

THE ROYAL COLLEGE OF MIDWIVES

**DIRECTORS' REPORT AND
CONSOLIDATED ACCOUNTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

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THE ROYAL COLLEGE OF MIDWIVES

DIRECTORS' REPORT AND CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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THE ROYAL COLLEGE OF MIDWIVES

CONTACT DETAILS

FOR THE YEAR ENDED 31 DECEMBER 2019

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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THE ROYAL COLLEGE OF MIDWIVES

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019. 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 or maternity support workers 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.

Natalie Linder – (deputy chair until 31 August 2019)

Helene Marshall (until 31 August 2019)

Julie Richards – chair (until 31 August 2019)

Kate Evans

Giuseppe Labriola - chair (from 1 September 2019)

Tracy Miller

Pauline Twigg deputy chair from 1 September 2019)

Janet Ballentine (appointed 1 September 2019)

Keelie Lorraine Barrett (appointed 1 September 2019)

Michelle Beacock

Sarah Jones (appointed 1 September 2019)

Neil Tomlin (appointed 1 September 2019)

Sascha Wells (appointed 1 September 2019)

Daren Davies (appointed 1 September 2019)

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DIRECTORS' REPORT (CONTINUED)

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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 seven times during the year, one of which was an induction meeting to introduce incoming members to each other and discuss their roles with the outgoing members. The overall attendance of board members was 85%.

RCM BOARD PERFORMANCE

2019 was the eighth 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:

Helene Marshall - chair (until 1 September 2019)

Pauline Twigg – deputy chair

Giuseppe Labriola (until 31 August 2019)

Sascha Wells – chair (from 1 September 2019)

Daren Davies (from 1 September 2019)

Neil Tomlin (from 1 September 2019)

Tony Scott, having a professional background in finance and audit, served as an external member. The committee held four meetings during the year and the overall attendance of members was 88%.

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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:

Michelle Beacock (until 1 September 2019)
Tracy Miller (throughout 2019)
Julie Richards (Chair) (until 1 September 2019)
Dr Susan Way (until 1 September 2019)
Giuseppe Labriola (Chair) (from 1 September 2019)
Keelie Barrett (from 1 September 2019)
Sarah Jones (from 1 September 2019)

The committee held four meetings during the year and the overall attendance of members was 84%.

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 expenses. The members during the year were:

Daren Davies – Chair from 1st September 2019
Kate Evans – on the Committee throughout 2019
Giuseppe Labriola – chair until 31st August 2019
Julie Richards – until 31st August 2019

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 2019 and the overall attendance of members was 75%. The members during the year were:

Chris Truman, (COO)
Michelle Beacock
Tracy Miller (chair)
Keelie Barrett (from 1 September 2019)

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

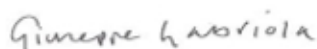
The RCM Board is responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company, and that are sufficient to enable the board to ensure that the financial statements 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



Giuseppe Labriola
Director

Date: 16.7.20

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STRATEGIC REPORT

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The RCM represents the interests of midwives and maternity support workers (MSWs), individually and collectively, in all four UK countries. It also works to promote excellence, innovation and leadership in the care of pregnant women, their babies and families. To achieve this, it sets new business objectives each year that encompass the broad range of business and professional activities. As part of this, the RCM produces evidence-based reports, develops training materials and online learning resources, hosts conferences and events, influences governments to support greater investment in maternity services in order to improve quality and provision, and provides individual members with tailored support and representation.

While this strategic report primarily reflects the work and output for 2019, the RCM recognises that the impact of the Covid-19 pandemic on the plans for 2020 and the way it operates as a membership organisation, a trade union and a professional body, will be significant. The RCM is able to operate remotely and adapt its delivery of support and services and will be investing in systems and people to ensure it fulfils the needs of its members.

Strategic goals	Strategic objectives
1. To listen and learn from our members so that we can lead and influence effectively.	<ul style="list-style-type: none">I. Proactively engaging and listening to members at local, regional and global events and through the membership survey.II. Actively influencing/negotiating on the issues raised of importance to members in 2018 (the Big Conversation).III. Engaging with, influencing and challenging where necessary, the implementation of national maternity policies in each of the four countries (eg Maternity Vision for Wales, Best Start).IV. Reviewing the RCM's professional offer through consultation with members from all areas of the profession.V. Actively working to promote the benefit and need for strong midwifery leadership nationally, regionally and locally in each health Trust/Board.
2. To deliver RCM products and services that offer value for money and meet the individual and collective needs of our members	<ul style="list-style-type: none">I. Delivering new products and services while refreshing our existing offer to increase engagement with our members.II. Ensuring high quality and effective support to individual members through representation.III. Evidencing a growth in membership numbers across business-critical categories.IV. Gaining clarity on why members leave across all categories and analysing what control we have over member retention.V. Actively encouraging a range of member feedback methods including introducing and evaluating new methods.

