

## Meeting of the Council

To be held from 09:30am on Wednesday, 23 March 2016 at 23 Portland Place, London, W1B 1PZ.

### Agenda

Dame Janet Finch  
Chair

Fionnuala Gill  
Secretary

- |                            |   |           |       |
|----------------------------|---|-----------|-------|
| <b>1</b>                   | <b>Welcome and Chair's opening remarks</b>            | NMC/16/15 | 09:30 |
| <b>2</b>                   | <b>Apologies for absence</b>                          | NMC/16/16 |       |
| <b>3</b>                   | <b>Declarations of interest</b>                       | NMC/16/17 |       |
| <b>4</b>                   | <b>Minutes of the previous meeting</b>                | NMC/16/18 |       |
|                            | Chair   |           |       |
| <b>5</b>                   | <b>Summary of actions</b>                             | NMC/16/19 |       |
|                            | Secretary   |           |       |
| <b>6</b>                   | <b>Chief Executive's report</b>                       | NMC/16/20 | 09:35 |
|                            | Chief Executive and Registrar                         |           |       |
| <b>Corporate reporting</b> |   |           |       |
| <b>7</b>                   | <b>Draft Corporate plan and budget 2016-2017</b>      | NMC/16/21 | 09:45 |
|                            | Chief Executive and Registrar/Chief Operating Officer |           |       |
| <b>8</b>                   | <b>Chief Operating Officer's report</b>               | NMC/16/22 | 10.45 |
|                            | Chief Operating Officer                               |           |       |
|                            | <i>REFRESHMENT BREAK</i>                              |           | 11:15 |
| <b>9</b>                   | <b>Financial monitoring report</b>                    | NMC/16/23 | 11:30 |
|                            | Interim Director of Finance                           |           |       |

### **Matters for decision**

- |           |   |           |       |
|-----------|---|-----------|-------|
| <b>10</b> | <b>Education Strategic Plan</b>   | NMC/16/24 | 11:45 |
|           | Director of Continued Practice  |           |       |
| <b>11</b> | <b>Panel Member Appointments and Changes to the Practice Committees</b> | NMC/16/25 | 12:15 |
|           | Director of Fitness to Practise   |           |       |
| <b>12</b> | <b>Updates to Financial Regulations</b>                                 | NMC/16/26 | 12:25 |
|           | Interim Director of Finance   |           |       |

### **Matters for discussion**

- |           |                                 |                     |       |
|-----------|---------------------------------|---------------------|-------|
| <b>13</b> | <b>Questions from observers</b> | NMC/16/27<br>(oral) | 12:40 |
|           | Chair of the Council            |                     |       |

### **Matters for information**

- |           |   |           |       |
|-----------|---|-----------|-------|
| <b>14</b> | <b>Chair's actions taken since the last Council</b> | NMC/16/28 |       |
|           | Chair of the Council                                |           |       |
| <b>15</b> | <b>Audit Committee report</b>                       | NMC/16/29 |       |
|           | Chair of Audit Committee                            |           |       |
| <b>16</b> | <b>Midwifery Committee report</b>                   | NMC/16/30 |       |
|           | Chair of Midwifery Committee                        |           |       |
|           | <b>Close</b>  |           | 12:50 |

The next meeting of the Council will be held on Thursday 26 May 2016 at 09:30am at the Titanic Conference Centre, Belfast.

Meeting of the Council  
Held at 9:30am on 27 January 2016  
at 23 Portland Place, London W1B 1PZ

## Minutes

### Present

#### Members:

Dame Janet Finch	Chair
Karen Cox	Member
Maura Devlin	Member
Robert Parry	Member
Quinton Quayle	Member
Louise Scull	Member
Amerdeep Somal	Member
Stephen Thornton	Member
Lorna Tinsley	Member

#### NMC officers:

Jackie Smith	Chief Executive and Registrar
Alison Sansome	Interim Chief Operating Officer
Katerina Kolyva	Director of Continued Practice
Sarah Page	Director of Fitness to Practise
Annette Clinnick	Interim Director of Human Resources and Organisational Development
Tom Kirkbride	Interim Director of Registrations
Fionnuala Gill	Secretary to the Council
Alison Neyle	Governance and Committee Manager

## Minutes

### **NMC/16/01 Welcome from the Chair**

1. On behalf of the Council, the Chair welcomed all attendees to the meeting.

### **NMC/16/02 Apologies for absence**

1. Apologies for absence were received from Maureen Morgan and Anne Wright.

### **NMC/16/03 Declarations of Interest**

1. Professor Karen Cox declared an interest in NMC/16/09, as Deputy Vice-Chancellor at the University of Nottingham.
2. Maura Devlin declared an interest in NMC/16/10, as one of the individuals to be appointed was known to her.
3. The Chair determined that the interests declared by both members were not material such as to require withdrawal from the discussion or decision.

