



*cutting through complexity*

# External review of progress made by the NMC against the recommendations of the PSA's Strategic Review 2012

Final Report

10 September 2014

Use of this report is limited – see Notice  
on page 3

# Contents

<b>Important notice</b>	<b>3</b>
<b>1 Executive summary</b>	<b>4</b>
1.1 Background to the review	4
1.2 Progress against the PSA Recommendations	4
1.3 Readiness for the future	4
1.4 Summary findings	5
1.5 Summary ratings of progress against the PSA recommendations	7
<b>2 Introduction</b>	<b>9</b>
2.1 Background to the NMC	9
2.2 Scope of this review	9
<b>3 Methodology</b>	<b>11</b>
3.1 Approach	11
3.2 Implementation rating methodology	11
<b>4 Contextual factors affecting the NMC since 2012</b>	<b>13</b>
<b>5 Regulatory purpose and function</b>	<b>15</b>
<b>6 External stakeholders' perspectives</b>	<b>17</b>
<b>7 People and culture</b>	<b>21</b>
<b>8 Operational management</b>	<b>26</b>
8.1 Becoming an efficient and effective regulator	26
8.2 Change management	26
8.3 Financial management and reporting	27
8.4 Strategic direction and business planning	29
8.5 Governance and risk management	30
8.6 Quality Assurance arrangements	33
8.7 Management information	34
8.8 Information Communication Technology (ICT)	35
8.9 Customer service	37
<b>9 Our rating of progress by PSA recommendation</b>	<b>39</b>
<b>10 Conclusions</b>	<b>40</b>



<b>Appendix A: Recommendations from the PSA Strategic Review (July 2012)</b>	<b>42</b>
<b>Appendix B: Areas of work out of scope in this review</b>	<b>45</b>
<b>Appendix C: Stakeholders Interviews and observations</b>	<b>46</b>
<b>Appendix D: PSA recommendation thematic matrix</b>	<b>48</b>



## Important notice

This Report has been prepared on the basis set out in our Engagement Letter addressed to Jackie Smith in respect of the engagement contract (reference RT343 - provision of external review services) with the Nursing and Midwifery Council ("the Client") dated 20 June 2014 (the "Services Contract") and should be read in conjunction with the Services Contract.

Nothing in this report constitutes a valuation or legal advice.

We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in the Services Contract.

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# 1 Executive summary

## 1.1 Background to the review

In 2012, the Professional Standards Authority (PSA) was commissioned<sup>1</sup> to carry out a strategic review of the NMC. The PSA's final report published in July 2012<sup>2</sup> made 15 recommendations in four areas: regulatory purpose and function, external stakeholders' perspectives, staff and culture and operational management. The PSA stated that the NMC should be allowed time to implement change but that it would 'expect to see demonstrable improvement within two years'.

Two years on, the NMC commissioned KPMG to undertake an independent review to assess the extent to which progress has been made in implementing the recommendations. As well as documentation review and observation of key NMC meetings, our work has been informed through seeking a wide range of perspectives from internal and external stakeholders and focus groups with staff.

## 1.2 Progress against the PSA Recommendations

Overall, this review has identified that the NMC has made a substantial number of improvements, either fully implemented or underway, against each of the four areas highlighted by the PSA in its recommendations. Although the NMC recognises that there is still much more to do, these improvements cumulatively place the NMC in a much stronger position than was the case in 2012.

Nevertheless, investment in ICT and a greater leadership focus on this key function of the organisation is now required. Furthermore, the NMC must continue to improve its approaches to customer service, quality assurance, management and financial information, in order to address effectively the ongoing challenges that it will face.

The NMC is widely regarded to have re-established its core purpose and function as a regulator. At the same time, it is considered to have made a step change in its engagement with stakeholders.

The perception of progress of the NMC by its staff trails that of external stakeholders. Whilst operational improvements made in this timescale do not normally lead to a transformed organisational culture immediately, there is a need for the NMC to continue to focus strongly on ensuring that it improves its approach to HR initiatives, its organisational decision-making below Executive team level and its management of staff turnover.

## 1.3 Readiness for the future

Confidence in the NMC as a regulator will increase if it continues to focus on addressing the future risks it faces, keeping its operations in good order, maintaining emphasis on listening to staff, whilst also now embarking on regulatory change, such as revalidation.

Furthermore, the NMC's Corporate Strategy, with strong oversight from its Council, will be an important step forward in ensuring the NMC stays grounded in its core functions whilst preparing for the future. This now provides the NMC with the opportunity to determine its own direction of travel, so that it can firmly establish itself as a well-regarded, high quality, professional regulator.

<sup>1</sup> Commissioned by Parliamentary under Secretary of State for Health

<sup>2</sup> Strategic review of the Nursing and Midwifery Council, <http://www.nmc-uk.org/Documents/120629%20CHRE%20Final%20Report%20for%20NMC%20strategic%20review.pdf>.

## 1.4 Summary findings

### 1.4.1 Contextual factors

Throughout the course of our work many stakeholders commented that there were a number of important contextual factors which we should consider to fully appreciate the circumstances under which the NMC has been operating to implement the PSA's recommendations. In particular, stakeholders cited that both legislative and financial constraints as well as rising referrals to fitness to practise (FtP) may have limited the ability of the NMC to fully address the challenges facing it.

### 1.4.2 Regulatory purpose and function

Overwhelmingly, stakeholders commented that the NMC's focus is clearly set on its core purpose to protect the public. Its open and transparent approach to tackling the key regulatory issues it faces is welcomed. Many consider this turnaround to be testament to the personal leadership styles of the Chief Executive and Chair.

It is apparent that in the last two years the NMC has invested in "fixing the basics" of FtP and Registrations. However, the NMC and many of its stakeholders recognise that it will need to continue to focus on ensuring its long term financial sustainability and is able to balance the use of its resources across all its core functions.

### 1.4.3 External stakeholders' perspectives

Considerable progress has been made in the NMC's approach to engaging effectively with stakeholders. The NMC will need to continue to develop this, investing in its systems and processes to support its relationship management. Many stakeholders believe that the NMC is now visible in the right arenas and importantly considers all four countries' perspectives. However, stakeholders' views were mixed on whether the credibility of the NMC's engagement may be further enhanced if nurses or midwives were employed in key roles within the NMC. It has recently sought to enhance the insight it receives from the professions by establishing its Professional Strategic Advisory Group.

### 1.4.4 People and Culture

The PSA in 2012 noted that it was the internal culture which prevented the NMC moving forward. In the last 12 months since its organisational restructure, the NMC has taken forward a number of people initiatives: it has raised the profile of its values and behaviours, enhanced its HR systems and made investment in learning and development opportunities for staff. However, changes in culture take time to embed, and both the staff survey and focus groups highlight there is still much to do in key areas such as communication, leadership beneath executive level and career progression.

Whilst some of the staff-related issues identified by the PSA still persist, this may in part be explained by the rising expectations of staff, many of whom were not at the NMC in 2012. However, staff turnover remains high<sup>3</sup>, albeit improved. The Executive team and Council are mindful of this, monitoring turnover and recognising that continued effort will need to be made on accelerating improvements in its approach to HR initiatives and wider organisational development.

### 1.4.5 Operational management

The PSA in 2012 highlighted '*serious deficiencies*' in relation to operational management. In response, the PSA raised seven recommendations covering several areas of the NMC operational functions.

#### 1.4.5.1 Change management

Responding to the need to coordinate and centralise its change programme the NMC created a Change Management Portfolio Board (CMPB). Significant, organisational wide improvements and benefits have been, and continue to be delivered through this Board, including improvement

<sup>3</sup> 26% as at July 2014. 34% as at July 2012 (PSA Strategic review report)

programmes in both FtP and Registrations. However, we have noted a number of concerns in relation to the operational effectiveness of this Board, particularly in relation to its ability to prioritise and rationalise the overall programme given the NMC's resources, the manner in which project benefits are realised and tracked, and the way project dependencies are monitored across the organisation. The NMC has begun work to address these concerns, and has committed to the development of a new change programme structure aligned with the corporate strategy by February 2015.

#### 1.4.5.2 Financial management and reporting

Increased importance and rigour has evidently been directed to finance and good financial management, and the NMC has made significant strides in embedding these behaviours across the organisation. In particular, financial reporting has been strengthened at all levels, and the NMC now provides more useful financial information and explanation to the Council. The NMC will benefit from continued focus on its financial management mechanisms, in particular, the degree of financial scrutiny of business as usual activities and efficiencies at the Council, and Executive Board level.

#### 1.4.5.3 Strategic planning

Although the NMC does not yet have an agreed Corporate Strategy, a draft strategy was approved by Council in July 2014 setting out four strategic priorities for 2015-2020: public protection, effective regulation, use of intelligence, and communication and collaboration. In addition, in the absence of a Corporate Strategy, the NMC has had a three year rolling corporate plan since 2012/13 providing clarity in relation to the NMC's focus, objectives and goals and this has been underpinned by an enhanced business planning framework.

#### 1.4.5.4 Governance arrangements

Since May 2013, the NMC has made a number of fundamental changes to its governance structures including a streamlined committee structure, creation of an Executive Board, establishment of a number of advisory groups and revised standing orders and schemes of delegation. These changes have combined to allow the Council to shift its focus to strategic matters and to allow the Executive Board to concentrate on running the day-to-day operations of the NMC.

Stakeholders agree that the effects of the changes are now beginning to be felt and the Council is starting to appropriately challenge the Executive Board and provide the degree of scrutiny required on key operational issues such as fees, Key Performance Indicators (KPIs) and risk. We noted that continued improvements need to be made to support the governance of the NMC below Council and Executive levels.

#### 1.4.5.5 Quality Assurance

In July 2013, the Council approved a Corporate Quality Assurance (QA) Strategy to strengthen QA at the NMC. The QA strategy consists of three key outcomes including: implementation of a performance and quality framework by October 2014; development and delivery of the QA team's annual working programme; and the embedding of a culture of learning and continuous development. The NMC is making progress against each of these three outcomes. However, as at September 2014, it does not have an established system of quality improvement across the organisation providing assurance to the Executive Board that directorate QA systems are operating effectively.

#### 1.4.5.6 Management information

The NMC has taken steps to improve its management information monitoring and reporting mechanisms. The six KPIs routinely reported to Council now allow financial information to be considered and scrutinised alongside performance. Furthermore the Council has worked with the Executive team in refining the presentation of these to enhance Council's scrutiny. The NMC will need to continue its focus on meeting its KPIs, and in developing further its ability to provide directorate level management information from its current systems which is reliable and accurate.

#### 1.4.5.7 Information Communication Technology (ICT)

Progress with ICT development over the last two years has not proceeded at the pace the NMC would have wished. Although the NMC has stabilised its existing systems and mitigated some of the

risks inherent in the NMC's core ICT systems, significant ICT change has not materialised. Although ICT has a defined strategy, this is not yet aligned to the NMC's draft Corporate Strategy. There are issues in relation to the governance arrangements surrounding ICT and the team's capacity, capability and profile. This may have hindered the more substantial ICT infrastructures changes that are required. We note that Council is now clear that this needs to be addressed.

#### 1.4.5.8 Customer service

The NMC does not yet have a consistent organisation-wide approach to customer service standards. However, the Change Management Portfolio Board has recently approved the use of a framework to allow for the central coordination of customer service. Further, the NMC has already taken forward a number of initiatives to drive improvements in its customer service, including NMC Online, the FtP Witness Improvement Plan, and processes in FtP which seek to address the speed with which it deals with cases.

## 1.5 Summary ratings of progress against the PSA recommendations

In order to provide the NMC with clarity on overall performance and an indication of the extent to which it has implemented each of the PSA's Strategic Review recommendations, we have provided an assessment of progress. We have used a three-level rating approach: 'basic', to 'established' through to 'enhanced' where we consider performance has exceeded the PSA's expectations.

In arriving at our ratings below, we have applied a degree of pragmatism when assessing the NMC against recommendations set two years ago. We have rated the NMC's progress against recommendations made at a time when the exact nature and scope of changes required could not have been foreseen. On this basis, we have considered the 'spirit' of each recommendation and are mindful that not every aspect of the PSA's recommendations as drafted may have been implemented in full in order for a recommendation to be rated as 'established.' However, where the NMC has already gone a long way to address the recommendation, or has a clear plan in place to do so, we have taken this into account in reaching our assessment.

Thematic Area	PSA Recommendation number	PSA Recommendation area of focus	KPMG Progress Rating
<b>Regulatory purpose and function</b>	1	Efficient and effective regulator	Established
	15	Direction, accountability and oversight of operations	Established
<b>External stakeholders' perspectives</b>	2	Communication of plans for improvement	Established
	3	Constructive dialogue with stakeholders	Established
	4	Liaison with nursing and midwifery organisations	Established
<b>People and culture</b>	5	Leadership values and behaviours	Established
	6	NMC staff and culture	Established
	7	Appointment of Chair and Chief Executive	Enhanced
<b>Operational management</b>	8	Change management	Established
	9	NMC strategic direction and executive accountability	Established
	10	Council governance function and structures	Enhanced
	11	Presentation of financial information to inform decision making	Established
	12	Financial management and grip	Established
	13	ICT investment and strategic direction	Basic
	14	Management information	Established

## 2 Introduction

### 2.1 Background to the NMC

The Nursing and Midwifery Council (NMC) is the nursing and midwifery regulator for England, Wales, Scotland and Northern Ireland and exists to safeguard the health and wellbeing of the public. The NMC's remit is set out in the Nursing and Midwifery Order 2001 and the work of the NMC is governed by this and other associated legislation. The NMC's work is subject to oversight by the Professional Standards Authority for Health and Social Care (PSA) which reports annually to parliament on its performance.<sup>4</sup> The NMC is also accountable to the public and to Parliament, through the Privy Council.