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<p>3. To be a caring, well-led and well-managed organisation.</p>	<p>I. Ensuring the 2019 staff survey demonstrates a positive direction of travel from the trends set by the 2016-18 staff surveys.</p> <p>II. Continuing to demonstrate improvement in internal and external audit reports.</p> <p>III. Developing and implementing the RCM's People Strategy.</p> <p>IV. Contributing to the long-term financial security of the RCM.</p> <p>V. Delivering the programmes and projects committed to in the business plan and evaluating those already delivered to demonstrate value.</p>
<p>4. To actively grow and build networks, alliances and partnerships.</p>	<p>I. Encouraging collaborations that strategically enhance the profile and impact of the RCM and ending collaborations that do not meet these aims.</p> <p>II. Increasing the profile and impact of the RCM at local Trust/Board and regional levels.</p>

The RCM's strategic objectives for 2019 were:

- 1.i. Proactively engaging and listening to members at local, regional and global events and through the membership survey.
 - In 2019, the RCM held a total of 636 events – more than 10 a week – across the UK.
 - There were 108 events to celebrate MSW Week (maternity support workers).
 - There were 145 International Day of the Midwife events.
 - The RCM visited every university with a midwifery undergraduate programme to meet first-year students.
 - There was an increase in the number of active branches, of MSW advocates and of workplace representatives, increasing the RCM's local engagement capacity.
 - The RCM increased its leadership capacity by appointing two additional regional managers in England, taking the total to four.
 - Membership topped 49,000 for the first time ever in 2019, reflecting greater engagement at local level.
 - The RCM carried out its third member survey in Q3 and presented the results in Q4 to the Executive Management Team, RCM Board and middle leaders.
- 1.ii. Actively influencing/negotiating on the issues raised of importance to members in 2018 (the Big Conversation).
 - With staffing shortages a key issue, the RCM successfully campaigned for an increase in student midwife places. These included an additional 485 places in England, a five per cent increase in 2019 and a further five per cent in 2020 in Scotland, and a 14.5% increase in Wales. In June 2019, numbers of midwives in England were 21,632 an increase of 115 from the previous year.

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- In addition to the three-year pay deal in England, negotiations for pay parity for Northern Ireland continued at pace in 2019. In Q4, the RCM began balloting members on potential industrial action. (The campaign achieved its demands in full with backpay to start of three-year deal in 2020). The RCM has also been at the centre of negotiations around pay negotiations for Wales and Guernsey, which were successfully resolved in Q4.
- The RCM secured support for midwifery and maternity services during the 2019 General Election campaign, securing support across the political spectrum for its manifesto. The RCM also campaigned on issues of importance to members, including homelessness, FGM (female genital mutilation), abortion, Brexit and a great involvement with the Nursing and Midwifery Council's (NMC) consultation on future midwife standards

1.iii. Engaging with, influencing and challenging where necessary, the implementation of national maternity policies in each of the four countries (eg Maternity Vision for Wales, Best Start).

- In England, the RCM continues to engage positively with the maternity transformation programme (MTP), whilst also acting as a critical friend to those charged with implementing MTP. During 2019 this has involved:
 - Feeding back the views of RCM members on the impact of maternity transformation to the MTP Programme Board, of which RCM Chief Executive Gill Walton is a member
 - Representing the voice of midwives and MSWs on the national stakeholder council and on the nine MTP workstreams, which cover, among other things: safety; choice and personalisation; workforce issues; payment systems and digitalising services.
 - At a local level, RCM officers have worked with Local Maternity Systems (LMSs) to support the planning and delivery of local transformation programmes.
 - Influencing the way that maternity transformation is delivered, for example by lobbying for the right level of resources to be invested in maternity services and for all maternity staff to be given proper support and development.
 - Supporting RCM members in achieving change, through the development of products, resources and guidance. This has included:
 - iLearn modules, training sessions and employment advice on implementing midwifery led continuity of carer
 - Working with the RCOG on a programme to support clinical leaders implement the learning from the Each Baby Counts programme
 - Producing guidance for midwives on implementing the Homelessness Reduction Act
- In Scotland, the RCM continues to support implementation of the Best Start Best Start programme for the transformation of maternity and neonatal services, while also making the argument that such a radical programme will require investment in the right level of resources and staffing. To this end the RCM has successfully lobbied for ringfenced investment in maternity services, for an increase in student training places and for a review of the midwifery workforce planning tool.

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- In Wales, the RCM welcomed the launch of Maternity Care in Wales: a five-year vision for the future and has called for investing in midwifery staffing and training in order to support the delivery of the vision. The vision was developed in partnership by all those involved in maternity care in Wales, including the RCM. The RCM has also supported plans to develop an all Wales multi-disciplinary working group which will support the implementation of continuity of carer models across Wales.

1.iv. Reviewing the RCM's professional offer through consultation with members from all areas of the profession.

- To develop understanding of the implementation of the Continuity of Carer (CoC) policy, the RCM delivered a number of workshops, including six one-day 'Train the Trainer' events. The RCM's also developed and delivered a CoC i-learn module, which was viewed by around 2,000 members in 2019.
- The RCM continued to invest in leadership within the profession, appointing a leadership advisor in 2019. Leadership courses and programmes were reviewed and refreshed to ensure support is available across the maternity workforce, from MSWs to heads of midwifery (HoM). The RCM leadership manifesto was launched in Q3 following work by the Midwifery Leadership Development Group. There is already evidence of Trusts using the manifesto as a basis for changing their structure.
- The RCM held equality and diversity workshops to listen to and understand the challenges faced by black, Asian and minority ethnic (BAME) members. This work will influence a major programme during 2020 to provide more and better support and representation.
- The RCM commenced work on its first-ever research strategy. This work will support the development of midwifery research, including wider engagement across the profession. The new strategy is due to be launched in 2020.
- The RCM continued to offer strong representation and support to members under investigation locally or by the NMC. While only a small number each year encounter this, when they do, they are assured of support from skilled workplace reps, Regional/national officers (RO/NO) and legal team. In 2019, 627 members were represented by a full-time officer, 1,500 were represented by their local workplace representative and more than half of cases had a positive outcome for the member.