### **NMC/16/04 Minutes of previous meeting**

1. The minutes of the previous meeting of the Council held on 25 November 2015 were confirmed as a correct record.
2. The actions arising from NMC/15/93 (reporting efficiencies) could have captured the Council's requirements more fully.

### **NMC/16/05 Summary of actions**

1. The Council noted the report on progress in implementing actions from the meeting held on 25 November 2015.
2. Arising from NMC/15/92, the Chair reported that the Council Budget Scrutiny Group had met on 20 January 2016. The Group had no decision-making role. In accordance with the agreed terms of reference, it had reviewed an initial draft budget for 2016-2017 and provided a clear steer to the Executive as to Council's expectations of the budget for 2016-2017. The Council as a whole would have an opportunity to discuss the draft budget in detail at the February seminar.
3. It was noted that work had not been sufficiently advanced for the Group to scrutinise existing and future efficiency plans, in accordance with the action agreed at the last Council meeting

(NMC/15/92); however this was a matter the full Council would wish to address.

4. In relation to NMC/15/94, the Council had requested that a revised (not updated) Quality Assurance Strategy be brought back once ready; this needed to be given appropriate priority.
5. Arising from NMC/15/92 (Guernsey extraordinary review), the Midwifery Committee had discussed the report and findings and would continue to monitor progress.

#### **NMC/16/06 Chief Executive's report**

1. The Council discussed the Chief Executive's report on key external developments, strategic engagement, and media activity.
2. In discussion, the following points were noted:
  - a) The Council had set up the Midwifery Panel which included the Chief Executive of the Royal College of Midwives and the four Chief Nursing Officers to ensure that the NMC had access to the voice of the midwifery community post-legislative change. The Midwifery Committee would continue to fulfil its statutory role and advise the Council on all midwifery matters until any change in the legislation.
  - b) The Department of Health had published proposals on future midwifery supervision arrangements across the UK on 26 January 2016. The National Maternity Review, led by Baroness Cumberlege, is expected to report at the end of February 2016.
  - c) The Employer Link Service (ELS) was now in operation and was engaging with a wide range of employers across all four countries. Whilst initial focus is on NHS trusts and the largest independent sector employers, the importance of engaging with employers in non-traditional health and care environments was recognised.
  - d) The Chair of the Council would be meeting with the new Chair of the Professional Standards Authority (PSA) shortly. The new performance review processes were being piloted by two regulators and it may be some time before the format of the new process was confirmed.
  - e) Revalidation systems had gone live in January, as planned. Congratulations were extended to the Chief Executive, the Director of Continued Practice and all the teams involved. The professions had whole heartedly embraced revalidation and

this was a tremendous achievement to the credit of the professions and the NMC.

**NMC/16/07 Performance and Risk report**

1. Council noted that the quality of reporting had substantially improved since the last meeting providing greater clarity around progress and next steps.

**Quarter 3 report against the corporate plan 2015 - 2016**

1. The Council reviewed progress against the commitments in the corporate plan 2015 – 2016. The report reflected the revisions made to some of the commitments agreed in November 2015 based on a more realistic picture of what would be achieved by the end of the year.
2. The following points were noted in discussion:
  - a) It was helpful and transparent to present the assessments against the PSA Standards of Good Regulation alongside the progress ratings. Differences in ratings should not be interpreted as complacency on the part of the Council. The PSA assessments reflected the 2014-2015 performance review findings; whereas the corporate plan ratings reflected progress in 2015-2016.
  - b) Commitment 1: revalidation, the PSA assessment resulted from a difference of view about the model adopted by the NMC. The expectation was that following implementation of a system of revalidation this PSA standard would be met in the next performance review.
  - c) Commitment 10: research activity had been focused around key priorities, such as revalidation and FtP data analysis, but this had been rated as red as a clear forward programme had yet to be developed. This was a key commitment in the Strategy and it was important for the Council to develop a clear view of what it required from a future research programme and what this should include.
  - d) Making effective use of existing data, including ability to disaggregate this by profession, had been a longstanding issue. Progress on this had been slow. Data analytics was an area where it was important to be clear about the key questions to be asked of the data; external expertise might be needed to ensure that resource was being used effectively. Proposals should be considered at the planned Council seminar on this topic and member input into development of the proposals would be valuable.

- e) Commitment 15: The Council welcomed the work being done to engage with other regulators and establish mutually beneficial relationships, including joint training and knowledge sharing.
- f) Commitment 16: the progress rating for customer service was not limited to the call centre performance but reflected progress across the organisation. The PSA standard which had not been met had related to customer service in Fitness to Practise. Close attention is paid to call centre performance and targets have been set to improve customer service. There may be value in considering a future KPI to reduce reliance on the performance of the call centre in light of NMC online.