As set out in legislation, the NMC's role is to protect the health and wellbeing of the public by:

- setting of the standards of education, training and conduct that nurses and midwives need to work to, to ensure the delivery of high quality healthcare;
- the maintenance of a register of all nurses and midwives;
- ensuring that nurses and midwives keep their skills and knowledge up to date and uphold the standards of their professional code;
- ensuring that the NMC has equitable, transparent and clear processes to investigate allegations made against nurses and midwives who fall short of the NMC's standards;
- ensuring that midwives are safe to practise by setting rules for their practice and supervision.

The NMC maintains a register of 680, 858<sup>5</sup> nurses and midwives and employs 694 people on permanent, fixed term, contractor and agency contracts. In 2012-13 its annual expenditure totalled £63 million.<sup>6</sup>

### 2.2 Scope of this review

In 2012, the Parliamentary Under Secretary of State for Health commissioned the PSA (previously Council for Healthcare Regulatory Excellence<sup>7</sup>) to carry out a strategic review of the NMC. The PSA's final report published in July 2012<sup>8</sup> stated that the NMC should be allowed time to implement change but that it would '*expect to see demonstrable improvement within two years*'. Within the Strategic Review the PSA made 15 recommendations. These recommendations are included for reference at Appendix A.

<sup>4</sup> Professional Standards Authority, Annual Report and Accounts and Performance Review Report 2013/14, <http://www.professionalstandards.org.uk/docs/default-source/scrutiny-quality/performance-review-report-2013-2014.pdf?sfvrsn=0>

<sup>5</sup> As at 31 March 2014

<sup>6</sup> NMC Annual report and accounts 2012-2013, [http://www.nmc-uk.org/Documents/Annual\\_reports\\_and\\_accounts/Annual%20Report%20and%20Accounts%202012%20-%202013%20and%20Corporate%20Plan%202013%20-%202016.pdf](http://www.nmc-uk.org/Documents/Annual_reports_and_accounts/Annual%20Report%20and%20Accounts%202012%20-%202013%20and%20Corporate%20Plan%202013%20-%202016.pdf)

<sup>7</sup> The Professional Standards Authority changed its name in 2013 from the Council for Healthcare Regulatory Excellence.

<sup>8</sup> Strategic review of the Nursing and Midwifery Council, <http://www.nmc-uk.org/Documents/120629%20CHRE%20Final%20Report%20for%20NMC%20strategic%20review.pdf>

Two years on, the NMC commissioned KPMG to undertake an independent review to assess the extent to which progress has been made in implementing the PSA's Strategic Review recommendations. Our review, running from June to September 2014, focused on:

- the extent to which recommendations directed by the PSA to the NMC and accepted by the NMC have been implemented, including recommendations in relation to financial management and controls, except in so far as these relate to income or expenditure decisions made by the Council;
- whether adequate plans are in place to address any such recommendations not yet implemented in full; and
- the extent to which improvements can be demonstrated as a consequence of these or other actions taken by the NMC since April 2012.

Our review has focused on the 15 recommendations and has grouped these into four thematic areas of the NMC's activity. As commissioned by the NMC, we have not considered those operational areas which may overlap with the existing assurance mechanisms or assessments of performance by other organisations which review the NMC's progress (notably the Department of Health and the PSA). These additional mechanisms are listed at Appendix B.

This report is the conclusion of our review and follows extensive engagement with external stakeholders, Council members and staff at all levels of the organisation; observation of Council and other internal meetings; and a desk-based review of relevant documentation.

We would like to thank all staff, Council members, and stakeholders who have met with us and shared their views during our review. We have considered all these perspectives as part of this work and we reflect them within our findings and conclusions.

## 3 Methodology

Our report sets out the extent to which the NMC has implemented the 15 recommendations made by the PSA's 2012 Strategic Review.

Section 4 provides our perspective on a number of the contextual factors affecting the NMC since 2012.

In Sections 5 to 8 we set out our detailed findings under four headings corresponding to those within the PSA's report:

- Regulatory purpose and function;
- External stakeholders' perspectives';
- People and culture; and
- Operational management.

We provide a commentary on the NMC's current position, the extent of change which has already taken place and the areas the NMC has recognised for further development. We also comment on areas where we consider there is further scope for development and progress.

In Section 9 we provide a high level implementation rating which gives our assessment of progress for each of these recommendations.

In Section 10 we draw our report to a close with our conclusions on the progress the NMC has made and our reflections on its readiness for the future.

At Appendix D we provide a table demonstrating the cross-cutting thematic nature of the coverage for each recommendation.

### 3.1 Approach

Our review has been undertaken through a combination of:

- desk-based review of relevant documentation;
- observation of NMC meetings and other events/committees/forums;
- semi-structured interviews/discussions with internal stakeholders;
- six focus groups with staff (71 staff in total); and
- semi-structured interviews/discussions with 29 selected external stakeholders.

The degree of engagement has meant that throughout the course of our work we have had the opportunity to seek a wide variety of perspectives. A full list of external stakeholders interviewed, as well as a list of all meeting observations, is included at Appendix C.

### 3.2 Implementation rating methodology

In order to provide the NMC with greater clarity on progress against each PSA recommendation, we have provided a maturity assessment rating against each recommendation: basic; established; or enhanced. This score reflects:

- the extent to which each of the recommendations have been implemented; and
- the degree of evidence available (obtained through both documentation review and meetings with stakeholders) to support each of these outcomes.

The recommendation ratings shown at Section 9 reflect the extent to which the NMC has made progress in all elements of each recommendation. The rating definitions are detailed in Figure 1 below.

*Figure 1: Implementation Rating Definitions*

Rating	Rationale
<b>Basic</b>	Limited or no evidence of developed systems and processes supporting the implementation of the recommendation. Slower than reasonably expected pace of change.
<b>Established</b>	Some evidence of developed and embedded systems and processes supporting the implementation of the recommendation. Expected pace of change.
<b>Enhanced</b>	Strong evidence of well developed and embedded processes supporting the implementation of the recommendation, as well as evidence demonstrating how the NMC has considered areas of further development to strengthen existing processes. Good pace of change.

## 4 Contextual factors affecting the NMC since 2012

We understand that the NMC's core purpose of protecting the public (and the way this is manifested, such as through the management of its operational functions) is set against the backdrop of factors. This includes rising public expectation as well as, to a certain extent, legislative and financial constraints, both of which were mentioned to us by many external stakeholders. In particular, we noted:

- **Increasing volume and complexity of Fitness to Practise (FtP) referrals** – Referrals to the NMC have doubled since 2008–2009. In addition, the NMC has seen an increased complexity in cases resulting in a greater number of hearing days per case and consequently higher costs. In 2009–2010 the NMC spent £17.8 million on FtP activities; this has risen to £48.6 million in 2012–2013.
- **Financial pressure continues** – The NMC has a recurring, forecasted annual financial gap. In 2012–2013 the NMC's annual costs were £63 million. In the years 2013–2014 to 2016–2017 the NMC's costs are projected to range from £73 million to £82 million per year. The NMC's income from registration fees alone (not including the grant from the UK government) is £67 million per year.
- **Changing healthcare landscape** – Since the PSA's Final Strategic Review report the landscape in healthcare has changed considerably. This is due in part to the findings of reports such as those of Francis<sup>9</sup>, Berwick<sup>10</sup> and Cavendish<sup>11</sup> which were published after the PSA's Strategic Review.
- **Legislative framework** – As part of the government's response to the Francis report<sup>12</sup> the Prime Minister referred in February 2013 to the need to, '*sweep away the NMC's outdated and inflexible decision making process.*'<sup>13</sup> This acknowledged the prescriptive nature of the Nursing and Midwifery Order 2001 and its associated Rules. The government asked the Law Commission to consider the legal framework for professional healthcare regulators and on 2 April 2014 the draft bill was published<sup>14</sup>.

Within the current parliamentary session the bill is not being taken forward, so the NMC will continue to operate with powers which limit its ability to resolve matters without full panel FtP hearings and a lack of flexibility over the location of its hearings. This increases the cost of delivering its FtP function and impedes its ability to deliver efficiency savings. A Section 60 Order and associated rule amendments are underway to introduce a number of small changes including a new review power and case examiners. These changes are due to come into effect in early 2015, but will have taken over 18 months to progress as there is a need in each instance to reach agreement on the proposals with the Department of Health (DH), formally consult on the changes, and then follow parliamentary process. There are a number of other significant changes which the NMC requires to its Order and the Rules, in particular the introduction of undertakings and warnings, which a number of the other regulators already have. Unless the Law Commission Bill is introduced, it is likely that these changes will take a similar amount of time to introduce.

<sup>9</sup> <http://www.midstaffspublicinquiry.com/sites/default/files/report/Executive%20summary.pdf>

<sup>10</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/226703/Berwick\\_Report.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/226703/Berwick_Report.pdf)

<sup>11</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/236212/Cavendish\\_Review.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/236212/Cavendish_Review.pdf)

<sup>12</sup> The Prime Minister's statement on the Francis Report, <https://www.gov.uk/government/speeches/francis-report-pm-statement-on-mid-staffs-public-inquiry>

<sup>13</sup> The Prime Minister's speech to Parliament on 6 February 2013, column 282, <http://www.publications.parliament.uk/pa/cm201213/cmhansrd/cm130206/debtext/130206-0001.htm>

<sup>14</sup> Law Commission, Regulation of Health Care Professionals – draft bill [http://lawcommission.justice.gov.uk/docs/lc345\\_regulation\\_of\\_healthcare\\_professionals.pdf](http://lawcommission.justice.gov.uk/docs/lc345_regulation_of_healthcare_professionals.pdf)

- **Obligations to multiple key stakeholders** – The NMC operates in a politicised environment and it is mindful of the need to meet the expectations of multiple stakeholders who hold it to account for its performance or make recommendations for it to address. For example, over the period we are considering here the NMC has been responding to recommendations from the PSA, the Health Select Committee and the Francis Reports, as well as conditions associated with a grant provision from DH<sup>15</sup>. Although all the recommendations seek to improve the ability of NMC to protect the public, they address different elements of the NMC's work and require specific attention.

The implications of the factors outlined are important to consider as the context within which the NMC has been operating to implement the recommendations of the PSA strategic review.

<sup>15</sup> The £20 million grant was awarded to help the NMC meet the fitness to practise adjudication target by December 2014, clear the historic backlog of fitness to practise cases by December 2014, and achieve a minimum risk-based reserves level of £10 million by January 2016.

## 5 Regulatory purpose and function

### 5.1 A regulator focused on public protection

The PSA's Strategic Review report outlined that the NMC has *'not understood its regulatory purpose well and as a result it has not communicated it clearly to its stakeholders.'* It further reported that the role of the regulator is to set the *'baseline, the standard by which professional practice may not fall'*, that it is *'the role of professional bodies to support nurses and midwives to 'raise the bar'* and that it is the *'role of employers to manage performance'*.

#### 5.1.1 Understanding its regulatory purpose

In its final report the PSA commented that, *'clarity of purpose is essential for any successful organisation,'* and acknowledged that the NMC was *'beginning to re-focus its thinking and its work solely on regulation.'* The PSA further reported that although the NMC understood its primary purpose was the protection of the public, amongst staff and external stakeholders there were varied views on what this meant and the activity it included. In this regard, two years on, the NMC is in a different place. From our interviews with both staff and external stakeholders the NMC very swiftly ceased a number of initiatives which were not considered to directly relate to its primary purpose, including student indexing and a nursing helpline, and concentrated its activities on those which directly contribute to its core objective of the *'protection of the public'*.

Many stakeholders acknowledge that strong leadership from both the current Chair and Chief Executive has sharpened this focus, ensured that the NMC is moving in the right direction and resulted in extraneous initiatives no longer being taken forward. Overwhelmingly, stakeholders commented that the NMC now *'sticks to the knitting,' 'acknowledges and tackles issues head on'* and does so in an *'open and transparent manner'*.

A number of stakeholders commented that the focus of the NMC in the last two years has been sensibly on *'fixing the basics,'* of carrying out its core functions in registration, continued practice and FtP. The majority commented that the NMC *'justifiably'* has concentrated its efforts and resources in FtP. However, many consider that spending 77 per cent of annual income on FtP activities, which apply to less than 1 per cent of the nursing and midwifery population<sup>16</sup> is not sustainable in the long term, nor does this allow the NMC to focus a balance of its resources in areas such as policy, standards and education.

#### 5.1.2 Demonstrating its regulatory purpose in practice

Since the report, the NMC has concentrated on improvements in FtP processes and Registrations. In addition, the NMC has continued to focus on clearing the FtP backlog and achieving performance targets in relation to adjudication and reserves which have been agreed with the Department of Health.

