

THE ROYAL COLLEGE OF MIDWIVES

**DIRECTORS' REPORT AND
CONSOLIDATED ACCOUNTS**

FOR THE YEAR ENDED 31 DECEMBER 2017

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THE ROYAL COLLEGE OF MIDWIVES
DIRECTORS' REPORT AND CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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THE ROYAL COLLEGE OF MIDWIVES

CONTACT DETAILS

FOR THE YEAR ENDED 31 DECEMBER 2017

The RCM

The RCM is the voice of midwifery. We are the UK's only professional organisation and trade union led by midwives for midwives and the maternity teams that support them. The vast majority of people in the midwifery profession are members.

The RCM promotes midwifery, high-quality maternity services and professional standards. We support and represent our members individually and collectively in all four UK countries. We influence on behalf of our members and for the interests of the women and families for which they care.

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Promoting • Supporting • Influencing

THE ROYAL COLLEGE OF MIDWIVES
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

DIRECTORS' REPORT

As the members of the Royal College of Midwives (RCM) Board (the directors under company law), we are pleased to present our report for the year ended 31 December 2017. The RCM is governed by the RCM Board.

PRINCIPAL ACTIVITIES

The RCM is a membership organisation, the objectives of which are to promote and advance the art and science of midwifery, and to promote the effectiveness and protect the interests of its members. The Royal College of Midwives Trust (RCMT) is a subsidiary of the RCM and is registered as a charity to promote and advance the art and science of midwifery and the effectiveness of midwives. The Benevolent Fund of the RCMT is a charity that provides financial relief to eligible applicants. RCM Trust Trading Company Limited conducts business and donates its profits to the RCMT.

THE ROLE OF THE RCM BOARD

The RCM Board is responsible for the overall direction and control of the RCM. This includes ensuring that the RCM is efficient, effective, properly managed, supervised and accountable. The board provides long-term vision, ensures clarity of purpose, and protects the reputation and values of the RCM. It directs and controls its chief executive officer (CEO), Gill Walton, in leading the RCM to the board's vision. The board is the guardian of the RCM's assets and is responsible for ensuring that legal and regulatory requirements are met.

RCM BOARD MEMBERS

All members of the RCM Board are practising midwives who have been elected by members of the RCM. They are non-executive and receive no payment.

Members served for the entire year except where indicated otherwise.

Amanda Burleigh (resigned 20 January 2018)
Sheena Byrom (resigned 1 February 2017)
Barbara Kuypers (resigned 31 August 2017)
Natalie Linder (deputy chair)
Helene Marshall
Lynne Pacanowski (resigned 31 August 2017)
Julie Richards (chair)
Professor Jane Sandall (deputy chair, resigned 5 September 2017)
Dr Susan Way (RCM chair, resigned 31 August 2017)
Michelle Beacock (appointed 1 September 2017)
Kate Evans (appointed 1 September 2017)
Jenny Hall (appointed 1 September 2017)
Birte Harlev-Lam (appointed 1 September 2017)
Giuseppe Labriola (appointed 1 September 2017)
Tracy Miller (appointed 1 September 2017)
Pauline Twigg (appointed 1 September 2017)

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DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

APPOINTMENT OF RCM BOARD MEMBERS

The RCM is a membership organisation whose board members are elected to office by members of the RCM. The board identifies the competencies required, and RCM members offering themselves for election are assessed by an independently chaired panel.

RCM members who are interested in developing the competencies required for board membership can visit our website, www.rcm.org.uk/rcm-board. Here, they will find detailed information about the commitment that board membership entails.

RCM BOARD MEETINGS

The RCM Board met six times during the year, one of which was an extraordinary meeting convened solely to deal with the CEO recruitment decision. The overall attendance of board members was 84%.

RCM BOARD PERFORMANCE

2017 was the seventh anniversary of the RCM Board taking over governance from the former RCM Council.

RCM BOARD COMMITTEES

Board members serve on committees of the RCM Board. Members served for the entire year except where indicated.

AUDIT AND RISK COMMITTEE OF THE RCM BOARD

This committee oversees financial reporting; reviews the effectiveness of risk management, internal controls, compliance systems, and internal auditing; selects for appointment internal and external auditors; assesses the performance of the external auditor; develops and implements policy on the engagement of the external auditor to provide non-audit services; and reports to the board, including, where appropriate, making recommendations. The members during the year were:

Amanda Burleigh
Barbara Kuypers (chair until 31 August 2017)
Helene Marshall (chair from 4 September 2017)
Julie Richards (until 31 August 2017)
Birte Harlev-Lam (from 4 September 2017)
Pauline Twigg (from 4 September 2017)

Gordon Mattocks, having a professional background in finance and audit, served as an external member until 14 June 2017 when his term expired. Tony Scott, also from a financial professional background, replaced him. The committee held four meetings during the year and the overall attendance of members was 93%.

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DIRECTORS' REPORT (CONTINUED)
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BOARD MEMBERSHIP, PERFORMANCE AND THE DEVELOPMENT COMMITTEE OF THE RCM BOARD

This committee deals with matters relating to membership of the RCM Board (including succession planning and arrangements for the assessment and election of candidates) and arrangements for evaluating the performance of the RCM Board, its members and its committees. The members during the year were:

Sheena Byrom (until 1 February 2017)
Natalie Linder
Dr Susan Way (chair until 31 August 2017, now a co-opted member)
Julie Richards (chair from 1 September 2017)
Jenny Hall (from 1 September 2017)

The committee held four meetings during the year and the overall attendance of members was 100%.

CEO PERFORMANCE AND THE REMUNERATION COMMITTEE OF THE RCM BOARD

This committee has responsibilities in relation to the performance management of the CEO and the executive team. It also advises the RCM Board on the remuneration and policy for reimbursing the CEO's of expenses. The members during the year were:

Sheena Byrom (chair until 1 February 2017)
Lynne Pacanowski (until 31 August 2017)
Dr Susan Way (until 31 August 2017)
Giuseppe Labriola (chair from 4 September 2017)
Julie Richards (from 4 September 2017)
Amanda Burleigh (from 4 September 2017)

The committee scheduled three meetings during the year and the overall attendance of members was 88%.

INVESTMENT COMMITTEE

This committee, on behalf of the board, manages the RCM's investments in accordance with the approved investment policy.

It held two meetings in 2017 and the overall attendance of members was 75%. The members during the year were:

Julie Richards (until 31 August 2017)
Professor Jane Sandall (chair until 5 September 2017)
Chris Truman, director for business services
Michelle Beacock (from 4 September 2017)
Tracy Miller (chair from 4 September 2017)

The committee is supported by David Baker, chief investments officer, Mazars, and Jeremy Barker, client director, Cazenove Schroders.