**Action:** Develop proposals for a future research programme, with member input, for discussion at Council seminar.  
**For:** Director of Continued Practice  
**By:** April 2016

#### **Directorate updates, KPIs and dashboards**

1. In discussion, the following points were noted:
  - a) Registrations: Call centre performance had improved, with 93 percent of calls being answered and a decrease in the number of abandoned calls. Increased staffing was planned and deployed for peak periods in March and September/October.
  - b) KPI 1a: There had been a dip in performance in processing UK initial registrations within the 5 day period, due to capacity and planning issues. Despite this, the primary KPI had been met for this period.
  - c) KPI 1b: Overseas application activity had increased significantly, as expected, due to the introduction of English language requirements and the addition of nursing to the shortage occupation list. Despite the significant increase, 98.2 percent of applications had been assessed within the 70 day target.
  - d) Registrations Dashboard: There had been a 300 percent increase in the number of applicants completing the Objective Structured Clinical Examination (OSCE) in November and December 2015. Currently the test is only available in one location but work is underway to explore the scope for additional test centres.

- e) The number of successful appeals remained high and work was ongoing to understand the reasons for this, as well as further training for appeals panel members.
- f) FtP: The Employer link service had been launched successfully but vacancies in the team may affect the speed of further roll out of the service.
- g) The PSA initial stages audit report 2014 had been published in November 2015. As indicated in the update, the cases audited were now almost two years old and many of the issues raised were already being addressed. There remained others, such as voluntary removals, where there were fundamental differences of approach between the NMC and the PSA.
- h) The establishment of a joint working group with the Care Quality Commission was welcome. Intelligence gathered by the ELS was used to determine attendance at risk summits and NHS England regional quality surveillance groups, as appropriate. Similar relationships were still in the process of being built with systems regulators in Wales, Scotland and Northern Ireland.
- i) KPI 2 (Interim Orders): Performance continued to be comfortably above target, however, the priority was to ensure the quality of decision-making rather than impose a more stringent target. Attention should also be paid to the number of applications for interim order extensions.
- j) KPI 3 (end to end 15 months completion of cases): Performance against the KPI was consistent with previous months albeit with fewer cases closing in December. A dip in performance is expected as a large number of older cases reach the investigation decision stage.
- k) FtP Dashboard: There were a number of positive indicators including the lower rate of referrals; the increase in case closed at screening and case examiner closure rates. This greater investment at the initial stages had a positive impact in reducing the likelihood of cases proceeding to the next stages unnecessarily. Extensive training and quality assurance had been put in place around case examiner decisions. The reduction in overall caseload was welcome.
- l) The age of the caseload was a cause for concern, particularly the number of cases over 18 months. This was being actively managed and the picture is expected to improve by the end of the year. Further work is being done to address the number of part-heard and adjourned cases.

- m) Roll out of the latest version of the case management system meant that new cases could now be recorded as either relating to nursing or midwifery which would enable production of improved disaggregated data in future.
- n) Continued Practice: Work on revalidation is progressing as planned. The microsite had now been launched with interactive videos and additional information for registrants, employers and others. Congratulations were extended to the communications team for their hard work in ensuring the successful launch of the site. Thanks were also extended to the nurses and midwives who featured in the videos and for the ongoing stakeholder support.
- o) As previously agreed by the Council, there were a range of evaluation activities underway and planned including:
- Early monitoring of the process and feedback to identify and resolve urgent issues with immediate fixes.
  - Regular data reporting, which will include the number of registrants completing the process, registration patterns and equality and diversity data.
  - Formal evaluation of the impact of revalidation in terms of the primary regulatory objective of public protection, focusing largely on the benefits and potential burden on registrants, not cost.
- p) Although the evaluation programme is owned by the Council, there is valuable support and input from the four country programme boards and CNOs.
- q) Strategy: Work is underway to develop new internal communications processes. The communication and engagement plan to be discussed at the seminar in February would need to address Council's engagement with patients and carers given the importance of patient and carer engagement as a mechanism for gaining insight to inform the Council's work.
- r) The recent confirmation that most of the Fitness to Practise changes sought would be included in the proposed Section 60 Order was welcome, not only in enabling further improvement to FTP processes but also in benefiting registrants subject to FTP proceedings.
- s) Estates, finance and procurement: considerable work was underway to introduce more discipline and rigour into finance and procurement processes. Senior turnover in finance and

reliance on interim staff was a risk and matter of concern. Recruitment of a Director of Resources was currently underway.

