

# The Royal College of Nursing Group Annual Report 2022



Fair Pay for Nursing picket line, Northumbria Specialist  
Emergency Care Hospital, Cramlington, 20 December 2022





# Contents

|  |           |
|--|-----------|
| <b>1. Welcome from the General Secretary &amp; Chief Executive</b> | <b>4</b>  |
| <b>2. Strategic report</b>   | <b>5</b>  |
| Review of the business   | 5         |
| Financial review   | 6         |
| Section 172 (1) statement  | 12        |
| Key decisions in the year  | 15        |
| Key performance indicators   | 17        |
| Principle risks  | 19        |
| Future developments  | 22        |
| <b>3. Council's report</b>   | <b>24</b> |
| Looking forward  | 24        |
| Events after the balance sheet date                                | 24        |
| Financial risk management objectives and policies                  | 24        |
| Investment policy and risks  | 24        |
| Defined benefit pension scheme                                     | 26        |
| Cash flow risk   | 26        |
| Credit risk  | 27        |
| Liquidity risk   | 27        |
| Financial resilience   | 27        |
| 2022 Council members   | 28        |
| Directors' indemnities   | 28        |
| Disabled employees   | 28        |
| Engagement with staff  | 28        |
| Engagement with suppliers, customers and others                    | 29        |
| Energy carbon reporting  | 33        |
| Statement of corporate governance arrangements                     | 34        |
| <b>4. Statement of Council members' responsibilities</b>           | <b>37</b> |
| <b>5. Independent auditor's report to the members of the RCN</b>   | <b>38</b> |
| <b>6. Financial statements</b>                                     | <b>41</b> |
| <b>7. Thank you to our supporters</b>                              | <b>83</b> |
| <b>8. Reference and administrative details</b>                     | <b>84</b> |

# 1. Welcome

2022 was a historic year for the College. Our membership numbers exceeded 500,000 for the first time, and our members in the NHS on Agenda for Change terms and conditions voted for strike action throughout the UK.

Whilst much of the coverage has focused on the *Fair Pay for Nursing* campaign and our strike action, we have continued to work extensively on other priorities crucial to the long-term sustainability of the College. During 2022, we received both the KPMG report on RCN governance and the independent review into the culture of the RCN undertaken by Bruce Carr KC. Recommendations from both reports have been accepted in full by Council. An implementation plan incorporating the recommendations from both reports has been developed, and the rollout of this plan is well underway and will be a key focus throughout 2023.

We continue to ensure the College remains in a robust and sustainable financial position. Our strong membership numbers are reflected by increased membership income. Our other income streams continued to grow in 2022 following the removal of COVID-19 restrictions. Continuing professional development, education and consultancy performed particularly well and are expected to grow further in 2023. Council also approved a new reserves policy aimed at ensuring the long-term financial stability of the College.

Costs have increased significantly during 2022, due in part to activity returning to normal following the pandemic, notably our in-person events, including of course our first physical Congress since 2019. We continued to invest significantly in our Big 5 initiatives, including underpinning the work on the Independent Health and Social Care Strategy and in developing an organising model. Other significant contributors to increased costs were the *Fair Pay for Nursing* campaign and the provision for strike benefit claim payments for the strikes held in December.

To ensure we were able to support our members through industrial action, Council agreed during 2022 to increase the industrial action strike fund to £50m. Council monitors this fund closely and receives monthly reports of spend against the fund. Council took the decision to transfer some of our assets from the long-term portfolio into a short-term investment fund to ensure cash is available when required.

Our investment portfolio did - like many others - see a significant drop in value during the year. This stabilised towards the end of 2022 and continues to be monitored closely. Overall, both our investments and cash reserves are strong and generate income, and the investments provide capital growth in the long term.

In 2022 we also focussed on stability and improvement. We launched phase 1 of our Education, Learning and Development (ELD) portal, RCN Learn, and Council agreed to reinstate the RCN Institute of Nursing. Council approved our 2023-27 strategy, a new dawn for nursing, which places the college as the voice of nursing, we are relevant and engaged with our members and staff, and that good governance and culture underpins all that we do.

Our separate *2022 Review of the Year* sets out in detail the wide range of work the College undertook with and on behalf of our members. It records the truly momentous year that 2022 has been, which could not have been achieved without the commitment and dedication of our members and staff



Pat Cullen  
General Secretary & Chief Executive

## 2. Strategic report

### Review of the business

In January 2021, we identified key pieces of work for the College to focus on, and in April of that year, we announced our “Big 5” initiatives. We have been continuing with this work during 2022 alongside the RCN 2022 Plan. This plan was our blueprint for bringing about the improvements and progress required to ensure our continued success and presence for the nursing workforce. The plan sets out three goals (covering 29 priorities) to help us achieve our vision.

### The Big 5 initiatives

1. Develop a unique organising model.
2. Deliver our *Fair Pay for Nursing* (FPFN) campaign.
3. Deliver our Staffing for Safe and Effective Care (SSEC) programme.
4. Deliver the RCN and RCNi’s Education, Learning and Development (ELD) strategy.
5. Deliver the RCN’s Independent Health and Social Care (IHSC) strategy.

### Goals of the RCN 2022 Plan

1. Amplify the voice of nursing – ensuring our members are represented at every table where decisions are being made that impact on their professional lives.
2. Achieve positive cultural change and empower our staff – placing equality, diversity and inclusion at the heart of all our decision making and upskilling our staff.
3. Enhance our member offer and services – leveraging education, data, evidence and research to create high quality, evidence-based standards that reflect contemporary nursing.



Please see page 22 to read about our plans for 2023 and beyond.

More information on our work during 2022, including an update from our reps and forums, can be found in our *2022 Review of the Year* which will be available online this summer.

## Financial review

The RCN Group consists of RCN UK, a special registered trade union and professional Royal College, RCN Publishing Company (RCNi), the RCN Foundation (RCNF), a registered charity, RCN Holdco Limited and COVID-19 Healthcare Support Appeal (CHSA).

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 2022 are set out on pages 42-45.

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

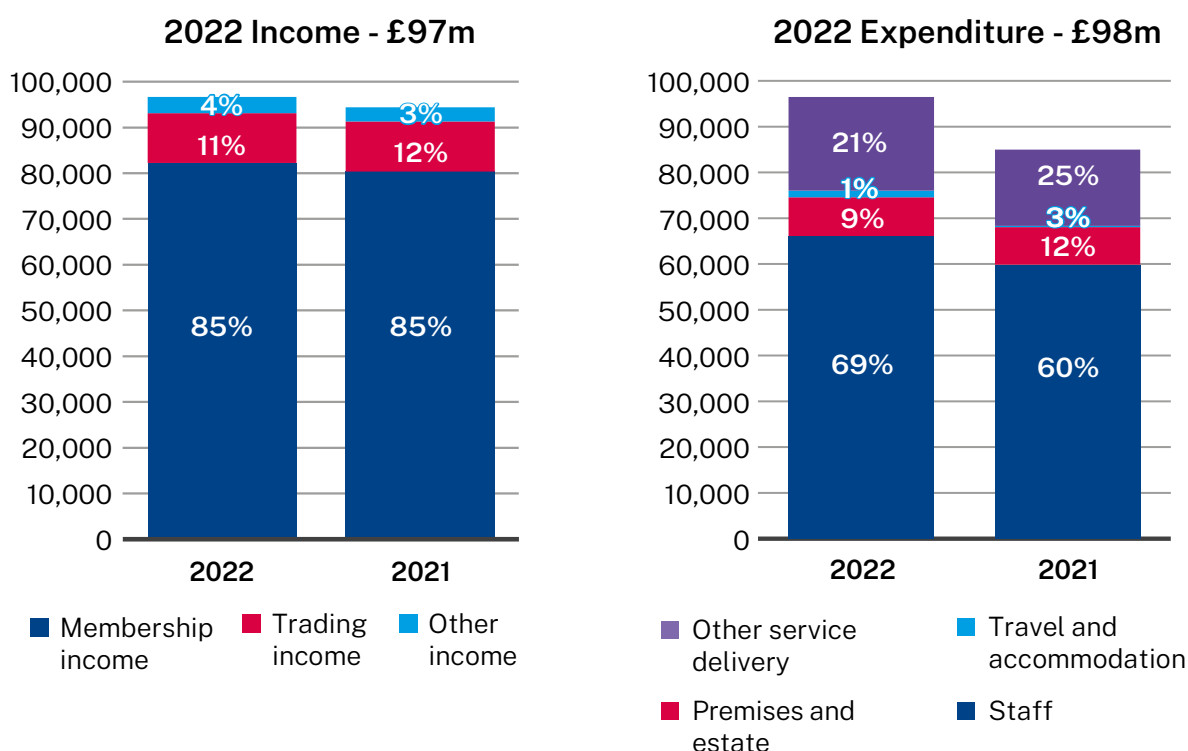
### RCN Group results

The RCN Group results for the year ended 31 December 2022 report a deficit before taxation of £18.4m (31 December 2021: surplus before taxation £24.4m).

The RCN Group result has decreased by £42.8m compared to 2021. Income was £2.3m higher, and expenditure £11.7m higher. The modest operating deficit worsened by £30.4m unrealised losses on investments, though realised investment gains were £2.5m higher than the previous year. Further information regarding RCN Group investments can be found in note 12.





The RCN Group operating deficit for the year ended 31 December 2022 was £1.0m.

The surplus before taxation for the RCN Group excluding the charitable activities of the RCN Foundation was £12.1m, as stated in note 4.1.








## Income

The RCN Group income for the year ended 31 December 2022 was £96.7m (31 December 2021: £94.4m). The significant differences between income in 2022 and 2021 are shown below:

| RCN Group income       | 2022<br>£'000 | 2021<br>£'000 |   | Movement  |
|------------------------|---------------|---------------|---|---|
| Membership             | 82,258        | 80,326        |  | Overall increase of 2.4% in member subscription income compared to 2021, driven by the increased number of members.   |
| RCNi trading income    | 10,863        | 10,967        |  | RCNi trading income (excluding income received from RCN UK) has decreased by 1% since 2021, reflecting reduced personal subscriptions income amid below inflation nursing pay and rising household costs. |
| Other income           | 3,550         | 3,081         |  | RCN UK saw improvements in sponsorship, conference and venue services income, and received donations to the Industrial Action Fund.   |
| <b>Total RCN Group</b> | <b>96,671</b> | <b>94,374</b> |  | Overall RCN Group income in 2022 was £2.4m higher than in 2021.   |

## Expenditure

The RCN Group expenditure for the year ended 31 December 2022 was £97.7m (31 December 2021: £86m). The significant differences between expenditure in 2022 and 2021 are shown below:

| RCN Group expenditure    | 2022<br>£'000 | 2021<br>£'000 |   | Movement   |
|--------------------------|---------------|---------------|---|--|
| Staff                    | 66,926        | 60,581        |  | There was a 4.4% rise in overall full-time equivalent compared to 2021, and a cost increase due to the annual staff pay award and incremental progression.   |
| Premises and estates     | 8,545         | 8,291         |  | Depreciation costs are lower due to lower capital expenditure in recent years. This offsets the impact of rising costs of maintenance and utilities.   |
| Accommodation and travel | 1,478         | 282           |  | Normal face-to-face activities have resumed across the Group, and there has been additional travel by staff supporting the RCN industrial action.  |
| Other service delivery   | 19,886        | 16,876        |  | RCN UK costs of statutory ballot and industrial action are partially offset by the release of an historic provision for a legal case. RCN Foundation Group costs were lower in 2022 due to pandemic-related benevolent grants in 2021. |
| Strike benefits          | 867           | -             |  | An estimated £0.9m of strike benefits will be claimed by members in 2023 for the two days of industrial action in December 2022.   |
| <b>Total RCN Group</b>   | <b>97,702</b> | <b>86,030</b> |  | Overall RCN Group expenditure has increased by 13.6%.  |

## Net results

The total net assets of the RCN Group decreased from £197.5m to £179.2m. This includes charitable funds of the RCN Foundation of £35.6m (31 December 2021: £41.9m), which are not available for general use.

RCN UK total membership numbers have increased by 8% during the year. As in previous years, the highest increase in membership numbers was in the registered nurse category, and the nursing support worker category saw the highest proportional increase year-on-year.

Different categories have different subscription prices therefore the 2.4% increase in income does not directly align to the increase in membership numbers. RCN UK expenditure was £13.2m higher in 2022 than in 2021, driven by a combination of staff and service delivery related costs as we undertook the UK-wide statutory ballot and industrial action whilst continuing to work on the Big 5 initiatives, which are UK pay strategy, staffing for safe and effective care, RCN Group education and learning strategy, independent health and social care strategy and organising model, identified in 2021. Activities such as face-to-face events and venue services, which had been curtailed by the COVID-19 pandemic in 2021, resumed in 2022 which has increased both income and delivery costs.

Trading income relates to the income generated by RCNi excluding any sales made to other RCN Group entities. Intercompany trading income in 2022 was £2.8m (2021: £1.9m).

Despite challenging commercial and operating conditions RCNi achieved revenue, including sales to other RCN Group entities, of £11.9m (2021: £11.3m). 2022 profits before tax are £1.6m (2021: £1.7m). A return to face-to-face events alongside a series of online webinars enabled RCNi to expand support for career development and learning for the nursing profession.

The RCN Foundation Group has continued to deliver its grant-making programmes, and to significantly expand some of them to meet growing need, against the backdrop of uncertainty and disruption within health and care and the cost of living crisis.

Total income in the year was £1.3m (31 December 2021: £1.5m). After particularly generous donations in 2021, the decrease in donations received in 2022 reflects the UK's difficult socio-economic climate. Total expenditure in the year amounted to £2.2m (31 December 2021: £3.9m), the decrease is attributable to the unusually high amount of benevolent grants awarded in 2021 in response to the COVID-19 pandemic.

This will be the final year of RCN Foundation Group accounts incorporating the report and accounts of the COVID-19 Healthcare Support Appeal (CHSA). CHSA completed its grant-making activities in 2021 and will close in 2023 having completed its mission to support all staff working in the health and care sectors who were adversely affected by the COVID-19 pandemic.

RCN Holdco Limited's share of the profit before tax from the RCN Law LLP joint venture in the year ended 31 December 2022 was £511,000 (31 December 2021: £552,000). RCN Holdco received a total of £458,900 in distributions from RCN Law (2021: £115,700). RCN Law LLP reported a slight decrease in profit for 2022, however income streams remain strong. The directors of RCN Holdco Limited, who are also on the RCN Law LLP board of directors, remain confident that the business will continue operating without significant risk.



## Reserves

There is an overall decrease in reserves reported at 31 December 2022. This reflects the net operating deficit in the year, as activities return to normal levels as we emerge from the COVID-19 pandemic, combined with investment losses. RCN Council increased the amount earmarked from accumulated funds to the industrial action fund to £50m, which is now being utilised to support the ongoing industrial action. Further details are included in note 10.2.

## Investments, policy and performance

The RCN Group holds two investment portfolios, one in RCN UK and the other within the RCN Foundation. The two portfolios are independent of each other despite currently having the same investment manager. The two portfolios have distinct investment strategies but have similar ethical policies. The RCN investment portfolio adopts a medium level of risk to investing, the RCN Foundation portfolio currently adopts a low to medium risk profile.

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 RCN 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 RCN values and corporate policies.

The RCN updated its ethical investment policy in 2021 to extend the list of exclusions, the current ethical investment policy can be found in the Council's report on page 25. The RCN Foundation has a similar policy.

For the year ended 31 December 2022, the results of the combined portfolio reported by the RCN Group was an overall loss of £18.3m (31 December 2021: overall gain of £15.6m). The war in Ukraine and unsettled global economic conditions resulted in a general downturn in market values of investments and at the year end unrealised losses on the portfolio stood at £30.4m (31 December 2021: gains of £3.2m), which was the key driver in the overall loss for the year.

To manage a potential increased demand for operating cash arising from industrial action, RCN UK transferred £8.0m from its long-term investment portfolio to its short-term investment portfolio in November 2022. This fund is invested in highly liquid cash-backed funds. Based on the trustees' assessment of the need for liquidity, during the year RCN Foundation transferred £3.5m from its long-term portfolio to its short-term portfolio and withdrew £0.5m from the short-term portfolio to fund ongoing expenditure.

The RCN Group reported investment income for 2022 of £3.5m (2021: £2.6m). Investment income grew steadily during 2022, moving back towards pre-pandemic levels as company dividends increased in 2022 having reduced significantly during the pandemic. Further information can be found in note 5.

## Pension scheme

At 31 December 2022 the RCN Group defined benefit pension scheme is shown within the 31 December 2022 financial statements as nil (31 December 2021: nil). The RCN defined benefit accounting valuation (also known as the FRS 102 valuation) reported a scheme surplus of £30m (2021: £46.5m), however as the surplus does not belong 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 reporting the position as at 30 September 2019 was submitted to The Pensions Regulator in December 2020. The 2019 valuation reported a scheme deficit of £9.5m (30 September 2016: deficit of £52.1m). 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. The 2019 valuation retained the annual deficit payments at £3.4m rising by RPI (Retail Price Index) annually. The recovery plan was completed in August 2021. Since then, no recovery payments are due.

The next triennial valuation reporting the position as at 30 September 2022 along with any changes required to the funding of the scheme must be approved and submitted to The Pensions Regulator by 31 December 2023.

The adverse movement in the accounting valuation is due to the value of the scheme's assets decreasing at a slightly higher rate than the scheme's liabilities. Whilst like most defined benefit schemes, the RCN scheme was impacted by the effect of the autumn mini budget, the scheme was able to meet all its obligations and remains fully liquid.

RCN 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.

| Transaction   | £'000        | Impact on financial statements   |
|---|--------------|--|
| Employer contributions  | 3,777        | Cash payments from accumulated funds   |
| Scheme administrative expenses                                    | 253          | Cash payment included within operating expenditure   |
| <b>Total paid by RCN in the year</b>                              | <b>4,030</b> |  |
| FRS 102 charge to statement of comprehensive income               | 4,121        | Non cash, calculated by actuaries, based on assumptions and included within operating expenditure  |
| <b>Excess of accrued benefits over cash contributions in year</b> | <b>(91)</b>  |  |
| Actuarial loss charged to OCI                                     | (16,419)     | The actuarial loss is not recognised in the financial statements as the scheme is in surplus. For information purposes the actuarial loss is shown as an addition and subtraction in other comprehensive income. |
| Actuarial loss reversed from OCI                                  | 16,419       |  |
| <b>Total reduction in scheme surplus</b>                          | <b>(91)</b>  |  |

## Financial resilience

The RCN Group is considered to have sufficient resources to meet its obligations as they fall due for at least 12 months after the signing of the financial statements and there is no indication that the Group would not be able to operate as a going concern for the foreseeable future. Further information regarding the RCN Group accounting policies and assessment of going concern can be found in note 1.



Members arrive at Congress in Glasgow

## Section 172 (1) statement

In recognition of good practice, we have opted to follow the provisions of Section 172 of the 2006 Companies Act to promote the success of the College.

Council ensures that all decisions are taken for the long term, and collectively and individually aim to always uphold the highest standard of conduct. Similarly, Council acknowledges that the organisation can only grow and prosper over the long term if it understands and respects the views and needs of our members, customers, employees, suppliers and other stakeholders to whom we are accountable, as well as the environment we operate within.