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DIRECTORS' REPORT (CONTINUED)
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STATEMENT OF THE RCM BOARD'S RESPONSIBILITIES

The RCM Board members are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the RCM Board to prepare financial statements for each financial year in accordance with the Generally Accepted Accounting Practice (UK Accounting Standards) and applicable law.

Under company law the RCM Board must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the company and of its net profit/loss for that period.

In preparing these financial statements, the RCM Board is required to do the following:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the company will continue to operate

The RCM Board is responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company, and that are sufficient to enable the board to ensure that the financial statements comply with the Companies Act 2006. The board is also responsible for safeguarding the assets of the company and, hence, for taking reasonable steps to enable the prevention and detection of fraud and other irregularities.

Insofar as each member of the RCM Board at the date of approval of this report is aware, there is no relevant audit information (information needed by the company's auditor in connection with preparing the audit report) of which the company's auditor is unaware. Each RCM Board member has taken all of the steps that they should have taken in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

By order of the RCM Board



Julie Richards
Director

Date: 18.7.18

THE ROYAL COLLEGE OF MIDWIVES

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The RCM represents the interests of midwives and maternity support workers (MSWs), individually and collectively, in all four UK countries. We also work to promote excellence, innovation and leadership in the care of pregnant women, their babies and families. To achieve this, we set ourselves new business objectives each year that encompass the broad range of our business activities. As part of this, we publish reports, produce training materials and online learning resources, and organise conferences and events. We also campaign and lobby government to raise standards in maternity services.

2017 was a year of change at the top of the RCM. Cathy Warwick, our chief executive, retired in August after eight years in the post. She was also made a dame for her services to midwifery. Gill Walton was appointed as the new chief executive. In other changes, Kathryn Gutteridge was inaugurated as the new president, and six new board members were elected.

Strategic goals	Strategic objectives
1. To promote high-quality maternity services and professional standards and to lead the future of midwifery.	<ul style="list-style-type: none"> i. The RCM will define what it means by high-quality maternity services, which includes the setting of professional standards that impact on the care of women and babies (families). ii. The RCM will continuously scope and redefine the future of midwifery to ensure it is well placed in contemporary society.
2. To influence on behalf of our members and in the interest of the women and families for whom they care.	The RCM will strengthen and continue to develop (in a creative and innovative way) its profile, engagement, working practices, resources and responsiveness, creating meaningful relationships with key stakeholders and policy makers.
3. To ensure products and services meet the particular needs of our members.	The RCM will actively and creatively engage with members and prospective members to understand their needs, develop relevant and appropriate high-quality products and services, and measure their impact and effectiveness.
4. To support and represent our members individually and collectively in their respective countries	The RCM will develop its capacity and capability to ensure that appropriate resources are future-proofed for the support and representation of all our members.
5. To ensure our future growth and sustainability as an innovative, adaptive and responsive organisation.	The RCM will have the income to deliver on its strategic plan and ensure the future sustainability of the organisation.
6. To be an exemplary organisation and employer.	The RCM will demonstrate through its performance, reputation and success that it is a leading trade union and professional organisation.

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STRATEGIC REPORT

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Our strategic objectives for 2017 were:

1. We will clarify the meaning of 'high-quality maternity services' and set professional standards that improve the care of women and babies.

We said we would make fresh contributions to the thinking around maternity services and professional standards. In meeting this target during the year, we:

- Worked across the UK on Continuity of Carer, and helped to develop the Best Start programme in Scotland and Better Births in England
- Issued a number of final position statements, including:
 - Sustainability and Transformations Plans (STPs)
 - Preceptorship of newly qualified midwives
 - Detention of pregnant women
 - Doulas
 - Child tax credit and the 'rape clause'
- Published 'Can continuity work for us,' an interactive resource to support the Continuity of Carer guidance. It is available now on our website. Local maternity systems have also been keen to use this resource
- Commissioned the University of Nottingham to assess the evidence on midwives providing care for pregnant women in all healthcare settings and to produce a guideline
- Boosted public health online content for midwives, MSWs and women launching a web app on Apple and Android platforms
- Co-authored a paper on the detection of cleft palate
- Scoped and produced recommendations on the future deployment of MSWs, including their training and development, competency standards and career progression

Also under this objective, we said we would influence strategic change and demonstrate how we achieved it. In meeting this objective, we:

- Posted several new and updated publications on our website, including the contribution of continuity of midwifery care to high-quality maternity care and a briefing on transfers from home or midwife-led units
- Intervened successfully to ask NHS Resolution to add Birthrate Plus activity and the supernumerary labour coordinator to its 10 measures for assessing maternity services
- Contributed to 'Neonatal brain injuries in England,' published in 'Archives of Disease in Childhood'. This defined neonatal brain injury and fed into NHS Resolution's 'Five years of cerebral palsy claims' report
- Encouraged the National Maternity and Perinatal Audit to review its processes and methodologies following concerns over missing data in the 2017 report

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- Took part in the development of a perinatal mortality tool (PMRT) to standardise perinatal mortality reviews across NHS maternity and neonatal units.
- Campaigned with the Family Planning Association, British Pregnancy Advisory Service, Amnesty International and others to give women in Northern Ireland access to free abortion services. We were also involved in the successful Supreme Court case on the issue
- Began working on a career framework for midwives and maternity support workers. As part of this, we created an RCM team that focuses on safety and quality

2. We will continuously monitor and reshape the future of midwifery to ensure it continues to be relevant to modern society.

Under this objective, we said we would deliver our response to the Maternity Transformation Programme (MTP) and Best Start, and would expand our public health focus. During the year, we:

- Published the final report on our public health project
- Presented our public health model to nurse leaders in England, at the MTP health promotion event, and to the Swedish Midwives' Association
- Ensured the RCM was active on all Continuity of Carer national implementation and strategic forums
- Delivered six leadership development seminars, helping to build capacity and capability among midwives
- Presented seven labour ward leaders seminars for maternity/obstetric teams, helping to build capacity and capability for safer maternity care. This initiative was shortlisted for a prestigious Health Service Journal award
- Hosted several heads of midwifery forums across the UK
- Won funding from the Public Health Agency to commission a leadership development centre in Northern Ireland to help plan the future of midwifery there
- Held two continuity of carer events in Scotland – one for NHS Lanarkshire and the other for NHS Orkney, Shetland and Western Isles
- Joined the board of trustees of Maternal Mental Health Scotland and worked with Scotland's first managed clinical network on mental health, which is focusing on perinatal mental health
- Chaired the bereavement sub group of the Scottish government stillbirth group
- Contributed to the implementation group for Scotland's 'Supporting parents with learning difficulties' report
- Worked with the Uganda Private Midwives Association on the Momentum International Aid project, and inspired the Association of Ugandan Obstetricians and Gynaecologists to develop ways to mentor students
- Gained funding from UNFPA to help the Bangladesh Midwifery Society build capacity

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We also said we would endorse or invest in original research, audit or project work, either on our own or with partner organisations. During the year we:

- Co-authored a study on the attitudes of nurses, midwives and health visitors to vaccination in pregnancy
- Worked with Emma's Diary to conduct and publish a survey on women's views on vaccination
- Published a survey on the role of consultant midwives
- Had two papers on the Momentum International Aid project accepted by peer-reviewed journals

3. We will strengthen our public profile, and improve our working practices, resources and responsiveness. We will build strong relationships with key stakeholders and policy makers.