- t) TBS: A recent maturity assessment demonstrated that significant improvements had been made since the initial assessment earlier in the year. Critical systems to support revalidation and introduction of the new EU directive requirements had been implemented on time, as planned. Congratulations were extended to the Chief Technology Officer and her team for the rapid progress that had been made.
- u) Human Resources and Organisational Development: KPI 5 - the decrease in overall staff turnover was encouraging, whilst recognising that turnover remained higher in some areas. Permanent staff numbers had grown significantly in the past 12 months. Initial analysis indicated that this resulted from steps being taken to address historic under-resourcing in some areas and a move away from reliance on contractors to permanent staff.

### **Corporate Risk Register**

1. The Council discussed the refreshed draft corporate risk register noting that work was ongoing to revise the register and align it with the current strategy.
2. In relation to midwifery, the Council asked that that all the good work underway, including through the Midwifery Committee, the Midwifery Panel and across the four countries, be articulated more fully as this should give confidence in the measures being taken to mitigate the risks.

<b>Action:</b>	<b>Ensure midwifery risks and mitigating actions fully articulated</b>
<b>For:</b>	<b>Chief Operating Officer</b>
<b>By:</b>	<b>23 March 2016</b>

### **NMC/16/08 Financial monitoring report to 31 December 2015**

1. The Council considered the report, which set out the financial position to 31 December 2016 together with KPI 4. As requested at the last meeting, the report included 'year to date actuals' and cash flow information.
2. The Council welcomed improvements made to the financial monitoring report in providing greater clarity and context although there was scope to sharpen this further. In discussion, the following points were noted:

- a) The organisation is now reaching a more stable financial position and had met the final condition of the Department of Health grant. Careful management of resources was critical to ensure future sustainability.
- b) Following a robust re-forecasting exercise at the end of December 2015, a £1.6 million underspend is expected at year end and there would be no need to use the budgeted contingency provision of £4.5 million.
- c) Available free reserves are forecast to be £21.5 million at 31 March 2016, including the unutilised £4.5 million contingency provision. This may increase further as a result of accounting adjustments, for example, relating to the pension deficit due to mandatory changes to the accounting standards coming into effect for the year ending 31 March 2016.
- d) Income is £0.2 million higher than budgeted, owing to an increased volume of European Union assessment and registration fees.
- e) Whilst the requirement to hold at least £50 million to meet refund and reimbursement costs was recognised, there was concern that total cash level is forecast to be £7.6 million more than expected.
- f) Although significant progress had been made to secure the refund from HMRC in relation to income tax and National Insurance paid on FtP panellist expenses, this was unlikely to be received until 2016-2017.

### **Efficiencies**

- 3. The Council expressed disappointment at the picture in relation to efficiency savings. In part this was due to changes in FTP processes which meant that whilst costs had been avoided due to earlier closure of cases, there was reduced scope to generate efficiencies to the level originally predicted. Work was underway to capture the savings from cost avoidance.
- 4. Whilst recognising that the original assumptions may have changed, £19 million was a significant shortfall. Given that the original targets had been externally validated in 2014, the Council would require assurance before it could be satisfied that these targets were no longer achievable. A further analysis was requested, using a template which showed clearly the original targets, savings actually achieved, and changes relevant to the shortfall.

5. In developing the future efficiency programme, there would need to be much clearer identification of specific efficiencies with clear trajectories, targets and dates to enable closer scrutiny by the Council. A simple template, which could be updated at each review point, was essential for clarity. Any programme should also cover the organisation as a whole, not just FTP. There may be value in looking at the cost improvement programmes of other organisations.

**Action:** (i) Provide a clear assessment of the shortfall in efficiencies against those externally validated in 2014. (ii) Develop a clear, simple template for use in reporting efficiencies.  
**For:** Chief Operating Officer  
**By:** 23 March 2016

**NMC/16/09**      **Education update**

1. The Council considered the education update including the work on competencies for future nurses being undertaken by Dame Jill Macleod Clark. In discussion, the following points were noted:
- a) The work being undertaken by Dame Jill encompasses the NMC's response to the Shape of Caring and Francis reports and recommendations.
  - b) Initial findings indicate three key areas of consensus amongst the profession:
    - The changing health a care landscape and its impact on the practice of registered nurses. There has been a significant shift in the way nurses work, the environment in which they work and increased expectations on nurses' capabilities.
    - Standards needed to be outcome focussed and ensure consistency of skills for all new registrants.
    - Future standards need to be clearer and separate from the requirements for education institutions and training environments.
  - c) There has been unprecedented change in the health and care landscape, with the blurring of professional boundaries and great responsibility and accountability placed on the registered nurse. Any revision of the current pre-registration standards would need to ensure they are future proofed and sufficiently flexible to adapt to the ever changing landscape to enable nurses to practise safely in all settings.