Typically, in large and complex organisations such as the RCN, the Council fulfil its duties partly through a governance framework that delegates day-to-day decision making to the employees of the organisation. Council recognises that such delegation needs to be part of a robust governance structure, which covers our values, how we engage with our stakeholders, and how Council assures itself that the governance structure and systems of controls continue to be robust.

Our Chair of Council, with the assistance of the Director of Governance, sets the agenda for each Council meeting to ensure that the requirements of Section 172 are always met and considered through a combination of the following:

- Council papers ensure that stakeholder factors are addressed where judged relevant
- Standing agenda points and papers are presented at each Council. For example, the General Secretary & Chief Executive and the Executive Directors present updates on the financial overview, strategic progress, member relations, business development, and operational progress. Relevant corporate governance and compliance matters are presented to each meeting
- A rolling agenda of matters to be considered by the Council throughout the year, including a strategy review, which considers the purpose and strategy for the College, supported by a budget for the following year and a medium-term financial plan. Agenda items for the following year are set based on the discussions held and decisions taken by Council throughout the year
- A consistent approach to minute taking with details as to when Section 172 factors are being considered. Section 172 (1) relates to the duty of directors to explain how areas of conflict or where the interests of one group have been prioritised over another, have been considered and how the duty to act fairly has been executed
- Formal consideration of any of these factors which are relevant to any major decisions taken by Council throughout the year
- A review of many of these topics through the risk management process and other standard Audit Committee, Finance and Investment Committee and Remuneration Committee agenda items
- Regularly scheduled Board presentations and reports, such as member and customer engagement, risk register reports, health and safety reports, raising concerns, and people and culture strategy and developments
- A consistent approach is being taken to every programme of priority work and that every project plan sets out the member decision-making and engagement processes

- Corporate responsibility, including business ethics, anti-bribery and corruption, human rights, environmental stewardship and use of resources, sustainable solutions, greenhouse gas emissions and energy management.

### How we ensure the College continues to operate effectively in a sustainable manner

- The College marked its 106th year in 2022, and as the largest professional nursing trade union in the world, it is unique. Council understands the enormity and importance of its actions and acts appropriately as the voice of nursing on behalf of members and other stakeholders. Its approach to decision making must ensure the College remains sustainable.
- Council and members of RCN committees bring their nursing expertise and skills to all governance and decision-making tables where they represent nurses and nursing. They set the strategic direction and priorities for the membership and the organisation and Council holds the Executive Team to account for delivering on the priorities for members and stakeholders. Council approves the strategic plan and ensures a robust financial plan underpins that strategy. It also sets out the assumptions, risks, and targets for the strategy funding, and how the College will remain financially viable into the long term. Progress against the strategy and the plan is reviewed by the Finance and Investment Committee and Council. More information can be found in Council's report on page 24.
- Council considers our staff our greatest asset and through the Executive Team ensures structures, policies and procedures are in place which protect the health, wellbeing, and safety of all staff allowing them to grow and develop throughout their careers at the College. The General Secretary & Chief Executive holds regular live Q&A sessions with all staff, and Council receives regular updates from the Executive Team regarding any concerns and issues staff have and ensures that these are considered carefully. We understand that the ability to deliver world class services to our members, and to remain sustainable into the future, depends on our staff; we have invested in a new training and development module allowing individuals to access and undertake training at a time and location convenient to them. More information is contained within Council's report on page 24.
- We understand that our suppliers and partners are part of the infrastructure which helps us to ensure we deliver the services our members want and need. Our committees, including the Finance and Investment Committee, ensure we have appropriate policies and practices in place to work with suppliers and partners who share our beliefs and values. Through the Executive Team and our staff, the College takes a collaborative and partnership approach with suppliers and partners. More information on how we engage with our suppliers and partners can be found in Council's report on page 24.
- Through the Executive Team, our staff and policies, we engage with customers who support and champion our values and beliefs. Through the policies, processes and terms and conditions we set for our services and products we are confident we treat all our customers fairly and appropriately.
- Council takes its environmental and social responsibilities very seriously. Time is made at Council meeting to discuss how we can improve the environmental impact of the College. Our 2023-2027 corporate strategy will consider plans regarding our current energy and carbon usage. More detail regarding our current energy and carbon usage can be found in Council's report on page 24.

In 2021, on recommendation of the Finance and Investment Committee, we agreed and implemented further exclusions of investments considered unethical from our investment portfolio. The Finance and Investment Committee receives regular reports from our investment manager in relation to their stewardship and engagement with those companies we invest in. We will be considering how we can further reduce our exposure to non-ethical stocks and ensure those we invest in share our values and beliefs as much as is appropriate to do so. More information on the management of our investment portfolio can be found within the financial review on page 6. At the request of the Finance and Investment Committee, the possibility of aligning the investments of the defined benefit pension scheme with RCN UK's ethical investment policy is being investigated with TPT, the trustees of the pension scheme, taking due account of the specific investment objectives of the pension scheme's portfolio. More information on the defined pension scheme can be found in the Council's report on page 26, and note 16 to the financial statements, starting on page 70.

- Council, through the Executive Team and staff, aims to conduct relationships with all our stakeholders with integrity, courtesy and in the spirit of partnership and collaboration.
- The College works on behalf of all its members and believes their interests are equal. Council understands that from time to time different member groups may not always share the same view or outcome desire. Council aims to ensure all decisions are made based on robust information and consultation, that all views are gathered and heard, and outcomes of decisions made are communicated transparently and with respect.



RCN members at the AGM in June 2022

## Key decisions in the year

### Annual General Meeting (AGM)

The 94th Ordinary General Meeting of the RCN was held on Sunday 5 June 2022. It was chaired by the President of the RCN. The President reminded everyone that it was an opportunity to reflect on the previous year, 2021, and it was important to reflect and remember colleagues and others who had lost their lives in the COVID-19 pandemic.

The Chair of Council highlighted the recommendations in the KPMG review of Governance, which had been accepted in full by Council. She also asked members to note the rising membership figures and provided an overview of the services offered to members during 2021. In particular, she paid a special tribute to RCN reps and expressed her pride in RCN members and how they had managed through the pressures caused by the pandemic.

The Honorary Treasurer presented the 2021 financial statements noting a strong financial position for the organisation going forward.

Chair of the Governance Support Committee, updated members on the KPMG review into governance, reminding everyone of the context to the review.

Members attending the AGM also received an update from Bruce Carr KC into his forthcoming independent review of culture at the RCN, and had the opportunity to ask him questions.

There were no resolutions to vote on at the AGM in 2022.

### Extraordinary General Meeting (EGM)

An EGM was called by RCN Council for the 29 November 2022. The purpose was to discuss the independent review of culture by Bruce Carr KC which had been published in October. Members were updated by Bruce Carr KC and the RCN President who set out the outline of a new transformation plan for the RCN. Please see the table on page 18 for further information.

In view of the report findings, Council agreed to accept a resolution onto the agenda of the EGM which had been submitted by three members. The resolution and the result were as follows:

**Resolution** - Submitted by Dr Ruth Oshikanlu MBE FRCN, Dr Cecilia Anim CBE FRCN and Dr Lola Oni OBE FRCN.

In light of the findings and recommendations set out in the independent review completed by Bruce Carr KC and published by the RCN, we have no confidence in the Council's leadership of the RCN during the period 2018 - July 2021, and we call upon those current and relevant members of Council to resign with immediate effect and not to put themselves forward for future elected roles within the RCN.

#### Result

| For    | Against | Abstain | For %  | Against % | Total votes | Eligible voters | Turnout |
|--------|---------|---------|--------|-----------|-------------|-----------------|---------|
| 15,833 | 1,190   | 1,424   | 93.01% | 6.99%     | 18,447      | 507,237         | 3.6%    |

A vote of no confidence is advisory, rather than legally binding, and consequently a number of Council members stepped down from their roles.

## Further key decisions in 2022

At the start of the year Council approved the RCN's evidence to the Pay Review Body.

Council also approved a new one-year stability plan for the RCN and a new organising strategy.

Council received and accepted the recommendations of the KPMG report into governance at the RCN. Council also, later in the year, received and accepted the recommendations in Bruce Carr KC's independent report into culture at the RCN.

Council agreed new Fellows and Awards of Merit winners as well as Representatives of the Year.

In May, Council agreed a one-off donation of £100,000 to the World Health Organization (WHO) in respect of Ukraine. Council also agreed a new humanitarian issues framework for the organisation.

Also, in May, Council agreed to reinstate a modern RCN Institute of Clinical Excellence within the RCN.

During the year Council made several significant decisions relating to ballots of members on their pay, terms and conditions in both the independent sector and the NHS. Ballots also took place in the states of Guernsey and the Isle of Man.

In July, Council made the historic decision to ballot members in the NHS on Agenda for Change terms and conditions throughout the UK on industrial strike action. More than 50% of members across the UK voted in the disaggregated ballot overwhelmingly in favour of strike action. Council also agreed an increase in the industrial action fund and updated the strike benefit policy.

Council agreed new terms of reference for the Trade Union Committee and the Professional Nursing Committee, which clearly set out their delegated responsibilities. Council also approved the recommendations in a review of RCN forums and networks.

A new reserves policy was approved, and Council also agreed to move all member magazines to online only from 2023 and increase investment in digital content.

Council agreed that the AGM in 2023 should be held on 10 July as a hybrid event, and they agreed that Congress in 2024 will be held in Newport, Wales.

Council also approved Evelyn Partners as the new internal auditors.

In November 2022, Council approved a new five-year strategy for the RCN.



## Key performance indicators (KPIs)

Note: In 2022, the RCN launched the one-year stability plan. The stability plan contained 29 priorities within overarching three goals. Each goal has two to three scorecard measures which were used as the KPI – see below.

| <b>2022 GOAL: Amplify the voice of nursing</b>                                      |  |   |
|---|--|---|
| <b>KPI</b>  | <b>Objectives and key responsibilities</b>   | <b>2022 performance</b>   |
| Member recruitment and retention  | <p>To ensure the RCN 2022 member recruitment and retention targets are met.</p> <p>To re-join the International Council of Nurses (ICN).</p>   | <p>RCN membership targets exceeded the 2022 targets.</p> <p>Overall membership increased by almost 39,000 in 2022.</p> <p>Fully trained and accredited representatives to support our membership has increased by nearly 50 in 2022.</p> <p>The RCN officially re-joined the ICN in spring 2022.</p>  |
| Influence and campaign for enhanced nursing pay, terms and conditions across the UK | <p>To deliver the aims and objectives of the UK Pay Programme. This includes, income maximisation for our members in 2022–2023 pay deals and strengthen our negotiating and influencing position in pay, terms and conditions.</p> | <p>In 2022, NHS RCN members have voted for strike action in response to the 2022–2023 pay award, for the first time in the RCN's history.</p> <p>Pay discussions, including ballots are taking place with members employed outside the NHS, in response to 2022–2023 pay offers/awards.</p> <p>Preparations are also underway to submit evidence to the national nursing profiles review through the NHS Staff Council Job Evaluation Group, in addition to preparation of the pay principles for 2023–24 and the associated NHS Pay Review Body submission.</p> <p>These activities combined will ensure significant progress is made towards delivering the aims and objectives of the UK Pay Programme on behalf of members.</p> |

| <b>2022 GOAL: Achieve positive cultural change and empower our staff</b> |   |   |
|--|---|---|
| <b>KPI</b>   | <b>Objectives and key responsibilities</b>  | <b>2022 performance</b>   |
| Our finances are healthy   | RCN finances to remain within financial tolerances to ensure long-term financial sustainability.  | In 2022, the operating surplus and cash balances were higher than forecast.<br><br>The RCN's investment portfolio was lower than forecast, due to the turbulence in the global financial markets, however this was remained within accepted tolerances. |
| Staff engagement   | To deliver the aims and objectives of the UK Pay Programme. This includes, income maximisation for our members in 2022-2023 pay deals and strengthen our negotiating and influencing position in pay, terms and conditions. | The 2022 employee engagement score met the 2021 score.<br><br>During 2022, there were two surveys. In April 2022, the score was 7.3, and in November 2022, the score dropped to 7.1.  |
| RCN modernises and transforms the governance of the organisation         | Carr and KPMG reports are published and an implementation plan is in place.   | The Carr and KPMG reports have been published and Council has committed to implementing the recommendations in full.<br><br>The new Group Equality, Diversity and Inclusion Strategy (EDI) is being developed and will be operational in 2023.          |

| <b>2022 GOAL: Enhance our member offer and services</b> |  |   |
|---|--|---|
| <b>KPI</b>  | <b>Objectives and key responsibilities</b>   | <b>2022 performance</b>   |
| Member satisfaction                                     | To provide the best member and customer experience, which is dependent on the positive behaviours and conduct of both staff and all RCN members. | The six departments that use the customer satisfaction surveys consistently exceeded the net promoter score throughout 2022.                    |
| Engagement with RCN                                     | To improve the member and customer experience by enhancing the products and tools.<br><br>To exceed the 2021 figures.                            | In 2022, the RCN Learn portal was launched.<br><br>In 2022, the number of webpage views exceeded the 2021 figures by approximately 2.5 million. |

## Principle risks

### Management of strategic/Group risks

Strategic/Group risks are those that may result in a change in our strategic direction and threaten the successful delivery of our business priorities. The context in which the RCN Group and the nursing profession operates continues to change rapidly and our strategic risks reflect this.

Over the past 12 months, external factors such as the impact on pay, terms and conditions, workload and COVID-19, continue to influence our business priorities. The membership was balloted on industrial action. This was a first for us – at this scale – and it was the first time in our history that members in England and Wales voted to go on strike. In December 2022, up to 100,000 of our members took part in strikes in England, Northern Ireland and Wales. Throughout the year, internal factors within the organisation continued to create the potential for reputational risks that could have derailed the delivery of our business priorities.

We have taken a robust approach to the management of risk by implementing measures to mitigate the impact on our business and priorities.

At the end of 2021, we completed a review of our risk management framework. Several changes were implemented in 2022, including a new Group risk policy. The framework and policy provided the Executive Team, RCN Foundation, RCNi and Council with greater assurance with a robust systematic approach to the review of risks across the Group.

| <b>Our priority: Review of culture and governance across the RCN (these reviews do not include RCNi or RCN Foundation)</b> |   |
|--|---|
| <b>The objectives at risk in 2022</b>  | <b>Controls and mitigation</b>  |
| Commitment to deliver fundamental change to the organisational and governance culture of the RCN                           | <p>In April 2022, KPMG published its independent governance review of the RCN, which had been commissioned at the request of the membership.</p> <p>In October 2022, Bruce Carr KC, published an independent review of the culture of the RCN which had been commissioned at the request of Council.</p> <p>We have accepted in full the recommendations from both reports and a combined implementation plan has been developed and will be operational from 2023.</p> <p>During 2022, the RCN received robust external and internal legal advice.</p> |

## Our priority: Delivering our priority campaigns and strategies

| The objectives at risk in 2022  | Controls and mitigation   |
|---|---|
| <p>To ensure our priority work campaigns and strategies meet the needs of the membership and/or influence policy makers.</p> <p>The implementation of our strategic priorities which are:</p> <ol style="list-style-type: none"> <li>1. UK Pay Strategy</li> <li>2. Staffing for Safe and Effective Care campaign (SSEC)</li> <li>3. RCN Group Education and Learning Strategy</li> <li>4. Independent Health and Social Care Strategy</li> <li>5. Organising model.</li> </ol> <p>All our priority work programmes include member decision-making and member engagement processes.</p> | <p>The Executive Team continues to ensure that a consistent approach is taken to every programme of priority work, campaigns and strategies, and that every project plan sets out the member engagement and decision-making processes.</p> <p>Member experience continues to inform all our work with programme and partnership boards (co-led by members) and member task and finish groups overseeing all key work programmes and campaigns.</p> <p>During the 2022–2023 pay awards and subsequent statutory ballot and industrial action work, the RCN Member UK Pay Policy has been applied.</p> <p>The four UK countries continue to realign their focus to support members to raise issues locally on concerns around SSEC.</p> |

## Our priority: Business transformation, including information and digital

| The objectives at risk in 2022                                 | Controls and mitigation   |
|--|---|
| <p>We plan, prepare for, and mitigate our financial risks.</p> | <p>Our 2022 budget and stability plan are aligned to ensure resources are targeted to meet key priorities and obligations to support the transformation programme.</p> <p>Regular scrutiny of the performance of investment managers and the investment policy to ensure objectives are met.</p> <p>Monthly management accounts have been produced and shared with RCN Council, and quarterly forecasts produced and reviewed.</p> <p>Financial fraud has been a core part of our annual internal audit programme. It is designed to review controls and identify potential weaknesses and recommend organisational improvements.</p> <p>The RCN 2023–2027 strategy has been approved and the 2023 approved budget has been aligned to ensure resources are targeted to meet key strategic priorities identified in the five-year strategy.</p> |

## Our priority: Responding to external events

| The objectives at risk in 2022   | Controls and mitigation   |
|--|---|
| <p>We respond confidently and in a timely way to external events, enabling us to meet members' needs and protect our reputation.</p> | <p>We have continued to be the voice of nursing, standing up for members through national and local media and directly with key external stakeholders.</p> <p><b>Climate change</b><br/>We remain committed to act and to use our voice and advocacy power to influence our members, health and social care providers and the UK governments to support action on climate change.</p> <p>We are a member of the UK Health Alliance on Climate Change which consists of 35 organisations.</p> <p>We continue to work with the members and the wider nursing profession to promote sustainable nursing practice and look at ways to reduce CO<sub>2</sub> emissions to improve health outcomes.</p> <p><b>Equality and inclusion</b><br/>We are committed to ensure that equality and inclusion are embedded at the heart of our organisation.</p> <p>A new 2023–2027 equality and inclusion strategy is being developed with a collaborative approach across the group, involving a range of key stakeholders and Council. This will be operational in 2023.</p> <p>The implementation plan for the KPMG and Carr reviews, which looked at the RCN culture and governance, will also see equality and inclusion refocused as a priority.</p> |

## Future developments

### Our members

Our key strength is that we are recognised both nationally and internationally as having a unique mandate for nursing. From this position of strength, we seek to be the voice of nursing to influence the long-term changes needed to support our members, their patients, and the nursing profession.

Our new five-year strategy for 2023-2027 has taken into account how we must continue to ensure the strength of our organisation, and the nursing staff we represent, for many decades. This means we should be prepared to:

- respond to changing political and economic conditions
- decide how to strengthen the voice of nursing by increasing membership
- developing new ways of supporting members as they move on to new professional ground
- demonstrate to nursing staff the power that is already in their hands by acting collectively.

We are in uncertain times — changes of government, a cost of living crisis but throughout all of this, protecting our members and the profession will be at the heart of all we do. Faced with uncertainty, it would be easy to look inwards or think only of consolidating what we have already. Our best interests are served by ambition, displays of strength and finding allies.

Our size is the source of our power; there are hundreds of thousands more people eligible to join the RCN who are not currently in our membership. We will make a direct appeal to them to join what we have started.