As part of this objective we said we would set out clear positions on government initiatives that affect midwifery, maternity services and our membership. So during the year we:

- Gave evidence to the House of Commons' Health Committee inquiry into the nursing and midwifery workforce
- Signed a joint letter calling for the Health Committee to launch an inquiry into the impact of fortifying white bread with folic acid
- Attended and spoke at roundtable discussions on issues such as maternal mental health, health and human rights in immigration detention, violence against women and girls, and Brexit
- Worked with Women's Aid and the Royal College of Obstetricians and Gynaecologists to organise a fringe meeting at the Conservative Party Conference on violence against women and girls
- Responded to several consultations, including proposals to reconfigure maternity services in South Tyneside and Sunderland, and plans to change abortion legislation on the Isle of Man
- Voiced our concerns about workforce issues in England during a meeting between our chief executive and the minister of state for health
- Coordinated International Day of the Midwife events throughout the UK, with 120 local units celebrating and promoting the contribution of midwifery
- Gave evidence to the NHS Pay Review Body for 2017. This resulted in a 1% pay increase in each country, though with a delay in Northern Ireland

Also under this objective, we said we would lobby to end midwife shortages and would start by getting political parties and policy makers to recognise the problem. As part of this we:

- Continued to be affiliated to the TUC, Welsh TUC and Scottish TUC, and affiliated to the Irish Confederation of Trade Unions
- Published the 'State of Maternity' report as a basis for lobbying on issues such as staff shortages and demographic demands

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- Produced and distributed a range of position papers, guidance and campaign materials
- Received over 11,000 unique mentions in the UK media – the highest ever
- Held the first free-to-attend RCM conference in Manchester. Over 3000 members and guests attended in October
- Organised a comprehensive range of bespoke training for workforce representatives, supported by the TUC. We also organised conferences in Leeds and Bristol for our representatives
- Met with Northern Ireland’s chief nursing officer to discuss workforce shortages. We secured a commitment that student numbers would rise substantially in 2018, and that courses for maternity support workers and midwives returning to practice would be commissioned
- Lobbied successfully for an increase in the number of student places in Scotland

We also said we would commission work to increase our evidence base and to improve our ability to influence:

- We gave detailed evidence on student numbers to Scotland’s national stakeholder group on nursing and midwifery. As a result, the student midwife intake for 2018-19 will rise by 35 places (18.5%) – a steeper increase than any of the other nursing branches

Finally, we ran the successful Caring for You campaign across the UK, concentrating on the health and wellbeing of midwives and MSWs:

- 134 NHS organisations signed up the campaign and its charter – a rate of 81% against a target of 80%
- Another aim was to increase the number of health and safety representatives – it went up by 3%
- We also re-ran the members’ survey and will publish the findings on the website in 2018
- We supported the ‘Work, Health and Emotional Lives of Midwives’ (WHELM) and POPPY studies. Both will be published soon, and we will use the findings from these and our members’ survey to develop and improve Caring for You
- The Caring for You steering group will meet quarterly in 2018 to embed the campaign in more of our work. We have set two further targets for this year – to encourage yet more organisations to sign the charter, and to use Caring for You as a theme at our events

We funded or partially funded the president, three board members and 13 other members of staff to attend the International Congress of Midwives in Toronto. We also supported a midwife member and student midwife member to attend. Many of our representatives gave presentations, and all helped to host the RCM stand, which was a popular attraction among delegates.

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4. We will connect more closely with our members and prospective members and get a better understanding of their needs. This will help us to develop high-quality products and services, and measure how effective they are.

Under this objective, we set a target to achieve an approval rating from engaged members of +65 for our events:

- Various courses, conferences, seminars and other events scored consistently well throughout the year. Our overall approval score for the year was 78.48
- Members' feedback told us that our conference was too expensive, so we made it free to attend. As a result, the attendance went up from 700 to 3000

We also said we wanted to increase the number of new registrants for i-learn courses by 20% and new i-folio users by 10% compared to the 2016 figures:

- 18,231 people registered on i-learn for the first time during the year, an increase of 2,896 on 2016
- 17,068 people registered on i-folio for the first time during the year, an increase of 1,540 on 2016

We also wanted to raise the number of unique visitors to our website by 10% during the year, and to increase the time they spend on the site by 10 seconds:

- The website attracted 712,712 new visitors – the target was 712,297
- The average time they spent on the site was 1:56 minutes – the target was 2:16

We said we would engage with members at 600 events and other opportunities around the country:

- We held 293 events in the South of England, 278 in the North of England, 76 in Scotland, 50 in Wales and 34 in Northern Ireland. We also held 11 corporate events and 48 workplace representatives events
- In all, we held 746 events during the year – far exceeding our target

Finally, we wanted each of the 252 significant midwifery workplaces throughout the UK to have an engagement event during the year:

- We held 108 events in the South of England, 77 in the North of England, 21 in Scotland, 14 in Wales and six in Northern Ireland – a total of 226
- A few workplaces were either too small or hard to reach to hold an event. This year we will either review their significant workplace status or continue to try to get to them
- We launched the first Branch Governance Handbook
- A review of our networks reported that they are responsive and effective but that their accountability is often unclear. We will act on the recommendations during 2018, which will include identifying further networks
- We visited 48 universities during the student midwife recruitment period (August-October) and achieved a membership density of 85% among student midwives

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5. We will future-proof our resources to ensure that our members can always access expert support and representation.

Under this objective we said we would will draw up a quarterly monitoring report on casework, case outcomes and legal representation. We have:

- Set up an interim case recording system and are producing regular reports. Regional and national officers are now using these
- Added a permanent requirement to our RCM 360 Project, which will replace both our membership database and website

We also said we would develop a way for members to evaluate our representation, so we have developed, piloted and are now using a satisfaction survey for all members who we formally represent in employment or professional matters.