- d) A number of engagement activities have taken place since November with stakeholders and professional leaders from all four UK countries involved. It was acknowledged by stakeholders and professional leaders from across all four countries that the time is right for a review of pre-registration standards.
- e) It was important that stakeholder engagement continued throughout the review period, including extending engagement to those in community based services, noting that some of the devolved countries were well progressed in integrating acute and community care.
- f) Effective engagement with key stakeholder groups who would be directly affected by any changes to the standards such as students/potential students, universities, employers and clinical staff would be critical as well as patients and the public.
- g) The review of pre-registration standards represented a once in a generation opportunity for the profession and the public and it was right that the NMC should be taking the lead to ensure patient and public protection.
- h) The successful implementation of revalidation and revision of the code represented good models which could be drawn on in taking forward this work.

2. The Council confirmed that the work to date had identified the right issues to be addressed. This would be a significant and important programme of work with considerable resource implications. Consideration would need to be given to existing and future funding arrangements. Resources for the programme would need to be clearly identified in the next report and allocated in the forthcoming budget.

3. **Decision: Council approved the programme of work to define the nurses of the future.**

<b>Action:</b>	<b>Ensure the future work programme includes timelines and clearly identifies all resource implications for consideration as part of the budget setting process for 2016-2017.</b>
<b>For:</b>	<b>Director of Continued Practice</b>
<b>By:</b>	<b>23 March 2016</b>

**NMC/16/10 Appointment of Fitness to Practise panel members**

1. The Council considered the recommendations of the Appointments Board on the appointment of Fitness to Practise



Item 5  
NMC/16/19  
23 March 2016

## Council

### Summary of actions

**Action:** For information.

**Issue:** A summary of the progress on completing actions agreed by the meeting of Council held on 27 January 2016 and progress on actions outstanding from previous Council meetings.

**Core regulatory function:** Supporting functions.

**Strategic priority:** Strategic priority 4: An effective organisation.

**Decision required:** None.

**Annexes:** None.

**Further information:** If you require clarification about any point in the paper or would like further information please contact the author or the director named below.

Secretary: Fionnuala Gill  
Phone: 020 7681 5842  
[Fionnuala.gill@nmc-uk.org](mailto:Fionnuala.gill@nmc-uk.org)

## Summary of outstanding actions arising from the Council on 27 January 2017

Minute	Action	Action owner	Report back to: Date:	Progress to date
<b>NMC/16/07</b>	<p><b>Quarter 3 report against the corporate plan 2015 – 2016</b></p> <p>Develop proposals for a future research programme, with member input, for discussion at Council seminar.</p>	Director of Continued Practice	April 2016	A set of clear strategic objectives and outputs for research are being developed for discussion at the proposed Council seminar session on this issue.
<b>NMC/16/07</b>	<p><b>Risk Register</b></p> <p>Ensure midwifery risks and mitigating actions fully articulated.</p>	Chief Operating Officer	23 March 2016	Risks relating to changes in midwifery regulation were considered by the Midwifery Committee in February 2016. A red-rated risk around strategic communications has been escalated to the corporate risk register, included in the Chief Operating Officer's report.
<b>NMC/16/08</b>	<p><b>Financial monitoring report to 31 December 2015</b></p> <p>(i) Provide a clear assessment of the shortfall in efficiencies against those externally validated in 2014.</p> <p>(ii) Develop a clear, simple template for use in reporting efficiencies.</p>	Chief Operating Officer	23 March 2016	<p>(i) As requested by the Council, we are working with the external consultants to ensure that we have captured and assessed the efficiency savings against the existing programme and will report on this to Council</p> <p>(ii) We are developing a clear, simple template report against the target proposed in the Corporate Plan and Budget paper for 2016-2017.</p>

Minute	Action	Action owner	Report back to: Date:	Progress to date
NMC/16/09	<p><b>Education update</b></p> <p>Ensure the future work programme includes timelines and clearly identifies all resource implications for consideration as part of the budget setting process for 2016-2017.</p>	Director of Continued Practice	23 March 2016	The education strategic plan is on the agenda for this meeting and includes proposed timelines and resources for 2016-2017.
NMC/15/95	<p><b>Annual report on quality assurance of education and local supervising authorities 2014 – 2015.</b></p> <p>Review the approach to quality assurance of AElS as part of the development of the education strategic plan.</p>	Director of Continued Practice	23 March 2016	Addressed as part of the education strategic plan on the agenda for this meeting.
NMC/15/80	<p><b>English language requirements for registration</b></p> <p>Ensure arrangements are put in place to monitor the impact of the changes to English language requirements.</p>	Interim Director of Registrations	23 March 2016	We are monitoring this activity on a daily basis. Appropriate action/communication will occur as applicable.

