
PCS **Financial report** **2016**

Accounts to 31 December 2015

Budget 2016

Financial outlook 2017–2018

PCS Financial report 2016

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PCS **Financial report** **2016**

Accounts to 31 December 2015

Overview of 2015

INTRODUCTION

We present the PCS accounts for 2015. This commentary highlights the most important aspects of the financial results of the union for 2015. In addition to this overview, the financial report includes a review of the annual budget for 2016, and a review of the medium term financial outlook across 2017 to 2018. These accounts will be presented to the annual delegate conference in May 2016.

OVERVIEW

2015 was a momentous year in the history of our union. In an act of political spite, the UK Government's much criticised decision to end check off in our most significant membership areas, threatened our main subscription income supply and our survival.

A 3 year budget plan was endorsed by ADC last year and thanks to the supreme efforts of everyone involved in the Direct Debit (DD) campaign, the plan is working and is ahead of schedule.

That is not to say that we have come through unscathed. 2015 was always going to be a tough year and it has proven to be just that. The full impact of check off withdrawal hit us hard. Our membership has fallen by 37,000 in 2015, a 16% reduction equating to a loss of income of £3.5m per annum.

Delivering the ADC Plan

Critically, thanks to the advance budget planning agreed by ADC last year, we were prepared for the consequences and our continuing financial discipline and prudent approach has paid off. As a result, our subscription income is £2 million higher than we budgeted for.

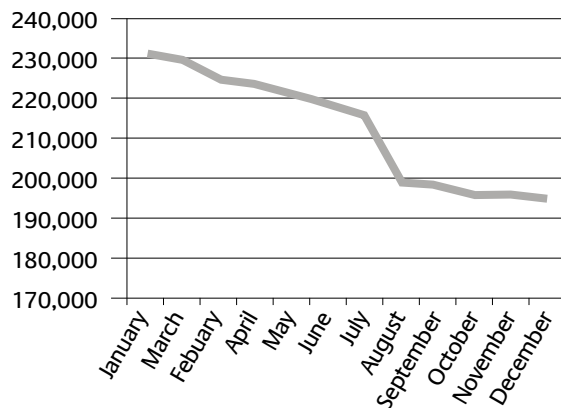
In the 2015 Financial Plan, we predicted a deficit in 2015 of £3.7m. The actual general fund deficit was £0.4m before pension adjustments. Although the improved position, in comparison to the 2015 financial plan, is slightly flattered by our pension deficit payment being temporarily reduced by £1m, thanks to the cooperation of pension scheme trustees (see below).

Our main task now is to work hard to get back the

members whose membership has lapsed, as well as recruiting new members, through a revamped organising effort as part of the roll out of the strategic review.

Membership levels in 2015

The table below shows the membership trends during 2015. The year saw major lapsing exercises in big government departments. Over half of the fall (16,581) took place in August, and was caused by the lapsing exercise in DWP and HMRC.



Membership at the end of 2015 had fallen to 195,091. As of 5 February 2016, there are 147,795 members who are either already paying union subs by Direct Debit or for whom we have a DD mandate.

The ongoing success of the DD campaign have ended the year with more members than predicted, which has enabled us to revise membership projections for 2016 upwards.

However, we cannot afford to ease off on the plan and reductions in expenditure will have to continue for the remaining period of the plan through to the end of 2017 and into 2018.

The plan envisages a budget reduction in each of the three years. We are seeking to reduce our expenditure by £6.5m in total. The plan is on target but will require a further 15% reduction in budgets, on average, in 2016 and a similar reduction in 2017.

Unavoidably, this will mean a further set of tough calls on expenditure, particularly when you factor in the additional cost of NEC/Group elections this year, which

were postponed last year.

However, it is important to emphasise that had ADC not agreed decisive actions last year, we would now be in financial difficulties facing compulsory redundancies for our staff and office closures. By any standards, the turnaround of our financial position has been remarkable and something we should all be proud of.

We have successfully come through a very difficult financial period, have stabilised our position and can now rebuild the union. Our ambition is to be one of the most dynamic, active and influential unions in the UK and the strategic review will provide a route map to achieve our goal.

Rebuilding in 2016

If 2015 was a year of dealing with the immediate aftermath of check off withdrawal, then 2016 will be the year of the planned fight back as we seek to rebuild the union by strengthening our organising in workplaces.

Strategic review and staffing

The strategic review, endorsed by ADC 2015, is reshaping the union to deal with the challenging industrial relations environment we are operating in.

A major part of the review was the restructuring of PCS staffing and management structures commissioned by the General Secretary. A comprehensive review was conducted and the report recommendations are now being implemented.

As well as dealing with the practical implications of reducing staff costs in line with the 3 year ADC budget plan, at the heart of the strategic review was an ambition to create a more dynamic structure within which staff can be quickly deployed to work, alongside reps in the field, on the union's priorities and deal with issues wherever they arise, especially our vital organising work.

As part of our restructuring of the union to get more staff in the field in an organising capacity, we are rebalancing staff numbers between our London HQ and our regional 'hubs'

Over a period of the last 5 years, we have reduced our

permanent staff numbers from over 300 full time equivalents to 175, a 40% reduction. We provided PCS staff with a 'no compulsory redundancy' guarantee and, with the co-operation of the GMB staff union, have managed the reduction in staff numbers through voluntary departures.

As our London staff numbers reduce through voluntary departures, we are able to strengthen our staff numbers in our regional hubs in an affordable way. The newly recruited staff will be employed in an organising capacity working alongside reps to strengthen our organising capacity in existing PCS workplaces and seek membership opportunities in new workplaces.

In respect of main financial performance, the key variances between 2014 and 2015 were:

Income

- Gross membership income has reduced from 2014 levels by £3.072 million.

Investment income

- Dividend receipts have risen by £4,664 since 2014.

Management of costs

- Total employment costs excluding VSER costs have decreased by £0.39 million compared to actual costs in 2014.
- Non payroll costs were reduced by £2.02 million compared to actual costs in 2015.

Campaign activities

- Campaign expenditure was reduced by £43,230 from £892,328 in 2014 to £849,098 in 2015.

Balance sheet

The balance sheet shows net assets at the end of 2015 of £15.4 million compared to net assets of £7.6 million at December 2014. This movement includes under FRS102, a net pension reserve movement of £9.1 million.

Cash and investment balances have decreased by £0.72 million, from £4.45 million to £3.73 million.

INCOME

Membership income

Membership subscription income, after collection costs, has reduced to £23.6 million compared to £26.6 million in 2014. This drop in income, of £3.0 million, reflects the drop in membership from 231,649 at December 2014 to 195,091 at the end of 2015.

Organising plans for 2016 will be covered separately in the national organising strategy. Whilst we have come through the check off storm, the prospect of a further 100,000 civil service job cuts by the end of 2020 poses a new challenge and could reduce membership income further and we have budgeted for that potential scenario.

Investment and commercial income

Dividend receipts from investments have increased by 20.2%, to £27,727. Advertising income has decreased by 14.6%, to £65,104. Rental income has increased by £128,095 to £217,354, from letting of the Vauxhall Bridge Road leasehold property, which was surplus to requirements.

PCS+

The membership benefits package, PCS+, provides a range of products and services to members and also generates commission income which in 2015 amounted to £62,549. We continue to look at ways of increasing the services and products whilst at the same time generating income. The latest edition of the PCS+ Essential Guide gives details of the extensive range of services available and was issued with the first 2016 edition of the PCS People as well as being available on the PCS website.

EXPENDITURE

The 2016 budget (before campaign and political fund allocations and depreciation) was set at £19.63 million which represented a saving of £1.22 million in expenditure compared to the actual costs in 2015 (excluding VSER costs). The savings were achieved by reductions in both payroll and non payroll costs.

Total employment costs

Total general fund employment costs including VSER payments were £15.23 million. This encompasses gross

salary costs of £9.06 million, employer's national Insurance of £0.76 million, pension fund contributions of £3.13 million and VSER costs of £2.28 million.

Pension fund deficit

As we are all too aware, the financial crash has had a significant and detrimental impact on staff pension schemes across the UK. PCS staff schemes have not been immune. As we reported in the 2015 financial report, the most recent triennial valuation exercise identified a combined scheme deficit of more than £65m.

A new PCS staff pension scheme was implemented from 1st January 2015 which has reduced our future liabilities. Under the oversight of the Pensions Regulator, we are required to fund a deficit recovery programme.

The current plan, involves an annual payment of £2.5m per annum towards deficit recovery. Thanks to the cooperation of scheme trustees who acknowledged the impact of check off withdrawal on PCS finances, the annual payment was reduced by £1m in 2015 and again in 2016, rising back to £2.5m in 2017 (see below).

Pension Deficit Recovery Payments 2015-17

2015	2016	2017
£1.5m	£1.5m	£2.5m

Staff Costs

As already highlighted earlier in this report further voluntary staff departures have already been agreed meaning further ongoing savings will be realised in 2016.

Staff costs excluding VSER costs were £13.7 million in 2015 which amount to £0.4 million less than budget. VSER costs amounted to an additional £2.2 million bringing the overall staff cost for 2015 to £15.9 million.

Non-staff costs

Non payroll costs were £7.9 million in 2015 which amount to £0.1 million less than budget.

	2015 Actual £m	2015 Budget £m	2014 Actual £m
Total staff costs	13.7	14.1	13.6
Non payroll costs	7.9	8.0	9.9
	<u>21.6</u>	<u>22.1</u>	<u>23.5</u>

BALANCE SHEET

Fixed assets

The freehold property at 160 Falcon Road is shown currently at £8.2 million in the balance sheet. This was valued at deemed cost at 31 December 2015.

At the time of writing, we are at an advanced stage of selling our surplus Vauxhall Bridge Road building. Following negotiation with a potential buyer, a good offer has been made and accepted. If the sale goes ahead, we shall use the receipts sensibly to consolidate the financial security of the organisation. Some of the proceeds will be used to invest in our infrastructure, modernise our IT systems on a spend to save basis to make us more effective for the benefit of members. We are also looking to refurbish our London HQ to maximise potential rental income opportunities with regard to current free space.

Capital purchases of £702,542 for office furniture and computer equipment costs are included in the balance sheet. In 2015 a new office in Bristol was opened replacing Exeter, with a Plymouth outstation for staff unable to transfer. Alongside this, new improved video conferencing is being rolled out across the union utilising Skype. We are also improving our network to enable staff to work from any location. 2015 also saw the implementation of PC and laptop upgrades for all staff in the union.

Investments and cash balances

Investment holdings have increased in value from £1.28 million to £1.29 million. The investments of the PCS remain managed by Sarasin's Fund Managers. Cash balances stood at £2.43 million, down by £0.74 million from 2014.

The PCS ethical investment policy

Full details of the ethical criteria are shown at Appendix II, including the results of the annual "Sustainability Audit" of the PCS portfolio carried out in December 2015. The separate portfolio of national holdings of shares in companies in which PCS members work enables members in the commercial sector to participate at these companies AGMs.

The 2015 FRS102 pension adjustment to the balance sheet shows a decrease in the net pension scheme liabilities position from £10.4 million in 2014 to £1.3

million as at December 2015.

This movement is a result of an increase in the value of scheme assets and decrease in its liabilities. Liabilities are valued using strict criteria, the yield on AA-rated corporate bonds.

The FRS 102 pension adjustment to the general fund income and expenditure account is a credit of £0.6 million. This is represented by net actuarial gains on the pension scheme assets and liabilities.

Campaign and disputes fund

We continue to ensure expenditure is directed towards our campaign priorities. The total campaign expenditure during 2015 was £849,098 and a detailed breakdown of this expenditure breakdown is provided on page 45 of this report. The fund stands at £160,229 at December 2015.

Political fund

The political fund at the end of December 2015 had 178,345 members contributing each month. Political fund expenditure in 2015 was £89,256 and again a full breakdown is detailed on page 46 of this report. The fund stands at £251,806 at December 2015.

OUTLOOK

The 2016 budget has been set against a background of continuing attacks on PCS including cutting and removing facility at branch, group and national level, combined with the ending of check off in most major government departments.

The latest Trade Union Bill is a further attempt to restrict trade union freedoms and attack union income. As always, PCS, representing many government workers, has been in the forefront of those attacks. We are now advising other unions on check off removal and direct debit collection strategies.

Our goal is to turn adversity into opportunity and, through the implementation of the strategic review, we are reshaping the union to meet the challenge of an increasingly hostile environment. Our ambition is for stronger grass roots organisation, enhancing union leverage at local, delegated and national level, leading to future union growth. We want to strengthen our existing bargaining areas and expand our influence in new areas, particularly the private sector.

But this will take time and there are further immediate challenges we have to face. As the check off storm passes, our attention turns to the impact on government spending plans on civil service jobs and their stated ambition to reduce the civil service by 100,000 over the 5 year electoral term. We have to calculate the likely impact on PCS membership levels.

Clearly, this is not an exact science and increasing the amount of time we spend on organising activity recruiting new and lapsed check off members, will mitigate against the loss of members caused by job cuts in our bargaining areas.

Whilst we are optimistic that the enhanced organising effort will have a positive effect, we can't ignore the potential impact of 100,000 job cuts. Accordingly, we have budgeted for a loss of 16,000 members this year, 14,200 next year and 10,000 in 2018.

Logically, if our membership falls, so will our income and we would have to cut our cloth and reduce expenditure proportionately.

A breakdown on the impact of check off on our membership and an analysis of the income consequences of further membership falls can be found at page 64.

Subscriptions

The December meeting of the NEC reviewed the subscription maximum rate and taking account of the treasury remit guidance for 2015 which set a 1% pay policy, agreed to increase it by 1% with effect from 1 February 2016.

This means that from 1 February 2016 the maximum subscription rate increased by 13p to £13.58.

The increase to the maximum subscription rate impacts on the direct debit banding formula and the NEC also agreed that the banding rates should also be increased by 1% or 10p whichever is the greater, with effect from 1 February 2016.

The new banding rates are set out below:

Band	Salary Range	2016 Rate
A	Over £26,000	£13.58
B	£24,001 – £26,000	£12.89
C	£22,001 – £24,000	£11.86
D	£20,001 – £22,000	£10.84
E	£18,001 – £20,000	£9.80

F	£16,001 – £18,000	£8.78
G	£14,001 – £16,000	£7.76
H	£12,001 – £14,000	£6.74
I	£10,001 – £12,000	£5.72
J	£8,001 – £10,000	£4.70
K	£6,001 – £8,000	£3.68
L	£4,001 – £6,000	£2.66

Credit Union

PCS continues to finance the PCS Credit Union launched in April 2012. The Credit Union offers an additional aid to recruitment and is an important benefit to members and their families. It is an ethical and affordable savings and loan alternative to high street banks and loan companies. We support the Credit Union Board in its marketing and promotional activity.

All aspect of PCS spending are being reviewed as part of the strategic review, and the support we provide to the credit union will be subject to a specific review.

Going concern

Last year, the audit report in the Finance Report expressed concerns about the union's status as a 'going concern'. We have worked hard to reduce our costs and adopted a disciplined and prudent approach. As a consequence, we have not had to draw down any of the loan facility provided by the Unity Bank to cover financial shortfalls in 2015.

At the time of writing this report, we are in advanced stages of selling our surplus London Vauxhall Bridge Road property for £4.7 million. The income received from the sale will provide added financial security at a time of continuing uncertainty arising from the potential loss of future income relating to the ongoing civil service cuts programme.

Conclusion

The financial planning and direct debit campaign has helped stabilise our financial position and equip the union with the means to meet the unprecedented industrial and political threat we face. Recognising our achievements will need to be balanced with a careful assessment of the work that remains to consolidate our financial position and build our organisational and bargaining power. Consistent with the plan in the 2015 Financial Report, this year's Report continues to

set out a course for delivering a balanced budget by the end of 2017 and is based on the following financial aims.