1.v. Actively working to promote the benefit and need for strong midwifery leadership nationally, regionally and locally in each health Trust/Board.

- The RCM launched its Leadership Manifesto in August 2019, setting out seven steps for supporting strong, effective midwifery leadership and for ensuring that the voice of midwifery reaches the highest levels of management at local, regional and national level.
- The RCM held a leadership summit on the eve of its annual conference and 20 midwifery leadership events.
- The RCM also worked with elected members and Peers to table questions at Westminster and in the devolved parliaments on midwifery leadership. The RCM's influencing work has ensured the upgrading of a number of midwifery leadership posts in England and Wales.

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- The RCM continues to press for senior midwifery positions within government, educational and regulatory organisations across the UK and has established a working group to develop the midwifery career pathway, including leadership.

2.i. Delivering new products and services whilst refreshing our existing offer to increase interaction with our members.

- The new corporate website went live Q1, offering new functionality. Work is continuing to ensure content and accessibility meet members' requirements.
- The development programme for the RCM's back office functions including customer relationship management and IT systems was rolled out across the organisation in Q1. The programme continues into 2020 to ensure the RCM can be as responsive to the needs of staff and members as possible.
- There were over 600 events run across the UK with more than 2500 attending the annual conference in Manchester. The first two cohorts of the Leading for Maternity Improvement Programme completed the course in London and Edinburgh. For RCM activists there were 17 residential courses, over 40 training days and two conferences. The events have been rated highly with 91% of attendees saying they would return or recommend a colleague.
- In Q2 *Midirs Digest* transferred from NCT ownership to the RCM with a staff TUPE to the RCM, further enriching the RCM's research and information sharing offering to members.
- *Midwives* magazine was relaunched to better reflect the operations of the RCM and the needs of its members. With a new editor and editorial board, it was increased to six issues a year to spread best practice and continue to give members a voice.
- The RCM Benevolent Fund continues to provide financial assistance to UK midwives and MSWs, both working and retired, suffering immediate personal or financial hardship, due to, for example, illness, disability or domestic abuse. The Benevolent Fund made 46 awards (declined four) in 2019 to a value of £37,106.02. In addition to awards made by the Benevolent Fund, Cavell, which administers the Fund, consider RCM applications to determine whether they meet their own criteria and therefore provide additional financial support. In 2019 RCM applicants received an additional £9,100 from Cavell itself.

2.ii. Ensuring high quality and effective support to our individual members through the representation we provide.

- In Q2 RO/NOs closed 49 cases, in Q3 the figure was 219 and in Q4, 73 cases were closed. The data for Q3 is unreliable due to a 360 system error that was resolved in the same quarter
- In 2019, 627 members were represented by a full-time officer, 1,500 were represented by their local WPR and more than 50% of cases had a positive outcome for the member.

2.iii. Evidencing a growth in membership numbers across business-critical categories.

- Membership across all categories grew to 49,000 for the first time ever in 2019.
- MSW membership at the end of 2019 was 1,419 (net increase of five from 2018).
- Student membership at the end of 2019 was 7,381 (net increase of 1,083 from 2018).

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- Full membership at the end of 2019 was 32,675 (net decrease of 243 from 2018).
- 2.iv. Gaining clarity on the reasons members leave across all categories and analysing what control we have over member retention.
- The membership statistics continue to follow trends from previous years (such as newly qualified midwives churn rates due to regional post shortages). A recruitment and retention working group has been established to gather further intelligence and address concerns.
- 2.v. Actively encouraging a range of member feedback methods including introducing and evaluating new methods.
- Engagement with new members took place via Connect and a new baseline was set for 2020. Recruitment and Retention Group report due January 2020
 - The robust complaints procedure registered only 13 complaints in 2019. These will be submitted to the board in 2020
 - A survey of members was completed in November 2019 to benchmark satisfaction against the 2016 levels (date of last survey), compare and contrast level of importance and performance of membership benefits, assess the extent to which various RCM communications are used and specifically gauge member feedback about work place representation.
- 3.i. Ensuring the 2019 staff survey demonstrates a positive direction of travel from the trends set by the 2016-18 staff surveys.
- The 2019 staff survey shows high levels of engagement in many areas and feedback continues to inform the RCM's people strategy.
 - The HR team has continued to improve internal communication, staff development and succession planning
 - The presentation of 'You said, we did' at the staff conference reinforces that survey results are listened to and acted upon in a measurable way
- 3.ii. Continuing to demonstrate improvement in internal and external audit reports.
- All audit reports continue to give reassurance, with positive feedback from auditors.
 - Significant assurance has been given to internal audit reviews of risk, financial processes, the Benevolent Fund and RCM rules. An internal audit review of GDPR was given moderate assurance with steps taken to address the gaps that were identified
- 3.iii. Developing and embarking on implementing the RCM's People Strategy.
- The 2019 staff survey shows high levels of engagement in many areas and feedback continues to inform the RCM's people strategy.
 - The People Strategy is on target. Throughout 2019 workshops were held across the organisation to prepare for rollout in 2020.
 - In addition, RCM360, which enables RCM to improve way staff work, helps record better information on