Alongside its commitment to drive forward improvements in these areas, the NMC has not lost sight of the need to develop new policy, systems and processes across all its operations to support its regulatory purpose. To this end, the NMC is taking forward a number of initiatives such as the new Code, its support for the review of midwifery supervision<sup>17</sup>, and its proposals for the revalidation of nurses and midwives and the creation of the regional liaison service. Nevertheless, some stakeholders, though largely supportive of these developments, commented that in expanding its

<sup>16</sup> <http://www.nmc-uk.org/Documents/Consultations/2014/Fee%20Rise%20Consultation.pdf>

<sup>17</sup> NMC, <http://www.nmc-uk.org/media/Latest-news/The-Kings-Fund-to-undertake-independent-review-of-midwifery-regulation/>

range of activity, the NMC should not divert its attention from the noticeable continuing improvement in its core functions.

### 5.1.3 Asserting its regulatory presence

One of the main commendations from stakeholders is the degree to which in the last year the NMC has collaborated with other organisations on key areas of policy and standards. For example, its work on the duty of candour with the General Medical Council (GMC); education and standards; and the work on the Law Commission bill with all of the other eight professional healthcare regulators. Stakeholders believe this demonstrates a change in mindset of the NMC and a commitment to play its part in setting the tone of professional regulation and be seen on an equal footing with other regulators.

However, there is a range of opinion from stakeholders on the extent to which the NMC should be engaging in some collaborative initiatives, for example the co-sponsorship with Health Education England of the '*Shape of Caring Review*'<sup>18</sup>. Some stakeholders consider that the involvement of the NMC, particularly as a co-sponsor, strays outside of the NMC's core focus, whilst others consider that it is inextricably linked to its core regulatory purpose of setting the standards of education, as well as ensuring that the NMC is ready for the future, through working in partnerships with other organisations.

Large-scale failures of care, such as those at and Mid-Staffordshire NHS Foundation Trust mean that regulators are increasingly required and expected to be more collaborative, engaged and patient-centric. The NMC has taken a more proactive stance in recent months, for example with the release of its position statement on the degree of appropriate safe staffing levels in health care settings.<sup>19</sup>

### 5.1.4 Areas for continued focus in relation to regulatory purpose and function

Many stakeholders commented that they perceived the NMC to have been very clear on its regulatory purpose for some time and that it should continue to assert its role and responsibilities strongly. In order to build public confidence further, it is important that the NMC continues to focus on its core regulatory functions, and by doing so, demonstrates its commitment to being an efficient and effective regulator.

<sup>18</sup> Health Education England, Shape of Caring Review, <http://hee.nhs.uk/work-programmes/shape-of-caring-review/>

<sup>19</sup> NMC, <http://www.nmc-uk.org/Documents/Press/Safe%20staffing%20position%20statement.pdf>

## 6 External stakeholders' perspectives

### 6.1 Achieving a constructive, focused dialogue with stakeholders

The PSA Strategic Review indicated that stakeholders wanted the *'NMC to succeed but warned that it must improve quickly to retain their support as confidence is being damaged.'* The PSA's report outlined that there were several issues which the NMC needed to address in relation to stakeholder management. Specifically, some stakeholders perceived that the *'NMC works for the benefit of the profession rather than holding nurses and midwives to account, and'* many considered that there is a *'perceived bias towards nursing'* over midwifery. In addition, stakeholders reported to the PSA that the NMC is *'anglo-centric'* and does not adequately build relationships with nurses and midwives from across the UK and the islands.

#### 6.1.1 Improved relationships

The PSA Strategic Review recommended, in light of stakeholder feedback, that the NMC *'must improve its performance, operate transparently in line with its published policies and communicate its plans for improvement effectively in order to retain the goodwill and support.'* It is clear through discussions with stakeholders and staff that the NMC has made a good deal of progress in addressing these concerns, and has targeted its communications and invested in key strategic relationships, particularly at senior levels. By way of example, a number of activities have been cited:

- regular one-to-one meetings between the Chair and Chief Executive and key stakeholders;
- Council member engagement, particularly in and with the four countries;
- a programme of Chair and Chief Executive visits to practice settings every year;
- establishment of professional advisory forums in areas such as education and revalidation;
- creation of a Professional Strategic Advisory Group to provide the NMC with an opportunity to engage with senior nurses and midwives, to share insights and information about strategic developments and advise the NMC's executive team. This group, which meets quarterly, includes senior nurses and midwives from across the four countries of the UK and from a range of fields, including academia, management, policy, health and social care; and
- a public and patient engagement forum, with 90 organisational and individual members who meet quarterly to discuss various patient issues and gain insight to inform policy work and operational delivery.

Although the NMC does not have a formally ratified<sup>20</sup> corporate stakeholder engagement plan and full stakeholder mapping analysis, it has made considerable improvements in the way in which it engages with its stakeholders. For example, at its March 2014 Council seminar, the Executive provided a presentation to the Council outlining its approach to engagement for the upcoming year. Recognising this in its Annual Report and Accounts and Performance Review Report 2013/14<sup>21</sup>, the PSA reported that from *'the third-party feedback that we received this year, particularly from*

<sup>20</sup> A draft public engagement strategy was considered by Council in November 2012. This paper set out proposed approaches to engaging with patients and the public. An overarching engagement strategy was considered by Council in February 2013, which approved it for publication as the 'public commitment to NMC engagement (<http://www.nmc-uk.org/Documents/NMC-Publications/Public%20commitment%20to%20NMC%20Engagement.pdf>). The March 2013 meeting of Council agreed to postpone further discussion of engagement until after the reconstitution of Council.

<sup>21</sup> Professional Standards Authority, Annual Report and Accounts and Performance Review Report 2013/14, <http://www.professionalstandards.org.uk/docs/default-source/scrutiny-quality/performance-review-report-2013-2014.pdf?sfvrsn=0>

*registrants and registrant representative groups, it is clear that the NMC and its stakeholders are now benefiting from its commitment to developing effective relationships.'*

### 6.1.2 Visibility – moving in the right direction

There is a general recognition throughout the organisation that the status of communications and engagement with its stakeholders must be strengthened if it is to continue to improve as a regulator. The draft strategy approved by the Council in July 2014 cites stakeholder engagement as a key focus over the next five years indicating the strategic direction of NMC.

Notwithstanding the NMC's current commitment to openly engage with its stakeholders, some stakeholders commented that in the first 12-15 months after the issue of the PSA Strategic Review report the degree of NMC engagement and the visibility of key Executive Board members were limited. This was even in some policy areas where they may have expected the NMC to have a presence. Stakeholders recognised that this was likely to be due to the need for the NMC to concentrate on the delivery of its core functions, however they stressed that this could not continue in the long term.

In the last 9 to 12 months however, stakeholders overwhelmingly commented that the NMC has considerably increased its levels of engagement with registrants, professional bodies and other representative groups. It was also noted to us how the NMC has taken a more proactive stance with the media during this time reflecting an increased degree of confidence and its desire to raise its public profile.

### 6.1.3 Focused 'open and transparent' engagement

It is evident that the NMC has a clearer view on which stakeholders it should be engaging with (it has a draft stakeholder map to support this) and the form that this engagement should take. All NMC projects, as part of the project planning stage, must include details of how they intend to engage and consult stakeholders. We understand that there are specific stakeholder and communications plans, reflecting engagement strategies tailored to particular projects or programmes, for example, road shows on new Midwifery Standards, the Code and Revalidation consultations, and engagement on Professional Indemnity Insurance guidance.

Stakeholders also almost universally commented that their relationship with the NMC was much more open and transparent, and that this was testament to the personal style and commitment of the Chief Executive and Chair. Many stakeholders also reflected that the strong 'two-way' relationships with the Chief Executive and Chair were also supplemented by meetings with selected members of the Executive Board, although the degree of this engagement was dependent on the focus of the project or policy area.

### 6.1.4 Regulating across the four countries

Our discussions with stakeholders also indicate that the criticisms raised towards the NMC in relation to its 'anglo-centric' focus are largely no longer valid. The NMC, through the nature and focus of its engagement, has demonstrated that it recognises and understands the differences between the four countries. We understand that by September 2014 the Chair and Chief Executive will have met with health ministers from all four countries of the UK over the last 18 months. In addition, stakeholders commented that the Council session recently held in Edinburgh (June 2014), the plans in place to hold the next on-the-road Council session in Belfast in May 2015, the revalidation events across the country and regular NMC engagement with the Chief Nursing Officers in all the devolved administrations demonstrates that the NMC is committed to all four countries.

However, a number of stakeholders still felt that 'England only issues' dictate the pace of change, time, resources and development opportunities provided for within the other three jurisdictions. Furthermore, some stakeholders commented that the NMC should be mindful of the devolution agenda, reflecting that in the past the degree of engagement was 'more tangible' as there was a dedicated NMC post representing Scotland and Northern Ireland, strengthening the depth of understanding of each country's particular issues at the NMC.

We understand that the NMC is keen to learn from its recent four nations' engagement project and intends to develop an action plan for further engagement in Northern Ireland, Scotland and Wales by the end of the 2014. In addition, this should be strengthened with the roll-out of the NMC's regional liaison project in 2015, and significantly, representatives from each country are involved in the scoping of this work.

### 6.1.5 'Informed' engagement

With a clear focus on its regulatory purpose of public protection, the NMC has in the last two years chosen to obtain insight and engagement in its activities from nurses and midwives through its Council (currently with six registrants as members), registrant members on the Midwifery Committee, and through its advisory groups similarly made up of lay and professional members. It has also recently formed the Professional Strategic Advisory Group to provide additional insight and guidance from senior members of the nursing and midwifery professions.

There was considerable divergence amongst stakeholders on whether the NMC 'needs' to employ registrants and whether these should be at a senior level. We noted that there is not a consistent approach to employing registrants in senior posts amongst other professional regulators. For example, we understand that neither the General Optical Council nor General Dental Council have registrants in their management teams. The General Medical Council has two doctors in senior positions.

Stakeholders, particularly a number of those who are registrants themselves, commented that registrants employed in senior posts in the NMC may provide additional insight into the profession and ensure that policy and standards can be framed in the right style and tone. Some other stakeholders felt that the inclusion of senior nurses or midwives would give the NMC gravitas and increased credibility which would ultimately increase the profession's trust and confidence in it.

Although many consider the creation of the Professional Strategic Advisory Group is a helpful step, others consider that this does not fully replace the need to have registrants 'embedded' into the 'business as usual activities' and may pose problems in the future, for example should the Executive disagree with any guidance provided by the group. We note that at this point in time the NMC has acknowledged that it requires registrant input, albeit in an advisory capacity.

### 6.1.6 Consultation

In recent years the NMC has undertaken wide formal consultation, as it is required to do so by its legislation, particularly in relation to major programmes such as revalidation, the Code and its fees. To support this and ensure consistency, the NMC has produced a document for staff based on the Cabinet Office guidelines setting out best practice when consulting with stakeholders. The NMC is also developing business procedures in relation to consultations to ensure that consultations are centrally signed off before issue and directorate due procedure is consistently followed for all consultations.

A number of stakeholders, mainly registrants, felt that consultation was unlikely to have an impact on the overall outcome, and therefore questioned the value of undertaking the exercise. An example of this was the consultation on the latest fee rise. It is understood that the NMC's future reserves position is premised on the ability of the NMC to raise its fees, therefore, stakeholders feel the ability to influence whether or not the fees should go up is relatively limited.

Contrastingly, the NMC's approach to consultation with regard to revalidation was broadly commended by a number of stakeholders. Although, the PSA commented that the limited level of detail currently provided in consultation documents, may make it difficult for the reader to provide meaningful feedback.

### 6.1.7 Areas for continued focus in relation to stakeholder management

The NMC recognises the importance of engagement with its stakeholders and it is committed to strengthening its relationships. Whilst the NMC has already increased the capacity of its stakeholder management team, we note that it wishes to enhance its ability to effectively coordinate, manage and understand all of its stakeholders. We understand that the NMC is currently considering making a number of developments in this area, in particular:

- a customer relationship management system (CRM) to assist the NMC in managing its relationships with its stakeholders;
- a series of bi-lateral agreements with other regulators and partner organisations governing detailed operational protocols;
- commissioning an annual external perceptions review of the NMC for the first time to ascertain stakeholder views on performance; and
- a revised media strategy to enhance the NMC's public profile and improve public confidence in regulation.

## 7 People and culture

### 7.1 Embedding change and empowering staff

The PSA Strategic Review stated that the *'NMC has underlying cultural problems built up over a number of years that prevent it from achieving success,'* and a more 'open culture' will be required to succeed. The PSA commented on the dysfunctional relationship between the previous Chair and Chief Executive and that it was the job of the new leaders to develop an *'empowering culture'*.

It further acknowledged that, *'many of the issues facing the NMC are not new and have been identified to a greater or lesser degree throughout its life.'* The NMC has taken steps to respond to these findings, however, as with any programme of culture change, these will take time to embed. The Executive team also appreciates that further improvements can still be made in this area.

Throughout this section we refer to the findings from this survey, as well as those from the seven focus groups we held with NMC staff, to inform our conclusions.

#### 7.1.1 Areas of progress in relation to people and culture

##### 7.1.1.1 Organisational restructure

In the summer of 2012, the NMC instigated an organisational restructure, resulting in fewer directorates,<sup>22</sup> recruitment of a new Director team and a significant increase at Assistant Director level. Alongside this, a programme of redundancies took place. Following this restructure, the subsequent 12 months have been focused on activities related to organisational development and engagement.