- Meeting the financial objectives set out in the 2016 Finance Report within the framework of the Strategic Review.
- Continuing to prioritise our Direct Debit work within the National Organising Strategy.
- Continuing to fund our recruitment and organising priorities to increase our bargaining power.
- To manage and balance employment and non-staff costs as a proportion of subscription income.
- Continuing to monitor all areas of expenditure/activity and introduce IT software subject to record committed expenditure to assist budget and audit controls.
- To review the impact of the new subscription maximum and current formula set out in Rule 3.14 and the introduction of the direct debit formula.
- Continuing to work with Groups and branches to

develop best practise and ensure sound financial controls are in place.

- Review monitor and re-negotiate where appropriate all contacts with external providers.
- Develop the unions ethical, tax justice and environmental policies on PCS investments, PCS suppliers, procurement and facilities.
- Promote the PCS Credit Union as a savings and loan benefit to PCS members and their families.
- Develop our national organising strategy to strengthen our membership levels, union organisation and financial base.

We ask members and branches to endorse the financial strategy contained in this report. Particular thanks are due to the Finance Committee, Finance Staff, Special Members Auditors and Lay Treasurers at all levels of the union for their work in delivering these results and the service given to PCS members.

Chris Baugh
National Treasurer

Kevin McHugh
Deputy President

Jeff Evans
Director of Central Services

24 March 2016

Public and Commercial Services Union

Independent auditors' report

For the year ended 31 December 2015

Independent auditors report to the members of the Public and Commercial Services Union

We have audited the financial statements of the Public and Commercial Services Union for the year ended 31 December 2015 which comprise the total funds income and expenditure account, the general fund income and expenditure account, the statement of comprehensive income, the balance sheet, the statement of changes in funds and reserves, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102, the Financial Reporting Standard applicable to the UK and the Republic of Ireland.

This report is made solely to the union's members, as a body, in accordance with the Trade Union and Labour Relations (Consolidation) Act 1992. Our audit work has been undertaken so that we might state to the union's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the union and the union's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of officers and auditors

As explained more fully in the statement of officers' responsibilities, the officers are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Standard's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the union's affairs as at 31 December 2015 and of its deficit for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Trade Union and Labour Relations (Consolidation) Act 1992.

Matters on which we are required to report by exception

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

- proper accounting records have not been kept by the union; or
- the union has not maintained a satisfactory system of control over transactions; or
- the accounts do not agree with the accounting records; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

Chartered accountants & Registered auditors

Gatwick

United Kingdom

Date: 24 March 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Public and Commercial Services Union

Statement of officers responsibilities

Under the Trade Union and Labour Relations (Consolidation) Act 1992 a trade union is required to:

- keep proper accounting records which give a true and fair view of the state of affairs of the PCS and explain its transactions;
- establish and maintain a satisfactory system of control of the accounting records, cash holdings and all the receipts and remittances;
- prepare an Annual Return for the Certification Officer giving a true and fair view of the income and expenditure account and balance sheet;
- provide members of the PCS with an Income and Expenditure statement for the period, and
- prepare the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

PCS Rule 9.17(a) requires the NEC of the Union to present audited accounts to the Annual Delegate Conference for approval and adoption.

Public and Commercial Services Union

Total funds income and expenditure account

For the year ended 31 December 2015

	Note	2015 £	2015 £	2015 £	2014 £	2014 £	2014 £
		Before Pension Adjustment	Pension Adjustment	Total	Before Pension Adjustment	Pension Adjustment	Total
Subscription income							
Members subscriptions		23,566,713	–	23,566,713	26,639,181	–	26,639,181
Collection costs		(124,109)	–	(124,109)	(25,936)	–	(25,936)
		23,442,604	–	23,442,604	26,613,245	–	26,613,245
Other income							
Investment income	4	28,128	(300,000)	(271,872)	23,794	2,800,000	2,823,794
Commercial activities	5	345,007	–	345,007	228,078	–	228,078
Miscellaneous income	6	23,563	–	23,563	49,448	–	49,448
VAT recovered		36,957	–	36,957	123,372	–	123,372
		433,656	(300,000)	133,656	424,692	2,800,000	3,224,692
Total net income		23,876,260	(300,000)	23,576,260	27,037,937	2,800,000	29,837,937
Expenditure							
Network administration	7	(16,250,571)	900,000	(15,350,571)	(15,080,776)	2,800,000	(12,280,776)
Members representative costs	8	(2,444,427)	–	(2,444,427)	(3,509,878)	–	(3,509,878)
Members benefits	9	(1,468,795)	–	(1,468,795)	(1,683,437)	–	(1,683,437)
Members communications	10	(2,123,829)	–	(2,123,829)	(2,374,018)	–	(2,374,018)
Affiliations and donations	11	(850,770)	–	(850,770)	(916,582)	–	(916,582)
Campaign & disputes expenditure	Appendix A	(846,962)	–	(846,962)	(887,004)	–	(887,004)
Political fund expenditure	Appendix B	(89,256)	–	(89,256)	(152,580)	–	(152,580)
Fighting fund		19,429	–	19,429	9,202	–	9,202
Voluntary & selective early retirement fund expenditure		(800,000)	–	(800,000)	–	–	–
		(24,855,181)	900,000	(23,955,181)	(24,595,073)	2,800,000	(21,795,073)
Total expenditure		(24,855,181)	900,000	(23,955,181)	(24,595,073)	2,800,000	(21,795,073)
Total net income less expenditure		(978,921)	600,000	(378,921)	2,442,864	5,600,000	8,042,864
Depreciation							
Freehold property	12	(134,946)	–	(134,946)	(137,700)	–	(137,700)
Leasehold property	12	(29,710)	–	(29,710)	(6,297)	–	(6,297)
Furniture and equipment	12	(593,057)	–	(593,057)	(881,959)	–	(881,959)
		(757,714)	–	(757,714)	(1,025,956)	–	(1,025,956)
Operating (deficit)/surplus		(1,736,634)	600,000	(1,136,634)	1,416,908	5,600,000	7,016,908
Gain on investment property		500,000	–	500,000	750,000	–	750,000
Tax payable	13	(61,152)	–	(61,152)	–	–	–
		(1,297,786)	600,000	(697,786)	2,166,908	5,600,000	7,766,908
Net (deficit)/surplus for the year		(1,297,786)	600,000	(697,786)	2,166,908	5,600,000	7,766,908
All operations are continuing							

Public and Commercial Services Union

General fund income and expenditure account

As at 31 December 2015

	Note	2015 £	2015 £	2015 £	2014 £	2014 £	2014 £
		Before Pension Adjustment	Pension Adjustment	Total	Before Pension Adjustment	Pension Adjustment	Total
Subscription income							
Members subscriptions		23,566,713	–	23,566,713	26,639,181	–	26,639,181
Collection costs		(124,109)	–	(124,109)	(25,936)	–	(25,936)
		23,442,604	–	23,442,604	26,613,245	–	26,613,245
Subscriptions allocated to:							
Campaign & disputes fund							
Standard		(740,000)	–	(740,000)	(1,154,195)	–	(1,154,195)
Additional		–	–	–	–	–	–
Political fund		(227,639)	–	(227,639)	(266,003)	–	(266,003)
		22,474,966	–	22,474,966	25,193,047	–	25,193,047
Other income							
Investment income	4	28,128	(300,000)	(271,872)	23,794	2,800,000	2,823,794
Commercial activities	5	345,007	–	345,007	228,078	–	228,078
Miscellaneous income	6	23,563	–	23,563	49,448	–	49,448
VAT recovered		36,957	–	36,957	123,372	–	123,372
		433,655	(300,000)	133,655	424,692	2,800,000	3,224,692
Total net income		22,908,620	(300,000)	22,608,620	25,617,739	2,800,000	28,417,739
Expenditure							
Network administration	7	(16,250,571)	900,000	(15,350,571)	(15,080,776)	2,800,000	(12,280,776)
Members representative costs	8	(2,444,427)	–	(2,444,427)	(3,509,878)	–	(3,509,878)
Members benefits	9	(1,468,795)	–	(1,468,795)	(1,683,437)	–	(1,683,437)
Members communications	10	(2,123,829)	–	(2,123,829)	(2,374,018)	–	(2,374,018)
Affiliations and donations	11	(850,770)	–	(850,770)	(916,582)	–	(916,582)
Total expenditure		(23,138,392)	900,000	(22,238,392)	(23,564,691)	2,800,000	(20,764,691)
Total net income less expenditure		(229,772)	600,000	370,228	2,053,048	5,600,000	7,653,048
Depreciation							
Freehold property	12	(134,946)	–	(134,946)	(137,700)	–	(137,700)
Leasehold property	12	(29,710)	–	(29,710)	(6,297)	–	(6,297)
Furniture and equipment	12	(593,057)	–	(593,057)	(881,959)	–	(881,959)
		(757,713)	–	(757,713)	(1,025,956)	–	(1,025,956)
Operating surplus		(987,485)	600,000	(387,485)	1,027,092	5,600,000	6,627,092
Gain on investment property		500,000	–	500,000	750,000	–	750,000
Appropriation (to)/from reserves							
Net surplus for the year before cost of voluntary & early retirement		(487,485)	600,000	112,515	1,777,092	5,600,000	7,377,092
Transfer from Property fund		164,656	–	164,656	179,204	–	179,204
Transfer to voluntary selective and early retirement		–	–	–	(800,000)	–	(800,000)
Tax payable	13	(61,152)	–	(61,152)	–	–	–
Net surplus/(deficit) for the year		(383,982)	600,000	216,018	1,156,296	5,600,000	6,756,296

All operations are continuing

Public and Commercial Services Union

Statement of comprehensive income

For the year ended 31 December 2015

	Before Pension adjustment £	Pension adjustment £	2015 Total £	2014 Total as restated £
Surplus for the financial year – all funds	(1,297,786)	600,000	(697,786)	7,766,908
Reversal of unrealised opening gain on investment	(34,473)	-	(34,473)	2,322
Unrealised gains on investments	18,741	-	18,741	34,473
Actuarial losses on scheme assets	-	(900,000)	(900,000)	(2,000,000)
Actuarial gains/(losses) on scheme liabilities	-	9,400,000	9,400,000	(10,400,000)
Other comprehensive income for the year	(15,732)	8,500,000	8,484,268	(12,363,205)
Total comprehensive income for the year	(1,313,518)	9,100,000	7,786,482	(4,596,297)

Public and Commercial Services Union

Balance sheet

As at 31 December 2015

	Note	2015		2014 as restated	
		£	£	£	£
Fixed assets					
Tangible fixed assets:					
Freehold property	12	8,227,354		8,362,300	
Leasehold property	12	701,254		730,964	
Investment property	12	3,750,000		3,250,000	
Equipment	12	1,436,916		1,327,433	
			14,115,524		13,670,697
Investments	14		1,297,625		1,285,229
			15,413,149		14,955,926
Current assets					
Debtors	15	3,270,270		2,617,317	
Cash at bank and in hand	16	2,431,767		3,169,432	
		5,702,037		5,786,749	
Current liabilities					
Amounts falling due within one year					
Creditors	17	(4,194,036)		(2,485,199)	
			1,508,001		3,301,550
Net current assets			1,508,001		3,301,550
Total asset less current liabilities			16,921,150		18,257,476
Amount falling due over one year					
Creditors	17		(202,048)		(224,856)
Provisions:					
Pension assets	22	15,900,000		12,700,000	
Pension liabilities	22	(17,200,000)		(23,100,000)	
			(1,300,000)		(10,400,000)
Net assets			15,419,102		7,632,620
Represented by:					
Funds and reserves					
General fund			3,599,826		4,499,540
Property fund			12,678,610		12,343,264
Campaign and disputes fund			160,229		267,191
Political fund			251,806		113,423
Fighting fund			28,631		9,202
Voluntary selective and early retirement reserve			-		800,000
Pension reserve			(1,300,000)		(10,400,000)
Total funds and reserves			15,419,102		7,632,620

Approved on 24 March 2016

Chris Baugh
National TreasurerJeff Evans
Director of Central Services

Public and Commercial Services Union

Statement of changes in funds and reserves

For the year ended 31 December 2015

	2015 £ Realised	2015 £ Unrealised	2015 £ Total
General fund			
Brought forward at 1 January 2015	4,465,067	34,473	4,499,540
Reversal of opening balance	–	(34,473)	(34,473)
Surplus from income and expenditure account	216,018	–	216,018
Actuarial gains on defined benefit pension schemes	9,100,000	–	9,100,000
Transfer to pension reserve	(9,700,000)	–	(9,700,000)
Transfer to property fund – revaluation of property	–	(500,000)	(500,000)
	4,081,085	(500,000)	3,581,085
Potential gain on investments	–	18,741	18,741
Carried forward at 31 December 2015	4,081,085	(481,259)	3,599,826
Property fund			
Brought Forward at 1 January 2015	6,288,951	6,054,313	12,343,264
Transfer to general fund – depreciation	(83,893)	(80,761)	(164,654)
Transfer to general fund – revaluation of property	–	500,000	500,000
Carried forward at 31 December 2015	6,205,057	6,473,552	12,678,610

	2014 £ Realised As restated	2014 £ Unrealised	2014 £ Total As restated
General fund			
Brought forward at 1 January 2014	4,058,771	(2,322)	4,056,449
Reversal of opening balance	–	2,322	2,322
Surplus from income and expenditure account	6,756,296	–	6,756,296
Actuarial losses on defined benefit pension schemes	(12,400,000)	–	(12,400,000)
Transfer to pension reserve	7,400,000	–	7,400,000
Transfer to property fund – revaluation of property	–	(750,000)	(750,000)
Prior year adjustment	(600,000)	–	(600,000)
	5,215,067	(750,000)	4,465,067
Potential gain on investments	–	34,473	34,473
Carried forward at 31 December 2014	5,215,067	(715,527)	4,499,540
Property fund			
Brought Forward at 1 January 2014	6,386,163	5,386,305	11,772,468
Transfer to general fund – depreciation	(97,212)	(81,992)	(179,204)
Transfer to general fund – revaluation of property	–	750,000	750,000
Carried forward at 31 December 2014	6,288,951	6,054,313	12,343,264

Public and Commercial Services Union

Statement of changes in funds and reserves

For the year ended 31 December 2015 (continued)

Pension fund	2015 £
Brought forward at 1 January 2014	(3,600,000)
Transfer from general fund	(7,400,000)
Brought forward at 1 January 2015 as previously stated	(11,000,000)
Prior year adjustment	
– Revision to provision for pension assets and liabilities	600,000
Brought forward at 1 January 2015 as restated	(10,400,000)
Transfer from general fund	9,100,000
Carried forward at 31 December 2015	(1,300,000)

There were no other comprehensive income movements in the year.

Rule book funds	Appendix	Campaign and disputes fund	Political fund
		2015 £	2015 £
Income			
Allocation from general fund	A/B		
Standard		740,000	227,639
Additional		–	–
Transfer from general fund		–	–
Other income		2,136	–
Expenditure	A/B	(849,098)	(89,256)
Surplus/(deficit) income and expenditure account		(106,962)	138,383
Brought forward at 1 January 2015	A/B	267,191	113,423
Carried forward at 31 December 2015		160,229	251,806

There were no other comprehensive income movements in the year.

Designated reserves	Fighting Fund	Voluntary selective and early retirement
	2015 £	2015 £
Income		
Allocation from general fund	–	–
Transfer to general fund	–	–
Donations	19,429	–
Expenditure		
Costs associated with the VSER programme		(800,000)
Dilapidations on office moves	–	–
Net costs of early retirement programme	–	–
Expenditure on modernisation projects	–	–
Surplus/(deficit) income and expenditure account	19,429	(800,000)
Brought forward at 1 January 2015	9,202	800,000
Carried forward at 31 December 2015	28,631	–

There were no other comprehensive income movements in the year.