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- members (to personalise the communications/service) and work more efficiently, went live in March.
- 3.iv. Contributing to the long-term financial security of the RCM.
- As part of an internal audit of costs, the building lease for 15 Mansfield Street W1G 9NH (RCM head office) was sold in 2019, to allow investment in services and new HQ offices. The RCM will move to new purpose-built premises in London Bridge in 2020. The move to a building with other health sector organisations enables greater cross-sector working and will provide staff with a better working environment, as well as securing the RCM's financial future. The move is self-funding and will be done at no cost to members with no impact on fees.
 - In addition, actions were taken to relocate of Wales and Northern Ireland offices to more appropriate premises with reduced rents.
 - The renewal of one Alliance Partner and a continuing reciprocal relationship with three others contributes to the RCM's long-term financial security. The RCM is still actively pursuing other potential partnerships.
- 3.v. Delivering the programmes and projects committed to in the business plan and evaluating those already delivered to demonstrate value.
- The RCM is a founder member of One Voice, a new professional collaboration of organisations involved in maternity and neonatal care. The membership of One Voice includes the Royal College of Obstetricians & Gynaecologists (RCOG), the Association of Anaesthetists, the Royal College of Paediatrics & Child Health (RCPCH), National Childbirth Trust (NCT) and Sands UK. The group will allow collaboration across professional bodies and enable consistency of policy and communications around shared goals and issues.
 - During 2019, as One Voice we lobbied the Heath Select Committee to launch a new inquiry into maternity services in England; we also raised concerns with the Maternity Safety Champions in England about the need to prioritise and progress safety programmes for maternity services.
 - As stated above, the RCM360 project went live Q1. All membership renewals are now sent electronically bringing cost savings and a reduction in paper use. Internal communications are also quicker and more efficient.
 - *Midirs* was successfully integrated into the RCM, increasing the membership offering.
- 4.i. Selectively encouraging collaborations that strategically enhance the profile and impact of the RCM and stopping collaborations that do not meet these aims.
- As stated above, One Voice was established to create a unified multidisciplinary group, focussed on improving quality and safety of care in maternity services.
 - The Quality & Standards Team is involved with a number of national initiatives within maternity services, with the overall ambition of improving the safety of the service. The key quality themes include: improving experiences, preventing harm, reducing variation and continuous improvement.
 - In Q3, the Tommy's National Centre for Maternity Improvement was launched in collaboration with Tommy's, RCOG, RCM, NHS and universities to improve safety, maternity care and to reduce stillbirth and preterm birth over a three-year period.

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- The RCM campaigned with the National Union of Students and other health unions and professional bodies for improved financial support for student midwives and other healthcare students. Following the general election in December, the Government announced that student midwives and nurses will receive a grant of at least £5,000 per annum from September 2020.
- The RCM has supported the Association of Anaesthetists 'Fight Fatigue' campaign to raise awareness of the risks of fatigue in healthcare settings, to introduce minimum standards for rest facilities and to promote positive attitudes towards rest across the workforce. The Association has signed up to support the RCM's Caring for You campaign.
- In March, the RCM came together with Public Health England, the Local Government Association and the mayor of Greater Manchester, Andy Burnham, to launch guidance on caring for homeless women.
- The RCM is continuing its partnership with RCOG around Each Baby Counts: Learn and Support. This is an ongoing three-year partnership (launched in 2018), supported and funded by the Department of Health & Social Care, that works with a number of local maternity units to support multi-professional learning and improve safety.
- RCM Scotland helped develop guidance on specialist midwifery roles for perinatal mental health and has been invited to be part of the new National Implementation Board for perinatal mental health, alongside perinatal mental health CPN (community psychiatric nurse) leads.
- The RCM's global profile, fighting for the rights of mothers and infants to safe and respectful care, was raised by the success of the Bangladesh twinning project. United Nations funding of resources helped make this possible. Conversations about wider work in India also began in 2019.
- The RCM has worked hand in hand with training and education providers and Health Education England to help create a more unified system of education and training for MSWs and raise awareness of the new courses
- The RCM has also worked with Maternity Action to support the rights of migrant women and the services available to them.

4.ii. Increasing the profile and impact of the RCM locally.

- Investment in core representation and organising teams has enabled the RCM to reach more workplaces across 2019, raising its profile among members and potential members.
- The RCM continues to be ambitious for local service provision by its branches. By Q4, almost half (48%) of all Trusts and Boards had at least one workplace representative (WPR) of each category. Almost eight out of 10 significant workplaces reported that that had an effective steward in place.
- By Q4, 83% of stewards had had a one-to-one meeting with their Regional or National Officer. Wales reported 100% on this target and 100% for stewards meeting learning representatives and 99% for one to one meetings with health and safety representatives.
- In 2019, the RCM accredited 191 WPRs and 51 newly-accredited WPRs attended a stage one training course within six months of their appointment. In addition the attrition rate for WPRs resigning in the first two years following attendance at a stage one training course reduced to 11%.
- There was a significant increase in the number of active branches from the 2018 baseline. In Q2, 86 branches (56%) fulfilled the definition of an active branch (AGM, financial return, two officers and an event held), rising to 75% by Q4.
- The Activists' Conference saw discussions about pay (specifically in N. Ireland) and Brexit (supporting EU

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members). Activists are engaged and passionate and the lifeblood of the RCM at local level

- As part of Best Start in Scotland and the implementation of Continuity of Carer (CoC), the RCM conducted listening exercises in 2018 and 2019. These exercises were replicated in 2019 in England as CoC was rolled out. Members' concerns were listened to and the RCM is reconsidering the approach of CoC in 2020. It is a great example of how contact at local level shapes the direction of the RCM at national level across the four countries.