Since July 2012, the NMC has rapidly grown its workforce and has particularly strengthened its numbers in FtP. As at July 2014 the NMC had 694 staff, an increase of 241 over the two year period. This translates as overall organisational growth of just over a half of the workforce, including growth in staff in FtP of 64 per cent, with FtP now making up 58 per cent of the total workforce. There is also a greater reliance on agency and fixed term staff and contractors who now make up a third of staff.

The NMC has also invested in its workforce in other areas; it has set up the Continued Practice directorate (the delivery of revalidation by December 2015 is one of its core objectives) and expanded its workforce in Registrations.

##### 7.1.1.2 Staff survey

The NMC, recognising the need to understand and listen to its workforce and their perspectives, commissioned two staff surveys, one in May 2013 and another most recently in June 2014. The 2014 survey has a 73 per cent response rate (361 people) which compares to an 84 per cent response in 2013. This survey shows a 4% increase in engagement score on 2013 results to 64 per cent, characterised by staff perspectives on pride, longevity, endeavour, advocacy and care.

Other areas of development are reported by staff. For example, 96 per cent of staff reported that they understand the aims and objectives of the NMC and 75 per cent of staff reported that they enjoy their work. Significantly, a large proportion of staff, 83 per cent, consider that their manager treats people fairly and with respect.

<sup>22</sup> The NMC restructure resulted in a reduction of nine directorates to the current six.

In support of this, through discussions with staff we identified that the NMC is perceived to be a good place to work. It is seen to be a *'family friendly'* organisation offering flexible working and competitive holiday/pension entitlements, provides a good work life balance for the majority of its staff, and there is a sense of camaraderie in teams. Many staff also commented that the *'sense of purpose'* the job provides and the recent commitment to provide *'bite-size'* training opportunities, a degree of career progression in some posts, and a commitment by some managers to provide feedback, was appreciated.

#### 7.1.1.3 Human Resources strategy initiatives

The current NMC Human Resource and Organisational Development Strategy was approved by Council in February 2013.<sup>23</sup> This strategy, covering the period 2012-2015, sets out a number of initiatives which the NMC has taken forward including revised induction processes, revised Performance Development Processes and upgrades to the HR system. We understand that the HR strategy will be updated and revised in the autumn of 2014.

#### 7.1.1.4 Values and behaviours

Acknowledging the PSA's concerns in relation to the need for senior leaders to demonstrate the NMC values in practice and in relationships with others, and as part of its HR programme of work, the NMC introduced a refreshed behavioural framework in December 2012. To cascade these new behaviours to all staff, the NMC introduced a behaviours awareness, which although not mandatory, was attended by 278 staff members (68 per cent) from across the NMC. However, the lowest attendance was from the management team (bands 1, 2 and 3) which may have prevented the programme from achieving maximum benefits. In addition, the NMC ran a Behaviours Development Programme in 2013 which helped staff consider how they can link the behaviours into the competencies required for their post. A total of 348 staff members (85 per cent) attended these sessions and we understand that there are plans to embed this learning into the NMC's induction programme.

Although the NMC has invested in training and communications in relation to its values and behaviours, the degree to which staff consider that *'senior managers truly live the values of this organisation'* has not changed a great deal based on the 2013 and 2014 staff survey results. In the most recent survey just over a third of staff considered that senior managers live the values, compared to 30 per cent in 2013. Perhaps surprisingly in both surveys nearly half of staff, 48 per cent, neither agreed nor disagreed with this statement. Through discussions with staff we understand that this may be for several reasons which are worthy of note and further action:

- staff may have different interpretations as to who their *'senior leaders'* are;
- some staff are not clear on what the NMC values are; and
- some staff, particularly those in FtP, do not feel able to form an opinion, as they do not have regular contact and visibility of senior leaders.

Notwithstanding the survey results, staff reported in focus groups that senior managers were *'likely'* to be living the values. Many staff commented that it was a difficult question to answer as it directly related to Senior Management Team visibility and some suggested that that it may be useful to have more sight of what they are doing day-to-day. Some of this perceived lack of visibility may explain the limited increase in confidence of staff in the senior management team of five per cent (up from 44 per cent in 2013) and a perception amongst some staff that the senior team were not always made aware of some of the issues facing staff because middle managers do not always escalate issues upwards.

<sup>23</sup> There was an earlier draft of the HR Strategy discussed by the Council in July 2012, this was updated and formally approved by the Council in February 2013.

#### 7.1.1.5 Staff wellbeing data – turnover and sickness absence

The PSA commented in 2012 that as a consequence of the absence of a *'constructive'* culture there were a number of *'negative consequences'*, one of these being high staff turnover. The PSA reported that in 2011-12 there was a 31 per cent staff turnover.

The NMC continues to have relatively high staff turnover.<sup>24</sup> However, this has steadily improved so that the staff turnover rate has declined during the last financial year (April 2013 to March 2014) from 34 per cent to 26 per cent. Based on current turnover rates it is continuing this decrease to 24.7 per cent in July 2014<sup>25</sup> and if turnover continues to decrease in this way the NMC forecasts that it should sit at around 22 per cent by March 2015.

The NMC recognises that there is no single solution to addressing the issues of high staff turnover, particularly given that 74.2 per cent of staff are under the age of 40 and are therefore more likely to look to move employment every two years.<sup>26</sup> Rather, the NMC is aware of the need to deploy a range of measures, and it is already starting to take action in some areas. In particular, the NMC is aware of and committed to *'the need to continue to invest in staff training, provide improvements to staff pay and progression, create better working environments and recognise achievement both through pay and non-pay means'*.<sup>27</sup>

As at June 2014, the average sickness absence per head stands at 5.9 days which has fallen below the NMC target of 6 days and below both the industry average of 8.1 days and the national average of 7.6 days.<sup>28</sup>

#### 7.1.1.6 Leadership – Chair and Chief Executive

The PSA Strategic Review report highlighted that the issues surrounding the *'imbalances and dysfunctional relationships between the former Chair and the Chief Executive and between them and the Council,'* contributed to the poor management of the NMC. The PSA Interim Review report, published in April 2012, focussed on governance and leadership and recommended that the appointment of a new Chair and Chief Executive be carried out swiftly.

The Chair, Mark Addison, was appointed by the Privy Council and took office on 1 September 2012.

The Chief Executive, Jackie Smith, was appointed for a period of 12 months in October 2012, and this was confirmed as permanent in June 2013.

Our discussions with stakeholders all highlighted that the manner of the appointment of the current Chair and Chief Executive were not *'ideal'*. However, stakeholders unanimously recognised that both appointments have positively impacted and strengthened the leadership and given clear direction to the NMC.

At the time of our review, we understand that the NMC is undertaking a competitive process to appoint the new Chair of Council who will take up post in January 2015, when the current Chair concludes his term of office. Stakeholders commented that the appointment of a new Chair would benefit from succession planning for all other senior roles, particularly that of the Chief Executive, to maintain the stability of leadership over the last two years.

<sup>24</sup> Details of NMC staff turnover are made available at each NMC Council meeting as one of the NMC's KPIs.

<sup>25</sup> The NMC revised its turnover rate KPI calculation methodology in August 2013 to include only permanent staff.

<sup>26</sup> [http://www.ashridge.org.uk/Website/Content.nsf/FileLibrary/5B2533B47A6D6F3B802578D30050CDA8/\\$file/G458\\_ILM\\_GEN\\_REP\\_FINAL.pdf](http://www.ashridge.org.uk/Website/Content.nsf/FileLibrary/5B2533B47A6D6F3B802578D30050CDA8/$file/G458_ILM_GEN_REP_FINAL.pdf)

<sup>27</sup> NMC Executive Board Meeting August 2014

<sup>28</sup> Industry averages taken from NMC workforce reports.

### 7.1.2 Areas for continued focus in relation to people and culture

Through our discussions with NMC staff, we identified a number of additional areas of development on people and culture which the NMC could address. Staff explained to us that although the NMC is already starting to take action, progress is felt by staff to be slow in some areas. Some of the cultural issues apparent at the time of the PSA Strategic Review persist, albeit to a lesser degree. In the most recent staff survey, staff were asked *'if they could change one thing about the NMC what would they change'*. Responses were as follows:<sup>29</sup>

- *Consistent internal communication between teams/directorates* – particularly better communication around change, both large and small, and transparency in decision making;
- *Greater collaboration between teams* – particularly more knowledge sharing, development of an open blame free culture where teams are encouraged to work together instead of being competitive;
- *Provide greater career progression* – with a focus that senior staff should be encouraged to delegate more work and staff should promote people internally rather than hiring contractors;
- *Leadership/strategy* – the Executive Board should work together more cohesively, be proactive, more decisive and definitive with direction of NMC. They should also be less reactive to external stakeholders;
- *Recognition* – show appreciation for hard work and long hours and provide incentives to staff underpinning this;
- *IT systems* – invest and update the IT system as it hinders daily work tasks;
- *Work life balance* – there are pressures to meet KPIs with unrealistic deadlines in some instances.

Building on the detailed findings in the staff survey, which are largely supported by our conversations with staff, there are a number of areas for further focus underpinning the cultural issues at the NMC:

- **Hierarchical structure** – Many staff commented on the extent of hierarchy within the NMC. The increases in staff at middle management and Assistant Director level and the re-introduction of *'seniors'* to allow for career progression in some roles has meant that issues in relation to hierarchy, such as slow decision making remain. Notwithstanding this, many staff also mentioned that there is a general feeling that they are *'able to contribute to change, albeit sometimes in a limited way'*.
  - **Encouraging an open culture** – Some 59 per cent of staff (51 per cent in 2013) consider that it is *'safe to speak up and challenge the way that things are done.'* Changes in Serious Event Reviews management and general communications indicate that the NMC is committed to encouraging staff to speak up, report all incidents and follow due process. In addition, HR has noticed a general rise in grievances and reportable incidents which it attributes to a shift in the culture and a willingness to be more open and transparent.
- Opportunities for learning and development of staff** – From the staff survey, the majority of the questions showed general improvements being evidenced year on year. Staff at the focus groups acknowledged that there has been a degree of change in the volume of opportunities available in terms of career progression and training. Staff commented that *'if you were motivated to move up the organisation then it was possible to do so, you just had to be personally motivated to make it happen'*.
- **Communication with staff** – The NMC Executive team make time to ensure that staff are adequately briefed on new initiatives and change. There are weekly face-to face staff briefings for all staff to attend (via video-conference for those staff in Edinburgh), which are supplemented by weekly directorate/team briefings, newsletters and updates on the intranet. However, staff said that often there is the potential for there to be information *"overload"* via email. In particular, in relation to communication on change, the survey highlighted that only 46 per cent (50 per cent in

<sup>29</sup> NMC Staff survey findings from management report provided by People Insight to the NMC - 2014

2013) consider that the reasons for change are well communicated to them. Many staff commented in focus groups that communication in relation to areas such as pay and grading was often *'unclear and inconsistent'*.

- **Appreciation of work delivered** – In the latest staff survey fewer than half of staff, 48 per cent (44 per cent in 2013) feel valued and recognised for the work that they do. Through discussions with staff we understand that the degree of appreciation is dependent on the team where the individual is based. Those in operational roles, particularly in FtP tended to be more critical of managers in this regard, citing that managers were driven by KPIs and their attainment, rather than quality.
- **Confidence in management team decision making** – The PSA noted in 2012 that staff 'lack confidence in the management team's ability to change the organisation because they perceive them to make short term decisions as 'knee jerk' reactions to comments or direction from external parties. In our review, staff continued to express concern that this may still be the case, where small process changes are introduced without sufficient consideration of the wider impact root cause analysis or a clear rationale. In our discussions with staff, we believe that this is still the case, particularly in FtP.
- **Managing expectations** – the NMC has experienced considerable changes in staffing in the last two years at all levels. Consequently, many staff have joined the organisation in the time since the PSA Strategic Review. The NMC's Executive team will need to manage expectations of staff about the nature and pace of change that they would ideally like to see. We found that many staff, perhaps unrealistically, have an expectation that management should 'consult' with them in relation to small process changes.

The NMC Executive team and Council recognise that there is still a lot to do to address the constructive improvements that staff are raising. A number of initiatives are underway in areas such as performance related pay, the creating of action learning sets across directorates to break down siloed working, creation of job families to enable employees to see career development within the NMC and the maintenance of investment in learning and development activities.

To support this, the HR function is continuing to expand its HR reporting mechanisms and further developments are underway in relation to exit interviews to better understand the rationale for staff departures.

## 8 Operational management

### 8.1 Becoming an efficient and effective regulator

The PSA Strategic Review highlighted '*serious deficiencies*' in relation to '*poor planning, an absence of a clear decision making process, unreliable management information and collective failure to link activity with cost.*' The PSA also reported that the NMC Council did not request and was not appropriately appraised of the organisation's performance. In response, the PSA review raised seven recommendations in relation to change management, corporate accountability and governance, financial management and activity costing, ICT and management information.

This section is split into eight subsections: change management, financial management and reporting, strategic direction and business planning, governance and risk management, quality assurance arrangements, management information, information communication technology (ICT) and customer service.