Public and Commercial Services Union

Statement of changes in total funds and reserves

For the year ended 31 December 2015 (continued)

Statement of changes in total funds and reserves	Before Pension adjustment £	Pension adjustment £	2015 Total £	2014 Total as restated £
Members funds at 1 January 2015 as previously stated	18,032,620	(11,000,000)	7,032,620	12,228,917
Prior year adjustment	–	600,000	600,000	–
Members funds at 1 January 2015 as restated	18,032,620	(10,400,000)	7,632,620	12,228,917
Reversal of unrealised opening gain on investment	(34,473)	–	(34,473)	2,322
(Deficit)/Surplus for the financial year	(1,297,786)	600,000	(697,786)	7,766,908
Unrealised gain in investments	18,741	–	18,741	34,473
Actuarial gains/(losses) on defined benefit pension schemes	–	8,500,000	8,500,000	(12,400,000)
Members funds at 31 December 2015	16,719,102	(1,300,000)	15,419,102	7,632,620

There were no unrealised gains and losses arising in the year in the campaign and disputes or political funds

Public and Commercial Services Union

Cashflow statement

For the year ended 31 December 2015

	Note	2015		2014	
		£	£	£	£
Net cash inflow from operating activities	21		487,032		1,951,074
Cashflow from Investing activities					
Interest received		376		731	
Dividends received		27,727		23,063	
Capital gains		25		-	
Purchase of tangible assets		(702,542)		(693,095)	
Sale of Investments		71,872		126,206	
Purchase of investments		(100,000)		(150,000)	
Net cash used in investing activities			(702,542)		(693,095)
Cashflows from financing activities					
Loan drawn		-		(400,000)	
Repayments		(522,155)		900,000	
Net cash used in financing activities			(522,155)		500,000
Net decrease in cash at bank and in hand			(737,665)		1,757,979
Cash and cash equivalents at the beginning of the year			3,169,432		1,411,453
Cash and cash equivalents at the end of the year			2,431,767		3,169,432
Cash and cash equivalents consists of:					
Cash at bank and in hand			2,431,767		£3,169,432
Cash and cash equivalents			<u>2,431,767</u>		<u>£3,169,432</u>

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015

1 Accounting policies

Basis of accounts

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

FRS 102 is mandatory for accounting periods on or after 1 January 2015. Information on the impact of first-time adoption of FRS 102 is given in note 22.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies.

These financial statements incorporate the results of a number of semi-autonomous groups and branches operated by the Union with the estimated balance of funds held by each branch recognised within these financial statements. Movements in branch reserves are included in the year in which they occurred.

Going concern

The officers of the union have considered their obligations to prepare these financial statements on an appropriate basis, having regard to the union's net asset position at 31 December 2015.

The officers have also assessed the impact of the expected sale of Vauxhall Bridge Road at the start of 2016, and of the financial budgets in place for 2016 and beyond against the working capital available, notably its cash and investments. A number of cost savings implemented in 2015 are expected to reduce future expenditure.

At the time of writing, we are at an advanced stage of selling our surplus Vauxhall Bridge Road building. The income from the sale will provide added security at a time of continuing uncertainty.

The officers of the union acknowledge that there is a degree of uncertainty, at the date of approval of these financial statements. However, they have no reason to believe that the sale of the building will not conclude and as a result in the opinion of the officers, the union has sufficient resources to be able to meet its obligations as and when they fall due and accordingly the accounts have been prepared on a going concern basis.

a) Subscriptions

Subscription income received includes amounts remitted by, and due to be remitted from, the following sources:

- (i) Pay centres who operate a payroll deduction scheme on behalf of PCS.
- (ii) Members who have a direct debit facility with their bank.
- (iii) Branch and office secretaries.
- (iv) Members directly to headquarters.

Amounts deducted by pay centres at 31 December 2015 but not received and members paying by direct debit one month in arrears have been brought into the income and expenditure account and included in current assets within debtors.

b) Investment and commercial income

All investment and commercial income is credited to the general fund when receivable.

c) Taxation

As an unincorporated association the PCS is liable to corporation tax on its investment income, and realised gains on investments sold. As a trade union relief is available in respect of provident benefits expenditure as statutorily defined.

d) Depreciation

Depreciation is calculated to write off the cost of an asset over its estimated useful working life.

- (i) Depreciation on freehold property is charged, on a straight line basis, at 2% per annum.
- (ii) Depreciation on leasehold property is being charged over the length of the lease.
- (iii) The following are depreciated on a straight line basis at 20% per annum:
 - a. Office furniture, machinery and equipment.
 - b. Computer equipment and software.
 - c. Company cars.

e) Property – investment property

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the general

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

fund income and expenditure account.

f) Property – other

Properties are included at deemed cost, less depreciation as detailed above.

g) Investments

Investments are shown at market value and any appreciation or diminution in value between cost and market price at the end of the period is shown in the general fund statement of changes in funds and reserves. Gains and losses on disposal are calculated as the difference between gross cost and net proceeds and accounted for when realised. Certain investments that are held for political rather than investment purposes are stated at cost rather than market value. These are shown separately.

h) Operating Leases

Operating lease rentals are charged to the income and expenditure account evenly over the term of the lease.

i) Pension costs

The difference between the fair value of the assets held in the group's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the group's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the officers have made the following judgements:

Useful lives of property, plant and equipment

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the company's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives shorten then depreciation charges in the financial statements would increase and carrying amounts

of property, plant and equipment would reduce.

Voluntary selective and early retirement scheme

VSER expenses are recognised in the accounts when the employee has been formally notified of their acceptance into the scheme.

3 Purpose of the funds and reserves**a) General fund**

Established to receive the subscription income and all other receipts which are intended to be used for the general purposes and meet all normal expenses and outgoings of the PCS.

b) Campaign and disputes fund

Established by rule 9.11 to provide funds for special campaigns, including disputes, or highlight special issues concerning the PCS's membership.

c) Political fund

Established by rule 9.12 to provide funds for campaigns which could include the furtherance of the political objectives to which section 72 of the Trade Union and Labour Relations (Consolidation) Act 1992 applies.

d) Property fund

Established to account for any capital costs, profits or losses, incurred in the future purchase or disposal of property.

e) Voluntary selective and early retirement reserve (formerly the early retirement reserve)

Established to meet the identifiable costs of a voluntary selective early retirement scheme that allows PCS to release surplus staff.

f) Fighting fund

Established to support members taking targeted industrial action, as agreed by the 2014 annual delegate conference.

g) Pension reserve

Established to account for any FRS 102 revaluations on pension assets and liabilities.

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

	2015		2014	
	£	£	£	£
4 Investment income				
Dividends and credits		27,727		23,063
Net capital gains		25		-
Interest from investment managers		376		731
		<u>28,128</u>		<u>23,794</u>
Pension adjustment				
Expected return on pension scheme assets	6,000,000		9,700,000	
Interest on pension scheme liabilities	(6,300,000)		(6,900,000)	
		<u>(300,000)</u>		<u>2,800,000</u>
		<u>(271,872)</u>		<u>2,823,794</u>
5 Commercial activities				
Advertising income		65,104		76,225
Rent		217,354		89,259
Commission received:				
Liverpool Victoria		47,523		49,043
BHSF		7,878		6,880
Union Income Benefit		6,884		6,393
The People's Operator		198		150
Visit Britain Pay Centre		60		-
Virgin Wines		6		-
The Mortgage Force		-		128
		<u>345,007</u>		<u>228,078</u>
6 Miscellaneous income				
Other		23,563		49,448
		<u>23,563</u>		<u>49,448</u>

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

7 Network administration**(summary)**
(See appendix C)

	2015		2014	
	£	£	£	£
Superannuation fund running costs		577,313		666,496
Pension Protection Fund Levy		48,040		48,360
Legal & professional fees		233,030		197,992
Credit Union Loan written off		-		150,000
Audit fees		47,791		41,935
Bank charges and interest		30,693		37,013
Staff development costs		26,364		45,905
Staff recruitment costs		845		2,309
Computer running costs		512,008		492,513
Vehicle running costs		11,122		14,539
Pension adjustment				
Current service costs of defined benefit schemes	900,000		2,100,000	
Administration expenses	500,000		-	
Past service costs of defined benefit schemes	-		(2,100,000)	
Pension contributions paid in year	(2,300,000)		(2,800,000)	
		(900,000)		(2,800,000)
Employment costs		10,530,937		10,928,592
Voluntary selective and early retirement scheme costs paid		632,526		-
Voluntary selective and early retirement scheme costs accrued		1,647,800		300,000
Accommodation running costs*		940,006		1,154,827
Maintenance of buildings		1,963		(1,093)
Printing, stationery and photocopying		181,940		129,090
Postage		135,757		150,967
Research		47,154		49,282
Telephone		144,042		153,689
Office costs		165,864		178,114
Subsistence		94,756		117,349
Travel		226,671		210,288
Miscellaneous		13,880		12,229
Hospitality		69		380
		<u>15,350,571</u>		<u>12,280,776</u>

* Includes rent paid £247,832 (2014; £330,748)

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

Appendix	2015		2014	
	£	£	£	£
8 Members representative costs				
Organising and learning				
Recruitment publicity	7,159		6,517	
National organising forums	–		8,845	
Regional organising forums	61		527	
TUC organising academy	1,035		380	
Youth work	15,266		19,527	
National courses	4,802		7,959	
Group and associations courses	7,133		4,151	
Branch courses	47,500		59,875	
Lifelong learning projects	–		315	
Organising and learning publicity	24,731		29,775	
Employment costs	307,259		306,754	
		414,946		444,625
Other meetings				
International meetings	5,430		8,747	
Seminars	3,214		59,471	
National meetings	59,531		72,275	
		68,175		140,493
National representatives				
Annual delegate conference	550,677		644,736	
Facility time costs	11,076		26,621	
Subsistence	40,084		48,771	
Travel	77,221		76,714	
		679,058		796,842
Elections				
National	–		290,232	
Groups, associations and branches	588		209,206	
		588		499,438
Local representatives				
Group and occupational associations	D	771,485	1,107,308	
Branch grants		450,125	443,181	
Branch IT support		22,100	20,045	
Geographical and other structures	E	37,951	57,946	
		1,281,660		1,628,480
		<u>2,444,427</u>		<u>3,509,878</u>

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

	Appendix	2015 £	2014 £
9 Members benefits			
Death and personal accident		491,488	429,467
Benevolence service		69,704	49,139
Legal Services		212,763	262,259
Ex IR group sickness benefit		3,422	3,467
Diaries		–	109,456
Helplines		102,494	127,424
Essential guide		14,972	12,960
Gold badges		–	2,363
Employment costs		573,952	686,902
		1,468,795	1,683,437
10 Members communications			
PCS View/PCS People		521,516	766,362
Public relations		21,693	33,862
National publications		9,355	56,060
Group publications		29,987	98,051
Employment costs		1,541,279	1,419,683
		2,123,829	2,374,018
11 Affiliations and donations			
Affiliation fees	G	842,881	901,230
PCS in the community fund		4,519	6,738
Donations	F	3,370	8,614
		850,770	916,582

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

	Investment Freehold Property Property £	£	Long Leasehold properties £	Short Leasehold Properties £	Total Property £
12 Tangible fixed assets					
PROPERTY					
Valuation/cost					
Brought forward at 1 January 2015	3,250,000	8,500,000	563,500	282,560	12,596,060
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Revaluation in year	500,000	-	-	-	500,000
Carried forward at 31 December 2015	3,750,000	8,500,000	563,500	282,560	13,096,060
Depreciation					
Brought forward at 1 January 2015	-	(137,700)	(11,270)	(103,826)	(252,796)
Depreciation for year	-	(134,946)	(5,635)	(24,075)	(164,656)
Disposals	-	-	-	-	-
Depreciation on revaluation	-	-	-	-	-
Carried forward at 31 December 2015	-	(272,646)	(16,905)	(127,902)	(417,452)
Net book value at 31 December 2015	3,750,000	8,227,354	546,595	154,658	12,678,608
Net book value at 31 December 2014	3,250,000	8,362,300	552,230	178,734	12,343,264

The union's investment property, Vauxhall Bridge Road, London, was revalued by the officers of the union at the balance sheet date using informal guidance given during the year by Keningtons Chartered Surveyors, an external valuer, and a formal valuation on an open market value using standard RICS terms as at the 31 May 2013. Vauxhall Bridge Road is currently surplus to the requirements of the union. This is currently being leased to a 3rd party. As at 31 December 2015 the Unity Trust Bank Ltd had a charge over the property.

	Office equipment £	Computer equipment £	Company cars £	Total £
EQUIPMENT				
Cost				
Brought forward at 1 January 2015	646,140	2,430,931	51,408	3,128,479
Elimination of fully depreciated assets	(83,470)	(389,688)	-	(473,158)
Additions in year	182,681	519,861	-	702,542
Disposals	-	-	(10,250)	(10,250)
Carried forward at 31 December 2015	745,351	2,561,104	41,158	3,347,613
Depreciation				
Brought forward at 1 January 2015	(397,631)	(1,352,008)	(51,408)	(1,801,047)
Elimination of fully depreciated assets	83,470	389,688	-	473,158
Depreciation for year	(120,782)	(472,276)	-	(593,058)
Disposals	-	-	10,250	10,250
Carried forward at 31 December 2015	(434,943)	(1,434,596)	(41,158)	(1,910,697)
Net book value at 31 December 2015	310,408	1,126,509	-	1,436,916
Net book value at 31 December 2014	248,509	1,078,924	-	1,327,433

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

13 Taxation on surpluses on ordinary activities

	2015	2014
	£	£
UK Corporation tax		
Current tax on income from the year	43,300	–
Adjustment in respect of previous periods	17,852	–
Tax on results on ordinary activities	61,152	–
(Deficit) / surplus on ordinary activities before tax	(636,634)	7,766,908
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 20% (2014: 20%)	–	1,553,382
Non taxable income	–	(1,553,282)
Tax on investment property	43,300	–
Prior year adjustments	17,852	–
Tax on results on ordinary activities	61,152	–

14 Investments**Market value:**

	Equity	Bonds and Interest bearing stock	Unit Trusts and funds	Money market	Miscellaneous holdings at cost	Total Investment movement
	£	£	£	£	£	£
Cost brought forward 1 January 2015	13,658	46,185	498,937	87,507	604,469	1,250,756
Unrealised gains	5,931	4,187	24,355	–	–	34,473
Market value carried forward 1 January 2015	19,589	50,372	523,292	87,507	604,469	1,285,229

Movement in year-cost

Purchases-cost	–	–	–	–	100,000	100,000
Disposals-cost	–	–	(29,775)	–	(200)	(29,975)
Cash Drawdown	–	–	–	(41,897)	–	(41,897)
Cost carried forward 31 December 2015	13,658	46,185	469,162	45,610	704,269	1,278,884
Unrealised gains in year	6,332	2,494	9,915	–	–	18,741
Market value carried forward 31 December 2015	19,990	48,679	479,077	45,610	704,269	1,297,625

	Appendix	2015	2014
		£	£
Equities	H	19,990	19,589
Bonds and interest bearing stock	I	48,679	50,372
Unit trusts and funds	J	479,077	523,292
Money market	K	45,610	87,507
Miscellaneous holdings at cost	L	704,269	604,469
		1,297,625	1,285,229

15 Debtors**Recoverable in less than one year:**

Membership subscription debtor	1,592,373	1,024,057
Other debtors	1,348,087	1,276,022
Prepayments	312,394	304,032

Recoverable in more than one year:

Credit Union	167,416	163,206
Provision for bad debts	(150,000)	(150,000)
	3,270,270	2,617,317

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

16 Cash at bank and in hand

	2015	2014
	£	£
Cash	1,803	1,445
Bank	2,047,236	2,671,647
Balances in hands of groups and branches	382,728	496,340
	2,431,767	3,169,432

17 Creditors: amounts falling due within less than one year

Trade creditors	970,659	478,390
Accruals	3,139,417	1,244,654
Corporation tax payable	61,152	-
Bank loan- Unity Trust Bank Plc	22,808	522,155
	4,194,036	2,245,199

Creditors: amounts falling due between one to two years

Bank loan- Unity Trust Bank Plc	23,519	22,808
	23,519	22,808

Creditors: amounts falling due between two to five years

Bank loan- Unity Trust Bank Plc	74,915	72,719
	74,915	72,719

Creditors: amounts falling due after five years

Bank loan- Unity Trust Bank Plc	103,614	129,329
	103,614	129,329

Included in long term creditors and debtors is a loan obligation and liability to Unity Trust Bank signed on 15th June 2011. The loan was to assist in the initial set up costs of PCS Credit Union and is for a period not exceeding 13 years. The repayment is on an interest only basis for a period of three years with interest charged at 2.5% per annum over Unity's base rate (0.5% at time of loan approval). The interest incurred in 2014 has been charged to PCS general income and expenditure account.