We wanted an overall 5% increase in each category of workplace representatives across all four countries by the end of 2017, and we wanted 80% of new representatives to attend our training days within six months of their appointment. We also wanted to give stewards a 1:1 audit, and to renew or remove inactive representatives:

- By the end of the year, we had 741 workplace representatives – just beating our target
- Also by the end of the year, 138 new workplace representatives had attended residential training
- With some data still to come, we know that 75% of stewards had a 1:1 audit
- A review of our residential training for workplace representatives resulted in the courses being assessed and rewritten to ensure they meet the expectations of the role definitions for each category of workplace representative

Finally, we wanted to raise the number of active branches by 10%:

- The number of branches that submitted a financial and AGM return by the end of the year was 68. The number that met the extra criteria of two branch officers and an event in addition to the AGM was 62
- The extra criterion requiring the branch to hold an AGM meant this was just a 1% increase on 2016. Without that new criteria, the increase would have been 30%
- We focused our recruitment and retention efforts on MSWs. We held 118 events throughout the UK during MSW month to celebrating their contribution, and saw an immediate 11.2% increase in membership

6. We will have the income to deliver our strategic plan and ensure the future sustainability of the organisation.

We said the RCM Trust Trading Company would retain its number of partners and income levels:

- We still had six partners at the end of the year. They were Johnsons, Vitabiotics, Slimming World, Emma's Diary, Kellogg's and Lansinoh
- Our income for the year from alliance partnerships was £458,656 – up from £440,770 the previous year

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We also aimed for an investment growth of RPI (retail price index) plus 3%:

- In a challenging year, we did not hit this target. While the benchmark growth was 7.2%, the actual return for the charities portfolio was 6.5% and the corporate portfolio 5.7%. We always take a long-term view with investments, so returns across a short 12-month period are not necessarily a guide to overall performance

7. We will show via our performance, reputation and success that we are a leading trade union and professional organisation.

Under this objective, we said that we would continue to head in a positive direction with our audit reports. During the year, we were assessed on:

- The risk of organisational change
- The financial system
- Health and safety

All reports gave significant assurance that we have generally sound systems of internal control, and that we apply these controls consistently to meet system objectives.

We also said we would will implement and expand the Voices, Vision and Values work for our staff. We:

- Updated the participatory action research process for the start of 2018 and meetings are taking place
- Provided management training to prepare for personal annual reviews and we offered individual human resources support as required
- Added Voices, Vision and Values to our normal business from the start of this year

We want the 2017 staff survey to show a positive direction of travel from the 2016 staff survey:

- The staff survey was open from November 2017 to mid-January 2018. It had a high response rate of 88%, and we expect to see a report of the results a little later in 2018

We will survey our stakeholders and show that we have made progress against the previous survey in 2015. We have:

- Compiled the questions and agreed the recipients
- Sent out the questionnaires and expect to see results later this year

We will show that we have delivered on all of the year's key projects:

- We launched our 360 Project. This will replace key systems, including the membership database and website. It will give us far greater integration, enabling us to improve the services and information we provide to our members. This complex project is following a formal management process. In 2017 we:
 - Completed the major tender process to select the preferred supplier
 - Ran discovery workshops and set up a project board that meets monthly
 - Created a clear project plan, risk register and project documentation, together with a resource plan

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PRINCIPAL RISKS AND UNCERTAINTIES

The RCM is committed to adopting best practice in identifying, evaluating and cost-effectively controlling risks to ensure they are eliminated or reduced to an acceptable level. Certain risks will always exist and cannot be eliminated, but action can be put in place to minimise the likelihood of that risk occurring and its potential impact.

The RCM is committed to establishing and maintaining a systematic approach to the identifying and managing risk. Its objectives in doing this are to:

- Ensure that risk management is clearly and consistently integrated and evidenced in the culture of the organisation
- Manage risk in accordance with best practice
- Anticipate and respond to changing social, economic, environmental and legislative requirements
- Consider compliance with health and safety, insurance and legal requirements as a minimum standard
- Prevent death, injury, damage and losses, and reduce the cost of risk
- Inform strategic and operational decisions by identifying risks and their likely impact

Principal risks for the RCM are:

Loss of income from membership and other sources

Membership subscriptions continue to be the main source of income for the RCM and so any circumstances that put this income under pressure are a significant risk to the organisation.

While a sudden loss of members is unlikely, a sustained fall in membership levels would have a direct impact on the RCM's ability to deliver services to its members. Even a levelling off from the historic growth rates during the past eight years has a potential impact. We continue to review what we do and to invest in systems and process to ensure we are as responsive as we can be and are fulfilling the many needs of our members. This includes RCM360, a major project focussed on replacing the existing customer relationship management (CRM) system and the website content management system (CMS). We anticipate this will go live in late 2018 or early 2019. We are also reviewing our offer to members to ensure the products and services we provide are fit for purpose and delivering value. We continue to campaign and lobby to ensure the role of midwives and their concerns are highlighted. In an environment where pressures within the NHS on budgets, working conditions and service levels are having a detrimental effect on our members, the potential for them to seek employment away from this highly respected and valued profession is likely to increase.

We also face the risk of loss of income from the RCM Alliance programme. This centres on mutually beneficial relationships with a limited number of commercial companies and is our second biggest income stream. One partner departed in 2017, and a number of existing contracts are up for renewal in 2018. While we expect these partners will re-sign, challenging economic and market conditions mean they will continue to review their budgets and the value they get out of any strategic partnerships. This means the loss of a partner is an ongoing risk.

Legal support costs

Supporting members with legal representation remains a major financial issue for the RCM. Members' demand for these services continues to rise. We have a fixed-cost agreement with our legal services provider to minimise the impact of this, though the past couple of years have seen greater demand for ad-hoc legal work. A significant rise in NMC referrals in 2016 did not continue to the same extent in 2017. However, the number of extraordinary cases that fall outside the fixed-fee agreement did increase and this trend is likely to continue into 2018. We are looking at a number of ways to minimise this risk.

THE ROYAL COLLEGE OF MIDWIVES
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

Loss of key people and knowledge

The RCM needs to have plans in place to ensure it minimises the risk of key people leaving the organisation. As a small organisation, we recognise our people cannot always access the career paths offered by larger organisations. While staff turnover is not an issue, the loss of certain individuals and their knowledge can have a disproportionate impact on those filling the gaps or taking on extra duties. To mitigate this risk we have put in place a knowledge management/transfer plan to capture key information on roles. We are also developing a substantial people strategy.

Changes to maternity services and pressure on the NHS

The RCM is aware of a number of interrelated risks here and is looking to mitigate them where possible. These risks include loss of influence, changes to the way maternity services are delivered, political changes (for example, Brexit) and the subsequent impact these have on the NHS and ultimately on our membership. We continue to ensure we are properly informed of new models and emerging threats to the midwifery workforce in what continues to be an ever-changing environment, and that we work for members by ensuring our voice is heard and influential. We are working hard on the Maternity Transformation Programme in England and Better Births in Scotland, and we continue to put pressure on the government to ensure midwifery numbers increase. However, we recognise that our members remain under increasing pressure as demand and resource issues affect their daily working lives.