Evidence for this section was drawn largely from document review and observation of NMC meetings.

### 8.2 Change management

#### 8.2.1 Implementing effective change management

In response to the PSA's Interim Strategic Review report and the need to '*have a clear understanding of the totality of planned changes so that they can determine if the speed and extent of change is achievable and appropriate,*' the NMC established a centralised change management process.

#### 8.2.2 Areas of progress in relation to change management

In July 2012, the Directors' Group agreed on the creation of the Change Management Portfolio Board (CMPB). The CMPB, set up to address and collate the issues identified by the PSA's Strategic Review Report into a single change programme, has succeeded in implementing significant, organisational wide improvements and benefits, including improvement programmes in both FtP and Registrations. To support the change programme, the NMC invested in a change programme management office to centralise the function. It has also recruited a number of change specialists and has provided a suite of training courses to staff to support them in delivering good project management.

The CMPB is accountable to the Executive Board and updates are provided at each meeting. The Chief Executive's Report provides brief updates for each Council session covering some of the large change projects and formal CMPB reports are provided to the Council on a six-monthly basis.

The monthly meeting of the CMPB provides members with the opportunity to consider, scrutinise and challenge the entire organisational change programme. Our observations confirm that there is a good degree of challenge and scrutiny at these meetings, particularly in relation to larger projects.

### 8.2.3 Areas for continued focus in relation to change management

Two years on, the NMC is aware that the current structures of the CMPB no longer operate as required. To address these concerns the NMC has already committed to putting a new structure in place by February 2015, aligned to the new Corporate Strategy which is due to be signed off by the Council in January 2015. When developing a revised structure there are a number of areas that the NMC should be mindful of to ensure that the arrangements are fit for purpose and address the weaknesses within the current CMPB model:

- **Alignment to business planning** – All NMC change programmes and projects are aligned to individual directorate business plans. However, the CMPB is not responsible for financial project scrutiny, as this is done at the monthly finance/directorate accountability meetings where all objectives within each business plan are scrutinised. This means it is difficult for the CMPB to effectively scrutinise long term project viability.
- **Project prioritisation and portfolio management** – Although the CMPB when it was first set up considered the need to prioritise certain projects, there does not appear to have been a rationalisation of projects throughout the lifetime of the CMPB, and we understand that a number of projects have been delayed due to both human resource and capacity issues. We understand through discussions with staff that this is likely to be the reason why staff may have unfavourably answered the question in relation to change within the most recent staff survey, as 40 per cent (42 per cent in 2013) of staff consider that change is not well managed at the NMC. Members of the Executive Board told us that the NMC is aware of the need to develop project plans *'smartly'* and build in decision points so that projects can be approached in a modular manner and, where required, scaled back until resources permit.
- **Benefits realisation** – The NMC has made some efforts to realise the benefits of its programmes of change and there is a framework in place to support benefits realisation and ensure an organisational wide consistent approach. Until July 2014 the use of this model was not mandated and was not universally used across teams. Although prior to July 2014 the NMC did not have a fully defined benefits realisation model in place capturing both quantitative and qualitative benefits, we recognise that organisational wide improvements and benefits have still been delivered. The NMC intends to retrospectively apply the new framework to those projects where the CMPB considers it will have greatest impact. In addition, all lessons learnt from change projects will in future be captured on the NMC's *'Learning Hub.'*
- **Threshold for defining what constitutes 'change'** – We noted that whilst areas of major change, such those listed above are passed through the CMPB for ratification prior to consideration by the Executive Board, it is difficult to make an assessment of whether all change is centrally co-ordinated, as there is no organisation wide definition and threshold for a change project – financial or otherwise.
- **Identification of project dependencies** – The ability of the CMPB to be able to identify inter-dependencies between projects and ensure that projects are not *'siloed'* in specific directorates is limited. Efficiencies may be realised if projects were for example run concurrently or through the utilisation of similar project teams or engagement with similar stakeholders.

## 8.3 Financial management and reporting

### 8.3.1 Significantly improving financial management and reporting

The PSA Strategic review final report commented that the, *'NMC has shown a collective lack of competence in failing to establish an appropriate link between the costs involved in delivering its planned activity, the key performance indicators it has committed to and the budget it has approved.'*

### 8.3.2 Areas of progress in relation to financial management and reporting

The NMC has made significant strides in strengthening the profile of financial management within the organisation and improving its reporting framework.

### 8.3.2.1 Profile and engagement of the finance team

The NMC has raised the profile of good financial management and finance across the NMC right from the Council level down to the Executive level in a number of ways:

- up-skilling staff;
- enhancing budget setting processes;
- embedding directorate financial support;
- enhancing the financial competence of the council members;
- routine financial monitoring; and
- improving financial reporting to the Council.

The PSA was highly critical of the NMC's ability to be able to accurately report its financial performance and provide the Council with the right information to be able to make informed decisions in the knowledge of all the possible risks. The NMC have strengthened their approach to financial reporting: there is monthly scrutiny at Director and Executive Board level and the Council receive the latest monthly financial monitoring schedules. This has supported the Council in enhancing their financial grip and rigour in their approach to the scrutiny of the NMC's finances.

In March each year, the Council considers the Financial Plan, Annual Budget, and annual review of reserves for approval. A paper was presented in March 2014 with extensive financial performance information and operational scenario planning analysis. In particular, numerical data analysis of actual, budget and financial plan forecast, and detailed line by line breakdown of budget with year on year analysis was provided supported by narrative. This was accompanied by a detailed scenario analysis based paper presented including information on FtP including budgeted, current and worst case scenarios for referral rates, length of hearings, screening and Investigating Committee closure rates.

### 8.3.2.2 Management of efficiencies

The NMC also has a Corporate Efficiency Board, which, since being re-established at the start of 2014, has met frequently and has agreed on three efficiency measures to allow the extent of efficiency programmes to be evaluated. The Board has recently been re-shaped, recognising the need to provide greater focus on value for money and efficiency monitoring. There are a number of efficiency work streams which are managed via Directorate Improvement Programmes and governed via the Change Management Portfolio Board. All Directors are aware of the need to prioritise programmes of efficiency and acknowledged that the organisation has got better at understanding the cost implications of a project or initiative before commissioning work.

### 8.3.3 Areas for continued focus in relation to financial management and reporting

There are a number of areas where the NMC can still make progress to strengthen further its financial management and reporting processes:

- **Concentration of efficiency savings within FtP** – The NMC has concentrated on developing efficiency savings in FtP, procurement and other projects. At present, the quantification of efficiency savings is within FtP only, and there is scope for further work in the other areas.
- **Management of efficiency savings** – Efficiency savings are currently managed at directorate level. To ensure that the financial impact of any efficiency savings are considered at the correct level, finance should be further involved in the identification, assessment and monitoring of efficiency savings to ensure that accurate management information is available to monitor and report on the efficiency programme.
- **Greater challenge of financial information by the Council** – The degree of financial information and scrutiny, although improved, could still be further strengthened, particularly in relation to the in year financial monitoring.

## 8.4 Strategic direction and business planning

### 8.4.1 Enhancing strategic planning

The PSA's Strategic Review report emphasised the need for the NMC to focus on its core activities and prioritise the need to become an '*efficient and effective regulator*,' by concentrating its strategy and business planning on '*improving effectiveness, efficiency and customer service*'.

### 8.4.2 Areas of progress in relation to strategic planning

The NMC has had a three year rolling corporate plan since 2012/13. The current NMC Corporate Plan 2014-17, '*Moving towards better regulation*' clearly identifies the NMC's mission, five values and three corporate goals. The NMC is currently developing its 2015-2020 strategy and does not have a Corporate Strategy aligned to its corporate planning activities. Notwithstanding this, the NMC's corporate plan provides a degree of clarity and continuity of purpose in relation to its mission, corporate objectives and delivery of key outcomes from initiatives.

#### 8.4.2.1 Developing the NMC's Corporate Strategy

Setting the NMC's strategy is one of the key roles of the Council. Whilst it was agreed in July 2013 to develop a new strategy for the NMC, the newly constituted Council wished to take time to understand the organisation and its wider operating context. Throughout 2013 and early 2014 there have been a number of Council discussions on a Corporate Strategy. Additionally, a strategy sub group was formed and stakeholders, including other regulators, were consulted on the content. The Council agreed to introduce a five year strategy starting in April 2015, which will allow time for the new Chair, who will take up office in January 2015, to contribute.

In June 2014, the Council endorsed the NMC's strategic principles, underpinning foundations, key pillars and overarching statements. The new strategy consists of an overarching strategic priority of the NMC's public protection purpose, and three additional strategic priority areas for 2015-2020 which in summary are:

- **Effective regulation:** The NMC is committed to continuing to improve its core regulatory functions, focusing on professionalism of nurses and midwives via revalidation, and where required, continuing to strive for legislative reform to ensure its functions, particularly fitness to practise, is streamlined and efficient.
- **Use of intelligence:** The NMC is aware of the need to improve how it uses the data it has available to provide greater insight, focusing on developing its capabilities in relation to data to enable the NMC to learn about and provide commentary on its registered population and to allow self-evaluation on its effectiveness.
- **Communication and collaboration:** The NMC strives to continually improve its understanding of its stakeholders and develop stronger partnerships and relationships.

The strategy is underpinned by an '*effective organisation*' theme, recognising the NMC's need to improve and transform its systems, invest in people, utilise resources effectively and provide good customer service.

The NMC intends to use the draft strategy approved by the Council in July 2014 to inform its next business planning round, which will get underway in Autumn 2014. This will ensure that the Strategy and Corporate Plan are aligned from 2015/16 onwards.

#### 8.4.2.2 Improvements in corporate planning

The Corporate Plan is put into operation through Business Plans in each directorate (FtP, Corporate Services, Continued Practice, Strategy, Registrations, and the Office of the Chair and Chief Executive). A business planning team has developed and built upon existing processes to establish a

robust organisation-wide Corporate Planning framework and there have been a number of improvements in the last two years including:

- written Guidance for directorates on business planning;
- alignment to the majority of the NMC's corporate goals and objectives;
- uniform structure for each business plan;
- annual business planning processes with agreed timetables;
- monitoring and scrutiny of plans via – monthly accountability meetings attended by cross-Directorate representatives; and
- progress is also monitored on a quarterly basis by the Executive Board and the Council.

### 8.4.3 Areas for continued focus in relation to strategic planning

For the last two business planning cycles, the NMC has conducted an annual evaluation of its business planning processes, allowing the system and processes to gradually evolve. In addition to the areas that the NMC has already identified, there may be a number of areas where the business planning processes could be further strengthened:

- Consistency in setting *SMART*<sup>30</sup> milestones; and
- Encouraging greater cross-directorate working at early stages of business planning to make it easier to effectively manage project inter-dependencies throughout the life of a project.

## 8.5 Governance and risk management

### 8.5.1 Revising governance and risk management

The PSA's Strategic Review report acknowledged that '*good governance*' will be central to the success of the NMC in addressing its problems. To address this, in 2013 the NMC commissioned a review of its governance arrangements with the aim of enabling the Council to become more '*board-like*' and strategic, streamlining its governance structures and processes, and ensuring that the executive team have clear responsibility and accountability for day-to-day operations.

### 8.5.2 Areas of progress in relation to governance and risk management

The NMC has implemented a number of changes to its governance structures including:

- **Smaller council** – Since May 2013, when the new smaller Council was reconstituted<sup>31</sup>, the Council has met nine times in open session. The Council comprises lay and registrant members. All members received a comprehensive induction and each month the members meet in a private NMC Seminar session to receive a briefing on upcoming issues, operational updates and issues, and training.
- **Committees** – One of the main changes focused on streamlining the NMC's Council committee structure, retaining only the Midwifery Committee (as required by the Nursing and Midwifery Order 2001), the Audit Committee, Remuneration Committee (widely accepted requirements of good governance) and the Appointments Board. The Council de-constituted the following supplementary committees: the Education Committee, the Finance and IT Committee and the Fitness to Practise Committee. In addition, membership of the committees, except the Midwifery Committee and Appointments Board, is now limited to Council members only.
- **Frequency of Council meetings** – These are now held on alternate months in order to provide sufficient time between meetings for the executive to focus on delivery and performance

<sup>30</sup> Milestones which are Specific, Measurable, Achievable, Realistic and Time-constrained

<sup>31</sup> Only two of the incumbent council members remained in office.

improvement. It was also proposed that the Audit Committee and the Midwifery Committee should meet quarterly and the Remuneration Committee twice a year.

- **Improved Council papers** – The NMC discontinued the practice of '48 hour tabled' Council papers and has taken steps to plan agendas more effectively and improve the degree and presentation of information (financial and non-financial).
- **Executive Board** – The NMC created an Executive Board chaired by the Chief Executive which is attended by all Directors on a monthly basis. The purpose of the Board is to ensure the greater delegation of operational matters from the Council and to give the executive operational decision-making authority in those areas specified by the Council. In addition, the NMC retained the existing Directors' Group meeting to enable ongoing discussion of operational matters and collective understanding of any key issues arising amongst Directors and on a monthly basis by Assistant Directors. The Executive Board is also supported by a number of additional internal management committees.
- **Advisory groups** – The NMC now has three advisory groups: Education; Revalidation; and Professional Senior registrants, which are chaired by a member of the Executive Board and may include a Council member where their expertise is of particular relevance.
- **Standing Orders and Scheme of Delegation** – The NMC revised its standing orders and scheme of delegation. This was to ensure that Council and Committee business was streamlined, and that the setting of strategic direction, approving policy and holding the Executive Board to account are reserved to the Council while delegating day-to-day operations to the Executive.