Capitals and interest payments will commence 3 years after drawdown by regular monthly payments over a repayment profile of 10 years.

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

18 Commitments

The PCS has the following rental agreements net of VAT:

Property leased	Date of Expiry	Total Commitment
1 Islington Liverpool, L3	30 June 2025	404,783
		<i>12 month rent free period from 1 September 2015</i>
16 Waterloo St, Birmingham, B2	19 August 2018	64,457
John Dobson St, Newcastle, NE1	24 March 2025	258,750
		<i>12 month rent free period from 1 September 2015 Rent review March 2017</i>
145 West Regent, St Glasgow G2	1 December 2027	536,800
		<i>12 month rent free period from 1 September 2015</i>
22 York Place, Edinburgh EH1	24 December 2016	1,963
Towncentre House, Wood house lane, Leeds	24 May 2020	241,365
		<i>12 month rent free period in 2016</i>
1 Cathedral Street, Cardiff, CF1	9 Dec 2025	315,650
		<i>12 month rent free period from 1 September 2015</i>
Part 2nd Floor Tony Benn House, Victoria Street, Bristol, BS1 6AY	30 June 2020	49,788
Part 1st Floor, The new Union House, Harbour Avenue, Plymouth PL4	1 January 2019	5,838
		<i>Rent free until 30 September 2016</i>
Leasehold		
231 Vauxhall Bridge Road	2080	640
5 Falcon Mews	2113	244,828

19 Contingent liabilities

On 16 December 2004 the union gave its commitment to a charge over the freehold property (Note 12) of £4.5 million to the PTC pension scheme.

On 19 January 2009 the charge was revised up to a maximum amount of £7.825 million.

20 Related party transactions

At 31 December 2015 the PTC pension scheme had a charge over the union's freehold property (Note 12).

At 31 December 2015 PCS had a long term creditor and debtor in relation to a loan obligation used to assist in the set up costs for PCS Credit Union (Note 17).

At 31 December 2015 PCS had prepaid under the current schedule of contributions to the PTC pension scheme, and was owed £350,000 by the PTC pension scheme (2014: £350,000).

At 31 December 2015 PCS had prepaid under the current schedule of contributions to the CPSA pension scheme and was owed £390,000 by the CPSA Pension Scheme (2014: £390,000).

As at 31 December 2015 the Unity Trust Bank Ltd had a charge over the union's leasehold property (Note 12).

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

21 Reconciliation of operating surplus to net cash movement from operating activities

	2015		2014	
	£	£	£	£
Surplus for the year- general fund		216,018		6,756,296
Appropriation to campaign and disputes fund	740,000		1,154,195	
Campaign and disputes fund expenditure	(849,098)		(892,328)	
Donations	2,136		5,324	
		(106,962)		267,191
Appropriation to political fund	227,639		266,003	
Political fund expenditure	(89,256)		(152,580)	
		138,383		113,423
Appropriation to fighting fund	19,429		9,202	
		19,429		9,202
Allocation to designated reserves	–		800,000	
Transfer from property fund	(164,654)		(279,204)	
Expenditure from reserves	(800,000)		–	
		(964,654)		520,796
Depreciation		757,713		1,125,956
Pension contributions paid in year	(900,000)		(2,800,000)	
		(900,000)		(2,800,000)
		(840,073)		5,992,864
Interest receivable	(376)		(731)	
Dividends	(27,727)		(23,063)	
Pension scheme income	300,000		(2,800,000)	
(Gain)/loss on sale of investments	(25)		–	
Gain on investment property	(500,000)		(750,000)	
(Decrease)/increase in creditors	2,208,186		(1,301,671)	
Decrease/(Increase) in debtors	(652,952)		833,675	
		1,327,105		(4,041,790)
Net cash inflow from operating activities		487,032		1,951,074

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

22 Pension

The PCS operates two funded defined benefit pension schemes providing benefits based on length of service and final pensionable salary. The assets of each scheme are held separately by means of an independent trust advised by professional actuaries. In addition since the incorporation of the Association of Magisterial Officers, PCS has been a member of the General Federation of Trade Unions Pension Scheme, a defined benefit scheme.

The pension charge to the general fund for all schemes for the period was £3,129,620 (2014: £2,713,295).

The PTC Pension Scheme

PCS operates this as a defined benefit scheme. The assets of the scheme are held, almost entirely, by Sarasin & Partners LLP in the form of individual holdings of equities, unit trusts, government securities and cash. An actuarial valuation of the scheme was carried out at 31 December 2012.

Employer contributions to the scheme charged to the general fund amounted to £2,300,702. Additional employer contributions will be required if there are any redundancies or augmentations during the year.

The main actuarial assumptions were:

Rate of pay increases	1.4% pa
Rate of pension increases	3.0% pa

Expenses incurred in operating the scheme are charged to the PCS general fund income and expenditure account.

An interim valuation has been performed as at 31 December 2015 FRS 102 accounting purposes and the assumptions used and the deficit within the scheme are disclosed as follows

The principal assumptions used by the independent qualified actuaries to calculate the liabilities under Pension are set out below:

Main financial assumptions

	at 31 December 2015 (% p.a.)	at 31 December 2014 (% p.a.)	at 31 December 2013 (% p.a.)
Inflation assumption-RPI	3.1	3.1	3.4
Rate of general long-term increase in salaries	1.4	1.4	2.4
Rate of increases to pensions in payment	3.0	3.1	3.4
Discount rate for scheme liabilities	3.8	3.6	4.4

The scheme rules link to RPI not CPI.

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

22 Pension (continued)

The PTC Pension Scheme (continued)

Mortality assumption

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 65 will live on average for a further 26.8 years if they are male. A member currently aged 45 will live an additional 28.2 years from the age of 65 if they are male.

The assets in the scheme and the expected rates of return were:

	Value at 31 December 2015 £m	Value at 31 December 2014 £m	Value at 31 December 2013 £m
Equities	38.7	53.4	61.1
Property	5.6	5.9	4.5
Government bonds	22.7	5.0	3.8
Sun Life annuity contracts	8.7	9.2	9.0
Corporate bonds	6.4	4.6	5.1
Asset backed bonds	–	1.8	–
Alternative Investments	7.4	7.6	–
Other	0.7	1.1	0.2
Combined	<u>90.2</u>	<u>88.6</u>	<u>83.7</u>

*The overall expected rate of return on scheme assets is a weighted average of the individual expected rates of return on each asset class.

Narrative description of the basis used to determine expected return

PCS employs a building block approach in determining the long-term rate of return on scheme assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed long-term rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the scheme at 31 December 2015.

Reconciliation of funded status to balance sheet

	Value at 31 December 2015 £m	Value at 31 December 2014 As restated £m	Value at 31 December 2013 £m
Fair value of scheme assets	90.2	88.6	83.7
Present value of funded defined benefit obligations	(107.4)	(111.7)	(100.0)
(Liability) recognised on balance sheet	<u>(17.2)</u>	<u>(23.1)</u>	<u>(16.3)</u>

A prior year adjustment has been made in respect of the calculation of the PTC pension scheme. This adjustment follows a revision by the actuary of their calculation of scheme assets and liabilities as prepared in accordance with chapter 28 of FRS102. Adjustments have been made to the PTC pension provision with a £300,000 reduction in liabilities.

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

22 Pension (continued)

The PTC Pension Scheme (continued)

Analysis of income and expenditure charge

Current service cost	
Past service cost	
Interest cost	
Expected return on scheme assets	
Expenses recognised in income and expenditure	

Year ended 31 December 2015	Year ended 31 December 2014
£m	£m
0.4	0.9
–	(0.9)
4.0	4.3
(3.2)	(5.7)
1.2	(1.4)

Changes to the present value of the defined benefit obligation during the year

Opening defined benefit obligation

Current service cost	
Interest cost	
Contributions by scheme participants	
Actuarial gain on scheme liabilities*	
Net benefits paid out	
Past service cost	

Closing defined benefit obligation

*Includes changes to the actuarial assumptions

Year ended 31 December 2015	Year ended 31 December 2014 As restated
£m	£m
111.7	100
0.4	0.9
4.0	4.3
0.3	0.3
(5.9)	10.5
(3.1)	(3.4)
–	(0.9)
107.4	111.7

Changes to the fair values of scheme assets during the year

Opening fair value of scheme assets

Expected return on scheme assets	
Actuarial gains on scheme assets	
Contributions by the employer from all funds	
Contributions by scheme participants	
Net benefits paid out	

Closing fair value of scheme assets

Year ended 31 December 2015	Year ended 31 December 2014 As restated
£m	£m
88.6	83.7
3.2	5.7
(0.6)	0.1
1.8	2.2
0.3	0.3
(3.1)	(3.4)
90.2	88.6

Actual return on scheme assets

Expected return on scheme assets	
Actuarial gain on scheme assets	
Actual return on scheme assets	

Year ended 31 December 2015	Year ended 31 December 2014 as restated
£m	£m
3.2	5.7
(0.6)	0.1
2.6	5.8

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

22 Pension (continued)

The PTC Pension Scheme (continued)

Analysis of amounts recognised in statement comprehensive income (SOCl)

	Year ended 31 December 2015	Year ended 31 December 2014
	£m	As restated £m
Total actuarial gains/(losses)	5.3	(10.4)
Total gain/(loss) in SOCl	5.3	(10.4)
Cumulative amount of (losses) recognised in SOCl	(27.3)	(32.6)

History of asset values, defined benefit obligation and surplus/(deficit) in scheme

	Year ended 31 December 2015	Year ended 31 December 2014	Year ended 31 December 2013	Year ended 31 December 2012	Year ended 31 December 2011
	£m	£m As restated	£m	£m	£m
Fair value of scheme assets	90.2	88.6	83.7	73.7	66.4
Defined benefit obligation	(107.4)	(111.7)	(100.0)	(95.4)	(89.8)
Deficit in scheme	(17.2)	(23.1)	(16.3)	(21.7)	(23.4)

History of experience gains and losses

	Year ended 31 December 2015	Year ended 31 December 2014	Year ended 31 December 2013	Year ended 31 December 2012	Year ended 31 December 2011
	£m	£m As restated	£m	£m	£m
Experience gains/(losses) on scheme assets	(0.6)	0.1	4.5	2.1	(7.9)
Experience gains/(losses) on scheme liabilities*	5.2	0.0	0.6	(1.0)	0.2

* This item consists of gains/(losses) in respect of liability experience only, and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

22 Pension (continued)**The CPSA Pension Scheme**

PCS operates this as a defined benefit scheme. A full actuarial valuation of the scheme was carried out as at 31 December 2012.

The assets of the scheme are held by Legal & General and Hermes in the form of managed funds.

The main actuarial assumptions are:

Rate of pay increases	1.5% pa
Rate of pension increases	2.0% pa

The pension fund meets expenses incurred in operating the scheme.

Employer contributions to the scheme amounted to £745,110. Additional employer contributions will be required if there are any redundancies or augmentations during the year.

An interim valuation has been performed as at 31 December 2015 for FRS 102 accounting purposes and the assumptions used and the surplus within the scheme are disclosed as follows:

The principal assumptions used by the independent qualified actuaries to calculate the liabilities under Pension are set out below:

Main financial assumptions

	31 December 2015 (% p.a.)	31 December 2014 (% p.a.)	31 December 2013 (% p.a.)
Inflation assumption – CPI	2.0	2.0	2.4
Rate of general long-term increase in salaries	1.4	1.4	2.4
Rate of increases to pensions in payment	2.0	2.0	2.3
Discount rate for scheme liabilities	3.8	3.6	4.4

The scheme rules link inflation assumptions to CPI.

Mortality assumption

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 65 will live on average for a further 26.8 years if they are male. A member currently aged 45 will live an additional 28.2 years from the age of 65 if they are male.

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

22 Pension (continued)

The CPSA pension scheme (continued)

The assets in the scheme and the expected rates of return were:

	Value at 31 December 2015 £m	Value at 31 December 2014 £m	Value at 31 December 2013 £m
Equities	31.2	31.5	36.6
Property	9.6	8.6	7.5
Government bonds	19.0	19.8	17.6
Corporate bonds	11.8	11.8	10.6
Diversified Growth Fund	7.4	7.4	–
Other	0.0	(0.2)	(0.2)
Combined	79.0	78.9	72.1

*The overall expected rate of return on scheme assets is a weighted average of the individual expected rates of return on each asset class.

Narrative description of the basis used to determine expected return

PCS employs a building block approach in determining the long-term rate of return on scheme assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed long-term rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the scheme at 31 December 2015.

Reconciliation of funded status to balance sheet

	Value at 31 December 2015 £m	Value at 31 December 2014 As restated £m	Value at 31 December 2013 £m
Fair value of scheme assets	79.0	78.8	72.1
Present value of funded defined benefit obligations	(63.1)	(66.1)	(59.4)
Asset recognised on balance sheet	15.9	12.7	12.7

A prior year adjustment has been made in respect of the calculation of the CPSA pension scheme. This adjustment follows a revision by the actuary of their calculation of scheme assets and liabilities as prepared in accordance with chapter 28 of FRS102. Adjustments have been made to the CPSA pension provision with a £300,000 increase in assets.