INVESTMENT POWERS, POLICY AND PERFORMANCE

The RCM has wide investment powers and delegates the management of the investment portfolio of the RCM Board to its fund managers.

The Investment Committee of the RCM Board prepared the investment policy, which was approved by the RCM Board. The policy sets out the investment philosophy and objective, and how this will be achieved. The objective is to maintain and grow the real capital value of the investments over the long term, while providing a suitable level of income to support activities. The long-term objective for the portfolio is to achieve a return by way of income and the capital growth of RPI plus 3% per annum after fees. The board adopted a balanced, medium-risk investment strategy. The portfolio is invested mainly in equities and fixed-interest bonds, but it is also exposed to alternative assets such as property, commodities and absolute-return funds. The RCM does not directly invest in companies involved in arms manufacture, tobacco, alcohol or breast milk substitutes.

The board reviews the investment portfolio regularly with the fund managers, comparing performance against the benchmark and periodically reviewing the appropriateness of the benchmark. Overall, the investment performance has approximately mirrored the market and the benchmark during the year.

The benchmark comprises the following:

- 30% UK equities, measured by the FTSE All Share Index;
- 20% global equities, measured by the MSCI World ex UK Index;
- 5% emerging market equities, measured by the MSCI Emerging Markets Index;
- 10% UK government bonds, measured by the FTA All Stock Govt Index;
- 10% UK corporate bonds, measured by the BofA Merrill Lynch £ Non-Gilt Index;
- 10% property, measured by the IPD All Balanced Funds Index;
- 3% commodities, measured by the Rogers Intl Commodity Index;
- 10% absolute return, measured by the three-month LIBOR + 4%; and
- 2% cash, measured by the three-month LIBOR

The movement of the RCM's investments during the year is shown in note 11 to the accounts.

THE ROYAL COLLEGE OF MIDWIVES
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

RESULTS

The RCM Board has approved the audited consolidated accounts for the year ended 31 December 2017. The result for the year is total comprehensive income of £467,048 (2016: £973,695).

The result for the year of £467,048 included the movements on investments and the pension scheme performance, as required by Financial Reporting Standards (FRS) 102. The relevant movements are disclosed in notes 11 and 14 to the accounts.

A reconciliation between the overall result for the year to 31 December 2017 compared to 2016 is shown below:

	£
Total comprehensive income for 2016	973,695
<i>Change in result between 2016 and 2017 as a result of:</i>	
Accounting for pension scheme under FRS 102	(87,000)
Lower investment return in 2017	(197,000)
Increase in staff and other operational costs over above increase in income	(222,647)
	<hr/>
Total gain relating to the year	<u>467,048</u>

When comparing two years overall income revenue increased from £9,708,359 (2016) to £10,026,034 (2017) – an increase of 3.17%. This increase came from the membership subscriptions, sponsorship, donations and investments. In addition, gains on investments were lower than those experienced in 2016 in line with general market conditions.

Expenditure increased from £8,983,049 (2016) to £9,760,894 (2017) – an increase of 7.97% mainly under staffing and other costs. The current service pension cost as required by FRS 102 is charged to staff costs under pensions. Management has no direct control over the pension scheme performance. In comparison to 2016 higher expenditure was incurred across other costs namely on the legal representations on behalf of members.

Having reviewed the financial position, the RCM Board reasonably expects that the company has adequate resources to continue its activities for the foreseeable future. Accordingly, the board continues to adopt the going-concern basis in preparing the financial statements.

By order of the RCM Board


Julie Richards
Director

Date: 18.7.18

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ROYAL COLLEGE OF MIDWIVES

Opinion

We have audited the financial statements of The Royal College of Midwives (the "parent company") and its subsidiaries (the "group") for the year ended 31 December 2017, which comprise the consolidated income and expenditure account, statement of total recognised gains and losses, consolidated balance sheet, company balance sheet, consolidated cash flow statement and notes to the financial statements, including a summary of 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's profit for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ROYAL COLLEGE OF MIDWIVES

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit:

- The information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The strategic report and the directors' report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us
- The parent company financial statements are not in agreement with the accounting records and returns
- Certain disclosures of directors' remuneration specified by law are not made
- We have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors 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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company'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 directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE ROYAL COLLEGE OF MIDWIVES (CONTINUED)**

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 it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



Tim Redwood
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date 23 July 2018

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
INCOME	4	9,875,383	9,592,664
EXPENDITURE			
Staff costs	5	(4,785,604)	(4,250,333)
Depreciation		(47,390)	(35,435)
Other costs		(4,908,797)	(4,675,827)
OPERATING SURPLUS		133,592	631,069
Gains on investments		241,908	474,330
Investment income		150,651	115,695
Pension scheme finance charge		-	2,000
Charitable grants paid		(19,103)	(21,454)
SURPLUS FOR THE YEAR		507,048	1,201,640

All activities are continuing.

The notes on pages 24 to 35 form part of these accounts.

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY

STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
SURPLUS FOR THE YEAR		507,048	1,201,640
Re-measurement of defined benefit liability	14	<u>(40,000)</u>	<u>(227,945)</u>
TOTAL COMPREHENSIVE INCOME		<u>467,048</u>	<u>973,695</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	2017 £	2016 £
At 1 January 2017	8,357,722	7,384,027
Surplus for the period	507,048	1,201,640
Re-measurement of net defined benefit pension	<u>(40,000)</u>	<u>(227,945)</u>
AT 31 DECEMBER 2017	<u>8,824,770</u>	<u>8,357,722</u>

The notes on pages 24 to 35 form part of these accounts.

THE ROYAL COLLEGE OF MIDWIVES

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible fixed assets	10	1,160,325	1,077,399
Investments	11	6,109,862	4,841,513
		<u>7,270,187</u>	<u>5,918,912</u>
CURRENT ASSETS			
Debtors	12	587,460	393,322
Cash at bank and in hand		2,039,784	3,067,692
		<u>2,627,244</u>	<u>3,461,014</u>
TOTAL CURRENT ASSETS		2,627,244	3,461,014
CREDITORS: Amounts falling due within one year	13	<u>(1,072,661)</u>	<u>(1,022,204)</u>
NET CURRENT ASSETS		1,554,583	2,438,810
NET ASSETS		8,824,770	8,357,722
REPRESENTED BY:			
SPECIFIC FUNDS			
Revaluation reserve	15	879,627	879,627
Headquarters fund		129,625	121,778
Benevolent Fund		662,625	567,005
		<u>1,671,877</u>	<u>1,568,410</u>
GENERAL FUNDS			
Headquarters	15	6,762,875	6,414,090
Branches		390,018	375,222
		<u>7,152,893</u>	<u>6,789,312</u>
TOTAL FUNDS		8,824,770	8,357,722

