash in/(out)	4,983	7,424	(3,426)
31 December 2021			
Operating surplus	995	3,096	(6,998)
SOCI	(379)	4,576	(10,117)
SOFP (net assets)	81,291	101,204	47,390
Cash balances	15,079	24,976	870
Net cash in/out	(2,469)	4,986	(8,270)

All entities within the group conducted a COVID-19 impact assessment which assessed income, expenditure, assets, liabilities and cash balances across three categories. The biggest impact was experienced for the investment holdings for both the RCN and RCN Foundation where overall falls in excess of 10% were experienced during March and early April 2020. Since then the portfolios have started to recover and at the end of May 2020 the RCN portfolio was, when excluding the additional £5m paid into the portfolio in April 2020, only 3% below the 31 December 2019 valuation of around £80m. The RCN holds the portfolio to achieve capital growth over the medium to long term and therefore non-cash movements do not impact on operational viability. The RCN Foundation portfolio was around 4% below its 31 December 2019 valuation at the end of May 2020.

The RCN defined benefit pension scheme is another significant area which is subject to the COVID-19 impact. The scheme is subject to an accounting valuation annually and every three years a full actuarial valuation. Current indications, at May 2020, suggest no significant impact to scheme valuations with both scheme assets and liabilities increasing by around 5%. The scheme had undertaken a de-risking exercise in 2019, resulting in a lower holding of equities which has reduced the impact of COVID-19 on the scheme.

The main area of income affected is events and conference services, the impact of COVID-19 on these areas was not felt until late March 2020. However, the total amount attributable towards conference income was approximately 2% of RCN and 3% of the total group revenue for the year-ended 31st December 2019. Furthermore, as part of the RCN Group's transformation and digital strategies we are developing digital events and other services which will in the medium term, we believe, replace some of the traditional income streams.

While some additional expenditure has been required in order to transition to remote working for all staff, this has been offset by savings elsewhere including travel and accommodation which is expected to report in excess of 25% savings against budget in 2020. The one potential impact of COVID-19 which will adversely impact both the Operating Surplus and balance sheet in 2020 is any increase to its annual

leave provision, currently around £0.4m, if a large number of staff carry over up to 20 days leave at the end of 2020. This could add around £2.5m to the provision and this figure has been included in the RCN's expected scenario. However, this is not a cash item and except for where an individual leaves RCN employment, no payment for any annual leave carried forward will be made. Any provision will be unwound in a phased way before December 2022.

The RCN has no long-term debt, its liabilities being operating creditors and provisions.

The expected scenario used in the impact assessment prepared in early May 2020 projected RCN net assets at 31 December 2020 of around £81m (31 December 2019: £108m) this includes £71m investment portfolio (31 December 2019: £80m) and cash balances of £16m (31 December 2019: £27m).

At 31 May 2020 RCN cash balances were around £27m, this includes the impact of transferring £5m from cash reserves to the investment portfolio in April 2020. The RCN investment portfolio was valued at approximately £83m at 31 May 2020 which includes the impact of the £5m transferred into the portfolio from cash reserves.

Under all three operating environment scenarios, RCN and all RCN Group entities will remain financially viable due to core income streams and strong cash balances.

RCN Council supported by management believe the RCN and RCN Group entities remain financially viable and the 2019 annual report and financial statements can continue to be prepared on a going concern basis.

Thank you to our supporters

RCN Council would like to thank the external advisers to all RCN Group committees, for the very significant expertise, knowledge and commitment they bring to the work of the RCN Group.

We would like to thank all the members who have played an active role in the organisation in 2019 including all our RCN Reps, Board and Committee members, and all those who have taken part in campaigns, RCN Congress, and all our other events. It really does make a difference.

We would like to express our warmest thanks to the companies listed below, for their substantial support to the RCN in 2019. 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 Beckton Dickinson UK Ltd

Bio-Oil

Defence Medical Services

Health Education England

Independent Assessment Services

Lighthouse Financial Advice Ltd

Liverpool Victoria (LV=)

Molnlycke

NHS England

NHS Improvement

Norgine Pharmaceuticals

Northern Ireland Health & Social Care
Trusts (HSCNI)

Pharmacosmos

Sanofi Pasteur

SC Johnson Professional

Scope Ophthalmics

Seqirus UK Limited

The University of Sheffield

Vifor Pharma UK Ltd

The RCN 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

Investment managers

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

Lawyers

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

Chief Executive & General Secretary

Dame Donna Kinnair OBE

The RCN represents nurses and nursing, promotes
excellence in practice and shapes health policies

RCN Online
rcn.org.uk

Published by the Royal College of Nursing
20 Cavendish Square
London
W1G 0RN

July 2020
009 032