Analysis of income and expenditure charge

	Year ended 31 December 2015 £m	Year ended 31 December 2014 £m
Current service cost	0.5	1.2
Past service cost	–	(1.2)
Interest cost	2.3	2.6
Expected return on scheme assets	(2.8)	(4.0)
Expenses recognised in income and expenditure	–	(1.4)

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

22 Pension (continued)

The CPSA pension scheme (continued)

Changes to the present value of the defined benefit obligation during the year

	Year ended 31 December 2015	Year ended 31 December 2014 As restated
	£m	£m
Opening defined benefit obligation	66.1	59.4
Current service cost	0.5	1.2
Administration expenses	–	–
Interest cost	2.3	2.6
Contributions by scheme participants	0.4	0.4
Actuarial(gains)/losses on scheme liabilities*	(3.5)	5.5
Net benefits paid out	(2.7)	(1.9)
Past service cost	–	(1.2)
Closing defined benefit obligation	63.1	66.1

*Includes changes to the actuarial assumptions

Changes to the fair values of scheme assets during the year

	Year ended 31 December 2015	Year ended 31 December 2014
	£m	£m
Opening fair value of scheme assets	78.8	72.1
Expected return on scheme assets	2.8	4.0
Actuarial gains/(losses) on scheme assets	(0.3)	3.6
Administration costs	(0.5)	–
Contributions by the employer from all funds	0.5	0.6
Contributions by scheme participants	0.4	0.4
Net benefits paid out	(2.7)	(1.9)
Closing fair value of scheme assets	79.0	78.8

Actual return on scheme assets

	Year ended 31 December 2015	Year ended 31 December 2014
	£m	£m
Expected return on scheme assets	2.8	4.0
Actuarial gain/(loss) on scheme assets	(0.3)	3.6
Actual return on scheme assets	2.5	7.6

Analysis of amounts recognised in statement of comprehensive income (SOCl)

	Year ended 31 December 2015	Year ended 31 December 2014 As restated
	£m	£m
Total gain/(loss) in SOCl	3.2	(2.0)
Total actuarial gain/(loss) in SOCl	3.2	(2.0)
Cumulative amount of (losses) recognised in SOCl	(1.3)	(4.5)

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

22 Pension (continued)

The CPSA pension scheme (continued)

History of asset values, defined benefit obligation and surplus in scheme

	Year ended 31 December 2015	Year ended 31 December 2014 As restated	Year ended 31 December 2013	Year ended 31 December 2012	Year ended 31 December 2011
	£m	£m	£m	£m	£m
Fair value of scheme assets	79.0	78.8	72.1	65.2	60.6
Defined benefit obligation	(63.1)	(66.1)	(59.4)	(58.6)	(52.1)
Surplus in scheme	15.9	12.7	12.7	6.6	8.5

History of experience gains and losses

	Year ended 31 December 2015	Year ended 31 December 2014 As restated	Year ended 31 December 2013	Year ended 31 December 2012	Year ended 31 December 2011
	£m	£m	£m	£m	£m
Experience (losses)/gains on scheme assets	(0.3)	3.6	3.9	1.4	(1.7)
Experience gains on scheme liabilities*	2.9	(0.2)	0.5	(0.9)	0.2

* This item consists of gains/(losses) in respect of liability experience only, and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

The General Federation of Trade Unions Pension Scheme (GFTU)

The union participates in the GFTU defined benefit pension scheme, a multi-employer scheme. Previously it was not possible to identify the union's share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis and as a result contributions were charged to the income and expenditure account as they were paid. Following discussions with the scheme actuary it has now been established that it is possible to identify the assets and liabilities attributable to the union. However, the officers of the union are of the opinion that the cost of obtaining the precise value of their share of the scheme deficit as at 31 December 2015 along with disclosures required to fully comply with FRS 102 Section 28 "Employers Benefits" outweighs the benefits given the known immaterial value of the union's share of assets and liabilities. Therefore these financial statements have continued to treat this scheme as if it were a defined contribution scheme.

The charge to PCS general fund for the year was £83,808 (2014: £96,103).

Reserves

	Year ended 31 December 2015	Year ended 31 December 2014 As restated
	£m	£m
Funds as stated excluding pension assets/(liabilities)	16.7	18.0
Pension liability	(17.2)	(23.1)
Pension asset	15.9	12.7
Adjusted funds figure including pension assets/(liabilities)	15.4	7.6

Public and Commercial Services Union

Notes to the accounts

For the year ended 31 December 2015 (continued)

23 First time adoption of FRS 102

	Note	Total funds and reserves as at 1 January 2014 £'000	Year ended 31 December 2014 £'000	Total funds and reserves as at 31 December 2014 £'000
As previously stated under former UK GAAP		12,468,917	6,422,620	6,422,620
Prior year adjustment– correction of error	a	–	600,000	600,000
As restated under former UK GAAP		12,468,917	7,022,620	7,022,620
Transitional adjustments				
Revaluation of investment property	b	250,000	500,000	750,000
Elimination of accumulated depreciation due to reclassification of leasehold property to investment property	c	100,000	–	100,000
Adjustment for holiday pay accrual	d	(240,000)	–	(240,000)
		110,000	500,000	610,000
As stated in accordance with FRS 102		12,578,917	7,522,620	7,632,620

Explanation of changes to previously reported net surplus for the year and equity

- a. Actuarial adjustment on valuation of net pension liabilities – see note 24
- b. Revaluation of investment property 231 Vauxhall Bridge Road
- c. Elimination of depreciation charged on leasehold property reclassified as investment property
- d. Adjustment made for staff holiday days not taken at 31 December 2015.

24 Prior year adjustment

A prior year adjustment has been made in respect of the calculation of the union's two defined benefit pension schemes. This adjustment follows a revision by the actuary of their calculation of scheme assets and liabilities as prepared in accordance with chapter 28 of FRS 102. Adjustments have been made to the net pension provision with a net £600,000 reduction in liabilities. Adjustments of equal size have also been made to funds and reserves and within the Statement of changes in funds and reserves.

The following pages do not form part of the audited financial statements.

Public and Commercial Services Union

Appendices to the accounts

For the year ended 31 December 2015

A Campaign and disputes fund (detailed analysis)

	2015		2014	
	£	£	£	£
Balance at 1 January 2015		267,191		–
Transfer from subscription Income		740,000		1,154,195
Exceptional transfer to income and expenditure		–		–
Hardship fund donations		2,136		5,324
Other donations		–		–
		<u>1,009,327</u>		<u>1,159,519</u>
Anti-jobs cuts campaign	(177,354)		(593,704)	
Strike Pay	(269,502)		(18,633)	
Policy Ballots	(117,300)		–	
Strategic legal cases	(120,332)		(102,560)	
Direct debit	(93,906)		(11,151)	
Credit Union	(44,906)		(63,926)	
Industrial Action Ballots	(22,254)		(52,194)	
Culture Media & Sports Group	(2,392)		(20)	
Greenwich Resource Centre	(500)		(3,000)	
National Gallery	(352)		(45)	
Health & Safety Campaign	(300)		–	
Department for Education & Skills Group	–		(11,402)	
Department of Work & Pensions	–		(10,584)	
National Pensioners Convention	–		(5,000)	
Trade Union Co-ordinating Group	–		(5,000)	
I E R Institute of Employment Rights	–		(4,173)	
PCS in the community	–		(3,196)	
NDC Agreed Campaigns	–		(3,145)	
Still the Enemy Within	–		(1,000)	
Revenue and Customs Group	–		(823)	
Civil Aviation Authority	–		(609)	
Unite We Stand	–		(500)	
Associated Society of Locomotive Engineers & Firemen	–		(500)	
Stop the War Coalition	–		(500)	
UKLGIG	–		(500)	
Land Registry	–		(238)	
MITIE	–		(83)	
Commercial Sector Group	–		(34)	
Pay campaign	–		192	
		<u>(849,098)</u>		<u>(892,328)</u>
Balance at 31 December 2015		<u>160,229</u>		<u>267,191</u>

Public and Commercial Services Union

Appendices to the accounts

For the year ended 31 December 2015 (continued)

B Political fund

	2015		2014	
	£	£	£	£
Balance at 1 January 2015		113,423		–
Transfer from subscription income		227,639		266,003
		<u>341,062</u>		<u>266,003</u>
Less:				
Parliamentary work	(67,638)		(75,347)	
Unite Against Fascism	(3,626)		(4,664)	
Greening The Workplace	(12,405)		(13,055)	
Scottish Campaigns	(3,288)		(51,584)	
Jobs Campaigns	(2,179)		(3,933)	
International Campaigns	(120)		(3,997)	
		<u>(89,256)</u>		<u>(152,580)</u>
Balance at 31 December 2015		<u>251,806</u>		<u>113,423</u>

Public and Commercial Services Union

Appendices to the accounts

For the year ended 31 December 2015 (continued)

C Network administration (detail)

	2015		2014	
	£	£	£	£
National costs				
Superannuation fund costs		577,313		666,496
Pension Protection Fund Levy		48,040		48,360
Legal and professional fees		233,030		197,992
Credit Union Loan written off		–		150,000
Audit fees		47,791		41,935
Bank charges and interest		30,693		37,013
Staff development costs		26,364		45,905
Staff recruitment costs		845		2,309
Computer running costs		512,008		492,513
Vehicle running costs		11,122		14,539
Pension adjustment				
Current service costs of defined benefit schemes	900,000		2,100,000	
Administration expenses	500,000		–	
Past service costs of defined benefit schemes	–		(2,100,000)	
Pension contributions paid in year	(2,300,000)		(2,800,000)	
		(900,000)		(2,800,000)
		<u>587,206</u>		<u>(1,102,938)</u>
London headquarters				
Employment costs		8,211,969		8,752,628
Voluntary selective and early retirement scheme costs paid		632,526		–
Voluntary selective and early retirement scheme costs accrued		1,647,800		300,000
Accommodation running costs		405,711		534,152
Maintenance of buildings		1,963		(1,093)
Printing, stationery and photocopying		162,336		103,420
Postage		114,360		128,259
Research		46,565		49,222
Telephone		115,324		125,554
Office running costs		138,360		148,168
Subsistence		74,506		91,507
Travel		155,957		144,032
Miscellaneous		13,213		12,309
Hospitality		69		380
		<u>11,720,660</u>		<u>10,388,538</u>
English regions				
Yorkshire and Humberside				
Employment costs		434,734		390,987
Accommodation running costs		132,139		180,156
Printing, stationery and photocopying		4,700		5,135
Postage		5,432		4,760
Telephone		4,059		3,340
Office running costs		14,006		14,181
Subsistence		3,380		3,245
Travel		7,058		4,275
Miscellaneous		395		(261)
		<u>605,903</u>		<u>605,818</u>
North West				
Employment costs		156,060		147,732
Accommodation running costs		79,689		93,204
Printing, stationery and photocopying		2,550		4,295
Postage		4,675		4,525
Telephone		362		412
Office running costs		2,565		2,644
Subsistence		834		1,456
Travel		1,373		5,916
		<u>248,108</u>		<u>260,184</u>

Public and Commercial Services Union

Appendices to the accounts

For the year ended 31 December 2015 (continued)

C Network administration (detailed) (continued)

	2015 £	2014 £
Eastern		
Employment costs	87,354	93,868
Accommodation running costs	55,132	42,728
Printing, stationery and photocopying	831	597
Postage	1,352	1,701
Research	34	-
Telephone	1,543	1,335
Office running costs	983	1,329
Subsistence	285	457
Travel	1,963	1,819
Miscellaneous	-	55
	<u>149,477</u>	<u>143,889</u>
West Midlands		
Employment costs	318,913	272,924
Accommodation running costs	83,638	83,667
Printing, stationery and photocopying	3,733	5,157
Postage	2,811	2,732
Telephone	14,264	13,042
Office running costs	1,224	1,457
Subsistence	1,559	2,406
Travel	2,467	6,447
Miscellaneous	67	125
	<u>428,676</u>	<u>387,957</u>
Northern		
Employment costs	121,532	150,030
Accommodation running costs	44,249	48,777
Printing, stationery and photocopying	1,739	2,802
Postage	1,053	1,096
Telephone	1,328	1,831
Office running costs	1,854	1,582
Subsistence	297	568
Travel	1,202	1,512
Miscellaneous	30	-
	<u>173,284</u>	<u>208,198</u>
South West		
Employment costs	156,612	132,209
Accommodation running costs	18,575	45,699
Printing, stationery and photocopying	300	766
Postage	1,692	1,243
Telephone	2,371	2,516
Office running costs	779	926
Subsistence	1,637	1,230
Travel	7,485	2,581
	<u>189,452</u>	<u>187,170</u>
London and South Eastern		
Employment costs	272,346	230,512
Subsistence	186	574
Travel	804	1,904
	<u>273,336</u>	<u>232,990</u>

Public and Commercial Services Union

Appendices to the accounts

For the year ended 31 December 2015 (continued)

C Network administration (detailed) (continued)**Devolved****Scotland**

Employment Costs	410,064	399,969
Accommodation Running Costs	64,146	61,814
Printing, Stationery & Photocopying	2,931	2,910
Postage	1,000	1,900
Research	-	60
Telephone	2,182	2,660
Office Running Costs	1,394	4,796
Subsistence	3,643	4,775
Travel	9,590	9,579
Miscellaneous	25	-
	<u>494,975</u>	<u>488,463</u>

Wales

Employment Costs	361,349	357,734
Accommodation Running Costs	56,728	64,631
Printing, Stationery & Photocopying	2,819	4,008
Postage	3,384	4,750
Research	556	-
Telephone	2,434	2,691
Office Running Costs	4,699	3,032
Subsistence	8,285	10,956
Travel	37,180	30,280
Miscellaneous	150	-
	<u>477,584</u>	<u>478,082</u>

Ireland

Subsistence	143	175
Travel	1,592	1,943
Telephone	175	307
	<u>1,910</u>	<u>2,425</u>
	<u>15,350,571</u>	<u>12,280,775</u>

Public and Commercial Services Union

Appendices to the accounts

For the year ended 31 December 2015 (continued)

D Group and occupational associations

	2015 £	2014 £
ATOS	10,081	9,420
Aviation Group	19,055	18,696
Commercial Sector Association	5,631	9,555
Crown Prosecution Service	23,310	23,720
Culture, Media & Sport OA	8,400	8,526
Defence Sector	27,588	49,747
Department for Business & Innovation Skills	43,863	49,940
Department for Transport	47,205	45,610
Department for Work and Pensions	275,947	299,103
Department of Health	831	5,773
Education Group	8,362	10,350
Environment, Food and Rural Affairs	4,317	41,574
Forestry Commission	1,794	5,496
Fujitsu	3,226	4,381
Government Communications Group	8,837	15,368
Hewlett Packard	4,747	11,117
Home Office	44,269	76,236
Land Registry	36,124	35,457
Metropolitan Police	10,265	12,201
Ministry of Justice	80,201	96,288
National Crime Agency	59	250
Office of National Statistics	2,314	3,584
Revenue & Customs	100,347	280,741
Scottish Government	4,712	3,406
Welsh Assembly Government	–	279
Funds returned from closed groups/sections	–	(9,510)
	771,485	1,107,308

E Geographical and other structures

	2015 £	2014 £
Proud	–	6,400
Public Services Group	8,500	6,036
Associate Members Section	14,904	25,138
Professional Managers Association	–	493
Regional committees:		
Wales	1,233	5,065
Scotland	928	1,036
Ireland	561	908
Eastern	2,236	1,801
North West	788	128
Northern	1,849	1,502
Midlands	1,438	2,153
London and South East	–	79
South West	3,956	4,247
Yorkshire and Humberside	1,558	2,958
	37,951	57,946

Public and Commercial Services Union

Appendices to the accounts

For the year ended 31 December 2015 (continued)

F Principal donations	2015	2014
The donations over £100 are listed below	£	£
Campbell Christie Fund (FFCF)	200	–
Donations under £100	200	124
Fire Brigades Union	200	500
Institute of Employment Rights	200	–
London Mayday Organising Committee	200	–
Manchester Trade Unions Council	200	–
The Mary MacArthur Holiday Trust	200	200
The PAC 45 Foundation	200	–
Working Class Movement Library	200	–
Yarmouk Refugee Camp In Syria	200	–
Reel News	150	–
Labour Education Foundation In Pakistan	120	–
Action for Sick Children	100	–
African & Caribbean Memorial	100	–
Bill Jeffries	100	–
Burston Strike School	100	500
Hatfield Main Colliery Community Heritage	100	–
Harry Iles	100	–
Movement Against Xenophobia	100	–
Orgrave Truth & Justice Campaign	100	–
Stop The War (Ipswich)	100	200
TUC	100	–
With Banners Held High	100	–
Abortion Support Network	–	200
Arab Workers Union	–	(150)
Banner Theatre Company	–	200
Campaign Opposing Police Surveillance	–	500
Doncaster District & Bassetlaw Health	–	500
Douglas Badar Foundation	–	100
Fair Pley Ltd	–	1,440
FDA Crown Prosecution Section	–	100
JCWI Max Account	–	200
Levellers Day	–	200
New Approach Campaign	–	500
Palestine Solidarity Campaign	–	500
Project Trust	–	300
Public Services International	–	200
Sylvia Pankhurst Library	–	300
The Salter Statues Campaign	–	500
University & College Union	–	1,500
	3,370	8,614