The PSA Strategic Review Report recognised that the NMC had a documented approach to managing risk, but that this approach was not '*consistently and effectively applied*' and importantly had not detected poor performance or detected non-compliance with operating procedures. A revised approach, both policy and framework, to how the NMC identifies and manages risk centre on the co-ordination of risk management processes through the Risk Scrutiny Group. This group has met monthly since June 2013 and provides assurance to the Executive Board that risk is managed effectively. The Executive Board also scrutinises the corporate risk register and then this is reported to the Audit Committee and the Council.

As a result of the changes to the overall governance arrangements there are a number of areas of noticeable improvement:

- **Structure and focus of the Council meetings** – The structure and focus of the meeting has changed over the last 16 months to focus more on the key strategic issues. Stakeholders commented that the new Chair provides a sound sense of direction and it is clear that the Council has concentrated on the NMC's core business, and has a '*sharper focus on areas such as fitness to practise.*' A number of stakeholders commented that the Council is now maturing, beginning to challenge the Executive and '*asking the right questions,*' demonstrating their deeper understanding of the operations of the NMC.
- **Council reporting** – The degree of information provided to the Council is significant. In some areas, particularly finance, the degree of information provided in relation to the annual budget and the fee rise may be provided in too much detail. If more concise information was provided, it may actually prompt greater scrutiny in relation to areas such as individual directorate finances, ensuring that the Executive Board are challenged more in this area. Similarly, in key operational areas such as IT the degree of information and the updates provided may not provide the Council with sufficient information to challenge the Executive sufficiently.
- **Executive Board** – The Executive Board has met monthly since July 2013, over this timeframe the volume of papers has reduced and where possible the agenda has been streamlined focusing on metrics, risk and operational and reports. It has also improved the way in which it considers its performance, and has an improved relationship with Council members.
- **Audit Committee** – There is now a clear focus on risk and assurance and it is evident that the committee values the assurance derived from the internal audit team. The Committee is led effectively by the Chair, there is good time management and plenty of opportunity for comment from members and attendees. Significantly, staff are now held to account for the implementation

of internal audit recommendations and historic recommendations raised by the previous internal auditors are also being followed up. Stakeholders commented that the Audit Committee *'feels like a completely different meeting.'*

- **Internal audit** – The NMC appointed new Internal Auditors for the financial year 2013/14. The internal plan as approved by the Audit Committee sets out a 100 day plan, double the previous day allocation, and concentrates on the NMC's risk and quality assurance activities. The NMC's internal auditors<sup>32</sup> commented that there are key areas where the adequacy and effectiveness of the framework of governance, risk management and control is insufficient and requires improvement.
- **Risk management** – As part of the 2013/14 internal audit plan, and to provide assurance in relation to the operational effectiveness of the risk management framework, the Audit Committee commissioned two internal audit reviews focusing on risk. The findings concluded that the NMC has made good progress and the framework would take time to embed.

### 8.5.3 Areas for continued focus in relation to governance and risk management

There are a number of areas where the NMC can still make progress to further strengthen in arrangements in relation to governance and risk:

- **Rounded Council member skill set** – The NMC has recently undertaken its annual review of Council member effectiveness. In this review, the Council identified that it would like further training in relation to financial management, HR and ICT, identifying that there may be skills gaps in these areas.
- **Executive Board management of performance** – The Board has improved the degree of scrutiny and challenge of key operational areas. However, in areas such as revalidation there will need to be more scrutiny by the Executive Board to ensure that this change programme remains on track. In addition, although the Executive Board has more foresight in relation to issues such as the fitness to practise adjudication KPI, it may have been reasonable for the Board to have put contingency arrangements in place earlier.
- **Executive Board scrutiny and challenge** – Discussions at the Executive Board demonstrate that they are committed to meeting performance targets. Through observation and review of minutes, the degree of challenge evident in relation to the NMC's financial position, including consideration of under/overspends in year is limited, although we recognise that there is generally a good discussion in relation to the reserves position and directors do meet monthly with finance to consider individual directorate performance.
- **Management committees** – The Executive Board and its committees, some of which have not yet met<sup>33</sup>, consist of many of the same people duplicating effort and resources. For example, the Executive Board members sit on the Change Management Portfolio Board, ICT Programme Board, the Corporate Efficiency Board and attend the Directors Group meeting. A number of the Executive Director group also sit on additional committees and boards.
- **Engagement with Assistant Directors** – There are 15 Assistant Directors drawn from different directorates across the NMC. The role of Assistant Director is varied, some are very operationally focused, such as those in FtP, others have a more strategic role. We understand that although Assistant Directors meet monthly with the Directors at the Directors Group meeting, there is no dedicated decision making forum of which they are all part. The Executive Board has not yet devolved responsibility in selected areas, nor set out a scheme of delegation to this group. If done, this could lead to further empowerment of this group of staff, so freeing up time for the Executive team to concentrate its time on more strategic areas.
- **Risk management framework** – Although the current risk management framework may be in our view somewhat mechanistic, it does provide the NMC with a framework to manage risk.

<sup>32</sup> Internal Audit Annual Report 2013/14, Moore Stephens

<sup>33</sup> As at September 2014 the Policy Committee was yet to meet and did not have formally agreed terms of reference.

However, there are still areas where the NMC recognises it needs to focus such as the degree to which the NMC effectively manages its regulatory risk, clarification on each group's responsibility in relation to risk management for monitoring risks and the extent to which risks escalate up through the organisation. Similarly, the effectiveness of the management and reporting of individual project risks and cross-cutting risks are two areas where the governance team are currently working with staff to improve the robustness of the system and ensure that risk-management is inherent in all processes.

We understand that the NMC is currently undertaking an Executive Board effectiveness self-assessment. Consideration of the role and remit of other boards and cohorts of staff alongside the Executive Board is important to ensure that assurance continues to be provided to the Executive Board allowing for effective operational day-to-day management.

## 8.6 Quality Assurance arrangements

### 8.6.1 Strengthening Quality Assurance

The PSA Strategic Review report recommended that the NMC would address some of the challenges in relation to culture and direction and oversight of its operations the NMC by strengthening quality assurance and '*consistently valuing quality*'.

### 8.6.2 Areas of progress in relation to Quality Assurance

In response, the Council agreed the Corporate Quality Assurance (QA) Strategy on 18 July 2013. The QA strategy consists of three key outcomes and all three outcome activities have run concurrently from the start of the programme:

- implement the performance and quality framework by October 2014;
- develop and deliver the QA team's annual working programme; and
- embed a culture of learning and continuous development.

In order to provide assurance to the rest of the organisation, the QA team provides regular progress updates to the Council (six-monthly), the Audit Committee (at each meeting) and the Executive Board (bi-monthly).

The NMC has not until recently had plans in place setting out for each directorate their individual quality control mechanisms. However, we understand through discussions with staff and review of the current draft quality action plans that there are a number of manager sign-offs, peer reviews, '*dip-checking*' which provide individual teams with assurance that systems are operating effectively.

### 8.6.3 Areas for continued focus in relation to Quality Assurance

In April 2014, the internal audit function examined the arrangements in place for delivering each of the three outcomes of the QA Strategy with a view to considering whether the assurance QA framework would be fully implemented by October 2014. The report concluded, '*that while some progress was being made it is at present unlikely that the QA framework will be fully implemented and fully effective by October 2014.*'<sup>34</sup> As at July 2014 the NMC has recognised that it needs to make several fundamental changes to its approach to each of the three strategy outcomes to ensure that sufficient assurance can be provided to the Executive Board and ultimately the Audit Committee and the Council that quality controls are operating effectively and as intended:

<sup>34</sup> Moore Stephens Internal Audit Report – Quality Assurance Part Two April 2014

### 8.6.3.1 Strategy: Outcome 1 - performance and quality framework

The Executive Board devolved responsibility for the delivery of outcome one to Directorates in September 2013. The Executive Board agreed in June 2014 that each directorate needed an action plan in order to ensure that there is a formal mechanism in place to provide assurance to the Executive Board that Directorate Quality Control systems were operating effectively by October 2014. By July 2014 all Directorates except for Registrations have provided a draft plan. The Executive Board acknowledges there is still work to do to ensure a consistent and robust approach; therefore, the QA team has delayed its scheduled reviews (part of outcome 2) until January 2015 and will focus on driving forward the implementation of outcome 1.

### 8.6.3.2 Strategy: Outcome 2 – QA team

A draft QA review programme was developed in June 2013 and has been subsequently revised and updated. The QA team has undertaken a number of reviews since its inception providing useful guidance to a number of the teams across the NMC. However, the most recent internal audit report highlighted a number of development points for the team to consider strengthening the processes and maximising the effectiveness of the team and the assurance it provides to the NMC.

### 8.6.3.3 Strategy: Outcome 3 – learning and continuous improvement

Progress against this outcome is more difficult to monitor, as it is premised on the strategy outcome of embedding a culture of learning and continuous development. We understand that there are several ways in which the NMC demonstrates progress against this outcome including:

- development of Serious Event Review processes and database to capture information and learning;
- revised processes for the handling of corporate complaints; and
- development of the 'Learning Hub' – an electronic central database, which is due to go live in September 2014, will act as an organisational database of learning and recommendations derived from a wide variety of sources.

Overall, the NMC needs to ensure that the Executive Board and the Council receive the degree of assurance required. Currently, although directorate systems of quality assurance and control are likely to be operating in practice, there are limited means to quickly discern whether these systems are operating effectively. In order to meet the October 2014 deadline the NMC needs to ensure that directorate systems of quality assurance and monitoring are strengthened, consistently applied and reported upwards to provide assurance to those who require it so that system weaknesses can easily be identified.

## 8.7 Management information

### 8.7.1 Producing useable management information

The PSA's Strategic Review report outlined that the, '*absence of meaningful and consistent management information limits the ability of the NMC to make informed decisions and to set appropriate strategy.*' Recognising this, the NMC has taken strides to improve the way in which the data it has available is presented to the Council, Executive and individual Directorates.

### 8.7.2 Areas of progress in relation to management information

In line with good practice, the management information function is not centralised. Each individual Directorate has ownership for its information systems and is responsible for collecting, collating, reporting and assuring the accuracy of their own management information.

There are six KPIs which are presented to the Council at each meeting, alongside the fitness to practise dashboard. These indicators are aligned to the Corporate Plan objectives and have remained stable throughout the second half of 2013/14 and into 2014/15.

### 8.7.2.1 Directorate management information

Performance is monitored and reported in varying ways in each of the NMC directorates, for example:

- In FtP, recognising that it is one of the main areas of operational focus at the NMC, the team has developed a fitness to practise dashboard which consists of an indicator set comprising of the key operational lead and lag indicators which are regularly reviewed by the Senior Management Team and fortnightly by a Management Information Group; and
- In Registrations there is currently a set of five key subsidiary indicators which the team uses to monitor performance and report upwards to the Executive Board on a monthly basis. The Registrations directorate is currently in the process of developing a performance dashboard.

### 8.7.2.2 Information presented to the Council

Since its reconstitution in May 2013, the Council in the Performance and Risk Report has received a good degree of timely information on the NMC's KPIs. It is evident that the presentation, utility and degree of supporting management commentary have improved. In particular, reports now include graphical presentations of performance including past performance and longer term trends in some areas, a RAG<sup>35</sup> rating reflecting likely year end performance against a predefined threshold, average historical averages to aid comparison and a detailed commentary.

Our observation of the July 2014 Council session and documentary review confirms that there is a degree of challenge and scrutiny of the KPI information, in particular KPIs 4 and 5 which are associated with the Department of Health grant<sup>36</sup>, and KPI 6 in relation to staff turnover.

### 8.7.3 Areas for continued focus in relation to management information

An internal audit report from September 2013 focusing on the six Council KPIs found that, '*significant work has been done to date, but there still remains a body of work to do to ensure that KPIs and underlying management information is fully fit for purpose.*' In light of this report the NMC, with input and direction from Council, refined and improved its processes for the compilation and reporting of its KPIs. Although it has made changes in the management information that is reported to Council, at Directorate level there are further improvements to be made in all areas relating to compilation, coverage, collation, accuracy, reporting and monitoring of performance.

In addition, the KPIs do not yet include qualitative performance measures demonstrating how the NMC is delivering a high quality service or meeting its customers' requirements and there are currently no indicators for the continued practice directorate. As recommended by the PSA, the NMC has not yet undertaken a full scale management information review to ensure that it is 'focused on meaningful and useful data.'

## 8.8 Information Communication Technology (ICT)

### 8.8.1 Modernising and improving ICT

The PSA's Strategic Review report noted that the, '*ICT systems currently in place at the NMC do not provide the basis for an efficient organisation*' as they are '*out-dated*' and there are '*limited interfaces between systems.*' The report further outlined that for the two main operating systems, WISER (registration system) and the Case Management System (CMS) (fitness to practise system), staff had developed a number of manual '*work arounds*' and there was a significant degree of time consuming manual data entry and consequential data inaccuracies. These issues alone limited the reporting

<sup>35</sup> Red, Amber, Green

<sup>36</sup> In 2012 the Department of Health awarded the NMC a grant of £20m. The grant was awarded to support the NMC to meet its fitness to practise adjudication target and to clear the historic backlog of cases (both by December 2014) and achieve a minimum risk-based reserves level of £10 million by January 2016.

capabilities of the NMC, whilst also impeding the NMC's ability to implement organisational efficient working practices.