The balance sheet was approved and authorised for issue by the RCM Board on

18.7.18


Julie Richards

Director
Company number 30157

The notes on pages 24 to 35 form part of these accounts

THE ROYAL COLLEGE OF MIDWIVES

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible fixed assets	10	1,160,325	1,077,399
Investments		4,850,365	3,642,611
TOTAL FIXED ASSETS		6,010,690	4,720,010
CURRENT ASSETS			
Stocks		-	-
Debtors	12	399,931	359,100
Cash at bank and in hand		1,359,453	1,876,229
TOTAL CURRENT ASSETS		1,759,384	2,235,329
CREDITORS: Amounts falling due within one year	13	(847,418)	(804,822)
NET CURRENT ASSETS		911,966	1,430,507
NET ASSETS		6,922,656	6,150,517
GENERAL FUNDS		6,922,656	6,150,517
TOTAL FUNDS AND RESERVES		6,922,656	6,150,517

The balance sheet was approved and authorised for issue by the RCM Board on

18.7.18

J. Richards

Julie Richards
Director
Company number 30157

The notes on pages 24 to 35 form part of these accounts.

THE ROYAL COLLEGE OF MIDWIVES
CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	17	<u>(21,803)</u>	<u>405,668</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		6,770	807
Dividends received		<u>143,881</u>	<u>114,888</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>150,651</u>	<u>115,695</u>
INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(130,315)	-
Purchase of investments		(2,172,752)	(3,584,620)
Sale of investments		<u>1,146,311</u>	<u>2,574,837</u>
NET CASH OUTFLOW FROM INVESTMENT ACTIVITIES		<u>(1,156,756)</u>	<u>(1,009,783)</u>
INCREASE (DECREASE) IN CASH	18	<u>(1,027,908)</u>	<u>(488,420)</u>

The notes on pages 24 to 35 form part of these accounts.

THE ROYAL COLLEGE OF MIDWIVES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. STATUS OF THE COMPANY

The RCM is a company limited by guarantee, registration number 30157, and does not have share capital. The members' liabilities in the case of both organisations (RCM and RCMT) are limited to £1, and there were 47,167 members as at 31 December 2017. The RCM is registered as a trade union at 15 Mansfield Street, London, W1G 9NH.

2. ACCOUNTING POLICIES

a) Accounting convention

The accounts are prepared under the Companies Act 2006, the historical cost accounting rules (modified by the revaluation of listed investments), and in accordance with the amended FRS 102, which has been applied for the first time in the preparation of these financial statements and prior to its compulsory adoption date of 1 January 2016.

Having reviewed the financial position, the RCM Board reasonably expects that the company has adequate resources to continue its activities for the foreseeable future. Accordingly, the board continues to adopt the going concern basis in preparing the financial statements.

b) Basis of consolidation

The consolidated accounts incorporate the accounts of the RCM and its subsidiary, the RCMT, as at 31 December 2017. The RCM (a company limited by guarantee that is not a charity) is a corporate member of the RCMT and appoints all of the trustees. The accounts of the subsidiary also include the Benevolent Fund of the Royal College of Midwives (which is a subsidiary charity of the RCMT) and RCM Trust Trading Company Limited (a subsidiary company of the RCMT in which the RCMT holds the sole share).

c) Tangible fixed assets

Tangible fixed assets held for the company's own use are stated at cost, less accumulated depreciation and accumulated impairment losses. Depreciation of fixed assets is charged in equal annual instalments commencing with the year of acquisition, at rates estimated to write off their cost or valuation less any residual value over their expected useful lives, which are as follows:

Freehold building	50 years
Leasehold property	Over period of lease
Furniture and office equipment	Five years
Computer software	Three years

d) Investments

Investments are stated at mid-market value at the balance sheet date. Gains are calculated based on the difference between the closing market value or sales proceeds and the purchase price or opening market value.

THE ROYAL COLLEGE OF MIDWIVES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES (CONTINUED)

e) Leasing

Operating lease rentals are charged to the income and expenditure account on a straight-line basis over the period of the lease.

f) Pension contributions

The RCM runs a defined benefit scheme for its members. The amounts charged to the income and expenditure account are the current service costs and are included as part of staff costs. Past service costs and other finance costs have been recognised in the income and expenditure account. Actuarial gains and losses are recognised in the statement of other comprehensive income.

Pension scheme assets are measured at fair value, and liabilities are measured on an actuarial basis using the projected unit method and are discounted at a rate equivalent to the current rate of return on a high-quality corporate bond. The actuarial valuation is obtained at least triennially and is updated at each balance sheet date. The actuarial assumptions used represent an area of significant estimation uncertainty. The resulting defined pension scheme asset or liability is shown separately on the face of the balance sheet.

g) Income

Membership subscriptions, commercial partnership income and other contracts for services are recognised during the year in which the service is provided, taking into account the stage of completion at the end of the year. Investment, interest and similar income are credited to the income and expenditure account as they are earned. Donations are recognised in the year they are received. Legacies are recognised during the year in which executors approve a distribution.

h) Expenditure

Expenditure is accounted for on the accrual basis and includes any unrecoverable elements of VAT.

i) Financial instruments

The RCM only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and are subsequently measured at their settlement value.

j) Critical accounting judgements and key sources of estimation uncertainty

In the application of the RCM's accounting policies, which are described in note 2, directors are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The RCM recognises its liability to its defined benefit pension scheme, which involves a number of estimations as disclosed in note 14. In the view of the directors, no other assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

THE ROYAL COLLEGE OF MIDWIVES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

3. BRANCH RETURNS

Thirty-two branches of the RCM have not submitted accounts to headquarters for the year ended 31 December 2017. The omission of these branches does not materially affect these accounts. Accordingly, the balance sheet includes only the latest known cash balances in respect of these branches. Thirty-two branches that did not submit accounts bank with Unity Trust Bank – the same bank that RCM headquarters uses – therefore, it was possible to verify their cash balances.

The income and expenditure account includes:

- a) The income and expenditure of headquarters
- b) The income and expenditure of 139 (2016: 129) branches
- c) Amounts received at headquarters from the branches that have not submitted accounts

The total cash at bank and in-hand shown in the group balance sheet of £2,039,784 (2016: £3,067,692) includes the £388,648 (2016: £375,745) held by branches.