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:

Pandemics

A key and unexpected risk for the RCM has been the Covid-19 pandemic. The RCM has a business continuity plan in place which addresses the impact of issues such as Covid-19. Significant planning has taken place and communications issued to Members and Staff. All staff are able to work from home (Surface Pros/Office 365/i-Phones) and key suppliers are regularly checked for their preparations and business continuity plans. The impact of the pandemic is multiple, but the RCM is able to adapt the delivery of its services and the support it offers its members with a greater focus on digital output and communication. Financially the RCM is in a strong and stable position but will be constantly reviewing this and its priorities for 2020 and beyond to ensure it remains a financially secure and stable organisation that is able to meet and deliver on the expectations of its members.

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.

THE ROYAL COLLEGE OF MIDWIVES
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

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. For example, the RCM360 project focussed on replacing the existing customer relationship management (CRM) system and the website content management system (CMS) which went live in 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. Two partners departed in 2019, and one existing contract was renewed in 2019. 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 and one that is being mitigated by the ongoing search for new partnerships.

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. We are looking at a number of ways to minimise this risk.

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 Best Start 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.

THE ROYAL COLLEGE OF MIDWIVES
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

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.

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.

RESULTS

The RCM Board has approved the audited consolidated accounts for the year ended 31 December 2018. The result for the year is total comprehensive surplus of £2,556,411(2018: £317,813).

The result for the year of £2,556,411 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 results for the year to 31 December 2019 compared to 2018 is shown below:

THE ROYAL COLLEGE OF MIDWIVES
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

	£
Total comprehensive income for 2018	(317,813)
<i>Change in result between 2018 and 2019 as a result of:</i>	
Accounting for pension scheme under FRS 102	(137,000)
Higher investment return in 2019	1,012,509
Increase in income, staff and other operational costs	1,998,715
	<hr/>
Total gain relating to the year	<u>2,556,411</u>

When comparing two years overall income revenue increased from £9,854,891 (2018) to £12,226,520 (2019) – an increase of 24%. This increase mainly come from the gains realised on the sale of RCM HQ in Mansfield Street.

Expenditure increased from £9,724,812 (2018) to £10,093,315 (2019) – an increase of 3.79 % mainly under staffing and depreciation 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 addition, gains on investments were higher than those experienced in 2018 in line general market conditions.

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

Giuseppe Labriola

Giuseppe Labriola
 Director

Date: 16.7.20

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 2019 which comprise the consolidated income and expenditure account, statement of other comprehensive income, 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).

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 2019 and of the group’s **profit/loss** 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; or
- 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.

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.

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

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; and
- 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; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- 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 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.

Use of our report

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.



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

Date: 24 September 2020

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
INCOME	4	<u>9,747,167</u>	<u>9,703,610</u>
EXPENDITURE			
Staff costs	5	(5,217,534)	(4,842,520)
Depreciation		(201,675)	(42,933)
Other costs		<u>(4,629,548)</u>	<u>(4,813,564)</u>
OPERATING SURPLUS (DEFICIT)		<u>(301,590)</u>	<u>4,593</u>
Gains (losses) on investments		513,206	(478,892)
Realised gain on sale of Mansfield Street		2,307,661	-
Investment income		171,692	151,281
Charitable grants paid		(44,558)	(25,795)
SURPLUS FOR THE YEAR		<u>2,646,411</u>	<u>(348,813)</u>

All activities are continuing.

The notes on pages 29 to 41 form part of these accounts.

THE ROYAL COLLEGE OF MIDWIVES AND SUBSIDIARY COMPANY

STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	<i>2018</i> £
SURPLUS FOR THE YEAR		2,646,411	(348,813)
Re-measurement of defined benefit liability	14	<u>(90,000)</u>	<u>31,000</u>
TOTAL COMPREHENSIVE INCOME		<u>2,556,411</u>	<u>(317,813)</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	2019 £	<i>2018</i> £
At 1 January 2019	8,506,957	8,824,770
Surplus for the period	2,646,411	(348,813)
Re-measurement of net defined benefit pension	<u>(90,000)</u>	<u>31,000</u>
AT 31 DECEMBER 2019	<u>11,063,368</u>	<u>8,506,957</u>

The notes on pages 29 to 41 form part of these accounts.

THE ROYAL COLLEGE OF MIDWIVES

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Tangible fixed assets	10	111,799	1,035,132
Intangible fixed assets	10	512,053	553,212
Investments	11	6,265,875	5,802,171
		<u>6,889,727</u>	<u>7,390,515</u>
CURRENT ASSETS			
Debtors	12	624,637	369,979
Cash at bank and in hand		<u>4,662,631</u>	<u>1,936,051</u>
TOTAL CURRENT ASSETS		5,287,268	2,306,030
CREDITORS: Amounts falling due within one year	13	<u>(1,113,627)</u>	<u>(1,189,588)</u>
NET CURRENT ASSETS		<u>4,173,641</u>	<u>1,116,442</u>
NET ASSETS		<u>11,063,368</u>	<u>8,506,957</u>
REPRESENTED BY:			
SPECIFIC FUNDS	15		
Revaluation reserve		-	879,627
Headquarters fund		106,205	99,186
Benevolent Fund		<u>687,966</u>	<u>641,871</u>
		<u>794,171</u>	<u>1,620,684</u>
GENERAL FUNDS	15		
Headquarters		9,835,015	6,466,906
Branches		<u>434,182</u>	<u>419,367</u>
		<u>10,269,197</u>	<u>6,886,273</u>
TOTAL FUNDS		<u>11,063,368</u>	<u>8,506,957</u>

The balance sheet was approved and authorised for issue by the RCM Board on 16.7.2020

Giuseppe Labriola

Giuseppe Labriola
Director
Company number 30157

The notes on pages 29 to 41 form part of these accounts.