Public and Commercial Services Union

Appendices to the accounts

For the year ended 31 December 2015 (continued)

G Affiliation fees

	2015	2014
	£	£
Abortion Rights	–	175
Action for Southern Africa	350	500
Black Activists Rising Against Cuts (BARAC) UK	100	–
Amnesty International	240	500
Campaign Against Climate Change	150	150
Campaign for Press/Broadcasting Freedom	450	450
Campaign for Trade Union Freedom	650	650
Cuban Solidarity Campaign	200	200
Eurocadres	2,753	–
European Federation of Public Service Unions	29,142	38,804
European Transport Workers Federation	1,017	1,157
General Federation of Trade Unions	10,613	11,441
Hands Off Venezuela	500	–
Hope Not Hate Yorkshire	–	200
Hospitality	30	509.2
Howard League	–	400
Institute of Employment Right	2,329	–
International Transport Workers Federation	3,600	3,659
Irish Congress of Trade Unions	6,404	7,066
Jubilee Debt Campaign	–	1,500
Justice for Colombia	250	–
Justice Forum	–	16,504
Labour Research Department	17,840	9,676
London Citizens	1,800	1,800
Mena Solidarity Network	200	–
National Pensioners Convention	1,500	1,500
Palestine Solidarity Campaign	–	100
Public Services International	75,386	102,747
STUC	35,171	36,507
The Fawcett Society	–	950
Trade Justice Movement	500	500
Trade Union Coordinating Group	5,810	–
Trades Unions Friends of Searchlight	–	150
TUC	629,197	660,411
UNI	10,135	10,209
Union Des Finanzpersonals in Europa	3,563	4,470.1
Unite Against Fascism	200	200
Unity Trust Bank	247	256
Venezuela Solidarity Campaign	240	–
Wales TUC	2,014	2,081
Women's Federation of England	300	400
Prior year adjustments	–	(14,592)
	<u>842,881</u>	<u>901,230</u>

Public and Commercial Services Union

Appendices to the accounts

For the year ended 31 December 2015 (continued)

H Equities

	Nominal holding 2015	Cost 2015 £	Market value 2015 £	Market value 2014 £
3I Infrastructure PLC ord NPV	6,000	6,977	11,620	11,468
International Public Partnership Ltd 0.01p ordinary shares	6,750	6,681	8,370	8,121
		<u>13,658</u>	<u>19,990</u>	<u>19,589</u>

I Bonds and interest bearing stock

	Nominal holding 2015	Cost 2015 £	Market value 2015 £	Market value 2014 £
iShares GBP Corporate Bond	370	46,185	48,679	50,372
		<u>46,185</u>	<u>48,679</u>	<u>50,372</u>

J Unit trusts and investment funds

	Nominal holding 2015	Cost 2015 £	Market value 2015 £	Market value 2014 £
BH Macro Ltd Ordinary NPV £ equity closed ended funds	450	7,900	9,119	9,212
Lyxor Gold Bullion Securities SEC UND Zero CPN NTS	35	3,722	2,401	2,575
Sarasin CI Real Estate Equity Income	974	8,880	14,583	13,968
Sarasin Equisar - UK Thematic	61,175	75,000	75,795	77,568
Sarasin Equisar - Global Thematic	10,409	75,000	79,039	78,674
Sarasin Sterling Bond	277,598	298,660	298,140	341,295
		<u>469,162</u>	<u>479,077</u>	<u>523,292</u>

K Money market

		Cost 2015 £	Market value 2015 £	Market value 2014 £
Sarasin & Partners LLP Money Market		45,610	45,610	87,507
		<u>45,610</u>	<u>45,610</u>	<u>87,507</u>

Public and Commercial Services Union

Appendices to the accounts

For the year ended 31 December 2015 (continued)

L Miscellaneous holdings

	Nominal holding	Cost	Market value	Market value
	2015	2015	2015	2014
		£	£	£
Members portfolio				
Accenture Ltd Class A common shares	40	744	2,836	2,291
Atos Origin SA €1 common stock	25	781	1,427	1,285
Babcock International Group PLC 60p ordinary shares	105	401	1,068	1,113
Balfour Beatty PLC 50p ordinary shares	250	915	677	529
Banco Santander SA	51	1,185	171	277
Cap Gemini SA €8	25	830	1,576	1,154
Capita Group PLC 2p ordinary shares	126	781	1,523	1,363
Computer Sciences Corporation common stock	30	477	665	1,213
CRSA Inc	30	354	611	0
Eurocorp	200	722	727	669
G4S PLC	400	946	902	1,111
Groupe Steria SCA	80	774	1,599	960
Grupo Ferrovial SA €1	60	813	922	764
IBM Corporation common stock	15	750	1,400	1,544
Lonmin PLC	130	1,378	1	231
MITIE Group PLC 2.5p ordinary shares	400	852	1,246	1,111
Osrn Licht AG	1	15	29	26
Siemens AG no-par-value registered shares	15	710	994	1,094
Total Members' Portfolio		13,428	18,374	16,735
Miscellaneous holdings				
Unity Trust Bank PLC:				
: 'A' ordinary shares of £ 1	171,844	172,093	171,844	171,844
: 'C' ordinary shares of £ 1	102,728	105,129	102,728	102,728
: 'A' ordinary shares of £ 1	50,000	100,000	100,000	-
Civil Service Housing Association 25p ordinary shares	-	-	-	200
Energy Prospects Co-operative Ltd £ 1 shares	1,000	1,000	1,000	1,000
Wortley Hall Ltd £5 shares	200	1,000	1,000	1,000
Trades Union British Trust	57,952	311,619	296,422	313,495
		704,269	691,368	607,002

PCS **Financial report** **2016**

Financial outlook 2016–2018

PCS annual budget 2016

INTRODUCTION

This section of the Financial Report sets out the detailed budget for 2016 agreed by the NEC and the outline budgets for 2017 and 2018.

The combined effect of the removal of check off together with the massive job cuts programme in the civil service required an urgent response. Fortunately, we were well prepared for the consequences and, last year, the NEC agreed a three year budget reduction programme, endorsed by ADC in May 2015.

Our financial discipline and prudent approach has paid off and the three year plan is on track and ahead of schedule.

It is worth emphasising that the plan envisages a budget reduction in each of the three years. We are seeking to reduce our expenditure by £6.5m in total.

Consequently, the plan will require a further 15% reduction, on average, in budgets in 2016. This mirrors our membership loss in 2015 of 37,000 (16% of membership total) largely as a result of the impact of check off withdrawal. As some of our budgets are more 'fixed' than others it means more 'flexible' budgets may have to be reduced further.

Unavoidably, this will mean a further set of tough calls on expenditure, particularly when you factor in the additional cost of NEC/Group elections next year, which were postponed last year.

However, the actions endorsed by ADC last year, has stabilised our finances. Moreover, the subsequent election of a majority Tory government following publication of the 2015 Finance report confirmed that the pragmatic and cautious approach adopted by ADC was the correct one to take.

This report details the main features and issues surrounding the budget for 2016 as well as providing the underlying assumptions on the loss of income due to the removal of check off and the cuts in civil servant jobs.

FORMAT

The budget presented includes the following statements:

- General fund income and expenditure account,
- Balance sheet,
- Campaign and political fund expenditure analysis,
- Supporting income and expenditure analyses.

OVERVIEW

The 2016 budget has been established by the NEC using the latest projections on the effect on our subscription income on the withdrawal of check off in the remaining at risk departments together with the loss of income due to falling membership as a result of job losses in the civil service.

The majority of government departments housing the bulk of our PCS membership have withdrawn check off. To date, 79.91% of members who have had check-off withdrawn have signed up to direct debit. Our immediate task is to focus on those 20% of members who have yet to sign up to DD to get them to rejoin.

Key assumptions in the creation of this budget are detailed below.

INCOME

Membership subscription income after collection costs has been budgeted at £20.65 million. The methodology behind this estimate is explained on page 64.

Allocations have been made from subscription income to campaign and political funds of £0.66 million. As in prior years we will review the demands on the campaign budget at the midyear point when we will also be able to further update our assumptions on the membership position in the context of civil service cuts.

EXPENDITURE

General fund expenditure (before campaign and political fund allocations and depreciation) is budgeted at £19.6 million. This includes both staff and non staff costs. We have also made provision for £1 million in VSER costs to enable further reductions in staffing to reach our target of delivering a balanced budget by the end of 2017.

Staff Costs (Pay + Pension + NI)	£10.7m
Pensions deficit recovery payment	£1.5m
Non staff costs	£7.4m
	<hr/>
Total	£19.6m
Campaign and Political fund	£0.7m
VSER	£1.0m

NETWORK ADMINISTRATION

The Network Administration budget is being reduced by £1.26 million compared to the 2015 budget.

The fixed costs associated with running our HQ and regional office network limits the savings in several of the main budgets in this area. As a consequence, the budgets where we have greater flexibility to reduce, will be cut further by anything from 20% to 45%. This will require constant budget monitoring during the year and budget holder discipline.

The superannuation running costs budget is the administration and legal budget for the staff pension schemes. The budget was overspent in 2015 as a consequence of additional work relating to the signing off of the 2012 pension valuation. It was this valuation that identified major deficits in our schemes. The valuations have now been signed off following agreement reached with the scheme trustees and we now move into a new evaluation based on the position of the schemes at the end of 2015.

Moreover, the deficit position of the CPSA pension scheme will require the employer to pay for administration expenses which were previously paid from annual scheme surpluses. This will add to our costs in 2016. We are reviewing our costs on pension scheme administration to ensure we are getting value for money.

Office running budgets such as telephone, print postage are being reduced by more than 20%.

Staff travel and subsistence budgets are being increased to accommodate workplace organising activity carried out by staff in our regional hubs.

Savings £1,257,250

MEMBERS REPRESENTATIVES COSTS

The budget is being reduced by £0.18 million compared to 2015.

National and group elections which were postponed in 2015 have been reintroduced. However, changes to the design of election materials will allow us to run the elections at significantly lower cost compared to previous years.

Cost savings in other areas predominantly in staff costs and Local Representatives have offset the additional cost of reintroducing the elections.

The budget for annual conference was overspent last year due to a higher than expected turnout of delegates. We are looking to save money on conference provision

without compromising its effectiveness.

Branch and group budgets will reduce in line with membership loss.

Savings £180,000

BENEFITS AND COMMUNICATION COSTS

The budget is being reduced by £0.93 million compared to 2015.

The main saving in this area is through less paper communication which necessitates high postage spend. Postage costs have increased substantially in recent years.

In a digitalised world, there is scope, we believe, to make further savings in member communication.

The budgets for member benefits are being reduced in line with the reduction in membership.

Savings £935,400

AFFILIATIONS AND DONATIONS

Affiliation costs should reduce in line with membership. We are undertaking further work on our affiliation commitments.

Savings £33,600

CAMPAIGN AND POLITICAL

The Campaign and Political Budget is being reduced by £0.16 million compared to 2015.

Last year we had to make provision for the successful political fund ballot which we were legally required to hold before the end of 2015.

Savings have been identified in all campaign and political budgets in line with the fall in membership.

Savings £163,600

BALANCE SHEET

Fixed Assets

Capital bids were carefully reviewed to ensure only essential expenditure will be incurred.

Capital purchases for office furniture and computer equipment are £0.1 million higher than 2015 levels, mainly due to additional IT infrastructure, for future tenants at the London HQ.

An estimated £1.4 million of refurbishment costs for improvements to London HQ has been planned. This expenditure is required to bring the property to London rental standards in order to optimise income potential.

The sale of the Leasehold property 231 Vauxhall Bridge

Road is expected to take place at the time this report goes to print.

Investments and cash

As always the balance between holdings of cash and investments will need careful management to enable cash flows to be met but we do not anticipate a need to disinvest during 2015.

The existing Unity Trust Bank plc loan balance of £225,000 will be repaid in 2016 if the sale of 231 Vauxhall Bridge Road materialises.

Reserves and funds

Expenditure on campaigns and political activities is budgeted at £0.53 million which whilst lower than last year does reflect the continuing campaigning needs in the current climate. An allocation has been made in the year to the voluntary selective and early retirement reserve of £1.0 million, to assist in further reducing employment costs.

FRS102 Pension adjustment

No assumptions can be made concerning FRS102 pensions

adjustments, as the pension liability created is a function of market conditions at the end of 2015, which cannot be predicted. The balance sheet position of £1.3 million net liabilities at December 2015 has been included in the balance sheet as this is the current known position.

OVERVIEW AND CONCLUSION

The reduction in our expenditure as set out above will be challenging. It will mean tough decisions being made and constant financial vigilance.

2016 is the second year of the 3 year budget plan agreed by ADC last year. Encouragingly, the plan is on track and ahead of schedule, but we can ill afford to take our foot off the pedal.

We are rebuilding the union and creating a more dynamic, visible and strategically focussed organisation. Keeping the finances in good shape is an important component of our future success.

Chris Baugh

National Treasurer

Kevin McHugh

Deputy President

24 March 2016

PCS budget 2016

General fund projected income and expenditure account

For the year ended 31 December 2016

	Notes	2016 £	£
INCOME			
Subscription income			
Members subscriptions		20,876,512	
Collection costs		(227,000)	
			20,649,512
Other income			
Investment income	1	26,920	
Commercial activities	2	179,511	
			206,431
Total income			20,855,943
EXPENDITURE			
General fund expenditure			
Network administration	3	(13,464,277)	
Members representative costs	4	(2,464,877)	
Members benefits	6	(1,042,975)	
Members communications	5	(1,843,040)	
Affiliations and donations	7	(817,500)	
TOTAL			(19,632,669)
Subscriptions allocated to campaign and political funds			(663,560)
Depreciation			
Depreciation on freehold properties		(132,247)	
Depreciation on leasehold properties		(29,710)	
Depreciation on furniture & equipment		(658,695)	
			(820,653)
Voluntary selective and early retirement reserve – allocation			(1,000,000)
Transfer to Property Fund			161,957
TOTAL EXPENDITURE			(21,954,925)
Budgeted general fund overall deficit before sale of investment property			(1,098,981)
Profit on sale of investment property			948,192
Budgeted general fund overall deficit			(150,790)

PCS budget 2016

General fund projected balance sheet

As at 31 December 2016

	2016
	£
Fixed Assets	
Freehold property	9,495,107
Leasehold property	671,544
Office Equipment	1,597,641
	<u>11,764,292</u>
Cash/Investments	4,617,628
Current assets	
Debtors and Prepayments	2,093,634
Creditors and accrued charges	(1,420,139)
Net current assets	<u>673,495</u>
Total assets less current liabilities	<u>17,055,415</u>
Long term creditors	-
Total net assets	<u>17,055,415</u>
Pension adjustments	
Pension assets	15,900,000
Pension Liabilities	(17,200,000)
	<u>(1,300,000)</u>
Total net Asset at 31 December 2016	<u>15,755,415</u>
Represented by:	
Funds	
General	3,449,040
Property	12,516,650
Campaign and political funds	541,594
Fighting Fund	48,131
Designated reserves	
Voluntary Selective and early retirement	500,000
Pension adjustment	
Pension reserve	(1,300,000)
Total budgeted reserves and funds at 31 December 2016	<u>15,755,415</u>