Minute	Action	Action owner	Report back to: Date:	Progress to date
NMC/15/81	<p><b>Governance: Amendments to the scheme of delegation</b></p> <p>Undertake a review of the current scheme of delegation in consultation with Council members.</p>	Secretary	23 March 2016	A review of the scheme of delegation is planned for 2016-2017 which will address this and other issues which Council has requested, including the issue of Fitness to Practise panel member and legal assessor appointments as raised under NMC/16/10.

## Council

### Chief Executive's report

**Action:** For information.

**Issue:** The Council is invited to consider the Chief Executive's report on (a) key developments in the external environment and (b) key strategic engagement activity.

**Core regulatory function:** This paper covers all of our core regulatory functions.

**Strategic priorities:** Strategic priority 3: Collaboration and communication.

**Decision required:** None.

**Annexe:** There are no annexes attached to this paper.

**Further information:** If you require clarification about any point in the paper or would like further information please contact the author or the director named below.

Author: Mary Anne Poxton  
Phone: 020 7681 5440  
[Maryanne.poxton@nmc-uk.org](mailto:Maryanne.poxton@nmc-uk.org)

Chief Executive: Jackie Smith  
Phone: 020 7681 5428  
[Jackie.smith@nmc-uk.org](mailto:Jackie.smith@nmc-uk.org)

- Context:**
- 1 This is a standing item on the Council agenda and reports on (a) key developments in the external environment; and (b) key strategic engagement activity. The focus of recent strategic engagement continues to be primarily around revalidation and the future nursing competencies workstream.
  - 2 Updates on operating performance can be found in the Chief Operating Officer's report.

**Discussion: External developments**

**Nursing associate role**

- 3 We have continued our close engagement with the government and Health Education England (HEE) on the development of the proposed nursing associate role. HEE launched its consultation *Building capacity to care and capability to treat: a new team member for health and social care* and we responded by the deadline of 11 March 2016.

**Apologies (Scotland) Bill**

- 4 In Scotland, we have secured a commitment from the Minister for Community Safety and Legal Affairs that the NMC will be exempted from the Apologies (Scotland) Bill. The Bill is designed to provide legal protection for an apology so that it cannot be admitted as evidence of liability or to the prejudice of an apologising person. The NMC was concerned that the Bill would prevent fitness to practise panels relying on evidence that is currently admitted as we use such evidence both to prove the factual part of any fitness to practise case and to decide whether a registered nurse or midwife is currently impaired.

**Accountability and oversight**

**Professional Standards Authority (PSA)**

- 5 The Chair met with the newly appointed Chair of the PSA, George Jenkins OBE, on 9 February 2016. This was a general introduction meeting. The Chief Executive met with the Chief Executive of the PSA on 25 February 2016 for a regular catch-up discussion.
- 6 On 12 February 2016, the Chief Operating Officer and NMC Council member Anne Wright attended the PSA's annual symposium on the future of professional regulation.
- 7 We submitted our first return against the PSA's common dataset, covering the quarter ending on 31 December 2015, at the end of January 2016. We are currently preparing our next submission due at the end of April 2016. This will comprise data relating to the quarter ending on 31 March 2016 and annual data for the period

1 April 2015 to 31 March 2016.

- 8 Under the new process for the performance review, the PSA will take account of the data we have supplied when considering the scope of the review they will undertake. This decision will be taken by an internal PSA panel which is scheduled for May 2016.

## **Transformation**

- 9 The NMC's Strategy 2015–2020 articulated the Council's ambition to regulate for the circumstances of the future, not the past; become an intelligent, dynamic and forward looking regulator; better balance our focus and resources between our different regulatory functions and manage a significant amount of change without sacrificing consistent, strong regulatory performance.
- 10 At its away day last December the Council discussed and approved in principle how we would realise the ambition set out in the strategy, through a substantial reform programme encompassing several different types of change staged over a period of four to five years. The work supporting this fundamental change is at an early phase and the resources to support it are set out in the paper on the corporate plan and budget for 2016–2017 which is on the Council's agenda for this meeting.

## **Stakeholder Engagement and Communication**

### **Revalidation**

- 11 In January 2016 our new online revalidation application system was opened for the first group of nurses and midwives who are due to revalidate in April 2016. At the same time, we launched a new NMC microsite offering clear and accessible information on revalidation through web pages, new films, case studies and guidance. The microsite has now received more than 300,000 visitors.
- 12 We also continue to engage with the national programme boards, professional networks and regional steering groups, as well as cascading information to nurses and midwives through employers, trade unions and professional bodies.
- 13 We held eight, well-received revalidation seminars in February/early March 2016 across England for employers in primary care, nursing homes and adult social care. In total, around 250 employers attended the events.
- 14 Revalidation continues to occupy a significant proportion of the Chief Executive's engagement. On 3 February 2016, she gave the keynote address at the Primary Care Expo event held in central London. The event was attended by over 400 delegates and the Chief Executive spoke about the background to the introduction of revalidation and

what nurses needed to be doing to prepare themselves for its launch.