Over the coming years, we will push registered nurses and nursing support workers alike, onto new professional ground.

The new strategy will ensure that our name will again be synonymous with high quality world-leading education programmes, and it should reflect that nursing has a strong social conscience and consider how we will stand in solidarity with other movements and organisations.

It will reflect the best in the world when setting our sights on better pay, terms and conditions, employment rights and clinical leadership. It will offer back to the world the best of UK nursing as we operate on the global stage.

### Our staff

To deliver this strategy for our current and future members, we aim to be an employer of choice, enabling our workforce of over 1,000 to be the best they can be, so that they can bring their authentic selves to the workplace, wherever that may be. As a representative body we will continue to seek to be a model employer that values and respects our staff. We will demonstrate to the employers of our members that staff can be treated well and with dignity and respect. Our workforce will be diverse, highly skilled in what they do, and we will grow and encourage them to continuously improve, allowing them to provide a continually high quality of service to each other and our members.

The key to success for this strategy will be through active members, strong partners, and equipped staff, enabling us to secure changes far greater than we can currently imagine.

## Our approach

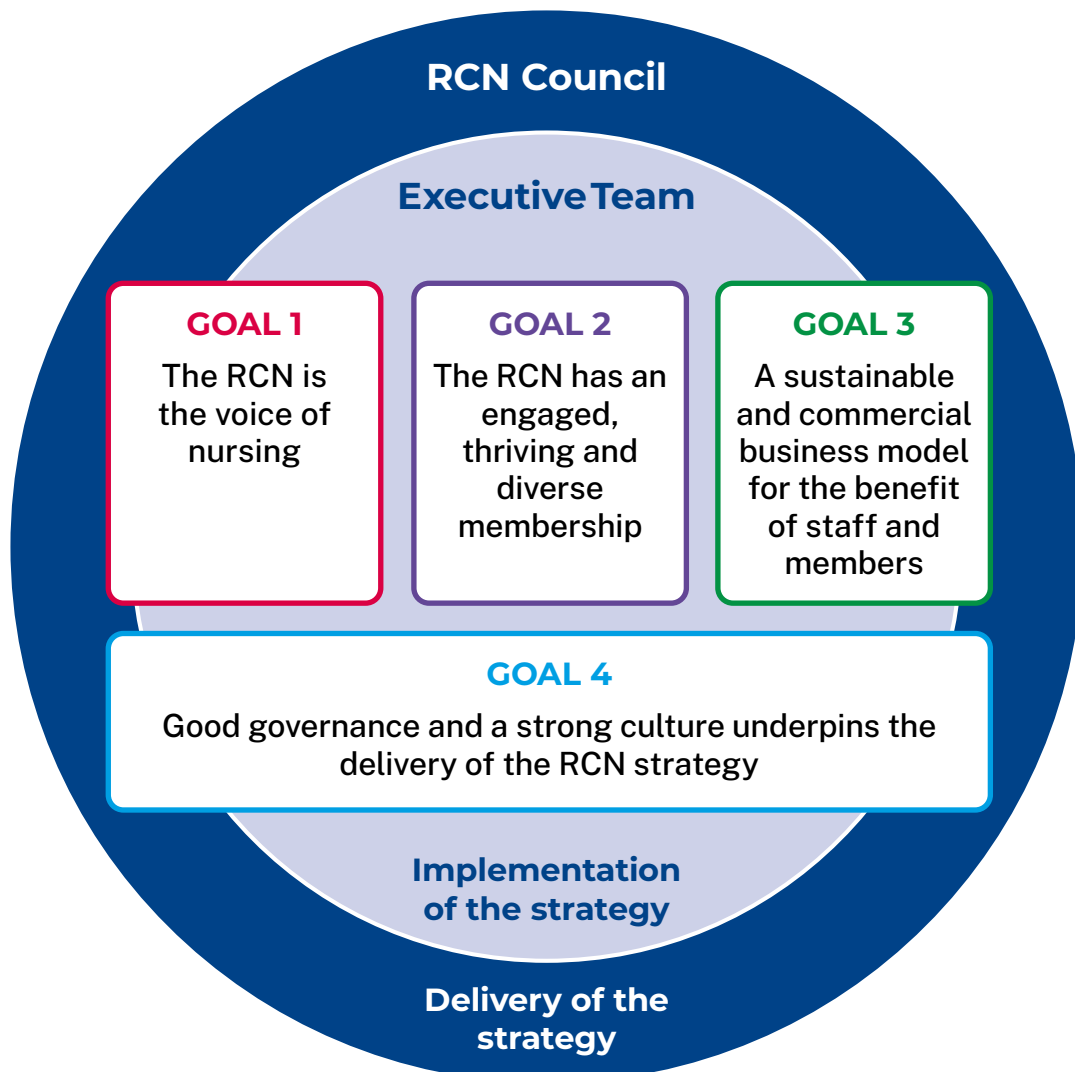
The strategy has been shaped and directed by Council, our elected representatives at a country and regional level. We have sought feedback from thousands of members and hundreds of staff. We have encompassed and will build on the past two strategies of 2018-2021 and 2022 which were titled the “Big 5” and the Stability Strategic Plan respectively. We have reflected the visions set out to members at Congress by the General Secretary & Chief Executive and also by our President. We have encompassed the recommendations contained in the *Independent Governance Review* by KPMG and the Carr Report. These reports of great significance were published in 2022. With this rich source of data and feedback from our members and staff we have produced a bold and exciting strategy for the next five years.

## Our strategy

The first three strategic goals address the:

1. public face of the RCN
2. membership of the RCN
3. staff of the RCN.

The fourth strategic goal (culture and corporate governance) sits below the above three strategic goals but is influenced and underpinned by them.



## 3. Council's report

RCN Council presents its report together with the audited financial statements and auditors report for the year ended 31 December 2022. Comparative figures are for the year ended 31 December 2021.

### Looking forward

From 2023, we will be working to our new five-year strategic plan for the period 1 January 2023 to 31 December 2027. This plan will be underpinned by four goals as shown on page 23. These goals will enable us to invest in the College's present and future whilst maintaining a sustainable financial platform that provides the security and flexibility the College needs to continue to develop and provide the services and products our members need and want into the future.

### Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 26 to the financial statements which can be found on page 82.

## Financial risk management objectives and policies

### Investment policy and risks

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

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 RCN Finance and Investment Committee has agreed to adopt a segregated approach, investing in fixed interest issues and individual shares rather than funds, this being viewed as 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. Historically, the RCN portfolio avoided any investment in companies with a direct link to the manufacture of tobacco products. This was widened in 2021 to include further restrictions on so called sin stocks and the statement of investment principles was updated to reflect this change. The potential for further exclusions and restrictions will be explored in 2023. Current exclusions from the RCN investment portfolio are:

- i. cluster bombs and landmines – prohibited under international treaties and not included in any portfolio managed by Sarasin and Partners
- ii. adult entertainment – proposed restriction: companies with 5% of revenues in activities connected to adult entertainment
- iii. alcohol – proposed restriction: 5% of revenues related to the production of alcohol or 10% of revenues from the sale of alcohol related products and services
- iv. armaments – zero exposure to manufacturers of whole weapon systems and 10% of



revenues from sales connected to weapons systems including components, support systems and services designed for weapon use

- v. civilian firearms – proposed restriction: zero exposure to either the manufacture or sale of civilian firearms
- vi. gambling – proposed restriction: 5% of revenues related to gambling operations or 10% of revenues from the sale of gambling related activity
- vii. tobacco – zero exposure to tobacco producers, 10% of revenues derived from tobacco related products. Already applied to portfolio
- viii. extraction of thermal coal – proposed restriction: 5% of revenues derived from the extraction of thermal coal
- ix. production of oil tar sands – proposed restriction: 5% of revenues derived from the production of oil from tar sands
- x. predatory lending – proposed restriction: 5% of revenues for activities connected to predatory lending. In addition to the specific exclusionary criteria, the investment manager is expected to avoid companies which are materially invested in ethically unacceptable practices. Examples of these are:
  - corruption
  - environmental degradation
  - poor labour practices
  - breaches of human rights
  - companies which persistently, knowingly, and materially breach international legal standards.

The RCN Foundation has also implemented similar restrictions to its investment portfolio.

RCN Council requires that the investments should be managed in a socially responsible manner in line with their corporate values and policies. When making investment decisions, Council will consider whether the business carried out by investee companies would conflict with the RCN's aims and values or hamper the work of the RCN by alienating members, stakeholders, and other supporters.

The investment manager attends the Finance and Investment Committee to present performance reports and discuss investment matters with the Committee. Council receives a report from the Finance and Investment Committee following each meeting.

During 2022, RCN Council agreed that the RCN should ensure enough cash reserves are available at short notice to fund the industrial action campaign and strike benefit claims should it be required. To this end the RCN set up a short-term investment fund, which is a sub account of the long-term investment portfolio managed by Sarasin & Partners. The short-term fund is invested in easily accessible liquid assets which can be withdrawn without penalty and paid into the RCN's bank account within a few days.

Since the last quarter of 2022, rates achieved on money markets and similar short-term assets have increased to levels that has made short-term investment assets a viable option combining income generation and flexibility. The viability of the short-term fund will be kept under review.

At 31 December 2022, the RCN investment portfolio stood at £91m, the short-term fund was £8m. Overall, this represents a £16m adverse variance from the position reported at 31 December 2021 of £115m.

More information regarding the performance of the investment portfolio can be found in the strategic report on page 9, in the financial statements on page 41 to 45 and in note 5 on page 53.

### **Defined benefit pension scheme**

The RCN continues to operate a defined benefit pensions scheme. A defined benefit pension scheme means the value of the benefit is certain, putting the risk associated with pension schemes with the employer. The RCN defined benefit pension scheme was closed to new entrants in October 2013, since then new members of staff are automatically enrolled into the group personal pension plan, currently operated by Aegon. The scheme remains open to accrual for those members of staff who were members of the scheme prior to October 2013.

All defined benefit schemes are subject to a full actuarial valuation every three years (known as the triennial valuation). 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. The last triennial valuation on the RCN scheme was as at 30 September 2019 and was approved by Council and the scheme trustees TPT and submitted to The Pensions Regulator in December 2020. The 2019 triennial valuation reported a scheme deficit of £9.5m (30 September 2016: £52.1m). As part of the 2019 triennial valuation, we agreed a revised deficit funding plan of £3.2m per year, which was completed in August 2021. We will receive the preliminary results of the next triennial valuation, as at 30 September 2022, in the first half of 2023 and will approve the September 2022 triennial valuation along with any required changes to the funding of the scheme in time to be submitted to The Pensions Regulator in December 2023.

The Finance and Investment Committee receive presentations from TPT relating to the investment strategy, financial performance of the scheme and any other potential issues at least twice a year. The scheme is currently in surplus but kept under review. RCN senior management receive monthly updates from TPT about the estimated valuation of the scheme. It is to be noted that this is an estimate only but serves as a useful indicator of the health of the scheme.

The value of the defined benefit scheme is shown within the RCN's 31 December 2022 financial statements as nil (31 December 2021: nil). The RCN defined benefit accounting valuation (also known as the FRS 102 valuation) reported a scheme surplus of £30m at 31 December 2022 (31 December 2021: £46.5m), however as the surplus does not belong 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 valuation is aimed at reporting the RCN's obligation to the scheme at the date of the Statement of Financial Position.

More details relating to the defined pension scheme can be found in the strategic report on page 10 and note 16 on page 70.

### **Cash flow risk**

The RCN Group does not consider it has a cash flow risk. The RCN receives approximately £6.8m every month through annual membership subscriptions and approximately 90% of membership income is collected through Direct Debit. Approximately 80% of regular

expenditure is on staff costs, buildings and IT and are phased and monitored as part of the monthly management accounts and quarterly forecasts. High level forecasts are produced monthly to identify any potential issues.

It is acknowledged that the industrial action campaign and the payment of eligible strike benefit claims as a result of members taking strike action will impact cash flow, however these are exceptional circumstances, both short (13 weeks) and long-term cash flow forecasts are prepared at least monthly to ensure cash remains available and normal operating expenditure is covered by normal operating income.

### **Credit risk**

The RCN Group's principle financial assets are the investment portfolios, currently around £123m, short-term funds of approximately £11.5m and £50m in cash along with other receivables as at 31 December 2022.

The primary credit risk is provisions held for the clinical indemnity scheme and general trade creditors and prepayments. The indemnity scheme provisions are monitored closely by the in-house legal team and the RCN's solicitors. Most cases have a long lead time and any changes to provisions or likelihood of losing the case are flagged with significant notice.

The 31 December 2022 Statement of Financial Provision includes a provision of £1.2m in respect of strike benefit claims relating to the two strikes which took place in December 2022. It is expected that all claims relating to the December 2022 strikes will be paid in the first half of 2023. The value of potential strike benefit claims relating to previous and ongoing strike action is a risk, however, the RCN includes projections for strike benefit claims as well as the wider risk of the cost of the industrial action campaign itself in its monthly expenditure and cash projections.

The credit risk on liquid funds and investments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The RCN Group does not hold any debt finance and its current policy is not to do so, self-financing investment in infrastructure and services from reserves and ongoing surpluses.

### **Liquidity risk**

To maintain liquidity, the RCN's policy is to ensure that there is the available cash equivalent to at least one month's member subscription income. The RCN currently has an excess of cash funds, an easily accessible short-term fund and could, if required, draw from the investment portfolio. The RCN's reserves policy is to ensure there are enough reserves available to cover all existing creditors, including provisions, the £50m industrial action fund and 50% of one year's normal expenditure.

### **Financial resilience**

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

Further information regarding RCN Group accounting policies and assessment of going concern can be found in note 1 to the financial statements on page 46.

## 2022 Council members

**Chair:** Carol Popplestone - Yorkshire & the Humber

**Vice Chair:** Mel Kerr – East Midlands (until 23 December 2022)

**President:** Dr Denise Chaffer

**Deputy President:** Tracey Budding

### ENGLAND

**East Midlands region:** Mel Kerr (until 23 December 2022)

**Eastern region:** Jesudass Johnselvan (until 24 April 2022);  
Andy Roy (14 June - 2 December 2022)

**London region:** Carol Webley-Brown

**North West region:** Dave Dawes (until 6 April 2022);  
Maggy Heaton (from 12 July 2022)

**Northern region:** Michael Appleby (until 30 November 2022)

**South East region:** Jeremy Benton

**South West region:** Geoffrey Walker OBE (until 2 December 2022)

**West Midlands region:** Professor Rod Thomson FRCN (until 10 October 2022)

**Yorkshire & the Humber region:**  
Carol Popplestone

### NORTHERN IRELAND

Fiona Devlin (until 2 December 2022)

### SCOTLAND

Geoff Earl (until 7 December 2022)

### WALES

Richard Jones MBE (until 2 December 2022)

### STUDENT MEMBER

Shaun Williams (until 11 November 2022)

### NURSING SUPPORT WORKER MEMBER

Evan Keir (until 2 December 2022)

### CHAIR OF CONGRESS

BJ Waltho, non-voting member of Council

Nominations opened on 19 December for casual vacancies on RCN Council which occurred following the Extraordinary General Meeting on 29 November.

## Directors' indemnities

The RCN takes out directors' liability insurance for the benefit of Council and senior management whilst carrying out their duties.

## Disabled employees

At 31 December 2022, 50 employees of RCN UK considered themselves disabled, which equates to 5% of the employed headcount.

## Engagement with our staff

We know that without our staff we cannot deliver for our members, and we aspire to create the best possible experience of work and working life for our staff just as we demand that others do for our members. We believe that the voice of our staff is crucial to our success. Our staff need to feel that they are part of an inclusive and safe culture in order to give their best for our members.

Through partnership working with both the GMB and the NUJ, we engage regularly and meaningfully with our recognised trade unions – consulting and negotiating with them on relevant matters, including through our formal Partnership Forum meetings several times a year. We support a variety of active staff networks and other groups – creating a space for our staff to connect and share, as well as inviting their diverse perspectives on topics

including our staff policies. And throughout the year we run anonymous ‘pulse check’ employee surveys.

We encouraged our staff to contribute their experiences and observations to the Carr Review. We sought feedback from them to help shape the pay and benefits review project that is underway, and their views informed our Investors in People accreditation.

Our intranet provides an open space where our staff can access information as well as have conversations, supplemented by important updates shared via email and the opportunity to hear from, and ask questions of, our General Secretary & Chief Executive, as well as other Executive Team members through regular live town hall events held, and recorded, virtually. And we keep our staff updated on how the organisation is performing by publishing quarterly progress reports against our KPIs about key projects, and sharing other information, such as our growing membership numbers every month.

All of the insight we gather from our staff helps us to understand the experience of working for the RCN, and enables us to shape that experience positively through the design of policies, practices and initiatives – everything including the recruitment journey, our pay and benefits package, and the learning opportunities we offer to staff. By collating, reviewing and analysing this feedback, our People and Organisational Development Department help our Executive Team to make decisions with our staff, as well as our members, in mind. In 2022, the experience of our staff was key to how we’ve implemented hybrid working – with a measured approach taken to reopening our offices given the impact of COVID-19 on our staff, and departments empowered to shape their own hybrid ways of working within the parameters of our RCN-wide core principles.

We continue to strive to be an exemplary employer, and seek to achieve this ambition through our actions and decisions every day.

## **Engagement with suppliers, customers, and others**

We understand that our suppliers, partners, customers, and other stakeholders play a key role in the delivery of services and products to our members both directly and indirectly. Through our various policies we aim to ensure we engage with others who share our beliefs and values. The Group continues to review its suppliers and partners, not only to ensure we continue to work with those who share our values, but also to ensure we better understand those we engage with.

During the COVID-19 pandemic, we took a collaborative approach with suppliers and partners to minimise the financial impact on them where it was appropriate to do so. We continue to take this approach where feasible. In 2022, different challenges arose with many parts of the supply chain experiencing difficulties due to a combination of the impact of Brexit, the Russian invasion of Ukraine and the cost-of-living crisis. We continue to work in a collaborative way wherever possible with all our suppliers ensuring two-way communication and understanding of the issues faced by all parties. We have had to work flexibly adapting to different market conditions, as have many of our suppliers. We take a similar approach with our customers, understanding they too are having to adapt to the change in conditions.

During 2022, we began the process to select new finance, HR and payroll systems as part of a portfolio of infrastructure system replacement projects to enable us to ensure our back-office infrastructure is integrated and fit for purpose. The work on the statutory ballot and subsequent industrial action campaign has slowed progress a little, it is likely we will now go live with the new systems late 2023 and during 2024. We will engage with key suppliers and customers during this time to ensure the end solution improves the experience for all our stakeholders.



## Energy carbon reporting

### Introduction

This report presents the results of Streamlined Energy and Carbon Reporting (SECR) Royal College of Nursing of the United Kingdom (RCN). Data has been assessed and the report provided by Sustainable Advantage.

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 implement the government's latest policy on SECR. SECR replaced the Carbon Reduction Commitment Energy Efficiency Scheme (CRC) in April 2019. This new framework aims to simplify carbon and energy reporting requirements while still ensuring that companies have the information required to understand and reduce their emissions and energy costs.