PCS budget 2016

Notes supporting the budget

For the year ending 31 December 2016

	2016
	£
1 Investment income	
Dividends	26,600
Interest from investment managers	320
	<u>26,920</u>
2 Commercial activities	
Advertising income	43,000
Commission received	60,300
Rent	56,211
Vat recovered	20,000
	<u>179,511</u>
3 Network administration summary	
Superannuation fund running costs	(595,000)
Pension protection levy	(100,000)
Legal and professional fees	(100,000)
Audit fees	(40,000)
Bank charges	(8,079)
Staff development costs	(20,000)
Computer system running costs-ITT	(420,000)
Computer system running costs-campaigns	(60,000)
Vehicle running costs	(9,000)
Employment costs	(10,463,898)
Accommodation running costs	(875,650)
Maintenance of buildings	(3,000)
Printing, stationery & photocopying	(90,000)
Postage	(123,100)
Research	(40,000)
Telephone	(110,500)
Office running costs	(129,500)
Subsistence	(90,000)
Travel	(180,000)
Miscellaneous	(6,400)
Hospitality	(150)
	<u>(13,464,277)</u>

PCS budget 2016

Notes supporting the budget

For the year ending 31 December 2016 (continued)

	2016	
	£	£
4 Members representative costs		
Organising and learning		
Recruitment publicity	(6,600)	
National organising forum	(1,500)	
Youth work	(15,000)	
National trade union course	(1,700)	
Group and occupational assoc's courses	(1,000)	
Regional courses	(45,000)	
Organising and learning publicity	(30,000)	
Employment costs	(73,077)	
	<u> </u>	(173,877)
Other meetings		
International meetings	(3,000)	
Seminars	(30,000)	
National meetings	(45,000)	
	<u> </u>	(78,000)
National representatives		
Delegate conference	(547,000)	
Facility time costs	(15,000)	
Subsistence	(30,000)	
Travel	(40,000)	
	<u> </u>	(632,000)
Elections		
National	(190,000)	
Groups, occupational associations and branches	(190,000)	
	<u> </u>	(380,000)
Local representatives		
Group and occupational associations	(800,000)	
Branch grants	(330,000)	
IT support	(14,000)	
Geographical and other structures	(57,000)	
	<u> </u>	(1,201,000)
		<u> </u>
		<u>(2,464,877)</u>
5 Members communications		
PCS View		(490,000)
Employment costs		(1,323,040)
Public relations		(10,000)
National publications		(10,000)
Group publications		(10,000)
		<u> </u>
		<u>(1,843,040)</u>

PCS budget 2016

Notes supporting the budget

For the year ended 31 December 2016 (continued)

	2016
	£
6 Members benefits	
Death & personal accident	(404,000)
Benevolence service	(60,000)
Legal services	(140,000)
Ex IR group members' sickness benefit	(3,000)
Employment costs	(345,975)
Helplines	(90,000)
	<u>(1,042,975)</u>
7 Affiliations and donations	
Affiliation fees	(810,500)
PCS in the community fund	(5,000)
Donations	(2,000)
	<u>(817,500)</u>
8 Campaign and Political funds – planned expenditure	
Greenwich resource centre	(3,000)
Group campaigns	(10,000)
Industrial action ballots	(25,000)
Jobs campaign	(150,000)
Strategic legal cases	(110,000)
Strike pay	(80,000)
“Opt In” ballot	(80,000)
Anti-racism/fascism	(4,000)
Greening the workplace	(11,000)
International campaigns	(4,000)
Scottish campaigns	(3,000)
Parliamentary work	(54,000)
	<u>(534,000)</u>

PCS budget 2016

Notes supporting the budget

ANALYSIS: MEMBERSHIP TRENDS AND INCOME ESTIMATE

Since 2010 we have estimated an income figure based on a figure of a maximum membership loss of 20,000. In 2015 we used a more accurate calculation to take into account estimates of losses through the withdrawal of check-off. We also produced a 3 year membership projection and estimated projected that 18,000 membership loss figure for 2016. Now that we have more or less completed the check-off withdrawal process it is important to revise our estimates in the light of “post check-off withdrawal” data. This paper seeks to provide information on which membership projections for the next three years can be made.

Long term membership trends

During 2015 39,625 members left PCS. Table 1 shows the change in membership levels over the period from 2010.

Table 1 Membership loss by year 2010–2015

Year	Fall in number of members
2015	39,625
2014	15,546
2013	16,523
2012	16,290
2011	11,565
2010	11,797

Year	Average membership level	joiners	Joining rate	leavers	Leaving rate	Net leavers / joiners	membership loss	
2015	212,051	11,374	5.36%	50,240	23.69%	38,866	36,558	94%
2014	239,636	10,720	4.47%	27,513	11.48%	16,793	16,462	98%
2013	256,744	10,776	4.20%	28,259	11.01%	17,483	15,406	88%
2012	271,174	12,401	4.57%	29,898	11.03%	17,497	17,030	97%

Leavers

2015 was an exceptional year as it saw check-off withdrawn from a number of large employers covering 75% of PCS membership. This showed that during 2015 there were 50,240 leavers.

Isolating the number of members who left PCS as a consequence of the withdrawal of check-off requires analysis of leavers during the year. Comparing the data over 2015 for the groups where check-off was withdrawn and members lapsed during the year shows that an estimated 22,129 members left the union in check-off lapsing months. The month directly before lapsing also showed a significantly higher level of member leavers, which was in every case more than double the average for the year. Assuming that this was as a result of the withdrawal of check-off, this meant that a further 2,045 members left as a result of the withdrawal of check-off.

Adjusting the data to remove these “exceptional”

leavers would give a picture of the number of leavers not attributable to the withdrawal of check-off. If you adjust the data in this way you are left with 26,066 “non-exceptional” leavers. This may overestimate the check-off effect as it assumes that all members who left in a check-off withdrawal month were “exceptional”. However, it is also true that members left as a consequence of the withdrawal of check-off prior to the lapsing month.

Table 2 compares leaving rates over between 2012 and 2015 (joiners and leavers data prior to 2012 is unreliable). The 2015 data is adjusted to remove “exceptional” leavers. The leaving rate is calculated as (average number of leavers/average membership) = Leaving rate. The advantage of using leaving rate, rather than the headline numbers is that it takes into account changes to the total membership.

By adjusting the 2015 leavers data to remove 24,174 “exceptional” leavers, gives a leaving rate of 12.3% for

PCS budget 2016

Notes supporting the budget

2015. This is a slight rise over the leaving rate in the previous 3 years, but over the last six months from September 2015 to February 2016 the leaving rate was 11.2%. The percentage variation in the leaving rate is

small over this period.

Table 2 summarises the annual number of leavers from PCS. Accurate joiners and leavers data is only available from 2012 due to changes in the method of calculation.

Table 2 Leaving rates 2012 –15

	Annual leavers	Average membership	Leaving rate
Last 6 months	11,004	195,939	11.2%
2015 (inc part of last 6 months)	26,066	212,051	12.3%
2014	27,513	239,636	11.5%
2013	28,259	256,744	11.0%
2012	29,898	271,174	11.0%

Joiners

Table 3 summarises the joining rates for the period 2012 to 2015. This shows that joining rates were constant for 2012-2014. However they increase in 2015 and have increased again over the last six months. Recruitment peaks

are usually associated with strikes. The last six months has included the highest level of monthly recruitment of any non-strike month. This may be due to special factors following the lapsing process for check-off and additional resources which we are deploying on organising work.

Table 3 Joining rates 2012 –15

	Annual joiners	Average membership	Joining rate
Last 6 months	6,222	195,939	6.4%
2015 (inc part of last 6 months)	11,374	212,051	5.4%
2014	10,720	239,636	4.5%
2013	10,776	256,744	4.2%
2012	12,401	271,174	4.6%

Comparison of joining and leaving rates

The degree of membership change relates to the difference, positive and negative between the number of joiners and the number of leavers. A comparison of joining and leaving rates allows for easy comparison between years, which takes into account the changes to the total number of members.

Table 4 is a comparison of the joining and leaving rates for the period 2012 to 2015. The variation between the Leaving and Joining rates between 2012 and 2015 is very small. However, over the last 6 months the increase in the joining rate means that there is a 2.1% decrease in the negative difference between Leaving and Joining rates.

Table 4 Comparison of the joining and leaving rates for the period 2012 – 2015

	Leaving rate	Joining rate	Difference
Last 6 months	11.2%	6.4%	- 4.8%
2015 (inc last 6 months)	12.3%	5.4%	- 6.9%
2014	11.5%	4.5%	- 7.0%
2013	11.0%	4.2%	- 6.8%
2012	11.0%	4.6%	- 6.4%

PCS budget 2016

Notes supporting the budget

(continued)

When looking back over the period 2012–2015 difference between Leaver and Joiner rates is a reasonable predictor of actual change in membership levels. The difference in rates seems to under-estimate actual change in membership by between 5-10%. This is because of the timing of when the data is recorded and because Joiners and Leavers data are drawn from multiple data sources within Commix, including immediate leavers the lapsing process, the date of joining, and the

treatment of re-joiners. Therefore, it is advisable to add –10% onto the level of membership loss.

Table 5 below shows the effect of applying the difference between the Joining and Leaving rates for the last six months (–4.8%) and the last 12 months (–6.9%).

This shows a significant difference in membership level of 181,000 and 176,000 (4,757 members) which over a year would accumulate to be a difference in income of £275,000.

Table 5 Membership projections 2016

Month	Projected membership level with – 4.8% loss	Member loss	Projected membership level with 6.9% loss	Member loss
January 2016	191,000		191,000	
February 2016	190,255	745	189,682	1,318
March 2016	189,342	913	188,373	1,309
April 2016	188,433	909	187,074	1,300
May 2016	187,529	904	185,783	1,291
June 2016	186,628	900	184,501	1,282
July 2016	185,733	896	183,228	1,273
August 2016	184,841	892	181,964	1,264
September 2016	183,954	887	180,708	1,256
October 2016	183,071	883	179,461	1,247
November 2016	182,192	879	178,223	1,239
December 2016	181,318	875	176,993	1,230
Total membership loss	9,682		14,007	
Plus 10%	10,651		15,408	

Check-off withdrawal in 2016

We anticipate that this will mean a drop in paying membership from the withdrawal date of 760 members in total. This will translate into a fall in membership in later months when lapsing is complete.

The only other employers we are currently aware of who plan to withdraw check-off are: the Valuation Office and RFCA in March 2016, and the Met Office in April. The largest of these is the Valuation Office with 1531 members and a current sign up rate of 55.5%.

Conclusion

The Joiners and Leavers data shows that small changes to the Leavers rate and the Joiners rate can have a significant

Table 6 Groups who are currently going through a 4 month lapsing process

Group	Withdrawal date	Number of members
Land Registry	November 2015	2,691
BIS	December 2015	668
HMT	December 2015	145
HSE	December 2015	592
DFE	December 2015	991

impact on the membership level. Further efforts are needed to increase membership recruitment and retain members, in particular through supporting our activists.

There is some early evidence that the new staff structure and deployment process is having some impact

PCS budget 2016

Notes supporting the budget

(continued)

on recruitment levels. However, it is important to stress that we cannot draw long term conclusions on the basis of six months data.

However, it does seem sensible to revisit the original estimate of a further 18,000 loss of members in 2016. The lapsing process for the MoJ meant that 3,500 members left membership in January 2015. However, in income terms those members left at the end of September. Therefore, that “exceptional” increase in leavers can be discounted for the purposes of financial planning in 2016.

The Joining and Leaving data suggests that a continuation of the performance of the last 6 months would lead to a membership loss figure of 10,651. There is the potential for a further 1200 members to lapse during 2016 as a result of the withdrawal of check-off.

There is also the possibility that more employers will withdraw check-off during the year.

However, given the performance in the last 6 months it would seem possible to make a modest revision to the estimate of membership loss to 16,000 from 18,000. Attached is a table showing the effect of membership loss on income for 2016 –18. The projection predicts an income figure for 2016 of £20,669,814. This figure takes no account of any subscription increases and is based on the subscription income calculation of August 2015 of £9.51 per month per member. The table also includes income figures for 2017 and 2018, based on assumptions of 14,200 members lost in 2017 and 10,000 in 2018.

24 March 2016

PCS financial outlook 2017–2018

INTRODUCTION

The last 12 months have been the most challenging in the history of our union. In an act of political spite, a hostile UK government, by removing check off, attempted to cut off the union's blood supply, the income we receive from paying members.

We have had a tough year, but have come through the worst of the storm Thanks to the tremendous efforts of reps and staff, we are still standing strong.

In looking forward to the next 3 years, it is self-evident that the key to the union's future financial prosperity is the delivery of enhanced organising activity which is the bedrock of the ongoing strategic review. Successful implementation will lead to better organised workplaces, strengthening union leverage, and protecting union income.

The main influence on our membership and income over the next 3 years is likely to be the continuing programme of public sector cuts. The UK government claims it will reduce the size of the civil service by a further 100,000 during this 5 year parliament.

As a consequence, for financial planning purposes we taking a cautious approach on projected membership. We have undertaken detailed analysis to estimate membership trends based on data from previous years (see page 70).

Taking into account improved joiner rates in the last 6 months, we are able to revise downwards the membership loss predictions as set out in the 2015 Finance Report.

For financial planning purposes, we are now predicting membership loss of 16,000 in 2016 (instead of 18,000), 14,200 in 2017 and 10,000 in 2018. It should be stressed that these losses would be very much at the higher end of our calculations and we remain optimistic that our revamped organising activity will serve to mitigate against the impact of the job cuts programme on our income. But we think it is important not to take any risks and have deliberately adopted a cautious approach with that in mind.

The plan includes both a general fund income and expenditure account and a balance sheet for each year

2017 to 2018, to enable a complete overview of the impact on the finances of the union of current commitments across this period.

3 YEAR BUDGET PLAN

A broken down summary of the revised 3 year income and expenditure estimates is shown on page 70. For ease of reference, as well as showing 2017 and 2018, we also incorporate the agreed 2016 budget.

The revised plan is constructed with the objective of having a break even budget in 2017, which was the primary goal of the 3 year plan agreed by ADC 2015.

As you will note, when you apply the estimated membership losses described above, we face a further 3 years of challenging financial pressures. In other words, the 3 year budget reduction programme, agreed by ADC 2015, will have to continue into 2018. This will mean a continuation of tough decisions on expenditure and continuing reductions in staff and non-staff costs.

Gross income is estimated to fall from £20.88m in 2016 to £17.78m in 2018, a reduction of £3.10m.

This is partly compensated by an increase in non-subscription income related to the potential renting out of free space in our Clapham Junction HQ. We can utilise income from the planned sale of our surplus office in Victoria to refurbish HQ with a view to letting out free space.

To balance the books, all aspects of expenditure will need to fall and a primary focus of the strategic is working out how we do this without compromising our operational effectiveness

Investments and Cash

No assumptions can be made concerning future market movements on investments. Though market conditions for investments have improved, the union has used its assets over recent years to pay for operational expenditure, and this trend may continue.

Planned reductions on staff and non-staff costs from 2016 onwards will impact positively on future cash flows.

CONCLUSION

We have come through a tough and challenging 12

months but, despite everything the UK government has thrown at us, we are standing strong. Thanks to ADC endorsement of the NEC 3 year budget plan last year, we have reduced costs and the plan is working and is ahead of schedule.

By maintaining budget discipline we will ensure financial stability going forward. This will place us in the best possible position to grow again with stronger workplaces and more members, enhancing our bargaining leverage and achieving better outcomes for our members.