THE ROYAL COLLEGE OF MIDWIVES

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Tangible fixed assets	10	111,799	1,035,132
Intangible fixed assets	10	512,053	553,212
Investments		5,364,812	4,973,185
TOTAL FIXED ASSETS		<u>5,988,664</u>	<u>6,561,529</u>
CURRENT ASSETS			
Debtors	12	647,025	378,690
Cash at bank and in hand		4,019,004	1,199,173
TOTAL CURRENT ASSETS		4,666,029	1,577,863
CREDITORS: Amounts falling due within one year	13	<u>(738,260)</u>	<u>(1,002,205)</u>
NET CURRENT ASSETS		<u>3,927,769</u>	<u>575,658</u>
NET ASSETS		<u>9,916,433</u>	<u>7,137,187</u>
GENERAL FUNDS		9,916,433	7,137,187
TOTAL FUNDS AND RESERVES		<u>9,916,433</u>	<u>7,137,187</u>

The RCM's unconsolidated surplus for the year was £2,779,246 (2018: 582,997) and the total turnover was £12,257,869 (2018: £9,997,832).

The balance sheet was approved and authorised for issue by the RCM Board on 16.7.2020

Giuseppe Labriola

Giuseppe Labriola
Director
Company number 30157

The notes on pages 29 to 41 form part of these accounts.

THE ROYAL COLLEGE OF MIDWIVES
CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	17	<u>(565,090)</u>	<u>387,139</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		2,444	4,452
Dividends received		<u>169,248</u>	<u>146,829</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>171,692</u>	<u>151,281</u>
INVESTING ACTIVITIES			
Purchase of tangible and intangible fixed assets		(129,524)	(470,952)
Sale of fixed assets		3,200,000	-
Purchase of investments		(2,159,170)	(1,001,591)
Sale of investments		<u>2,208,672</u>	<u>830,390</u>
NET CASH OUTFLOW FROM INVESTMENT ACTIVITIES		<u>3,119,978</u>	<u>(642,153)</u>
INCREASE (DECREASE) IN CASH	18	<u>2,726,580</u>	<u>(103,733)</u>

The notes on pages 29 to 41 form part of these accounts.

THE ROYAL COLLEGE OF MIDWIVES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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 48,717 members as at 31 December 2019. 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 in the preparation of these financial statements.

Having reviewed the financial position and considered the impact of Covid-19, 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. Further information is provided in the Strategic Report.

b) Basis of consolidation

The consolidated accounts incorporate the accounts of the RCM and its subsidiary, the RCMT, as at 31 December 2019. 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 and intangible 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
Intangible assess CRM	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 2019

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 2019

3. BRANCH RETURNS

The income and expenditure account includes:

- a) The income and expenditure of headquarters
- b) The income and expenditure of 139 (2018: 140) 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 £4,662,631 (2018: £1,936,051) includes the £435,617 (2018: £421,713) held by branches.

4. INCOME

	2019	2018
	£	£
Membership subscriptions	8,664,268	8,612,158
Conference income	74,160	104,814
Income raised by branches	40,415	37,768
Donations and legacies	31,193	38,267
Commercial partnership income	342,905	395,121
Project income	234,384	344,064
Other income	22,721	5,687
MIDIRS	202,131	-
Journal/website income	108,515	135,450
Consultancy/accreditation	26,475	30,281
	<u>9,747,167</u>	<u>9,703,610</u>

THE ROYAL COLLEGE OF MIDWIVES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

5. STAFF COSTS AND NUMBERS

	2019	<i>2018</i>
	£	<i>£</i>
Wages and salaries	4,057,061	3,656,762
Social security costs	390,691	355,436
Pension costs	769,782	830,322
	<u>5,217,534</u>	<u>4,842,520</u>
Full-time equivalent employed at 31 December 2019		<i>No</i>
Professional	<u>88</u>	<u>74</u>

The salary cost for the key management personnel during the year was £634,285 (2018: £530,099). The figure is inclusive of pension benefits; no other employee benefits were paid. There were no redundancy payments in the year (2018: £20,012).

6. INTEREST RECEIVABLE

	2019	<i>2018</i>
	£	<i>£</i>
Bank and building society interest	<u>2,444</u>	<u>4,452</u>

7. SURPLUS ON ORDINARY ACTIVITIES

	2019	<i>2018</i>
	£	<i>£</i>
This is stated after charging		
Auditor's remuneration		
– audit	34,800	30,320
– other services – taxation	17,320	7,380
Operating lease rentals		
– plant and machinery	16,000	15,952
– land and buildings	215,833	55,833
Depreciation	<u>201,675</u>	<u>42,933</u>

THE ROYAL COLLEGE OF MIDWIVES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

8. REMUNERATION OF MEMBERS OF THE RCM BOARD

No member of the RCM Board received any remuneration from the RCM 2019 : nil (2018: nil) except for reimbursement of their travelling expenses totalling £24,409 (2018: £10,349).

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 £2,779,246 and the total turnover was £12,257,869.