### Company Information

Royal College of Nursing of the United Kingdom (RCN) - a Royal Charter company with Companies Number<sup>1</sup>: RC000459

### Approach

The UK Government's environmental reporting guidance on how to measure and report greenhouse gas emissions<sup>2</sup> has been used, along with the provided greenhouse gas reporting figures for the relevant year<sup>3</sup>. The financial control approach has been used to define the scope boundary<sup>2</sup>.

### Reporting Period

The reporting period is 1st January 2022 – 31st December 2022, aligning with the company's financial year.

### Base Year & Changes in Emissions

A base year of 1st January 2019 – 31st December 2019 has been used, as this is the earliest year for which reliable data was recorded and measured. The base year is used as the benchmark for emission data and consumption changes, and the changes between this reporting period and the base year have been recorded and detailed. The recalculation policy is to recalculate the base year emissions only for relevant significant changes which meet the threshold of affecting 5% of base year emissions.

### Operational Scopes

Scope 1, 2 and 3 emissions have been included within this report. RCN owned 8 buildings during this period, where electricity and gas are the primary and only utilities used. RCN had staff mileage claims. All activities are based within the UK.

- Scope 1 emissions consist of natural gas usage within the building.
- Scope 2 consist of electricity usage within the building.
- Scope 3 emissions have been included.

Table 1 shows the breakdown of carbon emissions, in tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e), by scope and specific area, with comparison to the base year.

**Table 1 - Breakdown of consumption and carbon emissions by scope, with comparison to the base year, for the current reporting period 1 January 2022 to 31 December 2022**

|                                     | Base Year (FY 2019) |            | FY 2022            |            | tCO <sub>2</sub> e Change |
|-------------------------------------|---------------------|------------|--------------------|------------|---------------------------|
|                                     | tCO <sub>2</sub> e  | % of Total | tCO <sub>2</sub> e | % of Total |                           |
| Scope 1<br>Natural Gas              | 211.7               | 23%        | 214.9              | 39%        | 3.2                       |
| Scope 2<br>Electricity              | 478.9               | 51%        | 276.8              | 50%        | -202.1                    |
| Scope 3<br>Grey Fleet Mileage       | 241.9               | 26%        | 65.4               | 12%        | -176.5                    |
| Gross Emissions<br>(Location Based) | 932.5               | 100%       | 557.1              | 100%       | -375.4                    |
| Less Renewable<br>Electricity       | 0.0                 | 0%         | 0.0                | 0%         | 0.0                       |
| Gross Emissions<br>(Market Based)   | 932.5               | 100%       | 557.1              | 100%       | -375.4                    |
| Carbon Offsets                      | 0.0                 | 0%         | 0.0                | 0%         | 0.0                       |
| Net Emissions                       | 932.5               | 100%       | 557.1              | 100%       | -375.4                    |

**Carbon Offsets & Electricity**

Electricity purchased for own use or consumption: 1,303,489.5 kWh. Renewable electricity generated from owned or controlled sources: n/a kWh.

**Intensity Ratios & Targets**

An overall intensity ratio of gross Scope 1, 2 and 3 emissions per floor area m<sup>2</sup> has been calculated. This will allow comparison and benchmarking with similar sites and organisations and still drives energy reduction goals. Although building electricity is sourced through renewable energy contracts the location-based grid average emissions have been used to calculate intensity ratios.

The previous reduction target was to reduce gross Scope 1, 2 and 3 emissions by 5% from FY 2021 to FY 2022. This has been achieved though emissions may have been affected by the COVID-19 pandemic, this will therefore be reviewed in the next financial year. The chosen emissions reduction target for this financial year is to reduce the overall business intensity ratio by 5% from financial year (FY) 2022 to FY 2023. The target is based upon the intensity ratio to improve performance, rather than allow for spurious improvements due to changes in operations. If the turnover theoretically remains the same across the current and upcoming reporting periods, predicted gross emissions are 529.23 tCO<sub>2</sub>e. Table 2 shows the intensity ratio of 9,993m<sup>2</sup> and target for the business, with comparison to the base year.

**Table 2 - Overall intensity ratio, target, and predicted tCO<sub>2</sub>e, with comparison to the base year. Intensity ratios are presented as Gross and Net Scope 1, 2 and 3 tCO<sub>2</sub>e/Floor Area m<sup>2</sup>.**

|                 | Base Year (FY 2019) |                 | FY 2022            |                 | Predicted FY 2023            |                  |
|-----------------|---------------------|-----------------|--------------------|-----------------|------------------------------|------------------|
|                 | tCO <sub>2</sub> e  | Intensity Ratio | tCO <sub>2</sub> e | Intensity Ratio | Predicted tCO <sub>2</sub> e | Intensity Target |
| Gross Emissions | 93.25               | 0.0933          | 557.1              | 0.0557          | 529.23                       | 0.0530           |
| Net Emissions   | 93.25               | 0.0933          | 557.1              | 0.0557          | 529.23                       | 0.0530           |

**Carbon reduction initiatives**

RCN has reported under both ESOS Phase 1 and 2. The following actions have been taken within the current reporting period in line with ESOS phase 2 recommendations:

- LED lighting and PIR sensors are continuing to be installed throughout the freehold sites (Belfast, Edinburgh and Ty Maeth) and London HQ now has completed installing LED lights in all areas largely on PIR sensors where appropriate.

When purchasing we also try to purchase sustainable alternatives.

- The paper in the printers nationally at all sites is FSC accredited so that trees are replanted.
- The dual hot/cold water machines in HQ have recently replaced Flavia hot beverage machines and separate cold water machines so that there is no wastage with plastic pouches and we use separate ingredients to make beverages. Using a dual machine also saves energy and wherever possible, if available, we purchase biodegradable or recyclable items and fair trade ingredients.
- Any changes to major plant and equipment are always more energy efficient as modern equipment works more efficiently and energy saving is designed in. Various sustainable choices such as an air sourced heat pump or solar panels have been suggested and we are awaiting approval to proceed in future years.
- Our energy purchasing always concentrates on not only the price but at least partial renewable energy which is becoming more available in the marketplace. We could not purchase totally renewable energy in 2022 due to the difficulties surrounding supply because of the Ukraine war.
- Servers continue to be hosted with a third-party contractor reducing air-conditioning requirements.

**References**

1. <https://find-and-update.company-information.service.gov.uk/company/RC000459>
2. [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/850130/Env-reporting-guidance\\_inc\\_SECR\\_31March.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/850130/Env-reporting-guidance_inc_SECR_31March.pdf)
3. <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021>
4. <https://registry.verra.org/app/projectDetail/VCS/902>



## Appendix

**Table 3 - Raw consumption data for the company, for the period 1 January 2022–31 December 2022**

| Area        | Scope | kWh         |
|-------------|-------|-------------|
| Natural gas | 1     | 1,173,127.3 |
| Electricity | 2     | 1,303,489.5 |
| Grey fleet  | 3     | 266,010.0   |
| TOTAL       | -     | 2,742,626.7 |

**Table 4 - Breakdown of site carbon emissions with intensity ratios, targets, and predicted tCO<sub>2</sub>e, with comparison to the base year. Intensity ratios are presented as tCO<sub>2</sub>e/m<sup>2</sup>**

| Site          | Base Year (2019)   |                 | Current Year (2022) |                 | 2023                         |                  |
|---------------|--------------------|-----------------|---------------------|-----------------|------------------------------|------------------|
|               | tCO <sub>2</sub> e | Intensity Ratio | tCO <sub>2</sub> e  | Intensity Ratio | Predicted tCO <sub>2</sub> e | Intensity Target |
| London HQ     | 446.0              | 0.094           | 351.9               | 0.0069          | 334.3                        | 0.0066           |
| Cardiff Gate  | 106.2              | 0.059           | 2.1                 | 0.0001          | 2.0                          | 0.0001           |
| Cardiff HQ    | 32.8               | 0.053           | 24.8                | 0.0038          | 23.5                         | 0.0036           |
| Edinburgh     | 44.4               | 0.052           | 29.5                | 0.0032          | 28.1                         | 0.0030           |
| Sunderland    | 16.4               | 0.041           | 11.3                | 0.0026          | 10.7                         | 0.0025           |
| Belfast       | 17.0               | 0.021           | 7.8                 | 0.0009          | 7.4                          | 0.0009           |
| Newbury       | 6.9                | 0.021           | 4.5                 | 0.0013          | 4.3                          | 0.0012           |
| Bolton - New† | -                  | -               | 6.2                 | 0.0013          | 5.9                          | 0.0012           |

For further information please contact [helpme@rcn.net](mailto:helpme@rcn.net)

## Statement of corporate governance arrangements

### The RCN Group

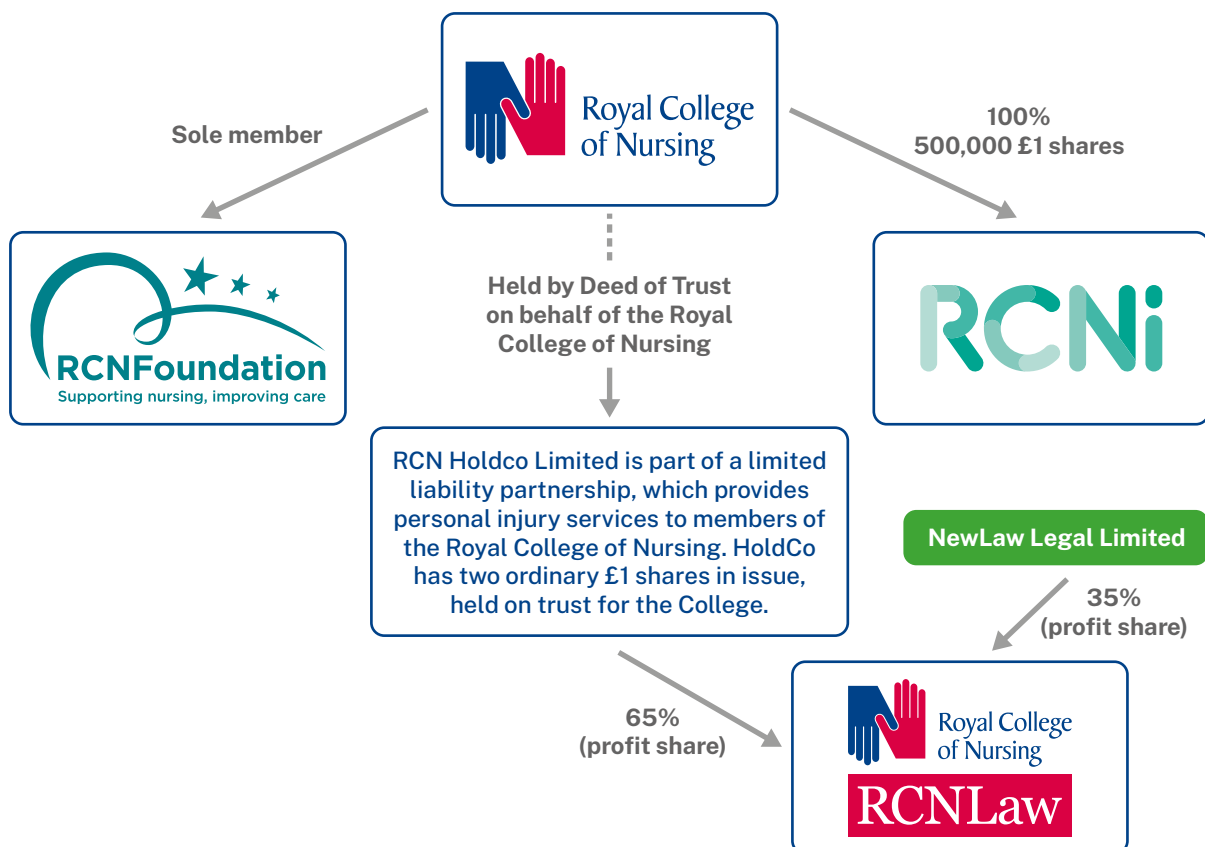
The Royal College of Nursing of the United Kingdom was established in 1916 and incorporated by Royal Charter in 1928. Since 1977, we have also been registered as a special register trade union. We are the world’s largest nursing union and professional body. We represent around half a million nurses, nursing students, midwives, and nursing support workers in the UK and internationally. We are governed by 17 Council members.

RCN Publishing Limited (RCNi) is a wholly owned subsidiary of the RCN. It provides an essential nursing resource, inspiring and informing the whole nursing team to deliver best practice and exceptional patient care. RCNi has 500,000 ordinary £1 shares in issue, and all are owned by the RCN. RCNi has its own board of directors.

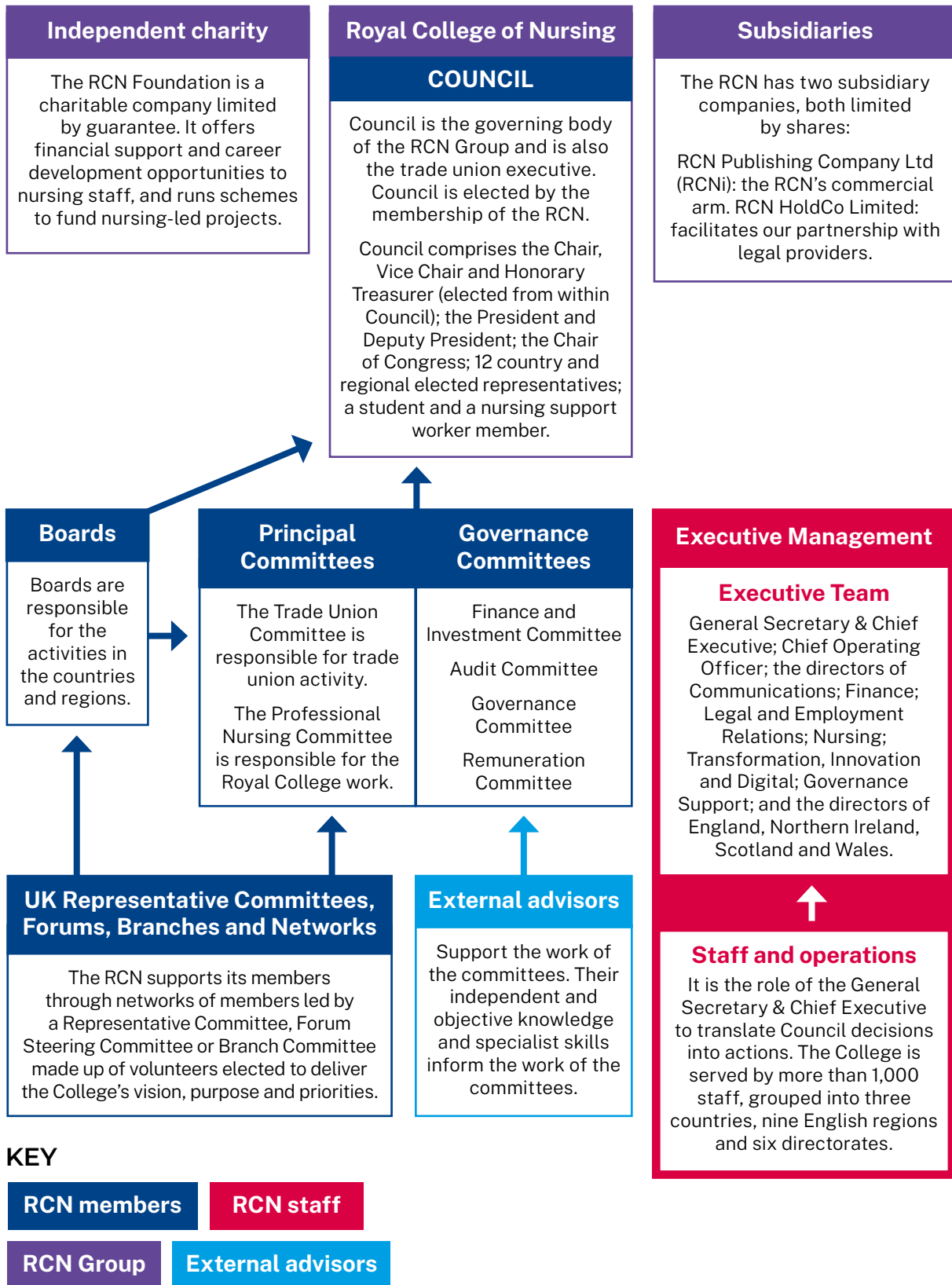
The RCN Foundation is an independent charity that supports the needs of the nursing team. The Foundation is a charitable company limited by guarantee, the sole member of which is the College. It has a separate Board of Directors who are also the charity trustees.

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

### Royal College of Nursing Group structure and relationships



# Corporate governance structure



**Members (around 500,000) as at 31 December 2022**

## Royal College of Nursing Group structure

The RCN is a corporate body established by Royal Charter. We are 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.

Governance of the RCN is the responsibility of its Council members who work with the RCN Executive Team to:

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

## RCN Council 2022

For the full list of all RCN Council members please see page 28.

# Statement of Council members' responsibilities

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

The Trade Union and Labour Relations (Consolidation) Act 1992 requires 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, 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
- provide members of the RCN with financial statements for each year.

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.

Council members are also 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.

The annual report was approved by Council and signed on their behalf by:



**Paul Vaughan**  
**Acting Chair of Council**  
**Date: 25 May 2023**

# Independent auditor's report to the members of the Royal College of Nursing of the United Kingdom (RCN) for the period ending 31 December 2022

## Opinion

We have audited the financial statements of The Royal College of Nursing of the United Kingdom (RCN) for the year ended 31 December 2022 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 Cashflows; and
- the notes to the financial statements, including significant accounting policies

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).

## In our opinion the financial statements:

- give a true and fair view of the state of RCN's affairs as at 31 December 2022 and of its transactions for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Trade Union and Labour Relations Act 1992.

## 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 union in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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

In auditing the financial statements, we have concluded that the Council members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the union's or group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Council members with respect to going concern are described in the relevant sections of this report.

## Other information

The Council members are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

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

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

- proper accounting records have not been kept;
- a satisfactory system of control over its accounting records, cash holdings and receipts and remittances has not been maintained;
- 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.

## Responsibilities of Council members

As explained more fully in the statement of Council members' responsibility set out on page 37, 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.

We have been appointed as auditor under section 33 of the Trade Union and Labour Relations Act 1992 and report in accordance with section 36 of that Act.

In preparing the financial statements, the Council members are responsible for assessing the union's and group'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 union 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition of membership income, valuation of the legal indemnity provision and override of controls by management. Our audit procedures to respond to these risks included sample testing of income transactions and indemnity provision valuations, enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with HMRC and reading minutes of meetings of those charged with governance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to union's members as a body. Our work has been undertaken so that we might state to union's 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 union and the union's members as a body, for our audit work, or for the opinion we have formed.