Chris Baugh

National Treasurer

Kevin McHugh

Deputy President

24 March 2016

Notes supporting the PCS financial outlook 2017– 2018

3 YEAR BUDGET PLAN 2016 – 2018

	2016 Budget	2017 Budget	2018 Budget
INCOME			
Gross Subscriptions	£20.88m	£19.15m	£17.78m
Less Collection Costs	(£0.23m)	(£0.24m)	(£0.25m)
Net Subscriptions	£20.53m	£18.91m	£17.53m
Other Income	£0.21m	£0.50m	£0.9m
TOTAL INCOME	£20.86m	£19.41m	£18.43m
EXPENDITURE			
Staff Costs (Pay + Pension + NI)	£10.71m	£9.06m	£8.76m
Pensions deficit recovery payment	£1.50m	£2.50m	£2.50m
Non staff costs	£7.43m	£6.49m	£6.01m
Campaign and Political fund	£0.66m	£0.48m	£0.43m
VSER	£1.00m	£0.25m	£0.10m
Depreciation	£0.82m	£0.80m	£0.80m
Property Fund Transfer	(£0.16m)	(£0.16m)	(£0.16m)
TOTAL EXPENDITURE	£21.96m	£19.41m	£18.43m
Gain on sale of 231 Vauxhall Bridge Road	£0.95m	–	–
DEFICIT	(£0.15m)	–	–

PCS financial outlook 2017–2018

General fund projected income and expenditure account

For the year ended 31 December

	2017 £	2018 £
INCOME		
Net Subscriptions	18,910,000	17,530,000
Other Income	500,000	900,000
Total Income	19,410,000	18,430,000
EXPENDITURE		
General fund expenditure	(18,040,000)	(17,260,000)
Subscriptions allocated to campaigns and political funds	(480,000)	(430,000)
Depreciation	(800,000)	(800,000)
Property fund transfer	160,000	160,000
Allocation to VSER reserve	(250,000)	(100,000)
Total expenditure	(19,410,000)	(18,430,000)
Planned general fund overall surplus / (deficit)	-	-

PCS financial outlook 2017–2018

General fund projected balance sheet

As at 31 December

	2017	2018
	£	£
Fixed Assets		
Freehold	9,365,505	9,238,495
Leasehold	641,833	612,123
Office Equipment	1,599,627	1,590,757
	<u>11,606,965</u>	<u>11,441,374</u>
Cash / Investments	4,628,355	4,554,093
Current assets		
Debtors and Prepayments	1,971,349	1,874,508
Creditors and accrued charges	(1,445,067)	(1,409,593)
Net current assets	<u>526,283</u>	<u>464,915</u>
Total assets less current liabilities	16,761,603	16,460,382
Long term creditors	–	–
Total net assets	<u>16,761,603</u>	<u>16,460,382</u>
Pension adjustments		
Pension assets	15,900,000	15,900,000
Pension Liabilities	(17,200,000)	(17,200,000)
	<u>(1,300,000)</u>	<u>(1,300,000)</u>
Total net Asset at 31 December 2014	<u>15,461,603</u>	<u>15,160,382</u>
Represented by:		
Funds		
General	3,449,040	3,449,039
Property	12,357,336	12,200,616
Campaign and political funds	637,596	723,596
Fighting Fund	67,631	87,131
Designated reserves		
Voluntary Selective and early retirement	250,000	–
Pension adjustments		
Pension reserve	(1,300,000)	(1,300,000)
Total budgeted reserves and funds at 31 December	<u>15,461,603</u>	<u>15,160,382</u>

PCS **Financial report** **2016**

Supporting appendices

Appendix I

PCS financial objectives

The PCS has the following financial objectives:	Result for 2015
<ul style="list-style-type: none"> • meet general fund expenditure from net subscription income, after allowing for VAT recovered. 	Met.
<ul style="list-style-type: none"> • all expenditure to be budgeted for in advance of being incurred. 	Partly met.
<ul style="list-style-type: none"> • operate a devolved budgeting system with no budgets allowed to remain overspent without prior agreement of the Finance Committee of the NEC. 	Partly met.
<ul style="list-style-type: none"> • budget for an operating surplus of around 5% of net subscription income. 	Not met.
<ul style="list-style-type: none"> • maintain employment costs, before employer's NI and superannuation contributions, at approximately one third of subscription income. 	These were 38.8% of subscription income.
<ul style="list-style-type: none"> • only create reserves for purposes which will occur within a reasonable period and can be reasonably accurately quantified, or where accounting standards require. 	Met.
<ul style="list-style-type: none"> • maintain the general fund at around six months subscription income. 	The General Fund stands at just below 1.5 months subscription income, as at December 2015.
<ul style="list-style-type: none"> • rebuild the campaign and disputes fund by allocating at least £250,000 per year in addition to the annual expenditure from the Fund. 	Not met.
<ul style="list-style-type: none"> • maintain the property fund at around the value, as shown in the balance sheet, of the freehold and leasehold properties. 	Met.

These objectives are kept under review.

Appendix II

PCS ethical investment policy

Motion 116 on climate change, carried by the 2015 Annual Delegate Conference, instructed the NEC to:

‘Ensure that PCS has an employer looks at its own investments, including pension funds, and enacts divestment activity to fully remove itself from investment in fossil fuels.’

Accordingly, the Finance Committee initiated a review of our own investments. A presentation to the committee on our investment portfolio was provided by our investment fund manager, Sarasins. They were asked to work up options for us to consider on a divestment strategy. At the last Committee meeting, it was agreed that a smaller subcommittee would consider the detail and make recommendations.

In addition, the divestment policy on fossil fuels has been communicated to the trustees of the staff pension schemes.

PCS has a policy of only investing in companies which pass a test of “sustainability”. This is a proactive, inclusive approach that can be applied to the whole PCS investment portfolio.

The global equities of the PCS General Fund portfolio are invested via a holding in the Sarasin OekoSar Equity Global Fund, a sustainable equity fund. The Sarasin OekoSar Equity Global Fund seeks to achieve long-term capital appreciation by investing at least two thirds of its net assets in equities of companies that make a significant contribution to environmentally and socially responsible business practices. Investments in selected forward-looking topics such as clean energy, health, water, sustainable consumption and sustainable mobility form the core of these investments.

The selection of investments is mainly made based on company analysis and also includes small and medium-sized companies. Companies with business activities that are contrary to the ethical and environmental requirements of the Fund (e.g. production of nuclear energy or weapons) are excluded.

The “sustainability” of the portfolio is determined from two perspectives:

Negative screening: The extent to which the different companies within the portfolio conform with a set of exclusion criteria (e.g. controversial business activities). (see below).

Positive screening: The analysis of the extent to which the different companies invested in the portfolio achieve a minimum sustainability rating, which measures the environmental and social “performance” of a company and its peer group financial sector using the Sarasin Sustainability-Matrix® methodology.

Screening: the Sarasin Sustainability-Matrix

Our environmental and social analysis of companies is based on a proprietary valuation method developed by Bank Sarasin. It incorporates two dimensions, which are combined in the Sarasin Sustainability-Matrix®:

Industry rating: comparative assessment of industries using selected environmental and social criteria. These criteria are designed to measure the specific environmental and social risks of industry sectors, taking into account not just the sectors themselves but also the entire life cycles of their products (supply chains and product use).

Company rating: comparative environmental and social analysis of companies within their industry, i.e. in comparison with the industry average.

The assessment criteria are sector-specific. They include in general environmental and social aspects: Environmental strategies, environmental management systems and measures and programs to reduce environmental impact along the entire value chain (raw materials and suppliers, production, product use and end-of-life treatment), as well as strategies, management systems and measures and programs to take account of the interests and claims of stakeholders of the company (employees, suppliers, clients, investors, competitors and communities).

The rating is based upon a scoring system using different weightings for the individual environmental and social aspects. The weightings are sector-specific and depend on the sector-specific environmental and social impacts.

Sustainability rating of countries and institutions

The ratings of countries and institutions which are relevant for bond investments follows a similar two-dimensional approach:

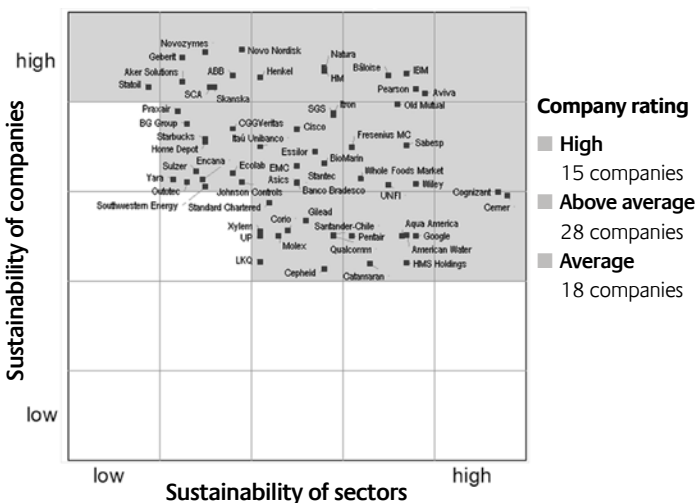
As the first dimension of the sustainability rating the “absolute” sustainability (absolute level of environmental and social impact) of a country and the sustainability of the mission of an institution respectively is equivalent to the industry rating of companies.

Equivalent to the company rating of companies, the second dimension of the country rating is the environmental and social efficiency of its economy. The second dimension of the institution rating is the efficiency of the institution in accomplishing its mission.

The environmental and social risks are very much sector-specific (e.g. environmental risks are higher in the chemicals industry compared to the software industry). Their assessment results in the sustainability rating for the industry sectors. In a given industry sector the sustainability of a company depends on its ability to manage its industry-specific risks and to benefit from it. The assessment of this ability, which includes environmental criteria and social criteria, results in a company rating.

The combined industry and sector rating determines the position of a company in the Sarasin Sustainability-

Sarasin Sustainability-Matrix®



Matrix®. The following chart plots the sustainability rating of the individual portfolio holdings on the on the Sarasin Sustainability-Matrix®, as at 31 December 2013:

All the portfolio holdings lie within the highly rated area in the Sarasin Sustainability-Matrix®, represented by the shaded area. 43 of the 61 holdings, i.e. 70.5% of the portfolio holdings have an “above average” or higher rating.

Investment concerns

If any member has any concerns about the conduct of any company in which PCS hold shares, please raise concern in writing to the National Treasurer in the first instance.

Investment policy in connection with Palestine

As an affiliate of the Trades Union Congress PCS supports TUC Congress Policy passed in September 2010 to actively encourage people “to boycott the goods of companies who profit from illegal settlements, the Occupation and construction of the Wall”.

The legal and moral reasons for not stocking such goods are more compelling than ever. The settlements, which continue to expand, are illegal under international law, undermine Palestine living and working conditions and remain arguably the biggest obstacle to restarting the Middle East Peace Process.

The following companies are profiting from the settlements: Carmel Agrexco (registered in the UK as Agrexco Agricultural Export Company), Ahava-Dead Sea Laboratories (registered in the UK as Ahava UK limited, Hadiklaim Date Growers Cooperative Limited.

PCS will not have any direct dealings with the above companies and has acted to ensure its pensions and other funds are not invested in them.

Conclusion

- The PCS portfolio performs well on a sustainability basis:
- All the portfolio holdings lie within the highly rated area in the Sarasin Sustainability-Matrix®
 - In terms of the overall sustainability rating, the portfolio is positioned higher than the MSCI World index.

Ethical, Tax, environmental Polices

The Finance Committee continue to develop our ethical, tax justice, and environmental policies as they relate to PCS investments, suppliers, procurement and facilities. Where information comes to light of the behaviour of

EXCLUSION CRITERIA

Criteria	Definition
Nuclear power	Electric utilities with more than 5% of sales originating from nuclear power plants; power plant engineering companies with more than 5% of sales in nuclear power
Defence business	More than 5% of sales with military contracts and/or the top 30 arms producers worldwide
Agrochemicals	Production of agrochemicals (pesticides, herbicides, fungicides), more than 5% of sales
Genetic engineering (agriculture)	Production of genetically modified seeds more than 5% of sales or top 10 producers of genetically modified seeds
Genetic engineering (medicine)	Application of Reproductive and Therapeutic Cloning, genetic manipulation of human germ cells
Tobacco	Production of tobacco products more than 5% of sales
Pornography	Production and distribution of pornographic products (more than 5% of sales)
Alcohol	Production and distribution of alcoholic products more than 5% of sales
Chlorine	Production of chlorine and organic chlorine compounds (more than 5% of sales)
Airplanes	Production of airplanes (more than 5% of sales)

companies with whom PCS has a commercial relationship we take up the issue by referring to Sarasins or raising with the company direct. The options for PCS include disinvesting, raising at company AGM's and raising the issue as part of our campaigning activities.

If any member has concerns about the conduct of any company in which PCS hold shares, please set out your concerns in writing to the Assistant General Secretary/ National Treasurer in the first instance (email chrisb@pcs.org.uk).

Appendix III

PCS pay scales

With effect from 1 August 2015

Grade Description	Number in Grade at 31.12.15	Value £	Spinal Point	London Grade Maximum	Regional Grade Maximum
Band 7	2.0	93,425	1		
		89,457	2		
		85,472	3		
		82,568	4		
		80,028	5		
		78,335	6		
		75,389	7		
		74,319	8		
		72,302	9		
		70,589	10		
		67,686	11		
Band 6	6.0	65,231	12	Band 6	
		64,259	13		
		62,392	14		Band 6
		60,608	15		
		59,430	16		
Band 5	15.0	59,398	17	Band 5	
		57,579	18		
		55,741	19		Band 5
		53,909	20		
		52,083	21		
		50,258	22		
Band 4	71.0	48,432	23	Band 4	
		47,072	24		
		45,711	25		
		44,407	26		Band 4
		42,256	27		
		40,944	28		
Band 3	34.0	40,110	29	Band 3	
		39,279	30		
		37,667	31		
		36,631	32		
		35,853	33		Band 3
Band 2	68.0	35,125	34	Band 2	
		34,229	35		
		33,238	36		
		32,277	37		
		31,485	38		Band 2
No longer used		30,591	39		
		29,801	40		
		28,875	41		
CLG / CGT	12.0	28,079	42	CLG / CGT	
		27,123	43		
		26,229	44		
		25,641	45		
		24,874	46		
		23,796	47		
		23,116	48		
		22,134	49		
		20,725	50		
Total FTE	208.0				

Finance – resources for members and reps on the PCS website

PCS aims to ensure that members, branches and groups are able to get clear, concise information and advice relating to union financial matters.

The PCS financial report and other useful finance information, such as the subscriptions policy, expenses forms and guidance, can be found on the PCS/Resources – Finance web page: www.pcs.org.uk/finance.

There are also links to the branch and group treasurers' pages.

For all relevant resources and information on branch and group funding, please visit the treasurers' toolkit section.

- 2015 PCS financial report; 2016 financial report
- PCS subscriptions policy 2014 –15
- Sources of campaign funding and guidance on submissions 2011
- Group hardship funds – Guidance for their establishment, use and fundraising
See mab006-12; BB11/12 – Use of Hardship Funds
- Expenses guidance
- Expenses forms
Download PCS expenses forms
- Service Level Agreement
- Travel booking forms
Download the Baxter Hoare travel booking form
- Branch treasurers toolkit
- Group treasurers toolkit
- Temporary suspension of £2.50 daily subsistence rate 0-5 hours
- See BB/12/12 issued to branches on 26th January 2012.
Baxter Hoare – Hotel Booking
- PCS + Members Benefits
- Credit Union (About PCS page)

CONTACTS FOR ADVICE:

Branch Funding: Telephone 020 7801 2672 or email funding@pcs.org.uk

Group Funding: Telephone 020 7801 2672 or email funding@pcs.org.uk

Expenses: Telephone 020 7801 2673 or email finance@pcs.org.uk

Baxter Hoare/Travel: Telephone 020 7940 6262/020 7403 5566 or email gl@baxterhoare.com

Credit Union: Telephone 0207 924 2727 or email creditunion@pcs.org.uk