- 15 On 15 February 2016, the Chief Executive met Captain Ali Hoffman, Defence Nursing Advisor. Captain Hoffman is the strategic lead for defence nursing and was keen to engage with the NMC on the Code and revalidation. The Chief Executive was accompanied by the NMC's interim Director of Registration.
- 16 On 1 March 2016, the Chief Executive met with the Chair of the Royal College of General Practitioners (RCGP) to discuss revalidation. Discussion focused on the differences between the medical model and the approach being adopted by the NMC. The RCGP is willing to support our model of revalidation by issuing a blog to its members.

### **Chief Nursing Officers' initiative on professionalism**

- 17 Building on the Code and revalidation, we are working alongside the Chief Nursing Officers to take forward an initiative across the four countries to define what professionalism means in practice for nurses and midwives.

### **Midwifery issues**

#### **National Maternity Review (England)**

- 18 The National Maternity Review published its recommendations for how services should change over the next five years, on 22 February 2016. The NHS England commissioned review, led by Baroness Cumberlege, sets out wide-ranging proposals designed to make care safer and give women greater control and more choices.
- 19 We welcomed the publication of the report and in particular the recommendation that student midwives should learn in multidisciplinary settings. We already make it clear in our pre-registration education standards that we expect student midwives to work with other professions to enhance their own learning. Other significant recommendations concern improvements to responses when things go wrong in maternity care and the establishment of a board level responsibility for maternity care. The report recommends that women should experience better continuity of care through pregnancy and maternity, including more opportunities to secure the sort of care they want.

#### **NMC Midwifery Panel**

- 20 On 18 January 2016, the Chief Executive chaired the second meeting of the NMC's Midwifery Panel which was attended by a number of colleagues, including the Chief Executive of the Royal College of Midwives, the Head of Nursing, Midwifery and Allied Health Professions Policy Unit from the Department of Health, the

midwifery leads in the four UK health departments and the NMC's Senior Nursing Adviser. The Panel continues to focus on how the NMC will oversee midwifery regulation following proposed legislative changes in 2017.

### **Other midwifery engagement**

- 21 The Chief Executive spoke with the Chair of the Morecambe Bay independent panel (15 January 2016) and the Chief Executive of the University Hospitals of Morecambe Bay Trust (20 January 2016). The Chief Executive has also discussed a range of midwifery issues with the Chief Executive of the Royal College of Midwives on a number of occasions during the period covered by the report.

### **Education**

- 22 A key focus for the Chief Executive during this period has been the future nursing competencies workstream, following Council's discussion in January 2016. This has included:
- 22.1 Chairing meetings on 25 January and 1 March 2016 of the working group which is co-ordinating work in this area and which is attended by Dame Jill Macleod Clark, emeritus professor at Southampton University, Lord Willis of Knaresborough and the Director of Nursing at Imperial College Healthcare Trust.
  - 22.2 Meeting the Chair of the Council of Deans of Health (CoDH) on 25 January 2016, accompanied by the NMC Chair, to discuss the report which Dame Jill had prepared for Council. Following the meeting, the CoDH were invited to join an NMC-led group comprising the Royal College of Nursing and the education leads in the four UK health departments which would be chaired by the Chief Executive to develop thinking in this area. The group plans to meet on four occasions in 2016, starting in mid-March 2016.
  - 22.3 Visiting Nottingham University on 21 January 2016, with Dame Jill, to meet the Assistant Director of Nursing and her staff and students.
- 23 In other engagement with nursing professionals, on 29 January 2016, the Chief Executive spent a day with the Director of Nursing at the Wrightington, Wigan and Leigh NHS Foundation Trust and her team.
- 24 As part of the discussion on the development of an apprenticeship route into a nursing career, the Chief Executive met Health Education England's Director for Nursing on 16 February 2016 and attended the first meeting of the apprenticeship in nursing expert oversight group on 24 February 2016.

- 25 On 15 January 2015, the Chief Executive held an introductory meeting with the Chief Executive of NHS Education for Scotland.