Tina Allison  
Senior Statutory Auditor  
For and on behalf of  
Crowe U.K. LLP  
Statutory Auditor  
London, United Kingdom  
Date: 31 May 2023





# Financial statements

## Statement of comprehensive income for the year ended 31 December 2022

|  | Note  | RCN UK<br>31 December<br>2022<br>£'000 | RCN UK<br>31 December<br>2021<br>Restated<br>£'000 | RCN Group<br>31 December<br>2022<br>£'000 | RCN Group<br>31 December<br>2021<br>Restated<br>£'000 |
|--|-------|--|--|---|---|
| <b>Income</b>  |       |  |  |   |   |
| Membership income  | 4     | 82,258                                 | 80,326   | 82,258                                    | 80,326  |
| Trading income   |       | -                                      | -  | 10,863                                    | 10,967  |
| Other income   | 4     | 4,963                                  | 3,953  | 3,550                                     | 3,081   |
| <b>Total income</b>  |       | <b>87,221</b>                          | <b>84,279</b>                                      | <b>96,671</b>                             | <b>94,374</b>   |
| <b>Expenditure</b>   |       |  |  |   |   |
| Staff costs  | 9     | 60,807                                 | 54,668   | 66,926                                    | 60,581  |
| Premises and estate costs  |       | 8,538                                  | 8,510  | 8,545                                     | 8,291   |
| Travel and accommodation   |       | 1,470                                  | 281  | 1,478                                     | 282   |
| Other service delivery costs   |       | 17,071                                 | 11,182   | 20,753                                    | 16,876  |
| <b>Total expenditure</b>   | 10    | <b>87,886</b>                          | <b>74,641</b>                                      | <b>97,702</b>                             | <b>86,030</b>   |
| <b>Operating (deficit)/surplus</b>   |       | <b>(665)</b>                           | <b>9,638</b>                                       | <b>(1,031)</b>                            | <b>8,344</b>  |
| Investment income  | 5     | 2,521                                  | 1,761  | 3,510                                     | 2,570   |
| Net realised gains on investments  | 12    | 9,049                                  | 7,311  | 12,240                                    | 9,746   |
| Net unrealised (losses)/gains on investments   | 12    | (22,378)                               | 2,085  | (30,377)                                  | 3,177   |
| Interest income on net defined benefit pension asset                                   |       | 885                                    | 456  | 885                                       | 456   |
| Dividends received from subsidiary   | 6.1.b | 1,096                                  | 414  | -   | -   |
| Foreign exchange (losses)/gains on investments   |       | (3,104)                                | 119  | (3,660)                                   | 125   |
| <b>(Deficit)/surplus before taxation</b>   | 3     | <b>(12,596)</b>                        | <b>21,784</b>                                      | <b>(18,433)</b>                           | <b>24,418</b>   |
| Taxation   | 8     | -                                      | -  | (401)                                     | (422)   |
| <b>(Deficit)/surplus after taxation</b>  |       | <b>(12,596)</b>                        | <b>21,784</b>                                      | <b>(18,834)</b>                           | <b>23,996</b>   |
| Actuarial (losses)/gains on defined benefit pension scheme                             | 16.2  | (16,419)                               | 14,475   | (16,419)                                  | 14,475  |
| Actuarial gains/(losses) on defined benefit pension scheme - removal of scheme surplus | 16.2  | 16,419                                 | (14,475)   | 16,419                                    | (14,475)  |
| Defined benefit pension scheme adjustment  |       | 91                                     | (629)  | 91  | (776)   |
| Revaluation reserve adjustment   | 20    | (64)                                   | (64)   | (64)                                      | (64)  |
| Net unrealised gains on joint venture  |       | -                                      | -  | 511                                       | 522   |
| <b>Total comprehensive income for the period</b>                                       |       | <b>(12,569)</b>                        | <b>21,091</b>                                      | <b>(18,296)</b>                           | <b>23,678</b>   |
| <b>Reserves brought forward</b>  |       | <b>149,484</b>                         | <b>128,393</b>                                     | <b>197,484</b>                            | <b>173,805</b>  |
| <b>Reserves carried forward</b>  |       | <b>136,915</b>                         | <b>149,484</b>                                     | <b>179,188</b>                            | <b>197,483</b>  |

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 46 to 82 form part of these financial statements.

## Statement of changes in equity for the year ended 31 December 2022

### RCN UK

|   | Revaluation reserve | Accumulated funds | Industrial Action fund | Total funds    |
|---|---------------------|-------------------|------------------------|----------------|
|   | £'000               | £'000             | £'000                  | £'000          |
| <b>Accumulated funds at 1 January 2021 - restated</b> | <b>1,863</b>        | <b>126,530</b>    | <b>-</b>               | <b>128,393</b> |
| Surplus in period                                     | -                   | 21,370            | -                      | 21,370         |
| Other comprehensive income                            | (64)                | (629)             | -                      | (693)          |
| Dividends   | -                   | 414               | -                      | 414            |
| <b>Accumulated funds at 31 December 2021</b>          | <b>1,799</b>        | <b>147,685</b>    | <b>-</b>               | <b>149,484</b> |
| Transfer to Industrial Action fund                    | -                   | (50,000)          | 50,000                 | -              |
| Deficit in period                                     | -                   | (8,252)           | (5,440)                | (13,692)       |
| Other comprehensive income                            | (64)                | 91                | -                      | 27             |
| Dividends   | -                   | 1,096             | -                      | 1,096          |
| <b>Accumulated funds at 31 December 2022</b>          | <b>1,735</b>        | <b>90,620</b>     | <b>44,560</b>          | <b>136,915</b> |

## Statement of changes in equity for the year ended 31 December 2022

### RCN Group

|   | Reserves for charitable purposes | Revaluation reserve | Accumulated funds | Industrial Action fund | Total funds    |
|---|----------------------------------|---------------------|-------------------|------------------------|----------------|
|   | £'000                            | £'000               | £'000             | £'000                  | £'000          |
| <b>Accumulated funds at 1 January 2021 - restated</b> | <b>40,774</b>                    | <b>1,863</b>        | <b>131,168</b>    | <b>-</b>               | <b>173,805</b> |
| Surplus in period                                     | 1,121                            | -                   | 22,875            | -                      | 23,996         |
| Other comprehensive income                            | -                                | (64)                | (254)             | -                      | (318)          |
| <b>Accumulated funds at 31 December 2021</b>          | <b>41,895</b>                    | <b>1,799</b>        | <b>153,789</b>    | <b>-</b>               | <b>197,483</b> |
| Transfer to industrial action fund                    | -                                | -                   | (50,000)          | 50,000                 | -              |
| Deficit in period                                     | (6,321)                          | -                   | (7,072)           | (5,440)                | (18,833)       |
| Other comprehensive income                            | -                                | (64)                | 602               | -                      | 538            |
| <b>Accumulated funds at 31 December 2022</b>          | <b>35,574</b>                    | <b>1,735</b>        | <b>97,319</b>     | <b>44,560</b>          | <b>179,188</b> |

## Statement of financial position as at 31 December 2022

|  |      | RCN UK<br>31 December<br>2022 | RCN UK<br>31 December<br>2021<br>Restated | RCN Group<br>31 December<br>2022 | RCN Group<br>31 December<br>2021 |
|--|------|-------------------------------|---|----------------------------------|----------------------------------|
|  | Note | £'000                         | £'000                                     | £'000                            | £'000                            |
| <b>Fixed assets</b>  |      |                               |   |                                  |                                  |
| Property, plant and equipment                                    | 11   | 10,791                        | 11,613                                    | 10,904                           | 11,730                           |
| Intangible assets  | 11.3 | -                             | -   | -                                | -                                |
| Long term financial assets                                       | 12.1 | 90,908                        | 115,351                                   | 123,210                          | 156,486                          |
| Investment in joint venture                                      | 6.2  | -                             | -   | 1,056                            | 1,004                            |
| <b>Total fixed assets</b>  |      | <b>101,699</b>                | <b>126,964</b>                            | <b>135,170</b>                   | <b>169,220</b>                   |
| <b>Current assets</b>  |      |                               |   |                                  |                                  |
| Inventory  |      | 11                            | 13  | 11                               | 13                               |
| Debtors and prepayments  | 13   | 3,993                         | 2,817                                     | 4,696                            | 4,423                            |
| Short term financial assets                                      | 12.2 | 8,032                         | -   | 11,552                           | 500                              |
| Short-term deposits  | 18   | 37,336                        | 32,291                                    | 43,239                           | 37,052                           |
| Cash at bank and in hand   | 18   | 5,356                         | 5,183                                     | 6,390                            | 7,083                            |
| <b>Total current assets</b>                                      |      | <b>54,728</b>                 | <b>40,304</b>                             | <b>65,888</b>                    | <b>49,071</b>                    |
| <b>Creditors — amounts falling due within one year</b>           |      |                               |   |                                  |                                  |
| Creditors and accrued charges                                    | 14.1 | (10,696)                      | (9,252)                                   | (13,054)                         | (12,276)                         |
| <b>Net current assets</b>  |      | <b>44,032</b>                 | <b>31,052</b>                             | <b>52,834</b>                    | <b>36,795</b>                    |
| <b>Total assets less current liabilities</b>                     |      | <b>145,731</b>                | <b>158,016</b>                            | <b>188,004</b>                   | <b>206,015</b>                   |
| Provisions for liabilities and charges                           | 14.2 | (8,816)                       | (8,532)                                   | (8,816)                          | (8,532)                          |
| <b>Net assets</b>  |      | <b>136,915</b>                | <b>149,484</b>                            | <b>179,188</b>                   | <b>197,483</b>                   |
| <b>Represented by:</b>   |      |                               |   |                                  |                                  |
| Revaluation reserve  | 20   | 1,735                         | 1,799                                     | 1,735                            | 1,799                            |
| Accumulated funds  | 20   | 90,620                        | 147,685                                   | 97,319                           | 153,789                          |
| Industrial action fund   | 20   | 44,560                        | -   | 44,560                           | -                                |
| <b>Total reserves excluding reserves for charitable purposes</b> |      | <b>136,915</b>                | <b>149,484</b>                            | <b>143,614</b>                   | <b>155,588</b>                   |
| Reserves for charitable purposes                                 | 7.2  | -                             | -   | 35,574                           | 41,895                           |
| <b>Total reserves</b>  |      | <b>136,915</b>                | <b>149,484</b>                            | <b>179,188</b>                   | <b>197,483</b>                   |

Notes on pages 46 to 82 form part of these financial statements. The financial statements were approved by Council on 25 May 2023.

*Paul Vaughan*

**Paul Vaughan**  
Acting Chair of Council

*Carol Webley-Brown*

**Carol Webley-Brown**  
Honorary Treasurer

*Pat Cullen*

**Pat Cullen**  
General Secretary & Chief Executive

## RCN Group statement of cash flows for the year ended 31 December 2022

|  | 31 December 2022 | 31 December 2021 |
|--|------------------|------------------|
|  | £'000            | £'000            |
| <b>(Deficit)/surplus from operating activities</b>                 | <b>(1,031)</b>   | <b>8,344</b>     |
| Depreciation   | 1,103            | 1,743            |
| Corporation tax paid   | (417)            | (144)            |
| Total pension contributions less current service and finance costs | 976              | (319)            |
| Revaluation reserve adjustment                                     | (64)             | (64)             |
| Release of deferred capital grant                                  | (37)             | (37)             |
| Decrease/(increase) in inventories                                 | 2                | (11)             |
| (Increase)/decrease in debtors                                     | (275)            | 306              |
| Increase/(decrease) in creditors                                   | 839              | (582)            |
| Increase/(decrease) in provisions                                  | 284              | (1,140)          |
| <b>Net cash generated from operating activities</b>                | <b>1,380</b>     | <b>8,096</b>     |
| <b>Investing activities</b>  |                  |                  |
| Purchase of property, plant and equipment and intangible assets    | (156)            | (292)            |
| Acquisition of financial assets in investment portfolio            | (67,098)         | (50,929)         |
| Disposal of financial assets in investment portfolio               | 75,660           | 46,489           |
| Foreign exchange (losses)/gains in investment portfolio            | (3,660)          | 127              |
| Investment income received in cash in investment portfolio         | 3,413            | 2,567            |
| Investment income paid to RCN Group from investment portfolio      | (3,311)          | (2,541)          |
| Cash investment in long-term investment portfolio                  | -                | 5,000            |
| Cash withdrawal from short-term investment portfolio               | (500)            | -                |
| Sundry expenditure from investment portfolio                       | (29)             | -                |
| Movement in cash in investment portfolio                           | (4,475)          | (712)            |
| Additional investment in long-term investment portfolio            | -                | (5,000)          |
| Withdrawal of capital from short-term investment portfolio         | 500              | -                |
| Income received in cash from investment portfolios                 | 3,311            | 2,542            |
| Cash distribution from joint venture                               | 459              | 115              |
| Increase in cash   | 5,494            | 5,462            |
| Cash and cash equivalents at beginning of year                     | 44,135           | 38,673           |
| <b>Cash and cash equivalents at end of year</b>                    | <b>49,629</b>    | <b>44,135</b>    |
| <b>Components of cash and cash equivalents</b>                     |                  |                  |
| Cash   | 6,390            | 7,083            |
| Cash equivalents (short-term deposits)                             | 43,239           | 37,052           |
| <b>Total</b>   | <b>49,629</b>    | <b>44,135</b>    |

## 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 2022.

The RCN Group financial statements consolidate the accounts of the RCN UK, the RCN Foundation, the COVID-19 Healthcare Support Appeal (CHSA), and the 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.

RCN Council considers that there are no material uncertainties about the RCN's ability to continue as a going concern. Council has earmarked £50m from its reserves to fund industrial action. Spend against this fund, is closely monitored by both management and Council. More detail regarding the industrial action fund can be found in note 10.2.

Therefore, 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.

#### a. Accounting convention

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

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

#### b. Income

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

Revenue grants for specific purposes in the RCN 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, the RCN Foundation, RCNi and the COVID-19 Healthcare Support Appeal on a line-by-line basis. Financial transactions between group entities are eliminated on consolidation.

RCN Holdco is held by deed of trust on behalf of the RCN UK. RCN Holdco's investment in the joint venture RCN Law LLP is accounted for in the group financial statements using the equity method.

**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 FRS 102, with scheme valuations undertaken by independent actuaries. FRS 102, 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 FRS 102 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 FRS 102, and continues to take the existing revaluation as the deemed cost. The long leasehold property of UK headquarters was revalued on 31 March 1997 on an open market basis by Divas 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<br>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 the 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 and unrealised gains and losses are charged to the income and expenditure account. 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 less any cash distributions of profits made by RCN Law LLP.

**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. There are no critical judgements other than those involving the estimates.

The following estimates have had the most significant effect on the amount 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.

### 3. Surplus on activities

Surplus on activities is stated after charging:

|                                | RCN UK<br>31 December 2022<br>£'000 | RCN UK<br>31 December 2021<br>£'000 | RCN Group<br>31 December 2022<br>£'000 | RCN Group<br>31 December 2021<br>£'000 |
|--------------------------------|-------------------------------------|-------------------------------------|--|--|
| <b>Depreciation</b>            | 934                                 | 1,568                               | 1,002                                  | 1,641                                  |
| <b>Operating leases:</b>       |                                     |                                     |  |  |
| Land and buildings             | 1,129                               | 1,067                               | 1,129                                  | 1,224                                  |
| Other leased assets            | 113                                 | 71                                  | 113                                    | 71                                     |
| <b>Auditors' remuneration:</b> |                                     |                                     |  |  |
| Audit services*                | 115                                 | 101                                 | 151                                    | 132                                    |
| Non-audit services             | -                                   | -                                   | -                                      | -                                      |

\* RCN UK have funded the audit fees on behalf of RCN Holdco Limited.

### 4. Income — RCN UK

|                   | Representation<br>activities<br>£'000 | Other College<br>activities<br>£'000 | Total<br>31 December 2022<br>£'000 | Total<br>31 December 2021<br>£'000 |
|-------------------|---------------------------------------|--------------------------------------|------------------------------------|------------------------------------|
| Membership income | 62,504                                | 19,754                               | 82,258                             | 80,326                             |
| Other income      | 3,771                                 | 1,192                                | 4,963                              | 3,953                              |
| <b>Total</b>      | <b>66,275</b>                         | <b>20,946</b>                        | <b>87,221</b>                      | <b>84,279</b>                      |

Representation is defined as relating to trade union activities.

Membership and other income is split — 75.99% representation and 24.01% 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 Group charitable activities before taxation were equal to £12.1m (31 December 2021: £23.3m).

## 5. Investment income

|                   | RCN UK<br>31 December 2022<br>£'000 | Total<br>31 December 2021<br>£'000 | RCN Group<br>31 December 2022<br>£'000 | RCN Group<br>31 December 2021<br>£'000 |
|-------------------|-------------------------------------|------------------------------------|--|--|
| UK equities       | 642                                 | 300                                | 1,039                                  | 636                                    |
| Overseas equities | 1,377                               | 1,078                              | 1,760                                  | 1,388                                  |
| UK fixed interest | 424                                 | 380                                | 602                                    | 542                                    |
| Bank interest     | 78                                  | 3                                  | 109                                    | 4                                      |
| <b>Total</b>      | <b>2,521</b>                        | <b>1,761</b>                       | <b>3,510</b>                           | <b>2,570</b>                           |

RCN investment income is split 39.06% representation (£984,585) and 60.94% other college activities (£1,536,091) in line with investment holdings.

## 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 UK and wholly owned by the RCN. Details of the trading activities are set out below.

|                         | RCNi<br>31 December 2022<br>£'000 | RCNi<br>31 December 2021<br>£'000 |
|-------------------------|-----------------------------------|-----------------------------------|
| Income                  | 11,960                            | 11,295                            |
| Costs                   | (10,383)                          | (9,611)                           |
| <b>Profit</b>           | <b>1,577</b>                      | <b>1,684</b>                      |
| Taxation                | (304)                             | (314)                             |
| <b>Profit after tax</b> | <b>1,273</b>                      | <b>1,370</b>                      |

### 6.1.b Summarised statement of financial position RCNi

|  | RCNi<br>31 December 2022<br>£'000 | RCNi<br>31 December 2021<br>£'000 |
|--|-----------------------------------|-----------------------------------|
| Property, plant and equipment and intangible assets          | 112                               | 116                               |
| Current assets   | 8,056                             | 7,591                             |
| <b>Creditors: falling due within one year</b>                |                                   |                                   |
| Creditors and accrued charges                                | (2,704)                           | (2,417)                           |
| Provisions for liabilities and charges                       | (8)                               | (11)                              |
| <b>Total net assets</b>                                      | <b>5,456</b>                      | <b>5,279</b>                      |
| <b>Capital and reserves</b>                                  | <b>5,456</b>                      | <b>5,279</b>                      |
| <b>Ordinary share capital held by the RCN UK (£'000) is:</b> | <b>500</b>                        | <b>500</b>                        |

The directors propose a dividend of £1,018,606 for 2022 (2021: £1,096,028 paid in 2022), if agreed this will be paid in 2023.

## 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 RCN.

|                             | RCN Holdco Limited<br>31 December 2022<br>£'000 | RCN Holdco Limited<br>31 December 2021<br>£'000 |
|-----------------------------|---|---|
| Investment in joint venture | 1,056   | 1,004   |
| <b>Total net assets</b>     | <b>1,418</b>                                    | <b>1,004</b>                                    |
| <b>Capital and reserves</b> | <b>1,418</b>                                    | <b>1,004</b>                                    |

The trading subsidiary RCN Holdco Limited reported in the table above is wholly owned by shareholders on trust for the RCN.