10. TANGIBLE AND INTANGIBLE FIXED ASSETS

	Freehold land and building	Short- leasehold property	Furniture and office equipment	Total	Intangibles
	£	£	£	£	£
Cost or valuation					
At 1 January 2019	155,000	1,465,925	353,175	1,974,100	553,212
Additions	-	-	-	0	129,524
Disposal	-	(1,465,925)	-	(1,465,925)	-
At 31 December 2019	155,000	-	353,175	508,175	682,736
Depreciation and amortisation					
At 1 January 2019	50,517	557,453	330,998	938,968	-
Charge for the year	1,923	16,131	12,938	30,992	170,683
Disposal	-	(573,584)	-	(573,584)	-
At 31 December 2019	52,440	-	343,936	396,376	170,683
Net book value					
At 31 December 2019	102,560	-	9,239	111,799	512,053
<i>At 31 December 2018</i>	<i>104,483</i>	<i>908,472</i>	<i>22,177</i>	<i>1,035,132</i>	<i>553,212</i>

At 31 December 2019, there were capital commitments contracted for of £0 (2018: £121,500).

THE ROYAL COLLEGE OF MIDWIVES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

11. FIXED-ASSET INVESTMENTS

	Group	<i>Group</i>	RCM	<i>RCM</i>
	2019	<i>2018</i>	2019	<i>2018</i>
	£	<i>£</i>	£	<i>£</i>
Market value at start of period	5,802,171	6,109,862	4,973,185	4,850,365
Additions	2,159,170	1,001,591	1,796,142	1,039,884
Disposals	(2,208,672)	(830,390)	(1,849,861)	(517,598)
Gains	513,206	(478,892)	445,346	(399,466)
	<u>6,265,875</u>	<u>5,802,171</u>	<u>5,364,812</u>	<u>4,973,185</u>
Market value at 31 December				
Historical cost at 31 December	<u>5,796,340</u>	<u>5,738,600</u>	<u>4,965,300</u>	<u>4,942,042</u>

Investments are held in a mixture of unit trusts managed by Cazenove Capital.

12. DEBTORS

	Group	<i>Group</i>	RCM	<i>RCM</i>
	2019	<i>2018</i>	2019	<i>2018</i>
	£	<i>£</i>	£	<i>£</i>
Amounts due from RCMT		-	355,033	54,814
Other debtors	495,218	243,229	178,609	197,765
Prepayments	<u>129,419</u>	<u>126,750</u>	<u>113,383</u>	<u>126,111</u>
	<u>624,637</u>	<u>369,979</u>	<u>647,025</u>	<u>378,690</u>

13. CREDITORS: Amounts falling due within one year

	Group	<i>Group</i>	RCM	<i>RCM</i>
	2019	<i>2018</i>	2019	<i>2018</i>
	£	<i>£</i>	£	<i>£</i>
Subscriptions in advance	4,648	3,302	4,648	3,302
Trade creditors	364,351	558,040	306,316	536,060
Other taxation and social security	89,308	97,133	88,569	97,133
Accruals	318,577	292,449	273,030	257,090
Deferred income	<u>336,743</u>	<u>238,664</u>	<u>65,697</u>	<u>108,620</u>
	<u>1,113,627</u>	<u>1,189,588</u>	<u>738,260</u>	<u>1,002,205</u>

THE ROYAL COLLEGE OF MIDWIVES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

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 is being carried out at 31 March 2019 and the preliminary results have been updated to 31 December 2019 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below. Note the surplus for 2019 is not considered a recoverable amount and therefore has not been recognised in the financial statements in accordance with FRS 102. There is a difference between accounting and actuarial valuation.

The most recently completed actuarial valuation as at 31st March 2016 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 2019 £'000s	31 December 2018 £'000s
Fair value of plan assets	38,710	33,764
Present value of defined benefit obligation liabilities	34,571	31,353
Unrecognised surplus	4,139	2,411
Surplus in plan	4,139	2,411
Defined benefit asset (liability)	<u>-</u>	<u>-</u>

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	31 December 2019 £'000s	31 December 2018 £'000s
Defined benefit obligation at start of period	31,353	32,411
Current service cost	681	697
Expenses	84	84
Interest expense	876	771
Contributions by plan participants	241	184
Actuarial losses / gains	2,470	(1,288)
Benefits paid and expenses	(1,134)	(1,506)
Defined benefit obligation at end of period	<u>34,571</u>	<u>31,353</u>

THE ROYAL COLLEGE OF MIDWIVES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

14. PENSIONS (CONTINUED)

The English High Court ruling in *Lloyds Banking Group Pension Trustees Limited v Lloyds Bank plc* and others was published on 26 October 2018, and held that UK pension schemes with Guaranteed Minimum Pensions (GMPs) accrued from 17 May 1990 must equalise for the different effects of these GMPs between men and women. The case also gave some guidance on related matters, including the methods for equalisation.

The trustees of the scheme will need to obtain legal advice covering the impact of the ruling on this scheme, before deciding with the college on the method to adopt. The legal advice will need to consider (amongst other things) the appropriate GMP equalisation solution, whether there should be a time limit on the obligation to make back-payments to members (the "look-back" period) and the treatment of former members (members who have died without a spouse and members who have transferred out for example).

The benefit obligations have been adjusted assuming the following:

- The minimum allowable method will be applied to past and future benefit payments
- There will be no limit on the "look-back" period for rectification
- No allowance is made for members who no longer have GMP liabilities within the scheme (members who have died without a spouse and members who have transferred out for example).

The allowance of 0.08% has been estimated based on average impacts for schemes with similar benefit structure, allowing for the profile of the membership. This is consistent with the allowance within the preliminary valuation results of the 31 March 2019 valuation and the accounting disclosures prepared as at 31 December 2019.