4. INCOME

	2017	<i>2016</i>
	£	<i>£</i>
Membership subscriptions	8,524,485	<i>8,313,505</i>
Conference income	164,413	<i>244,947</i>
Income raised by branches	27,421	<i>22,147</i>
Donations and legacies	79,398	<i>6,722</i>
Commercial partnership income	458,656	<i>365,951</i>
Project income	398,003	<i>416,579</i>
Other income	19,924	<i>26,186</i>
Journal/website income	150,254	<i>160,612</i>
Consultancy/accreditation	52,829	<i>36,015</i>
	9,875,383	<i>9,592,664</i>

THE ROYAL COLLEGE OF MIDWIVES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

5. STAFF COSTS AND NUMBERS

	2017 £	2016 £
Wages and salaries	3,677,837	3,525,599
Social security costs	352,355	323,133
Pension costs	755,412	401,601
	4,785,604	4,250,333
Full-time equivalent employed at 31 December 2017		No
Professional	78	77

The salary cost for the key management personnel during the year was £609,973 (2016: £589,874). The figure is inclusive of pension benefits; no other employee benefits were paid. There were two redundancy payments in the year £65,835 (2016: one £6,829).

6. INTEREST RECEIVABLE

	2017 £	2016 £
Bank and building society interest	6,770	807

7. SURPLUS ON ORDINARY ACTIVITIES

	2017 £	2016 £
This is stated after charging		
Auditor's remuneration		
– audit	29,480	29,100
– other services – taxation	12,330	10,854
Operating lease rentals		
– plant and machinery	29,659	29,199
– land and buildings	55,833	55,833
Depreciation	47,390	35,435

THE ROYAL COLLEGE OF MIDWIVES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

8. REMUNERATION OF MEMBERS OF THE RCM BOARD

No member of the RCM Board received any remuneration from the RCM 2017: nil (2016: nil) except for reimbursement of their travelling expenses totalling £12,123 (2016: £9,209).

9. RESULTS FOR THE FINANCIAL PERIOD

In accordance with the exemptions allowed by Section 408 of the Companies Act 2006, the RCM has not presented its own profit and loss account. The RCM's unconsolidated surplus for the year was £587,395 and the total turnover was £10,087,309.

10. TANGIBLE FIXED ASSETS

	Freehold land and building	Short- leasehold property	Furniture and office equipment	Total
	£	£	£	£
Cost or valuation				
At 1 January 2017	155,000	1,465,925	339,165	1,960,090
Additions	-	-	130,315	130,315
Disposal	-	-	(34,045)	(34,045)
At 31 December 2017	155,000	1,465,925	435,435	2,056,360
Depreciation and amortisation				
At 1 January 2017	46,671	506,515	329,504	882,690
Charge for the year	1,923	25,469	19,998	47,390
Disposal	-	-	(34,045)	(34,045)
At 31 December 2017	48,594	531,984	315,457	896,035
Net book value				
At 31 December 2017	106,406	933,941	119,978	1,160,325
<i>At 31 December 2016</i>	<i>108,329</i>	<i>959,410</i>	<i>9,660</i>	<i>1,077,399</i>

At 31 December 2017, there were capital commitments contracted for of £500,000 (2016: £nil).

THE ROYAL COLLEGE OF MIDWIVES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

11. FIXED-ASSET INVESTMENT

	Group	<i>Group</i>	RCM	<i>RCM</i>
	2017	<i>2016</i>	2017	<i>2016</i>
	£	<i>£</i>	£	<i>£</i>
Market value at start of period	4,841,513	3,357,400	3,642,611	2,680,227
Additions	2,172,752	3,584,620	1,872,261	3,001,056
Disposals	(1,146,311)	(2,574,837)	(851,915)	(2,381,433)
Gains	241,908	474,330	187,408	342,761
	<u>6,109,862</u>	<u>4,841,513</u>	<u>4,850,365</u>	<u>3,642,611</u>
Market value at 31 December				
	<u>6,109,862</u>	<u>4,841,513</u>	<u>4,850,365</u>	<u>3,642,611</u>
Historical cost at 31 December	<u>5,421,379</u>	<u>4,201,430</u>	<u>4,332,027</u>	<u>3,174,504</u>

Investments are held in a mixture of unit trusts managed by Cazenove Capital. Management: all investments are held within the group.

12. DEBTORS

	Group	<i>Group</i>	RCM	<i>RCM</i>
	2017	<i>2016</i>	2017	<i>2016</i>
	£	<i>£</i>	£	<i>£</i>
Amounts due from RCMT	-	-	-	33,040
Other debtors	414,128	283,087	236,256	223,175
Prepayments	173,332	110,235	163,675	102,885
	<u>587,460</u>	<u>393,322</u>	<u>399,931</u>	<u>359,100</u>

13. CREDITORS: Amounts falling due within one year

	Group	<i>Group</i>	RCM	<i>RCM</i>
	2017	<i>2016</i>	2017	<i>2016</i>
	£	<i>£</i>	£	<i>£</i>
Subscriptions in advance	5,280	5,921	5,280	5,921
Trade creditors	358,954	233,066	342,146	230,880
Other taxation and social security	106,468	108,112	106,468	92,878
Accruals	268,698	286,282	224,272	211,388
Deferred income	333,261	388,823	169,252	263,755
	<u>1,072,661</u>	<u>1,022,204</u>	<u>847,418</u>	<u>804,822</u>

THE ROYAL COLLEGE OF MIDWIVES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

14. PENSIONS

The RCM operates a defined benefit scheme in the UK. This is a separate trustee-administered fund that holds the pension scheme assets to meet long-term pension liabilities. A full actuarial valuation was carried out at 31 March 2016 and updated at 31 December 2017 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The most recent actuarial valuation showed a deficit of £1,448,000. The RCM has agreed with the trustees that it will aim to eliminate the deficit over a period of three years and three months from 30 June 2017, by the payment of contributions of £213,784 per annum, payable in equal monthly instalments. In addition, and in accordance with the schedule of contributions, the RCM has agreed with the trustees that it will pay 18.6% of pensionable pay in respect of the cost of accruing benefits, death in service benefits and expenses, and in addition it will meet levies to the pension protection fund. Member contributions are payable in addition at the rate of 7% of pensionable pay.

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET/(LIABILITY)

	31 December 2017 £'000s	31 December 2016 £'000s
Fair value of plan assets	35,717	32,860
Present value of defined benefit obligation liabilities	32,411	31,055
Unrecognised surplus	3,306	1,805
Surplus in plan	3,306	1,805
Defined benefit asset (liability)	<u>-</u>	<u>-</u>

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	31 December 2017 £'000s	31 December 2016 £'000s
Defined benefit obligation at start of period	31,055	25,436
Current service cost	660	399
Expenses	94	82
Interest expense	836	959
Contributions by plan participants	214	208
Actuarial losses	661	5,065
Benefits paid and expenses	(1,109)	(1,094)
Defined benefit obligation at end of period	<u>32,411</u>	<u>31,055</u>

THE ROYAL COLLEGE OF MIDWIVES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

14. PENSIONS (CONTINUED)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	2017 £'000s	<i>2016</i> <i>£'000s</i>
Fair value of plan assets at start of period	32,860	25,295
Interest income	886	961
Actuarial gains	2,072	6,642
Contributions by RCM	794	848
Contributions by plan participants	214	208
Benefits paid and expenses	(1,109)	<i>(1,094)</i>
	35,717	<i>32,860</i>

The actual return on the plan assets over the period ending 31 December 2017 was £2,958,000 (2016: £7,603,000).