## 7. RCN Foundation Group

The RCN UK is the sole member of the RCN Foundation Group. The RCN Foundation Group is a charitable company providing grants that support nursing to improve health and wellbeing of the public. Its registered company number is 07026001 and its registered address is 20 Cavendish Square, London W1G 0RN.

The RCN Foundation created a time limited entity, the COVID-19 Healthcare Support Appeal (CHSA), to assist the UK health sector workers during the COVID-19 pandemic. The entity was incorporated with the Companies House on 3 April 2020 and its activities ceased in 2022.

The results below are the consolidated accounts of the RCN Foundation Group, including CHSA.

### 7.1. Summarised statement of financial activities

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

|                                  | RCN Foundation Group<br>31 December 2022<br>£'000 | RCN Foundation Group<br>31 December 2021<br>£'000 |
|----------------------------------|---|---|
| Income and endowments            | 1,253   | 1,464   |
| Expenditure                      | (2,207)   | (3,877)   |
| Net (losses)/gains on investment | (5,367)   | 3,534   |
| <b>Net movement in funds</b>     | <b>(6,321)</b>                                    | <b>1,121</b>                                      |

### 7.2. Summarised balance sheet of RCN Foundation Group

|   | RCN Foundation Group<br>31 December 2022<br>£'000 | RCN Foundation Group<br>31 December 2021<br>£'000 |
|---|---|---|
| Tangible property, plant and equipment        | 1   | 2   |
| Investments                                   | 32,301  | 41,134  |
| Current assets                                | 4,094   | 2,105   |
| <b>Creditors: falling due within one year</b> |   |   |
| Creditors and accrued charges                 | (763)   | (1,308)   |
| <b>Total assets less current liabilities</b>  | <b>35,633</b>                                     | <b>41,933</b>                                     |
| Creditors due after more than one year        | (58)  | (38)  |
| <b>Total net assets</b>                       | <b>35,575</b>                                     | <b>41,895</b>                                     |
| Revaluation reserve                           | 991   | 8,991   |
| Other funds                                   | 34,584  | 32,904  |
| <b>Reserves</b>                               | <b>35,575</b>                                     | <b>41,895</b>                                     |



## 8. Taxation note

### Taxation on surplus

|                                       | RCN UK<br>31 December<br>2022<br>£'000 | RCN UK<br>31 December<br>2021<br>£'000 | RCN Group<br>31 December<br>2022<br>£'000 | RCN Group<br>31 December<br>2021<br>£'000 |
|---------------------------------------|--|--|---|---|
| <b>UK corporation tax</b>             |  |  |   |   |
| Current tax on surplus                | -                                      | -                                      | 395                                       | 417                                       |
| Adjustments in respect of prior years | -                                      | -                                      | 8   | -   |
| <b>Total current tax</b>              | -                                      | -                                      | <b>403</b>                                | <b>417</b>                                |
| <b>Deferred tax</b>                   |  |  |   |   |
| Movement in period                    | -                                      | -                                      | (2)                                       | 5   |
| <b>Taxation on surplus</b>            | -                                      | -                                      | <b>401</b>                                | <b>422</b>                                |

The differences are explained below:

|   | RCN UK<br>31 December<br>2022<br>£'000 | RCN UK<br>31 December<br>2021<br>£'000 | RCN Group<br>31 December<br>2022<br>£'000 | RCN Group<br>31 December<br>2021<br>£'000 |
|---|--|--|---|---|
| <b>(Deficit)/surplus before tax</b>   | <b>(12,595)</b>                        | <b>21,985</b>                          | <b>(10,507)</b>                           | <b>24,191</b>                             |
| (Deficit)/surplus at the main rate of corporation tax in the UK of 19% (December 2021: 19%) | (2,393)                                | 4,177                                  | (1,996)                                   | 4,596                                     |
| Expenses not deductible for tax purposes  | 20,551                                 | 13,061                                 | 20,648                                    | 13,061                                    |
| Income not taxable  | (15,798)                               | (15,281)                               | (15,895)                                  | (15,281)                                  |
| Adjustments to brought forward values   | (3,454)                                | (2,120)                                | (3,454)                                   | (2,120)                                   |
| Amounts relating to other comprehensive income or otherwise transferred                     | (1,490)                                | -                                      | (1,490)                                   | -   |
| Group income  | (208)                                  | (79)                                   | (208)                                     | (79)                                      |
| Chargeable gains  | 1,903                                  | -                                      | 1,903                                     | -   |
| Fixed asset difference  | 133                                    | 214                                    | 129                                       | 214                                       |
| Deferred tax not recognised   | 756                                    | 213                                    | 756                                       | 213                                       |
| Change in tax rates   | -                                      | (186)                                  | -   | (186)                                     |
| Adjustments to tax charge in respect of previous periods                                    | -                                      | -                                      | 8   | 3   |
| Adjust closing deferred tax to average rate of 19%  | -                                      | -                                      | -   | -   |
| Adjust opening deferred tax to average rate of 19%  | -                                      | -                                      | -   | -   |
| Adjustments to tax charge in respect of previous periods - deferred tax                     | -                                      | -                                      | -   | -   |
| <b>Total tax charge</b>   | -                                      | -                                      | <b>401</b>                                | <b>422</b>                                |

## Deferred tax liability balance

The RCN Group has a deferred tax liability arising from timing differences as set out below, shown at 19% rate for the current year (31 December 2021: 19%).

|  | 31 December 2022<br>£'000 | 31 December 2021<br>£'000 |
|--|---------------------------|---------------------------|
| <b>Analysis of deferred tax liability</b>            |                           |                           |
| <b>Liability at 31 December 2021</b>                 | 11                        | 6                         |
| Fixed asset timing differences                       | 10                        | -                         |
| Short-term timing differences                        | (13)                      | 5                         |
| Losses and other deductions                          | -                         | -                         |
| <b>Liability carried forward at 31 December 2022</b> | <b>8</b>                  | <b>11</b>                 |

There are also unrecognised deferred tax assets as at 31 December 2022 totalling £1,450,002 (31 December 2021: £816,862) in respect of tax losses and other short-term timing differences in relation to the RCN.

## 9. Staff costs — RCN Group

|                       | 31 December 2022 | 31 December 2021 |
|-----------------------|------------------|------------------|
|                       | £'000            | £'000            |
| Wages and salaries    | 55,470           | 48,144           |
| Social security costs | 5,549            | 5,007            |
| Other pensions costs  | 5,907            | 7,430            |
| <b>Total</b>          | <b>66,926</b>    | <b>60,581</b>    |

Of the total staff costs £46,204,000 (31 December 2021: £38,182,000) has been allocated to RCN UK representation activities.

The total pension cost comprises (see note 16 for further pension information):

|   | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
|   | £'000            | £'000            |
| RCN defined benefit scheme (see note 16.2)      | 3,048            | 5,179            |
| Expense charge                                  | (272)            | (256)            |
| RCN defined contribution scheme (see note 16.1) | 3,131            | 2,507            |
| <b>Total</b>                                    | <b>5,907</b>     | <b>7,430</b>     |

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

|                           | 2022 Average FTE | 2021 Average FTE |
|---------------------------|------------------|------------------|
| Representation activities | 641              | 642              |
| Other college activities  | 272              | 223              |
| RCNi                      | 84               | 90               |
| <b>Total</b>              | <b>997</b>       | <b>955</b>       |

### Total staff numbers: average headcount

|  | 2022 Average | 2021 Average |
|--|--------------|--------------|
| RCN UK (including staff that support the RCN Foundation) | 1,002        | 949          |
| RCNi   | 91           | 98           |
| <b>Total</b>   | <b>1,093</b> | <b>1,047</b> |

### Total remuneration and pension for the General Secretary & Chief Executive, members of the Executive Team and RCNi Directors

|   | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
|   | £'000            | £'000            |
| RCN General Secretary & Chief Executive (current) | 197              | 129              |
| RCN General Secretary & Chief Executive (former)  | -                | 242              |
| RCN Executive Team                                | 1,682            | 1,604            |
| RCN Foundation Director                           | 100              | 93               |
| RCNi Directors                                    | 502              | 500              |
| <b>Total</b>                                      | <b>2,481</b>     | <b>2,568</b>     |

The above table incorporates basic pay, London weighting where applicable, pension costs, and if applicable, any compensation for loss of office.

The General Secretary & Chief Executive fulfils the role of key management personnel as defined in FRS 102. During 2021, there were two individuals undertaking the role of RCN General Secretary & Chief Executive. The amounts shown are total remuneration and pensions, pro-rata for the duration that each individual was in the role.

RCN UK staff, with the exception of the RCN General Secretary & Chief Executive, are paid on RCN UK pay scales. RCN Council is responsible for setting the pay of the General Secretary & Chief Executive on the advice of the Remuneration Committee. The General Secretary & Chief Executive normally receives an annual increase at the same amount agreed for all staff. However, since taking up position in April 2021 the current postholder has declined all pay increases recommended by the Remuneration Committee.

The 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 £83,695 (31 December 2021: £280,030) 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 £nil (31 December 2021: £nil) in respect of compensation for loss of office due to restructuring and redundancies.

The number of staff whose annual gross pay within the RCN Group is over £70,000 is reported below:

|                   | 31 December 2022 |           |            | 31 December 2021 |           |           |
|-------------------|------------------|-----------|------------|------------------|-----------|-----------|
|                   | RCN              | RCNi      | Total      | RCN              | RCNi      | Total     |
| £70,000-£80,000   | 45               | 7         | <b>52</b>  | 42               | 4         | <b>46</b> |
| £80,000-£90,000   | 30               | 1         | <b>31</b>  | 21               | 2         | <b>23</b> |
| £90,000-£100,000  | 4                | 2         | <b>6</b>   | 8                | 2         | <b>10</b> |
| £100,000-£110,000 | 5                | 2         | <b>7</b>   | 4                | -         | <b>4</b>  |
| £110,000-£120,000 | 1                | -         | <b>1</b>   | 3                | -         | <b>3</b>  |
| £120,000-£130,000 | 6                | -         | <b>6</b>   | 2                | -         | <b>2</b>  |
| £130,000-£140,000 | 1                | -         | <b>1</b>   | 1                | -         | <b>1</b>  |
| £140,000-£150,000 | -                | 1         | <b>1</b>   | -                | 1         | <b>1</b>  |
| £150,000-£160,000 | 1                | -         | <b>1</b>   | 1                | -         | <b>1</b>  |
| £160,000-£170,000 | -                | -         | <b>-</b>   | 1                | -         | <b>1</b>  |
| £170,000-£180,000 | 1                | 1         | <b>2</b>   | 2                | 1         | <b>3</b>  |
| £200,000 and over | -                | -         | <b>-</b>   | 1                | -         | <b>1</b>  |
| <b>Total</b>      | <b>94</b>        | <b>14</b> | <b>108</b> | <b>86</b>        | <b>10</b> | <b>96</b> |

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 by April 2023.

The RCN's gender pay gap as at 5 April 2022 has been calculated as:

|                | 2022 | 2021 |
|----------------|------|------|
| Mean pay gap   | 3.7% | 0.3% |
| Median pay gap | 8.7% | 0.0% |

Our workforce is 73% female and 27% male. The 2022 data reveals that there continues to be a lower proportion of men than women across all four pay quartiles, however this is notably lowest in the lowest quartile, and highest in the upper quartile. The most significant of the changes is the drop in the proportion of women in the upper pay quartile (by 2.7%) compared to 2021.

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

The current 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        | 28.0% | 72.0% |
| Upper middle | 30.9% | 69.1% |
| Lower middle | 28.4% | 71.6% |
| Lower        | 19.0% | 81.0% |

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

### 10.1. Analysis by representation and other college activities

|                              | Representation activities<br>£'000 | Other College activities<br>£'000 | Total<br>31 December 2022<br>£'000 | Total<br>31 December 2021<br>£'000 |
|------------------------------|------------------------------------|-----------------------------------|------------------------------------|------------------------------------|
| Staff costs                  | 46,204                             | 14,603                            | 60,807                             | 54,668                             |
| Premise and estate costs     | 6,488                              | 2,050                             | 8,538                              | 8,510                              |
| Travel and accommodation     | 1,117                              | 353                               | 1,470                              | 281                                |
| Other service delivery costs | 12,971                             | 4,100                             | 17,071                             | 11,182                             |
| <b>Total expenditure</b>     | <b>66,780</b>                      | <b>21,106</b>                     | <b>87,886</b>                      | <b>74,641</b>                      |

Representation is defined as relating to trade union activities.

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

### 10.2. Analysis of industrial action activities

|  | 2022<br>£'000 |
|--|---------------|
| Reserves earmarked for industrial action             | 50,000        |
| Public donations received                            | 165           |
| Costs of supporting statutory ballot and strikes     | (4,738)       |
| Provision for December 2022 strike benefit claims    | (867)         |
| <b>Industrial action reserve at 31 December 2022</b> | <b>44,560</b> |

Donations income, all expenditure and provisions related to industrial action are shown within representation activities.

## 11. Property, plant, equipment and intangible assets

### 11.1. Property, plant and equipment – RCN UK

|   | Freehold<br>land and<br>buildings | Leasehold<br>improvements | Furniture<br>and<br>equipment | Computer<br>software | Assets under<br>construction | Total         |
|---|-----------------------------------|---------------------------|-------------------------------|----------------------|------------------------------|---------------|
|   | £'000                             | £'000                     | £'000                         | £'000                | £'000                        | £'000         |
| <b>Cost or valuation</b>                      |                                   |                           |                               |                      |                              |               |
| Balance at 1 January 2022                     | 4,177                             | 24,550                    | 3,403                         | 7,761                | 56                           | 39,947        |
| Additions                                     | -                                 | -                         | 192                           | -                    | 23                           | 215           |
| Disposals                                     | (1,008)                           | (558)                     | (1,321)                       | (3,901)              | -                            | (6,788)       |
| Transfer of assets under<br>construction      | -                                 | -                         | 56                            | -                    | (56)                         | -             |
| <b>Balance at 31 December 2022</b>            | <b>3,169</b>                      | <b>23,992</b>             | <b>2,330</b>                  | <b>3,860</b>         | <b>23</b>                    | <b>33,374</b> |
| <b>Accumulated depreciation</b>               |                                   |                           |                               |                      |                              |               |
| Balance at 1 January 2022                     | 3,037                             | 14,711                    | 3,131                         | 7,455                | -                            | 28,334        |
| Charge for year                               | 84                                | 536                       | 171                           | 246                  | -                            | 1,037         |
| Disposals                                     | (1,008)                           | (558)                     | (1,321)                       | (3,901)              | -                            | (6,788)       |
| <b>Balance at 31 December 2022</b>            | <b>2,113</b>                      | <b>14,689</b>             | <b>1,981</b>                  | <b>3,800</b>         | <b>-</b>                     | <b>22,583</b> |
| <b>Net book value at 31<br/>December 2022</b> | <b>1,056</b>                      | <b>9,303</b>              | <b>349</b>                    | <b>60</b>            | <b>23</b>                    | <b>10,791</b> |
| <b>Net book value at 31<br/>December 2021</b> | <b>1,140</b>                      | <b>9,839</b>              | <b>272</b>                    | <b>306</b>           | <b>56</b>                    | <b>11,613</b> |

The customer relationship management (CRM) system is now fully depreciated but is still being used. Following a detailed review of the fixed asset registers the disposal of £6.8m represents the write-off of fully depreciated assets no longer in use.

At the balance sheet date no impairment to the value of any capitalised assets is considered necessary.

The historical cost of the revalued asset is:

|   | 31 December 2022<br>Leasehold improvements<br>£'000 | 31 December 2021<br>Leasehold improvements<br>£'000 |
|---|---|---|
| Cost  | 22,167  | 22,167  |
| Accumulated depreciation based on historical cost | (11,363)  | (10,919)  |
| <b>Historical cost net book value</b>             | <b>10,804</b>                                       | <b>11,248</b>                                       |

## 11.2. Property, plant and equipment – RCN Group

|   | Freehold<br>land and<br>buildings<br>£'000 | Leasehold<br>improvements<br>£'000 | Furniture and<br>equipment<br>£'000 | Computer<br>software<br>£'000 | Assets under<br>construction<br>£'000 | Total<br>£'000 |
|---|--|------------------------------------|-------------------------------------|-------------------------------|---------------------------------------|----------------|
| <b>Cost or valuation</b>                      |  |                                    |                                     |                               |                                       |                |
| Balance at 1 January 2022                     | 4,177                                      | 24,552                             | 3,937                               | 8,707                         | 54                                    | 41,427         |
| Additions                                     | -  | -                                  | 255                                 | -                             | 23                                    | 278            |
| Disposals                                     | (1,008)                                    | (558)                              | (1,474)                             | (3,995)                       | -                                     | (7,035)        |
| Transfer of assets under<br>construction      | -  | -                                  | 56                                  | -                             | (56)                                  | -              |
| <b>Balance at 31 December<br/>2022</b>        | <b>3,169</b>                               | <b>23,994</b>                      | <b>2,774</b>                        | <b>4,712</b>                  | <b>21</b>                             | <b>34,670</b>  |
| <b>Accumulated depreciation</b>               |  |                                    |                                     |                               |                                       |                |
| Balance at 1 January 2022                     | 3,037                                      | 14,712                             | 3,609                               | 8,339                         | -                                     | 29,697         |
| Charge for year                               | 84   | 535                                | 212                                 | 273                           | -                                     | 1,104          |
| Disposals                                     | (1,008)                                    | (558)                              | (1,474)                             | (3,995)                       | -                                     | (7,035)        |
| <b>Balance at 31 December<br/>2022</b>        | <b>2,113</b>                               | <b>14,690</b>                      | <b>2,346</b>                        | <b>4,617</b>                  | <b>-</b>                              | <b>23,766</b>  |
| <b>Net book value at 31 December<br/>2022</b> | <b>1,056</b>                               | <b>9,304</b>                       | <b>428</b>                          | <b>95</b>                     | <b>21</b>                             | <b>10,904</b>  |
| <b>Net book value at 31 December<br/>2021</b> | <b>1,140</b>                               | <b>9,840</b>                       | <b>328</b>                          | <b>368</b>                    | <b>54</b>                             | <b>11,730</b>  |

## 11.3. Intangible assets

|  | RCN UK<br>31 December<br>2022<br>£'000 | RCN UK<br>31 December<br>2021<br>£'000 | RCN Group<br>31 December<br>2022<br>£'000 | RCN Group<br>31 December<br>2021<br>£'000 |
|--|--|--|---|---|
| <b>Cost or valuation</b>                   |  |  |   |   |
| Cost as at 1 January 2022                  | -                                      | -                                      | 9   | 9   |
| <b>Balance as at 31 December 2022</b>      | <b>-</b>                               | <b>-</b>                               | <b>9</b>                                  | <b>9</b>                                  |
| <b>Depreciation</b>                        |  |  |   |   |
| Accumulated depreciation at 1 January 2022 | -                                      | -                                      | 9   | 9   |
| Charge for year                            | -                                      | -                                      | -   | -   |
| <b>Balance as at 31 December 2022</b>      | <b>-</b>                               | <b>-</b>                               | <b>9</b>                                  | <b>9</b>                                  |
| <b>Net book value at 31 December 2022</b>  | <b>-</b>                               | <b>-</b>                               | <b>-</b>                                  | <b>-</b>                                  |
| <b>Net book value at 31 December 2021</b>  | <b>-</b>                               | <b>-</b>                               | <b>-</b>                                  | <b>-</b>                                  |