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

	2019 £'000s	2018 £'000s
<i>Fair value of plan assets at start of period</i>	33,764	35,717
<i>Interest income</i>	945	850
<i>Actuarial gains</i>	4,039	(2,231)
<i>Contributions by RCM</i>	855	750
<i>Contributions by plan participants</i>	241	184
<i>Benefits paid and expenses</i>	(1,134)	(1,506)
 <i>Fair value of plan assets at end of period</i>	 38,710	 33,764

The actual return on the plan assets over the period ending 31 December 2019 was £4,984,000 (2018: £1,381,000).

THE ROYAL COLLEGE OF MIDWIVES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

14. DEFINED BENEFIT COSTS RECOGNISED IN PROFIT AND LOSS ACCOUNT

	2019 £'000s	<i>2018</i> <i>£'000s</i>
Current service cost	681	697
Expenses	84	84
Net interest cost	-	-
Defined benefit costs recognised in profit and loss account	<u>765</u>	<u>781</u>

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	2019 £'000	<i>2018</i> <i>£'000</i>
Return on plan assets (excluding amounts included in net interest cost) gain		
Amount gain	4,039	(2,231)
Experience gains and (losses) arising on the plan liabilities:		
Amount gain	(1,176)	(143)
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities:		
Amount gain/(loss)	(1,294)	1,431
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) (loss)	1,659	974
Total amount recognised in other comprehensive income	<u>(90)</u>	<u>31</u>

THE ROYAL COLLEGE OF MIDWIVES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

ASSETS

	2019	2018
	£'000	£'000
UK equities	6,744	4,731
Overseas equities	6,744	4,731
Corporate bonds	5,395	4,053
Diversified growth funds	9,262	7,739
Property	2,685	2,606
Cash	30	11
Insured pensioners	218	244
LDI	7,632	9,649
TOTAL ASSETS	38,710	33,764

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.

ASSUMPTIONS

	% per annum	<i>% per annum</i>
	2019	2018
Rate of discount	2.00	2.80
Inflation (RPI)	2.85	3.25
Inflation (CPI)	2.05	2.25
Salary growth	2.85	3.25
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less, minimum 3% p.a.	n/a	3.00
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less, minimum 3% p.a.	3.00	n/a

THE ROYAL COLLEGE OF MIDWIVES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	2.85	<i>n/a</i>
Allowance for pension in payment increases of RPI or 5% p.a. if less	2.80	3.25
Allowance for pension in payment increases of CPI or 3% p.a. if less	1.80	2.25
Allowance for pension in payment increases of CPI or 5% p.a. if less	2.10	2.25
Allowance for commutation of pension for cash at retirement	90% of members commute 25% of their pension	90% of members commute 25% of their pension

The mortality assumptions adopted at 31 December 2018 imply the following life expectancies:

Male retiring in 2019	21.9
Female retiring in 2019	24.2
Male retiring in 2039	23.3
Female retiring in 2039	25.6

The best estimate of contributions to be paid by the employer for the period commencing 1 January 2020 is £777,500 (2018: £799,000).

THE ROYAL COLLEGE OF MIDWIVES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

15. MOVEMENT ON RESERVES

	1 January 2019 £	Movement in the period £	Gains realised £	Revaluation £	31 December 2019 £
SPECIFIC FUNDS					
Revaluation reserve	879,627	-	(879,627)	-	-
Headquarters specific fund	99,186	(802)	-	7,821	106,205
Headquarters benevolent fund	641,871	2,584	-	43,511	687,966
TOTAL SPECIFIC FUNDS	1,620,684	1,782	(879,627)	51,332	794,171
GENERAL FUNDS					
General funds – HQ	6,466,906	(281,053)	3,187,288	461,874	9,835,015
General funds – branches	419,367	14,815	-	-	434,182
	6,886,273	(266,238)	3,187,288	461,874	10,269,197
TOTAL SPECIFIC AND GENERAL	8,506,957	(264,456)	2,307,661	513,206	11,063,368
Pension fund reserve	-	90,000	-	(90,000)	-
TOTAL FUNDS	8,506,957	(174,456)	2,307,661	423,206	11,063,368

16. FINANCIAL COMMITMENTS

At 31 December 2019, the group and company had the following annual commitments under non-cancellable operating leases expiring as follows:

	Land and building		Furniture and equipment	
	2019	2018	2019	2018
	£	£	£	£
In less than one year	215,833	55,833	13,505	13,457
Within two to five years	-	55,833	2,495	2,495
In more than five years	-	-	-	-

THE ROYAL COLLEGE OF MIDWIVES
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

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

	2019	2018
	£	£
Operating surplus	(301,590)	4,593
Depreciation	201,675	42,933
(Increase)/decrease in debtors	(254,658)	217,481
Increase/(decrease) in creditors	(75,959)	116,927
Charitable grants paid	(44,558)	(25,795)
Pension current costs	765,000	781,000
Contribution by employer	(855,000)	(750,000)
	<u>(565,090)</u>	<u>387,139</u>

18. ANALYSIS OF BANK BALANCES AND CHANGES IN THE YEAR

	2018	Change in year	2019
	£	£	£
Cash at bank and in hand	1,936,051	<u>2,726,580</u>	<u>4,662,631</u>

19. SUBSIDIARY UNDERTAKINGS

The RCM is the ultimate parent entity of the RCM Group. At 31 December 2019, the RCMT, RCM Trust Trading Company Limited and RCM Information Services Ltd 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 and RCM Information Services Ltd. All 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 2019

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 2019:

Income £12,257,869
Expenditure £9,478,623

- b) The total income for the union for the period ended 31 December 2019 includes £8,664,268 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 £168,587 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.