## 8.8.2 Areas of progress in relation to ICT

In September 2012, the Council approved the NMC's Strategic Development programme and funding to support the first two phases of the strategy. Broadly the NMC's ICT strategy focuses on the organisation's need to:

- Stabilise – upgrade existing systems to the latest supported versions so as to increase the reliability of applications;
- Evolve – define the NMC's ICT vision for the future and create the long term strategy; and
- Transform – implement a new ICT system in light of approval of a long term ICT strategy.

Since the implementation of the strategy, the NMC has made significant progress in stabilising its ICT infrastructure through the delivery of the first phase. In order to increase the capability and reliability of the NMC's core systems, thus mitigating some of the inherent operating risks and weaknesses, the NMC has taken a number of actions including:

- moving business critical systems onto a newly supported version of Microsoft database software;
- implementing security improvements, including the encryption of laptops and emails;
- improvements within information security processes and practices including the Information Governance Security Board (IGSB), which reports to the Executive Board; and
- building reporting functions within WISER and CMS which allow for a degree quality assurance and reconciliation between the two systems.

In March 2014, a high level data strategy was approved by the Executive Board. The aim of the strategy is to improve the quality and completeness of the data held by the NMC, so that it provides greater insight to operational efficiency improvements, and supports the NMC's transition into a more proactive information conscious regulator.

## 8.8.3 Areas for continued focus in relation to ICT

Although the NMC has now stabilised its ICT systems, a substantial number of the issues identified by the PSA remain two years on, albeit that some of the operational the risks are now mitigated. We understand that the NMC has been delayed in making these much needed advancements in ICT for several reasons including:

- **strategic development** – In September 2012 when the ICT Strategy was originally approved, it was envisaged that specifications for new systems would be developed and presented to the Council for consideration in 2013. However, the pace of change was slower than anticipated and although an ICT Strategic Plan 2013-2016 was presented to the Council in November 2013 this lacked detail on the future vision for ICT as this was not aligned to a corporate strategy.
- **governance structures underpinning the development of ICT** – In the absence of a corporate strategy, ICT has looked inwardly to the business for strategic direction. The ICT Programme Board was formed in February 2014 with the remit to lead on the prioritisation and monitoring of strategic ICT change and be a forum to scrutinise ICT matters more comprehensively than is possible at Executive Board. The ICT Programme Board has not yet set a long term work plan. However, there is now agreement between the members, internal and external that the Board is moving in the right direction.
- **congruence of the ICT team and the NMC's business objectives** – Historically, there has been a lack of alignment between the main operational teams within the NMC which have looked to the ICT team to provide '*the answers*' on ICT requirements. More recently these operational teams have asked the ICT team to provide a range of options so that an informed decision can be reached. However, there appears often to be an impasse, where insufficient direction from the operational teams to the ICT team has led to projects being delayed or put on hold.

- **enterprise architecture** – There is currently no enterprise architecture at the NMC, and this constrains the ability of ICT to look across the organisation and map out business needs, IT dependencies and subsequently develop a model which is most conducive to addressing all of these. Individual directorates research, procure and use their own ICT business programmes and products in silos and often bypass ICT.
- **ICT capacity and capability** – The overall ICT team has increased in headcount by 18 from 29 over the past two years. However, capability gaps remain within the team and over half of team members are contractors or recruited on temporary contracts. The high dependency on contractors, even at senior positions within teams, presents a financial risk to the NMC as well as long term business vulnerability.
- **ICT strategic leadership and advocacy** – There also exists a wider question of ICT strategic leadership and advocacy and the potential for the NMC to address this via the appointment of a Chief Information Officer (CIO) or similar. A CIO would assist the Executive Board to define and shape the NMC's technology and business requirements and manage the subsequent implementation. However, presently, it is vital that greater leadership input from the Executive team input is given to ICT, under the remit of the ICT Programme Board.
- **staff confidence in the ICT function** – NMC staff have a limited degree of confidence in the ICT infrastructure and continue to use workarounds in a number of areas. The lack of confidence is derived from areas of perceived '*poor service*' provided by ICT to the business.

There are a number of issues particularly in relation to capacity, strategic direction, governance and financial constraint which have affected the NMC's ability to fully address ICT in a timely manner. In the medium term the NMC will need to carry out a full cost-benefit analysis in relation to the introduction of an organisation-wide ICT operating infrastructure. It is likely that this alone may impact positively on the ability of the NMC to improve its operations in FtP and Registrations and hence its ability to protect the public.

The NMC's Council, in its discussions on 4 September, agreed to take a closer look at the ICT function of the NMC and requested quarterly reporting at its meetings on this important aspect of the NMC's operations.

## 8.9 Customer service

### 8.9.1 Developing its customer service

In the most recent PSA's Annual Report and Accounts and Performance Review Report 2013/14, the PSA reported that the NMC continued to have weaknesses in its customer service in both the registrations and FtP functions. In recent months the Council has requested further detail on Customer Service initiatives.

### 8.9.2 Areas of progress in relation to customer service

The NMC has taken forward a number of initiatives in Fitness to Practise and Registrations focused on improving customer service, in particular:

- **Customer Service Standards** – In FtP there are Customer Service Standards which have been in place since 2011 and these have recently been revised. Similarly in Registrations there are also standards, and these are being refreshed for consolidation prior to formal publication;
- **NMC online** – The NMC launched this secure service which allows registrants to manage their registration online and it is expected that in the future it will provide even greater functionality. As at August 2014 over 30,000 registrants had activated their accounts;
- **Witness Improvement plan** – The NMC has completed the first phase of its work on witness improvements, with more wide-ranging ongoing work now underway. The programme is focused on improvements at hearing venues, set up of a witness liaison team, production of guidance leaflets and improvement of website information;

- **Processes in fitness to practise** – The NMC has brought in changes to address the speed in which it deals with fitness to practise cases including voluntary removal and consensual panel determination; and
- **Development of policies** – New policies are being developed in areas such as supporting patients and families involved in fitness to practise cases.

### 8.9.3 Areas for continued focus in relation to customer service

The NMC does not yet have a Corporate Customer Service Strategy<sup>37</sup> and has not yet set consistent organisational wide customer service standards or monitoring mechanisms to track overall performance. However, in recent months the NMC has recognised the importance of centrally co-ordinating its approach to customer service and has accelerated its work in this area:

- **Centralisation of customer service standards** – At the 18 August Change Management and Portfolio Board it approved the use of the Customer Service Excellence standard.<sup>38</sup> The intention is to use the four principles underpinning this standard: customer insight, culture of the organisation, information, and access and delivery, to provide a clear framework for the NMC to improve customer service.
- **Management Information** – The NMC intends to develop a suite of management information to allow it to effectively monitor its performance. Management information covering several elements of customer satisfaction, mainly drawn from the FtP directorate was presented at the July 2014 Council meeting and the Executive Board has agreed that six-monthly updates would be appropriate with the next report due in January 2015.

<sup>37</sup> The need to 'develop a customer service strategy and customer service programme for improving overall customer service experience when interacting with the NMC' is included within the NMC's 2014/15 business plan.

<sup>38</sup> Customer Service Excellence is a trade mark of the Cabinet Office and is used under licence ([www.customerserviceexcellence.uk.com](http://www.customerserviceexcellence.uk.com)).

## 9 Our rating of progress by PSA recommendation

We have provided an assessment of progress in order to provide the NMC with clarity on overall performance and an indication of the extent to which it has implemented each of the PSA's Strategic Review recommendations. The rating is derived using the methodology outlined in Section 3 of this report.

Overall the NMC has made good progress in a number of key areas. 'Of the 15 recommendations we assessed two at 'Enhanced', 12 as 'Established' and one as 'Basic'. This is set out in Figure 2, below.

In arriving at our ratings below, we have applied a degree of pragmatism when assessing the NMC against recommendations set two years ago. We have rated the NMC's progress against recommendations made at a time when the exact nature and scope of changes required could not have been foreseen. On this basis, we have considered the 'spirit' of each recommendation and are mindful that not every aspect of the PSA's recommendations as drafted may have been implemented in full in order for a recommendation to be rated as 'established.' However, where the NMC has already gone a long way to address the recommendation, or has a clear plan in place to do so, we have taken this into account in reaching our assessment.

Figure 2: NMC progress against each of the PSA's recommendations

Thematic Area	PSA Recommendation number	PSA Recommendation area of focus	KPMG Progress Rating
<b>Regulatory purpose and function</b>	1	Efficient and effective regulator	Established
	15	Direction, accountability and oversight of operations	Established
<b>External stakeholders' perspectives</b>	2	Communication of plans for improvement	Established
	3	Constructive dialogue with stakeholders	Established
	4	Liaison with nursing and midwifery organisations	Established
<b>People and culture</b>	5	Leadership values and behaviours	Established
	6	NMC staff and culture	Established
	7	Appointment of Chair and Chief Executive	Enhanced
<b>Operational management</b>	8	Change management	Established
	9	NMC strategic direction and executive accountability	Established
	10	Council governance function and structures	Enhanced
	11	Presentation of financial information to inform decision making	Established
	12	Financial management and grip	Established
	13	ICT investment and strategic direction	Basic
	14	Management information	Established

## 10 Conclusions

This review has considered an array of evidence of the NMC's activities in the last two years. It has taken views from a wide range of external stakeholders and NMC staff as to the extent of progress made, as well as reviewing a large amount of NMC documentation and observing the NMC in action.

Overall, this review has identified that the NMC has made a substantial number of improvements, either fully implemented or underway, against each of the four areas highlighted by the PSA in its recommendations. Although the NMC recognises that there is still much more to do, these improvements cumulatively place the NMC in a much stronger position than was the case in 2012.

Nevertheless, working within some key constraints (particularly financial, legislative and technological), its continued progress may be slower than some stakeholders within the NMC and beyond would like.

In particular, investment in ICT and a greater leadership focus on this key function of the organisation is now required. Furthermore, the NMC must continue to improve its approaches to customer service, quality assurance, management and financial information, in order to address effectively the ongoing challenges that it will face.

We provide overarching conclusions on the four key themes which underpinned the PSA's recommendations, and, in light of these, give our view on the readiness of the NMC to deal with the future.

### 10.1 Regulatory purpose and functions

Since 2012, the NMC has been clear about what its role and responsibilities are. In acknowledging the recommendations of the PSA Strategic Review, and under the leadership of the Chief Executive and Chair, the NMC has strongly declared its focus on public protection through an emphasis on delivering its core functions: registrations, fitness to practise and standards of education and practice.

External stakeholders and NMC staff experienced a noticeable shift in focus to its core regulatory functions and that has continued.

### 10.2 External stakeholder engagement

The ability of the NMC to know who its stakeholders are and to engage with them effectively has significantly improved in the last two years. External stakeholders are clear on what the NMC is there to do and welcoming of the straightforward engagement that the NMC has, on the whole, been able to achieve. The NMC is seen to be more collaborative and more consultative, and these behaviours are felt to be crucial to it being able to carry out its role effectively into the future. The NMC too recognises the importance of this not least in preparing for the introduction of revalidation.

### 10.3 Staff and culture

The perception of progress by NMC staff trails that of the wide range of external stakeholders whom we spoke to. This is perhaps to be expected given the level of change that has been required across almost all aspects of NMC operations in the last two years. Operational improvements made in this timescale do not normally lead to a transformed organisational culture immediately and this is certainly our observation of the NMC at this point in time.

However, there is a need for the NMC to continue to focus strongly on ensuring that it improves its approach to HR initiatives, its organisational decision-making below Executive team level and its staff turnover.

## 10.4 Operational effectiveness

The NMC (and its stakeholders) recognise that continuous improvement needs to be maintained, that some operational processes still need further improvement, and that in the area of ICT, the organisation has made limited progress other than importantly to stabilise its processes.

## 10.5 Readiness for the future

The NMC continues on a journey of improvement that it began in the aftermath of the PSA's interim and final reports of its Strategic Review in 2012. Two years on, the challenges the NMC has faced to fix operational processes, whilst engaging more effectively with its wide ranging stakeholder groups, should not be underestimated.

In looking to the future, the NMC is mindful of a number of risks to its ongoing success which include:

- keeping its focus on continuing to get operational matters right;
- maintaining strong scrutiny over its financial position given the ongoing increases in FtP referrals and the need for investment in ICT (particularly if the requested legislative changes are not forthcoming);
- recognising the reliance on the current Executive team, particularly the Chief Executive, without a fully-established culture of high quality and customer service percolating to every level of the organisation;
- continuing to listen to staff whilst managing expectations about the pace of change bearing in mind the constraints in which it continues to operate;
- addressing the lack of decisive action and large scale investment in ICT which may result in the maintenance of existing systems without informed consideration of the organisation's current and future technology requirements;
- developing further the appropriate corporate support to directorates in order to provide assurance to the Executive Board that systems and processes are operating effectively and consistently in areas such as customer service, management information and quality assurance;
- needing to ensure that for revalidation the roles and responsibilities of other stakeholders (particularly employers, the profession as a whole, individual professionals and government) as well as those of the NMC are clearly understood by all and that the timetable for implementation is achievable; and
- accepting that on some matters, such as how the perspectives of the nursing and midwifery professions are obtained, it will need to continue to navigate a divergence of opinion about the significance of this.