## 12. Financial assets

### 12.1. Long-term financial assets

|   | RCN UK<br>31 December 2022<br>£'000 | RCN UK<br>31 December 2021<br>£'000 | RCN Group<br>31 December 2022<br>£'000 | RCN Group<br>31 December 2021<br>£'000 |
|---|-------------------------------------|-------------------------------------|--|--|
| Market value at start of period                       | <b>110,877</b>                      | <b>97,016</b>                       | <b>151,652</b>                         | <b>134,289</b>                         |
| Additions at cost                                     | 51,023                              | 40,810                              | 67,098                                 | 50,929                                 |
| Disposals at carrying value                           | (62,596)                            | (36,033)                            | (83,567)                               | (45,993)                               |
| Redemptions   | (90)                                | (312)                               | (94)                                   | (496)                                  |
| Net realised gains                                    | 9,049                               | 7,311                               | 12,240                                 | 9,746                                  |
| Net unrealised (losses)/gains                         | (22,410)                            | 2,085                               | (30,409)                               | 3,177                                  |
| <b>Financial assets at market value at period end</b> | <b>85,853</b>                       | <b>110,877</b>                      | <b>116,920</b>                         | <b>151,652</b>                         |
| Cash held for reinvestment                            | 5,055                               | 4,474                               | 6,290                                  | 4,834                                  |
| <b>Market value at period end</b>                     | <b>90,908</b>                       | <b>115,351</b>                      | <b>123,210</b>                         | <b>156,486</b>                         |
| <b>Historical cost at period end</b>                  | <b>90,675</b>                       | <b>92,708</b>                       | <b>121,992</b>                         | <b>124,351</b>                         |

Financial assets at market value comprise:

|  | RCN UK<br>31 December 2022<br>£'000 | RCN UK<br>31 December 2021<br>£'000 | RCN Group<br>31 December 2022<br>£'000 | RCN Group<br>31 December 2021<br>£'000 |
|--|-------------------------------------|-------------------------------------|--|--|
| <b>Listed financial assets</b>                   |                                     |                                     |  |  |
| Fixed interest (Government securities and bonds) | 14,600                              | 15,434                              | 20,244                                 | 20,817                                 |
| UK equities                                      | 9,489                               | 4,652                               | 17,127                                 | 13,407                                 |
| Global equities                                  | 46,942                              | 72,935                              | 61,676                                 | 94,810                                 |
| Alternative assets                               | 10,835                              | 13,298                              | 12,533                                 | 16,181                                 |
| Property   | 4,529                               | 3,862                               | 5,982                                  | 5,571                                  |
| Liquid assets                                    | 4,513                               | 5,170                               | 5,648                                  | 5,700                                  |
| <b>Total</b>                                     | <b>90,908</b>                       | <b>115,351</b>                      | <b>123,210</b>                         | <b>156,486</b>                         |

### Holdings over 5%

No investments represented holdings in excess of 5% of the investment portfolio at 31 December 2022 and 31 December 2021.

## 12.2. Short-term financial assets

|   | RCN UK<br>31 December 2022<br>£'000 | RCN UK<br>31 December 2021<br>£'000 | RCN Group<br>31 December 2022<br>£'000 | RCN Group<br>31 December 2021<br>£'000 |
|---|-------------------------------------|-------------------------------------|--|--|
| Market value at start of period                       | -                                   | -                                   | 500                                    | 1,000                                  |
| Additions at cost                                     | 8,000                               | -                                   | 8,000                                  | 1,000                                  |
| Redemptions   | -                                   | -                                   | -                                      | (2,000)                                |
| Gains on short-term investments                       | 32                                  | -                                   | 32                                     | -                                      |
| <b>Financial assets at market value at period end</b> | <b>8,032</b>                        | <b>-</b>                            | <b>8,532</b>                           | <b>-</b>                               |
| Cash held for reinvestment                            | -                                   | -                                   | 3,020                                  | 500                                    |
| <b>Market value at period end</b>                     | <b>8,032</b>                        | <b>-</b>                            | <b>11,552</b>                          | <b>500</b>                             |
| <b>Historical cost at period end</b>                  | <b>8,000</b>                        | <b>-</b>                            | <b>11,519</b>                          | <b>500</b>                             |

## 12.3. Investment in joint venture

|                           | RCN Group<br>31 December 2022<br>£'000 | RCN Group<br>31 December 2021<br>£'000 |
|---------------------------|--|--|
| Investment in RCN Law LLP | 1,056                                  | 1,004                                  |
| <b>Total</b>              | <b>1,056</b>                           | <b>1,004</b>                           |

The investment in the joint venture is held on trust for RCN UK by RCN Holdco Limited. The value of the investment at 31 December 2022 is RCN Holdco Limited's share of the cumulative profit less distributions made by RCN Law LLP.

## 13. Debtors

|  | RCN UK<br>31 December 2022<br>£'000 | RCN UK<br>31 December 2021<br>Restated<br>£'000 | RCN Group<br>31 December 2022<br>£'000 | RCN Group<br>31 December 2021<br>£'000 |
|--|-------------------------------------|---|--|--|
| Trade debtors  | 489                                 | 560   | 1,380                                  | 1,677                                  |
| Amount due from subsidiaries and associated undertakings | 1,006                               | 280   | -                                      | -                                      |
| Other debtors  | 97                                  | 145   | 481                                    | 484                                    |
| Taxation   | 23                                  | -   | 25                                     | -                                      |
| Prepayments and accrued income                           | 2,378                               | 1,832   | 2,810                                  | 2,262                                  |
| <b>Total</b>   | <b>3,993</b>                        | <b>2,817</b>                                    | <b>4,696</b>                           | <b>4,423</b>                           |

In the comparatives for RCN UK £361,213 due from RCNi and £89,568 due to RCNi were incorrectly classified as Trade Debtors and Trade Creditors respectively. The comparatives in Notes 13 and 14.1 have been restated to correctly show these amounts within "amounts due to subsidiaries and associated undertakings".

## 14. Creditors and accrued charges

### 14.1. Amounts falling due within one year

|   | RCN UK<br>31 December 2022<br>£'000 | RCN UK<br>31 December 2021<br>Restated<br>£'000 | RCN Group<br>31 December 2022<br>£'000 | RCN Group<br>31 December 2021<br>£'000 |
|---|-------------------------------------|---|--|--|
| Trade creditors   | 1,623                               | 889   | 2,277                                  | 1,158                                  |
| Amount due to subsidiaries<br>and associated undertakings | 459                                 | 260   | -                                      | -                                      |
| Pension contribution                                      | 690                                 | 657   | 752                                    | 721                                    |
| PAYE, social security<br>and taxation                     | 1,301                               | 1,296   | 1,877                                  | 1,716                                  |
| Other creditors   | 481                                 | 371   | 1,940                                  | 2,651                                  |
| Accruals and deferred income                              | 6,142                               | 5,779   | 6,208                                  | 6,030                                  |
| <b>Total</b>  | <b>10,696</b>                       | <b>9,252</b>                                    | <b>13,054</b>                          | <b>12,276</b>                          |

The restatement of comparatives for RCN UK is explained in Note 13.

### 14.2. Provision for liabilities and charges

|  | RCN UK<br>31 December 2022<br>£'000 | RCN UK<br>31 December 2021<br>£'000 | RCN Group<br>31 December 2022<br>£'000 | RCN Group<br>31 December 2021<br>£'000 |
|--|-------------------------------------|-------------------------------------|--|--|
| Provision for dilapidations                | 650                                 | 554                                 | 650                                    | 554                                    |
| Professional indemnity claims              | 4,451                               | 7,908                               | 4,451                                  | 7,908                                  |
| Outsourced representation                  | 172                                 | 70                                  | 172                                    | 70                                     |
| Staff pay offer constructive<br>obligation | 1,243                               | -                                   | 1,243                                  | -                                      |
| Council elections                          | 126                                 | -                                   | 126                                    | -                                      |
| Member strike ballot                       | 100                                 | -                                   | 100                                    | -                                      |
| Strike benefits payable                    | 867                                 | -                                   | 867                                    | -                                      |
| VAT provision                              | 1,207                               | -                                   | 1,207                                  | -                                      |
| <b>Total</b>                               | <b>8,816</b>                        | <b>8,532</b>                        | <b>8,816</b>                           | <b>8,532</b>                           |

**RCN UK movements - provision for liabilities and charges**

|   | <b>31 December<br/>2021</b> | <b>New<br/>provisions</b> | <b>Net<br/>adjustments</b> | <b>Utilised</b> | <b>31 December<br/>2022</b> |
|---|-----------------------------|---------------------------|----------------------------|-----------------|-----------------------------|
|   | £'000                       | £'000                     | £'000                      | £'000           | £'000                       |
| Provision for dilapidations             | 554                         | 194                       | (98)                       | -               | 650                         |
| Professional indemnity claims           | 7,908                       | 644                       | (3,439)                    | (661)           | 4,452                       |
| Outsourced representation               | 70                          | 127                       | (3)                        | (22)            | 172                         |
| Staff pay offer constructive obligation | -                           | 1,243                     | -                          | -               | 1,243                       |
| Council elections                       | -                           | 125                       | -                          | -               | 125                         |
| Member strike ballot                    | -                           | 100                       | -                          | -               | 100                         |
| Strike benefits payable                 | -                           | 867                       | -                          | -               | 867                         |
| VAT provision                           | -                           | 1,207                     | -                          | -               | 1,207                       |
| <b>Total</b>                            | <b>8,532</b>                | <b>4,507</b>              | <b>(3,540)</b>             | <b>(683)</b>    | <b>8,816</b>                |

**RCN Group movements - provision for liabilities and charges**

|   | <b>31 December<br/>2021</b> | <b>New<br/>provisions</b> | <b>Net<br/>adjustments</b> | <b>Utilised</b> | <b>31 December<br/>2022</b> |
|---|-----------------------------|---------------------------|----------------------------|-----------------|-----------------------------|
|   | £'000                       | £'000                     | £'000                      | £'000           | £'000                       |
| Provision for dilapidations             | 554                         | 194                       | (98)                       | -               | 650                         |
| Professional indemnity claims           | 7,908                       | 644                       | (3,439)                    | (661)           | 4,452                       |
| Outsourced representation               | 70                          | 127                       | (3)                        | (22)            | 172                         |
| Staff pay offer constructive obligation | -                           | 1,243                     | -                          | -               | 1,243                       |
| Council elections                       | -                           | 125                       | -                          | -               | 125                         |
| Member strike ballot                    | -                           | 100                       | -                          | -               | 100                         |
| Strike benefits payable                 | -                           | 867                       | -                          | -               | 867                         |
| VAT provision                           | -                           | 1,207                     | -                          | -               | 1,207                       |
| <b>Total</b>                            | <b>8,532</b>                | <b>4,507</b>              | <b>(3,540)</b>             | <b>(683)</b>    | <b>8,816</b>                |

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 are 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 and Scotland.

The management of RCN UK made an offer in respect of 2022 as part of ongoing staff pay negotiations, which gives rise to a constructive obligation.

In response to a resolution at the RCN UK Extraordinary General Meeting on 29 November 2022, a number of Council members stepped down from their roles, which gave rise to the obligation to hold elections for these roles.

The ongoing RCN UK industrial action gives rise to a constructive obligation to ballot the members on any revised pay offer made by NHS employers.

Two days of industrial action were held in December 2022, and members are submitting claims for strike benefits in early 2022. The provision for strike benefits payable is based on actual claims received up to 31 March 2023.

VAT provision has been made against the possible repayment of VAT to HMRC.

## 15. Leasing commitments

### 15.1 Operating leases – RCN UK

The total future minimum lease payments as at 31 December 2022 under non-cancellable operating leases were:

|                          | Assets<br>31 December 2022<br>£'000 | Assets<br>31 December 2021<br>£'000 |
|--------------------------|-------------------------------------|-------------------------------------|
| Within one year          | 979                                 | 1,075                               |
| Within one to two years  | 658                                 | 830                                 |
| Within two to five years | 666                                 | 1,215                               |
| Over five years          | 502                                 | 544                                 |
| <b>Total</b>             | <b>2,805</b>                        | <b>3,664</b>                        |

### 15.2 Operating leases – RCN Group

The total future minimum lease payments as at 31 December 2022 under non-cancellable operating leases were:

|                          | Assets<br>31 December 2022<br>£'000 | Assets<br>31 December 2021<br>£'000 |
|--------------------------|-------------------------------------|-------------------------------------|
| Within one year          | 979                                 | 1,075                               |
| Within one to two years  | 658                                 | 830                                 |
| Within two to five years | 666                                 | 1,215                               |
| Over five years          | 502                                 | 544                                 |
| <b>Total</b>             | <b>2,805</b>                        | <b>3,664</b>                        |

## 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 2022 were £3,131,000 (year ended 31 December 2021: £2,507,348). The increase in employer contributions is due to the number of employees enrolled increasing year-on-year.

### 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 FRS 102: Retirement benefits, based on the advice of independent qualified actuaries using the projected unit method, also known as accounting valuation.

The pension scheme was subject to a triennial valuation as at 30 September 2019. The results of the actuarial valuation was signed off by the RCN Council and the Pension Trustees (TPT) in November 2020, before submission to The Pensions Regulator by 31 December 2020.

The current triennial valuation at 30 September 2019 by a qualified independent actuary has reported a deficit of £9.5m, compared to a deficit of £52.1m in September 2016.

The revised deficit recovery plan maintained annual deficit payments at around £3.4m continuing to rise annually by Retail Price Index (RPI). The deficit recovery plan was fully paid as at August 2021.

The scheme data in the September 2019 valuation forms the basis of the requirements by FRS 102 and reported in the RCN's statement of financial position.

The table below reports the investment holdings which are individually over 5% of the asset value of the fund:

| Fund                       | Holding (£m) | % of total invested assets (ie excluding value of insureds) |
|----------------------------|--------------|---|
| BLK LMF Long Real Profile  | 95.4         | 21.0%   |
| BLK LMF Short Real Profile | 3.8          | 7.4%  |
| Fixed Interest Corporate   | 79.9         | 17.6%   |
| Global Equities            | 30.9         | 6.8%  |
| LGIM - Climate Fund        | 35.8         | 7.9%  |
| Long Lease Property        | 27.1         | 6.0%  |

## Employer

From 1 November 2013, changes to the scheme were implemented resulting in an employer's annual average contribution of 10%. From 1 April 2019, the average contribution rose to 10.7%. From 1 April 2021 the average contribution rose to 11.7%. Estimated employer contributions to be paid by the RCN for the year ending 31 December 2023 are £2,595,000. The total contributions paid in the year ended 31 December 2022 were £3,777,107.

|   | RCN Group<br>31 December 2022<br>£'000 |
|---|--|
| 2022 Pension contribution payments                        |  |
| Individual CARE contributions                             | 3,777                                  |
| <b>Total contribution paid</b>                            | <b>3,777</b>                           |
| Contributions as per FRS 102 valuation report             | 4,007                                  |
| <b>Variance</b>   | <b>(230)</b>                           |
| Variance explained:                                       |  |
| Additional expenses as per actuarial valuation not billed | 42                                     |
| Deemed refunded PPF levy                                  | -                                      |
| Scheme expenses   | (272)                                  |
| Unexplained variance                                      | -                                      |
| <b>Total</b>  | <b>(230)</b>                           |

## Contributory employees

From 1 November 2013 current member contributions were set out in the schedule of contributions at 6%, 8% or 13% (depending on employee opted retirement age). From 1 April 2018 current member contributions were set at 6.2%, 8.2% or 13.2% (depending on employee opted retirement age). From 1 April 2021 current member contributions rose to 7.2%, 9.2% or 14.2% (depending on retirement age).

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

## FRS 102 Retirement benefits

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

The principal actuarial assumptions were as follows:

|  | 31 December<br>2022  | 31 December<br>2021  | 31 December<br>2020  | 31 December<br>2019  | 31 December<br>2018  |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Discount rate  | 4.90%                | 1.90%                | 1.45%                | 2.05%                | 2.75%                |
| Inflation assumptions (RPI)  | 3.12%                | 3.20%                | 2.95%                | 3.00%                | 3.25%                |
| Inflation assumptions (CPI)  | 2.81%                | 2.85%                | 2.60%                | 2.00%                | 2.25%                |
| Allowance for revaluation of deferred and CARE pensions accrued before 1 November 2013 (with LPI of 5%)* | 3.12%<br>(RPI)       | 3.20%<br>(RPI)       | 2.95%<br>(RPI)       | 3.00%<br>(RPI)       | 3.25%<br>(RPI)       |
| Allowance for CARE revaluation of pensions accrued after 1 November 2013 (with LPI cap of 2.5%)*         | 2.50%<br>(CPI)       | 2.50%<br>(CPI)       | 2.5%<br>(CPI)        | 1.60%<br>(CPI)       | 1.70%<br>(CPI)       |
| Allowance for pension payments increases accrued before 1 June 2007 (with LPI cap of 5%)*                | 3.01%<br>(RPI)       | 3.05%<br>(RPI)       | 2.85%<br>(RPI)       | 2.90%<br>(RPI)       | 3.10%<br>(RPI)       |
| Allowance for pension payments increases accrued after 1 June 2007 (with LPI cap of 5%)*                 | 2.75%<br>(CPI)       | 2.80%<br>(CPI)       | 2.60%<br>(CPI)       | 2.10%<br>(CPI)       | 2.30%<br>(CPI)       |
| Allowance for pension payments increases accrued after 1 June 2007 (with LPI cap of 3%)*                 | 2.23%<br>(CPI)       | 2.25%<br>(CPI)       | –                    | 1.80%<br>(CPI)       | 1.95%<br>(CPI)       |
| Allowance for commutation of pension for cash at retirement  | 75% of<br>Post A Day | 75% of<br>Post A Day | 75% of<br>Post A Day | 60% of<br>Post A Day | 60% of<br>Post A Day |

\* 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<br>2022<br>Years | 31 December<br>2021<br>Years | 31 December<br>2020<br>Years | 31 December<br>2019<br>Years | 31 December<br>2018<br>Years |
|--|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| <b>Life expectancies</b>                   |                              |                              |                              |                              |                              |
| Longevity at age 65 for current pensioners |                              |                              |                              |                              |                              |
| - Men                                      | 21.9                         | 21.9                         | 21.9                         | 21.9                         | 22.1                         |
| - Women                                    | 24.1                         | 24.0                         | 24.0                         | 23.9                         | 23.8                         |
| Longevity at age 65 for future pensioners  |                              |                              |                              |                              |                              |
| - Men                                      | 23.2                         | 23.2                         | 23.2                         | 23.2                         | 23.5                         |
| - Women                                    | 25.2                         | 25.2                         | 25.1                         | 24.9                         | 25.0                         |

The analysis of assets in the pension fund is as follows:

|                                      | 31 December<br>2022<br>£'000 | 31 December<br>2021<br>£'000 | 31 December<br>2020<br>£'000 | 31 December<br>2019<br>£'000 | 31 December<br>2018<br>£'000 |
|--------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Equities                             | 6,867                        | 66,672                       | 65,684                       | 72,480                       | 175,496                      |
| Bonds                                | 151,577                      | 260,240                      | 265,505                      | 176,162                      | 112,887                      |
| Property                             | 30,057                       | 35,993                       | 15,066                       | 15,075                       | 14,390                       |
| Other                                | 85,070                       | 91,296                       | 85,178                       | 88,998                       | 1,198                        |
| Insured pensioners                   | 363                          | 509                          | 612                          | 520                          | 592                          |
| <b>Total market value of assets</b>  | <b>273,934</b>               | <b>454,710</b>               | <b>432,045</b>               | <b>353,235</b>               | <b>304,563</b>               |
| Actuarial value of liability         | (241,038)                    | (377,508)                    | (400,770)                    | (339,590)                    | (307,034)                    |
| <b>Net pension asset/(liability)</b> | <b>32,896</b>                | <b>77,202</b>                | <b>31,275</b>                | <b>13,645</b>                | <b>(2,471)</b>               |

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

|                                       | 31 December<br>2022<br>% | 31 December<br>2021<br>% | 31 December<br>2020<br>% | 31 December<br>2019<br>% | 31 December<br>2018<br>% |
|---------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Equities                              | 3                        | 15                       | 15                       | 21                       | 58                       |
| Bonds                                 | 55                       | 57                       | 61                       | 50                       | 37                       |
| Property                              | 11                       | 8                        | 4                        | 4                        | 5                        |
| Other                                 | 31                       | 20                       | 20                       | 25                       | -                        |
| Insured pensioners                    | -                        | -                        | -                        | -                        | -                        |
| <b>Total market value of assets %</b> | <b>100</b>               | <b>100</b>               | <b>100</b>               | <b>100</b>               | <b>100</b>               |

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

|                        | <b>31 December 2022</b> | <b>31 December 2021</b> |
|------------------------|-------------------------|-------------------------|
|                        | £'000                   | £'000                   |
| Current service cost*  | 5,006                   | 5,635                   |
| Interest on obligation | 7,703                   | 5,784                   |
| Interest on assets     | (8,588)                 | (6,240)                 |
| <b>Total</b>           | <b>4,121</b>            | <b>5,179</b>            |

\* The current service cost includes the cost of administration expenses of £272,000 (31 December 2021: £256,000).