DEFINED BENEFIT COSTS RECOGNISED IN PROFIT AND LOSS ACCOUNT

	2017 £'000s	<i>2016</i> <i>£'000s</i>
Current service cost	660	399
Expenses	94	82
Net interest cost	-	<i>(2)</i>
Defined benefit costs recognised in profit and loss account	754	<i>479</i>

THE ROYAL COLLEGE OF MIDWIVES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

14. PENSIONS (CONTINUED)

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	2017	2016
	£'000	£'000
Return on plan assets (excluding amounts included in net interest cost) gain		
Amount gain	2,072	6,642
Experience gains and (losses) arising on the plan liabilities:		
Amount gain	(742)	134
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities:		
Amount gain/(loss)	81	(5,199)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) (loss)	(1,451)	(228)
 Total amount recognised in other comprehensive income	 (40)	 (228)

ASSETS

	2017	2016
	£'000	£'000
UK equities	7,499	7,203
Overseas equities	7,499	7,203
Corporate bonds	4,108	3,755
Diversified growth funds	4,703	3,261
Property	2,457	2,275
Cash	170	225
Insured pensioners	265	239
LDI	9,016	8,699
 TOTAL ASSETS	 35,717	 32,860

None of the fair values of the assets shown above includes any direct investments in the RCM's own financial instruments or any property occupied by, or other assets used by, the RCM.

THE ROYAL COLLEGE OF MIDWIVES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

14. PENSIONS (CONTINUED)

ASSUMPTIONS

	% per annum	<i>% per annum</i>
	2017	<i>2016</i>
Rate of discount	2.40	<i>2.70</i>
Inflation (RPI)	3.15	<i>3.45</i>
Inflation (CPI)	2.15	<i>2.45</i>
Salary growth	3.15	<i>3.45</i>
Allowance for revaluation of differed pensions of CPI or 5% p.a. if less, minimum 3% p.a.	3.00	<i>3.00</i>
Allowance for pension in payment increases of RPI 5% p.a. if less	3.15	<i>3.45</i>
Allowance for commutation of pension for cash at retirement	90% of members commute 25% of their	90% of members commute 25% of their pension

The mortality assumptions adopted at 31 December 2017 imply the following life expectancies:

Male retiring in 2017	22.2
Female retiring in 2017	24.3
Male retiring in 2037	24
Female retiring in 2037	26.2

The best estimate of contributions to be paid by the employer for the period commencing 1 January 2018 is £811,000 (2016: £772,000).

THE ROYAL COLLEGE OF MIDWIVES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

15. MOVEMENT ON RESERVES

	<i>1 January</i> <i>2017</i> £	Movement in the period £	Gains realised £	Revaluation £	31 December 2017 £
SPECIFIC FUNDS					
Revaluation reserve	879,627	-	-	-	879,627
Headquarters specific fund	121,778	2,459	1,070	4,318	129,625
Headquarters benevolent fund	567,005	71,486	4,933	19,201	662,625
TOTAL SPECIFIC FUNDS	1,568,410	73,945	6,003	23,519	1,671,877
GENERAL FUNDS					
General funds – HQ	6,414,090	136,399	26,440	185,946	6,762,875
General funds – branches	375,222	14,796	-	-	390,018
	6,789,312	151,195	26,440	185,946	7,152,893
TOTAL SPECIFIC AND GENERAL	8,357,722	225,140	32,443	209,465	8,824,770
Pension fund reserve	-	40,000	-	(40,000)	-
TOTAL FUNDS	8,357,722	265,140	32,443	169,465	8,824,770

16. FINANCIAL COMMITMENTS

At 31 December 2017, the group and company had the following annual commitments under non-cancellable operating leases expiring as follows:

	Land and building		Furniture and equipment	
	2017	2016	2017	2016
	£	£	£	£
In less than one year	55,833	55,833	25,414	18,617
Within two to five years	111,666	109,739	4,245	6,000
In more than five years	-	-	-	-

THE ROYAL COLLEGE OF MIDWIVES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

17. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2017	2016
	£	£
Operating surplus	133,592	631,069
Depreciation	47,390	35,435
(Increase)/decrease in debtors	(194,138)	(44,304)
Increase in creditors	50,456	171,922
Charitable grants paid	(19,103)	(21,454)
Pension current costs	754,000	481,000
Contribution by employer	(794,000)	(848,000)
	<u>(21,803)</u>	<u>405,668</u>

18. ANALYSIS OF BANK BALANCES AND CHANGES IN THE YEAR

	2016	Change in year	2017
	£	£	£
Cash at bank and in hand	<u>3,067,692</u>	<u>(1,027,908)</u>	<u>2,039,784</u>

19. SUBSIDIARY UNDERTAKINGS

The RCM is the ultimate parent entity of the RCM Group. At 31 December 2017, the RCMT and RCM Trust Trading Company Limited formed part of the consolidated financial statements. The RCMT is controlled by the same board as the RCM, and the RCMT holds 100% of the share capital of RCM Trust Trading Company Limited. Both subsidiaries are registered in the UK and have the same registered office as the RCM.

THE ROYAL COLLEGE OF MIDWIVES
COMPANY STATEMENT TO MEMBERS
FOR THE YEAR ENDED 31 DECEMBER 2017

SECTION 32A(6)(A) OF THE TRADE UNION AND LABOUR RELATIONS (CONSOLIDATION) ACT 1992 AS AMENDED BY THE EMPLOYMENT RELATIONS ACT 1999

- a) Total income and expenditure of the trade union for the period ended 31 December 2017:

Income	£10,245,929
Expenditure	£9,473,790

- b) The total income for the union for the period ended 31 December 2017 includes £ 8,524,485 of payments in respect of membership.
- c) The union has no political fund.
- d) The CEOs (whose role includes that of general secretary) received a gross salary of £186,908 for the 12-month period, which includes benefits consisting of pension contributions.

It should be noted that the CEO's salary is associated with all the activities of the RCM and not just the trade union. No salary or other benefits were received by the president or any members of the RCM Board.

A member who is concerned that some irregularity may be occurring, or may 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 one or more of the following (as appropriate): the officials of the union, the trustees of the property of the union, the auditor or auditors of the union, or the certification officer (who is an independent officer appointed by the secretary of state) or the police.

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