Confidence in the NMC as a regulator, which had evidently been severely damaged and which led to the PSA Review in 2012, will increase further if the NMC's Executive team and staff are able to continue to make operational improvements, whilst also embarking on regulatory changes, such as revalidation.

Furthermore, the NMC's Corporate Strategy, with strong oversight from its Council, will be an important step forward in ensuring the NMC stays grounded in its core functions whilst preparing for the future. This now provides the NMC with the opportunity to determine its own direction of travel, so that it can firmly establish itself as a well-regarded, high quality, professional regulator.

## Appendix A: Recommendations from the PSA Strategic Review (July 2012)

No	Recommendations	KPMG view of the focus of each recommendation
1	The NMC will best win back the confidence of the public and the professions by being an effective and efficient regulator. We recommend it concentrates its strategy, business planning and resources on improving effectiveness, efficiency and customer service.	This PSA recommendation focuses on the extent to which the NMC is concentrating its activities on protecting the public and demonstrates this to its stakeholders and the public. Our work considers the NMC's strategic approach, business planning processes and the effectiveness and efficiency of adoption, as well as how the NMC manages its interactions with its customers.
2	We recommend that the NMC explains its plans for improvement clearly to all stakeholders and then concentrates on delivering the changes that are needed.	This PSA recommendation acknowledges the need for the NMC to consider the manner and means by which it communicates its programmes of change. Our work considers the NMC's approach to improvements; including those take forward under the change programme and how these initiatives have been communicated to stakeholders, as well as understanding stakeholders' overall perspectives on the effectiveness of the NMC's communications.
3	We recommend that the NMC develops a constructive dialogue with external stakeholders and concentrates its communications to those that relate directly to its core functions. It should also ensure that it follows best practice in all public consultations.	This PSA recommendation recognises that the NMC should develop its relationships with key external stakeholders and ensure that it focuses its communications on its core regulatory functions. Our work considers the views gathered to date of external stakeholders and those of NMC staff. It also considers whether the NMC has followed best practice in public consultations and the extent to which the NMC shares information and data with other regulators.
4	We recommend that external stakeholders, especially the nursing and midwifery organisations, take responsibility for their roles in improving quality and in the development of policy in their respective fields. They should allow the NMC to concentrate on its regulatory tasks and give it time and space to address its problems and to improve.	This PSA recommendation focuses on understanding how the NMC has worked with the professional bodies/unions to clarify roles and responsibilities in relation to policy development and quality improvement.
5	The leadership of the NMC must behave and act in the way they expect others to. We recommend that they define clear behavioural values and demonstrate them in practice and in their relationships with others.	This PSA recommendation focuses on NMC leadership and on the NMC's values and behaviours and how it has taken steps to cascade these to staff and put these into principles into practice. Our work considers whether the NMC has designed and implemented an organisational values and leadership behavioural framework which is reinforced through effective communication with all staff and stakeholders.
6	We recommend that the NMC challenges the internal culture of resigned resilience by reducing hierarchy, encouraging openness, listening to staff, enabling management to take responsibility and make decisions and by consistently valuing quality and customer service.	This PSA recommendation focuses on understanding the culture at the NMC and staff perspectives on where change has taken place. Our work considers how the NMC has developed the overall culture at the NMC, it also considers the extent to which QA, complaints management and customer service has shaped these changes.

No	Recommendations	KPMG view of the focus of each recommendation
7	The appointments of the new Chair and Chief Executive are crucial to both public protection and public confidence in the NMC. We recommend that due diligence is exercised in the appointment of the Chair and the Chief Executive to ensure that the individuals appointed to these roles have the personal credibility, leadership behaviours, competencies and communication skills necessary to implement the changes set out in this strategic review.	This PSA recommendation anticipated the appointment of the current Chair and Chief Executive. Our work will consider how the NMC Chair and Chief Executive were appointed. Our work does not consider the mechanisms for the appointment of the new Chair in January 2015.
8	The NMC should consolidate all of the change activities taking place across the organisation to enable the Council to have a clear understanding of the totality of planned changes so that they can determine if the speed and extent of change is achievable and appropriate.	This PSA recommendation focuses on understanding how change activity is co-ordinated across the NMC, in particular, how change activity is initiated, prioritised, monitored, recorded and reported. Our work will consider the role, remit and effectiveness of the Change Management and Portfolio Board (CMPB) and the extent to which the Council is apprised and can effectively challenge the implementation of change activity.
9	Good governance will be central to the success of the NMC in addressing its problems. We recommend that the Chair and Council define the NMC's strategic aims, objectives and values, scrutinise the business plan and hold the executive to account for its implementation and take responsibility for the overall performance of the NMC.	This PSA recommendation focuses on understanding how the NMC Chair and Council set the strategic direction of the NMC and hold the NMC Executive team to account. Our work will address a number of the changes that the NMC has made as a result of the 2013 full scale Governance review and consider the subsequent operational effectiveness of Council decision making.
10	The Council needs to review the roles and reporting lines of all committees and groups to reduce duplication while ensuring that oversight and levels of scrutiny and challenge are appropriate.	This PSA recommendation focuses on understanding the extent to which the NMC has reviewed the roles and reporting lines of its committees and groups to ensure more effective oversight and scrutiny. Our work will address a number of the changes that the NMC has made as a result of the 2013 full scale Governance review and consider the operational effects of the revised framework.
11	The NMC must establish a stronger link between its activity levels and the impact of those activities on costs. Key activity levels need to be clearly stated as part of any performance reporting. When presenting financial information for review and decision the NMC needs to provide much greater clarity over the assumptions that are being used so that the Council has a clear view of the impact of its decisions.	This PSA recommendation focuses on understanding the understanding how the NMC Council gains assurance in relation to forecast activity costs and uses this to challenge financial data presented to it for review. Our work considers the way in which the NMC presents its financial data to the Council and the utility of this for Council members.
12	We recommend that financial management and reporting is given a greater profile within the NMC and the finance team should take greater responsibility for review and challenging of budgets and holding the respective directors to account.	This PSA recommendation focuses on understanding how the NMC has sought to develop the degree of oversight and challenge of the finance team. Our work considers the roles and responsibilities of budget holders and the means by which finance staff hold individual directors/managers to account.
13	It is clear that the ICT systems at the NMC require significant new investment and development to be able to support an efficient organisation and to be able to supply management with the information	This PSA recommendation recognises that the NMC needs to heavily invest in its ICT infrastructure in order to support the organisation, but that it should be mindful of the required system specification and aligned to an NMC ICT strategy informed by the Chair and Chief

No	Recommendations	KPMG view of the focus of each recommendation
	<p>it needs to effectively manage the organisation. We recommend that before further investment is made the NMC ensures it understands the capabilities of the systems it has and how these can be accommodated in a sustainable ICT strategy. We also recommend that the decision on further investment in the ICT infrastructure should not be made until the new Chief Executive is appointed and a revised ICT strategy completed.</p>	<p>Executive. Our work considers the nature of ICT development at the NMC, as well as the strategy and the governance arrangements underpinning decision-making in respect of ICT systems.</p>
<p><b>14</b></p>	<p>We recommend that the NMC reviews its collection of management information to ensure it is focussed on meaningful and useful data, that it provides informative comparisons and trends and that it is proportionate to the purpose for which it is collected. We recommend that management data is reported accurately and consistently, is interrogated by Council and its committees and is used as the basis for sound decisions.</p>	<p>This PSA recommendation considers how the NMC reviews the management information presented to its management team and the extent to which it is meaningful, useful and provides trend and comparative analysis. Our work will focus on the NMC's KPIs reported to Council and key directorate management information indicators.</p>
<p><b>15</b></p>	<p>The NMC executive must provide and sustain clear direction and oversight of operations including a fitness to practise improvement strategy within an overall operations plan. We recommend that they address the skill and capacity issues identified here, strengthening business planning and oversight, quality assurance and operational management.</p>	<p>This PSA recommendation concentrates on the need for the NMC to provide senior oversight of its operations and address skill and capacity issues/gaps that it may have in certain operational areas. Our work considers the NMC's business planning and risk management processes, understanding how the NMC addresses skill and capacity issues, the Quality Assurance Strategy and function and consideration of how directorate business plans are produced, reviewed, monitored and reported.</p>

## Appendix B: Areas of work out of scope in this review

As the purpose of this review is not to duplicate or overlap with other accountability mechanisms or assessments of performance, the following areas are out of scope:

- Issues which are the responsibility of the Privy Council/Department of Health such as the constitution of the Council, appointment of the current Chair of the Council;
- Recruitment and selection of the current Council membership and future Chair, since these are subject to separate PSA assurance processes;
- Those recommendations made by the PSA which the NMC explained to us were directed at parties other than the NMC;<sup>39</sup>
- Assessment of NMC performance against the PSA standards of good regulation, PSA audits of initial stages of Fitness to Practise or NMC internal key or other performance indicators;
- Council decisions relating to income or expenditure and use of resources including the level of fees or expenditure of the DH grant of £20 million and any replication of work undertaken by external auditors or the National Audit Office;
- Recommendations made by the Health Committee, Francis report or other major external reports;
- General public perceptions of the NMC.

<sup>39</sup> This bullet was amended for factual accuracy by KPMG on 12.09.14.

## Appendix C: Stakeholders Interviews and observations

### Internal Stakeholders

- Chair, NMC Council
- Chief Executive and Registrar
- Lay Vice-Chair, NMC Council, and Chair Midwifery Committee
- Registrant Vice-Chair, NMC Council
- Chair, Audit Committee, NMC Council
- Chair, Remuneration Committee, NMC Council
- Director, Corporate Services,
- Director, Strategy
- Director, Registrations
- Director, Continued Practice
- Director, Fitness to Practise
- Change Programme Manager
- Assistant Director, Finance and Procurement
- Assistant Director, Governance and Planning
- Assistant Director, Human Resources and Organisational Development
- Assistant Director, ICT
- Assistant Director, Quality Assurance and Audit Risk
- Assistant Director, Strategy and Communications
- Assistant Director, Policy, Strategy, and Legislation
- Manager, Corporate Business Planning and Risk Management
- Partner; Audit Manager, Moore Stephens
- Complaints Manager
- Quality Assurance Manager

### External Stakeholders

- Chair, Council of Deans
- Chief Nursing Officer, NHS England
- Senior Nurse, Spire Healthcare, Scotland
- Chief Executive, Professional Standards Authority
- Director, Standards and Policy, Professional Standards Authority
- Director; Audit Manager, National Audit Office
- Chief Nursing Officer, Scotland
- Head of Nursing, UNISON
- Director of Employment Services, NHS Employers
- Chief Nurse, Guys and St Thomas' Hospital, London
- Charities partner, Hays Macintyre
- Chief Executive and General Secretary, Royal College of Nursing
- Chief Executive and Registrar, General Optical Council

- Deputy Director Professional Standards, Department of Health
- Senior Midwife, Northern Ireland
- General Secretary, Royal College of Midwives
- Chief Executive, Care Quality Commission
- Chief Executive and Registrar, General Medical Council
- Chief Executive, NHS Trust Development Authority
- Chief Nursing Officer, Wales
- Professional Officer, Unite
- Director of Nursing, Health Education England
- Deputy Director of Nursing, Department of Health
- Chief Executive and Registrar, General Dental Council
- Chief Nursing Officer, Northern Ireland
- Head of Midwifery, Wales
- Director of Nursing, NHS Trust Development Authority
- Board trustee, National Voices
- National Professional Advisor – Midwifery, Care Quality Commission

#### Focus Groups

- Edinburgh office staff (conference call)
- Kemble Street office staff
- 23 Portland Place office staff

#### Meeting observations

- Audit Committee
- Formal Staff Consultation Group
- Executive Board
- Patient and Public Engagement Forum
- FTP Steering Group
- Change Management Portfolio Board
- Revalidation Strategic Advisory Group
- Education Advisory Group
- Council
- FTP Programme Board

## Appendix D: PSA recommendation thematic matrix

We provide a table below demonstrating the cross cutting thematic nature of the coverage for each recommendation.

Recommendation number	Regulatory purpose	Stakeholder engagement and consultation	Staff, behavioural values and development	Change	Finance and efficiency	Corporate strategy and business planning	Governance and risk management	Quality assurance	Management information and KPIs	ICT	Customer service
1	✓	✓			✓	✓					✓
2		✓		✓		✓					
3	✓	✓								✓	
4	✓	✓									
5			✓			✓					
6	✓		✓				✓			✓	✓
7	✓	✓					✓				
8			✓	✓		✓	✓				
9			✓		✓	✓	✓	✓	✓		
10							✓	✓			
11				✓	✓	✓	✓		✓		
12			✓		✓	✓	✓	✓	✓		
13		✓		✓	✓	✓	✓		✓	✓	✓
14	✓				✓		✓	✓	✓		
15	✓		✓	✓	✓	✓	✓	✓			

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