### Analysis of amounts charged to statement of comprehensive income

|  | <b>31 December 2022</b> | <b>31 December 2021</b> |
|--|-------------------------|-------------------------|
|  | £'000                   | £'000                   |
| Return on plan assets excluding interest income  | (183,882)               | 19,903                  |
| Experience (losses)/gains on liabilities   | (25,920)                | 4,009                   |
| Gain from change in assumptions  | 165,037                 | 21,240                  |
| Gain/(loss) from the change in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) | 28,346                  | (30,677)                |
| <b>Actuarial (loss)/gain before tax</b>  | <b>(16,419)</b>         | <b>14,475</b>           |

As per FRS 102, 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 surplus does not belong to the RCN and will not be recognised in the RCN statement of financial position.

The cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income since adoption of FRS 102 are shown below:

|             | <b>Actuarial gains/(losses) charged to comprehensive income</b> | <b>Cumulative actuarial gains and (losses)</b> |
|-------------|---|--|
|             | £'000   | £'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   |
| 2020        | 14,596  | 46,570   |
| 2021        | 14,475  | 61,045   |
| <b>2022</b> | <b>(16,419)</b>   | <b>44,626</b>                                  |

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

|   | 31 December 2022<br>£'000 | 31 December 2021<br>£'000 |
|---|---------------------------|---------------------------|
| <b>Opening defined benefit obligation</b> | <b>377,508</b>            | <b>400,770</b>            |
| Service cost                              | 4,734                     | 5,379                     |
| Interest cost                             | 7,130                     | 5,784                     |
| Contributions by employees                | 643                       | 671                       |
| Actuarial (gains)                         | (139,117)                 | (25,249)                  |
| Benefits paid                             | (9,860)                   | (9,847)                   |
| Losses/(gains) due to benefit changes     | -                         | -                         |
| <b>Closing defined benefit obligation</b> | <b>241,038</b>            | <b>377,508</b>            |

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

|  | 31 December 2022<br>£'000 | 31 December 2021<br>£'000 |
|--|---------------------------|---------------------------|
| <b>Opening fair value of the scheme assets</b> | <b>454,710</b>            | <b>432,045</b>            |
| Expected return                                | 8,588                     | 6,240                     |
| Expenses                                       | (272)                     | (256)                     |
| Actuarial (losses)/gains                       | (183,882)                 | 19,903                    |
| Contributions by employer                      | 4,007                     | 5,954                     |
| Contributions by employees                     | 643                       | 671                       |
| Benefits paid                                  | (9,860)                   | (9,847)                   |
| <b>Closing fair value of the scheme assets</b> | <b>273,934</b>            | <b>454,710</b>            |
| <b>Actual return on scheme assets</b>          | <b>(175,294)</b>          | <b>26,143</b>             |

The impact of using a more recent valuation is to introduce gains and losses that arose between 30 September 2016 and 30 September 2019, resulting in the experience loss arising on the liabilities during 2020 in the disclosures, which amounts to around 1.27% of the liabilities.

The history of experience gains and losses are as follows:

|   | 31 December<br>2022<br>£'000 | 31 December<br>2021<br>£'000 | 31 December<br>2020<br>£'000 | 31 December<br>2019<br>£'000 | 31 December<br>2018<br>£'000 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Defined benefit obligation                                      | (241,038)                    | (377,508)                    | (400,770)                    | (339,590)                    | (307,034)                    |
| Scheme assets   | 273,934                      | 454,710                      | 432,045                      | 353,235                      | 304,563                      |
| <b>Net pension asset/(deficit)</b>                              | <b>32,896</b>                | <b>77,202</b>                | <b>31,275</b>                | <b>13,645</b>                | <b>(2,471)</b>               |
| <b>Experience gains/(losses)<br/>on scheme liabilities:</b>     |                              |                              |                              |                              |                              |
| Amount  | (25,920)                     | 4,009                        | (5,582)                      | 1,253                        | (2,582)                      |
| Percentage of the present<br>value of scheme liabilities        | 10.75%                       | 1.06%                        | 1.39%                        | 0.36%                        | 0.84%                        |
| <b>Actual return less expected<br/>return on scheme assets:</b> |                              |                              |                              |                              |                              |
| Amount  | 183,882                      | (19,903)                     | (72,360)                     | (40,516)                     | 14,012                       |
| Percentage of scheme<br>assets                                  | 67.1%                        | (4.4%)                       | (16.75%)                     | (11.46%)                     | 4.6%                         |

## 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         | Change in defined benefit asset<br>(liability)*<br>£'000 |
|--|-------------------------------|--|
| Discount rate by +/- 0.5% per annum      | - 7.1%/+7.7%                  | 17,213/(18,554)  |
| Inflation linked assumptions by +/- 0.5% | +5.6%/-5.3%                   | 12,751/(13,455)  |
| Life expectancy by +/- 2 to 3 year       | +5.9% to +8.9%/-6.1% to -8.9% | (14,238) to (21,412)/14,627 to 21,375                    |

\* Based on value of liabilities at 31 December 2022.

## 17. Management of liquid resources - RCN Group

|   | 31 December<br>2021 | Cash flow | 31 December<br>2022 |
|---|---------------------|-----------|---------------------|
|   | £'000               | £'000     | £'000               |
| Cash invested in UK money market and deposit accounts | 37,052              | 6,187     | 43,239              |

## 18. Analysis of changes in net funds - RCN Group

|                          | 31 December 2021 | Cash flow    | 31 December 2022 |
|--------------------------|------------------|--------------|------------------|
|                          | £'000            | £'000        | £'000            |
| Short-term deposits      | 37,052           | 6,187        | 43,239           |
| Cash at bank and in hand | 7,083            | (693)        | 6,390            |
| <b>Total</b>             | <b>44,135</b>    | <b>5,494</b> | <b>49,629</b>    |

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

|   | Representation activities | Other College activities | Total 31 December 2022 | Representation activities | Other College activities Restated | Total 31 December 2021 Restated |
|---|---------------------------|--------------------------|------------------------|---------------------------|-----------------------------------|---------------------------------|
|   | £'000                     | £'000                    | £'000                  | £'000                     | £'000                             | £'000                           |
| <b>Fixed assets</b>                           |                           |                          |                        |                           |                                   |                                 |
| Property, plant and equipment                 | -                         | 10,791                   | 10,791                 | -                         | 11,612                            | 11,612                          |
| Investments                                   | 35,509                    | 55,399                   | 90,908                 | 46,644                    | 68,707                            | 115,351                         |
| <b>Total fixed assets</b>                     | <b>35,509</b>             | <b>66,190</b>            | <b>101,699</b>         | <b>46,644</b>             | <b>80,319</b>                     | <b>126,963</b>                  |
| <b>Current assets</b>                         |                           |                          |                        |                           |                                   |                                 |
| Inventory                                     | -                         | 11                       | 11                     | -                         | 13                                | 13                              |
| Debtors and prepayments                       | 3,034                     | 959                      | 3,993                  | 2,219                     | 598                               | 2,817                           |
| Short term financial assets                   | 6,103                     | 1,929                    | 8,032                  | -                         | -                                 | -                               |
| Short term deposits                           | 28,370                    | 8,966                    | 37,336                 | 22,552                    | 9,739                             | 32,291                          |
| Cash at bank and cash in hand                 | 4,070                     | 1,286                    | 5,356                  | 3,620                     | 1,563                             | 5,183                           |
| <b>Total current assets</b>                   | <b>41,577</b>             | <b>13,151</b>            | <b>54,728</b>          | <b>28,391</b>             | <b>11,913</b>                     | <b>40,304</b>                   |
| <b>Liabilities</b>                            |                           |                          |                        |                           |                                   |                                 |
| Trade creditors                               | (1,233)                   | (389)                    | (1,622)                | (684)                     | (205)                             | (889)                           |
| Other creditors                               | (2,116)                   | (815)                    | (2,931)                | (1,826)                   | (758)                             | (2,584)                         |
| Accruals and deferred income                  | (4,108)                   | (2,035)                  | (6,143)                | (3,351)                   | (2,428)                           | (5,779)                         |
| <b>Total liabilities</b>                      | <b>(7,457)</b>            | <b>(3,239)</b>           | <b>(10,696)</b>        | <b>(5,861)</b>            | <b>(3,391)</b>                    | <b>(9,252)</b>                  |
| <b>Total assets less current liabilities</b>  | <b>69,629</b>             | <b>76,102</b>            | <b>145,731</b>         | <b>69,174</b>             | <b>88,841</b>                     | <b>158,015</b>                  |
| Provisions                                    | (8,340)                   | (476)                    | (8,816)                | (8,365)                   | (167)                             | (8,532)                         |
| <b>Net assets (excluding pension deficit)</b> | <b>61,289</b>             | <b>75,626</b>            | <b>136,915</b>         | <b>60,809</b>             | <b>88,674</b>                     | <b>149,483</b>                  |

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

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

Trade union reserves include an industrial action fund set up by Council on 5 March 2021 to support members should they wish to strike, and the fund was increased from £35m to £50m in 2022. Net expenditure of £5.4m was incurred in 2022, and the balance of the fund at 31 December 2022 is £44.6m.

Representation activities are disclosed in the RCN's annual return for a trade union (AR21).

## 20. Reserves

### 20.1. Reserves – RCN UK

|   | Revaluation<br>reserve<br>£'000 | Accumulated<br>funds<br>£'000 | Industrial Action<br>fund<br>£'000 | Total<br>£'000 |
|---|---------------------------------|-------------------------------|------------------------------------|----------------|
| <b>At 1 January 2022</b>                  | <b>1,799</b>                    | <b>147,685</b>                | <b>–</b>                           | <b>149,484</b> |
| Transfer to industrial action fund        | –                               | (50,000)                      | 50,000                             | –              |
| Deficit in period                         | –                               | (8,252)                       | (5,440)                            | (13,692)       |
| Defined benefit pension scheme adjustment | –                               | 91                            | –                                  | 91             |
| Revaluation reserve                       | (64)                            | –                             | –                                  | (64)           |
| Dividends                                 | –                               | 1,096                         | –                                  | 1,096          |
| <b>At 31 December 2022</b>                | <b>1,735</b>                    | <b>90,620</b>                 | <b>44,560</b>                      | <b>136,915</b> |

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

### 20.2. Reserves – RCN Group

|   | Reserves for<br>charitable<br>purposes<br>£'000 | Revaluation<br>reserve<br>£'000 | Accumulated<br>funds<br>£'000 | Industrial<br>Action fund<br>£'000 | Total<br>£'000 |
|---|---|---------------------------------|-------------------------------|------------------------------------|----------------|
| <b>At 1 January 2022</b>                  | <b>41,895</b>                                   | <b>1,799</b>                    | <b>153,789</b>                | <b>–</b>                           | <b>197,483</b> |
| Transfer to industrial action fund        | –   | –                               | (50,000)                      | 50,000                             | –              |
| Deficit in period                         | (6,321)   | –                               | (7,072)                       | (5,440)                            | (18,833)       |
| Defined benefit pension scheme adjustment | –   | –                               | 91                            | –                                  | 91             |
| Net unrealised gain on joint venture      | –   | –                               | 511                           | –                                  | 511            |
| Revaluation reserve                       | –   | (64)                            | –                             | –                                  | (64)           |
| <b>At 31 December 2022</b>                | <b>35,574</b>                                   | <b>1,735</b>                    | <b>97,319</b>                 | <b>44,560</b>                      | <b>179,188</b> |

## 21. Commitments

### 21.1. Capital commitments

The value of contracts committed to, but not provided for, was £nil (31 December 2021: £nil).

### 21.2. Pension commitments

The pension scheme was subject to an actuarial valuation at 30 September 2019 by a qualified independent actuary. The valuation reported a deficit of £9.5m, compared to a deficit of £52.1m in September 2016. The 2019 actuarial valuation of the CARE pension scheme resulted in a revised deficit-funding plan which was completed in August 2021.

The current actuarial valuation of the defined benefit (CARE) scheme based on 30 September 2019 was finalised in December 2020. The next actuarial valuation based on the position at 30 September 2022, will be finalised in December 2023.

## 22. Contingent liabilities

RCN UK contingent liabilities are estimated at £443,000 as at 31 December 2022 (31 December 2021: £434,250). The estimated liability arises from member cases within the professional indemnity scheme that have a lower than 50% chance of success, and participation as an interested party in a Judicial Review application in relation to the Government's decision to consider the cost of the McCloud Remedy a member cost in public sector pension scheme cost-sharing arrangements.

|                             | 31 December 2022 | 31 December 2021 |
|-----------------------------|------------------|------------------|
|                             | £'000            | £'000            |
| Judicial review of pensions | 84,000           | –                |
| Member indemnity scheme     | 359,000          | 434,250          |
| <b>Total</b>                | <b>443,000</b>   | <b>434,250</b>   |

## 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, they 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 2022 amounted to £38,000 (31 December 2021: £8,000). Expenses related predominantly to travel expenses incurred while carrying out Council duties. The number of Council members who received reimbursement within the period was 18 (31 December 2021: 16).

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 £21,000 (31 December 2021: £8,000). Expenses related predominately to remuneration, travel and accommodation expenses incurred while carrying out committee duties. The number of committee members who received reimbursement was 28 (31 December 2021: 14).

### 24.2. Council remuneration

In line with the Charter, Council and Committee members do not receive any remuneration for undertaking the role, so no direct remuneration is paid to any Council or Committee member. However, a total of £23,000 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 2021: £41,000). Breakdown as follows:

|                            | 31 December 2022<br>£'000 | 31 December 2021<br>£'000 |
|----------------------------|---------------------------|---------------------------|
| Chair of Council (former)  | -                         | -                         |
| Chair of Council (current) | 23                        | -                         |
| President (former)         | -                         | 41                        |
| President (current)        | -                         | -                         |
| <b>Total</b>               | <b>23</b>                 | <b>41</b>                 |

### 24.3. Committee remuneration

Committee members do not receive remuneration for undertaking their roles, however in 2021 a total of £12,960 was paid to the employer of a Trade Union Committee member in Scotland for undertaking activities in relation the RCN UK Pay Programme campaign.

|                   | 31 December 2022<br>£'000 | 31 December 2021<br>£'000 |
|-------------------|---------------------------|---------------------------|
| Committee members | -                         | 13                        |
| <b>Total</b>      | <b>-</b>                  | <b>13</b>                 |

## 25. Related party transactions

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

## 26. Post-balance sheet events

No material post-balance sheet events have been identified.

## 27. Restatement of comparative figures

The restatement of comparative figures for the year ended 31st December 2021 in the Statement of Comprehensive Income relates to the reclassification of net unrealised gains and losses arising on the RCN UK fixed asset investment portfolio to the profit and loss account from other comprehensive income. This aligns RCN UK and Group accounting policy with the requirements of FRS 102. This change in accounting treatment has been applied retrospectively to the 2021 comparatives shown in these accounts. This prior year reclassification does not impact the Statement of Financial Position or the Statement of Changes in Equity.

| RCN UK   | As originally reported | Revised accounting treatment | Restated         |
|--|------------------------|------------------------------|------------------|
|  | 31 December 2021       |                              | 31 December 2021 |
|  | £'000                  | £'000                        | £'000            |
| <b>Profit and loss account</b>                   |                        |                              |                  |
| Net unrealised gains on fixed asset investments  | -                      | 2,085                        | 2,085            |
| <b>Surplus after taxation</b>                    | 19,699                 | 2,085                        | 21,784           |
| <b>Other comprehensive income</b>                |                        |                              |                  |
| Net unrealised gains on fixed asset investments  | 2,085                  | (2,085)                      | -                |
| <b>Total comprehensive income for the period</b> | <b>21,091</b>          | <b>-</b>                     | <b>21,091</b>    |

| RCN Group  | As originally reported | Revised accounting treatment | Restated         |
|--|------------------------|------------------------------|------------------|
|  | 31 December 2021       |                              | 31 December 2021 |
|  | £'000                  | £'000                        | £'000            |
| <b>Profit and loss account</b>                   |                        |                              |                  |
| Net unrealised gains on fixed asset investments  | -                      | 3,187                        | 3,187            |
| <b>Surplus after taxation</b>                    | 20,809                 | 3,187                        | 23,996           |
| <b>Other comprehensive income</b>                |                        |                              |                  |
| Net unrealised gains on fixed asset investments  | 3,187                  | (3,187)                      | -                |
| <b>Total comprehensive income for the period</b> | <b>23,678</b>          | <b>-</b>                     | <b>23,678</b>    |

# Thank you

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 2022, including all our learning representatives, safety representatives and stewards, board, branch and committee members, and all those who have taken part in campaigns, 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 in 2022. 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.



We would also like to thank all RCN staff, Rachel Armitage, Managing Director of RCNi and Deepa Korea, Director of RCN Foundation, 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

Crowe UK, LLP statutory Auditor, 2nd Floor, 55 Ludgate Hill, London EC4M 7JW

## 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

## General Secretary & Chief Executive

Pat Cullen

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