### **The Commission on Education and Training for Patient Safety**

- 26 The report by the Commission on Education and Training for Patient Safety, chaired by Professor Sir Norman Williams, was published on 8 March 2016. The Commission, supported by Imperial College London, made 12 recommendations to Health Education England on how education and training can actively improve patient safety in the future.
- 27 The report welcomed the our joint guidance with the General Medical Council (GMC) on the professional duty of candour, the inclusion of human factors and patient safety in the NMC Code and the theme of 'preserving safety' as a core element of the Code and revalidation process. Key areas of focus for the NMC include the need for active patient involvement in designing education programmes and strengthening inter-professional learning. We will consider the recommendations carefully as part of our development of education standards for the future.

### **Patient and public engagement**

- 28 The Chief Executive has continued to engage with patient group representatives. On 18 January 2016, she met the Chief Executive of the Patients Association and on 5 February 2016, she met the Chief Executive of Action for Victims of Medical Accidents.
- 29 The Chief Executive and the Chair met the Interim Chair and the Acting National Director from Healthwatch England on 10 February 2016 to discuss recent changes to their governance structure and opportunities for collaboration, as a follow-up to their engagement with the NMC in 2015.
- 30 A focus group of stakeholders from a range of patient and public organisations across the UK met on 19 January 2016. Chaired by Professor Dame Jill Macleod Clark and facilitated by Lord Willis and the Assistant Director, Education and Standards. The focus group discussed future nurse competencies and education standards.

### **Engagement with other regulators**

- 31 The Chief Executive met with the Chief Executive of the Care Quality Commission for the latest of their regular meetings (20 January 2016), and had an introductory meeting with Jim Mackey, the recently appointed Chief Executive of NHS Improvement (4 February 2016).

### **Chief Executive's other engagement**

- 32 On 1 February 2016, the Chief Executive met Baroness Emerton for

a regular catch-up meeting; and Baroness Finlay of Llandaff as a follow-up to their sharing a platform at a GMC engagement event in November 2015.

- 33 In addition to the initiative on professionalism already referred to, the Chief Executive continues to engage individually and collectively with the four UK chief nursing officers on a range of issues.

## Collaboration

- 34 The Chief Executive continues to meet regularly with the Chief Executive of the General Medical Council to discuss matters of mutual interest. Discussions took place on 18 January and 8 February 2016. One of the issues raised was the plan for a joint GMC/NMC public and patient engagement event later in 2016.

## Media activity

- 35 Media activity during this period mainly focused on Chief Executive interviews (18 January 2016) about our new ability to request evidence of English language proficiency from nurses and midwives who trained in the EU/EEA. This involved interviews with a number of BBC radio stations across England and Scotland including BBC Radio 5 Live, LBC Radio, BBC Three Counties Radio, BBC Devon, BBC Newcastle, BBC Scotland and BBC Coventry and Warwickshire. In addition to the interviews we issued a news statement which together generated 71 pieces of media coverage, including three national newspapers.

### Public protection implications:

- 36 No direct public protection implications.

### Resource implications:

- 37 No direct resource implications.

### Equality and diversity implications:

- 38 No direct equality and diversity implications.

### Stakeholder engagement:

- 39 Stakeholder engagement is detailed in the body of this report.

### Risk implications:

- 40 No direct risk implications.

### Legal implications:

- 41 No direct legal implications.



## Council

### Corporate Plan and Budget 2016–2017

**Action:** For decision.

**Issue:** This paper seeks the Council's approval for the corporate plan, corporate key performance indicators (KPIs) and budget for 2016–2017.

**Core regulatory function:** All.

**Strategic priorities:** All

**Decision required:** The Council is recommended to:

- Approve the corporate plan for 2016–2017 (paragraphs 5-9 and annexe 1).
- Approve the corporate KPIs and targets for 2016–2017 (paragraphs 10-11 and annexe 2).
- Agree that the target risk-based reserves level should remain in the range of £10 million to £25 million (paragraphs 12-16).
- Agree that the annual registration fee should remain at its current level of £120 (paragraphs 12-16).
- Approve the budget for 2016-2017 (paragraphs 17-34 and annexes 3 and 4).

**Annexes:** The following annexes are attached to this paper:

- Annexe 1: Draft corporate plan 2016–2017
- Annexe 2: Proposed KPIs and targets 2016–2017
- Annexe 3: Draft budget compared to prior year by directorate
- Annexe 4: Draft budget compared to prior year by cost type

**Further information:**

If you require clarification about any point in the paper or would like further information please contact the author or the director named below.

Interim Finance Director: Richard  
Finlayson  
Phone: 020 7681 5153  
[Richard.Finlayson@nmc-uk.org](mailto:Richard.Finlayson@nmc-uk.org)

Chief Operating Officer: Alison  
Sansome  
Phone: 020 7681 5911  
[alison.sansome@nmc-uk.org](mailto:alison.sansome@nmc-uk.org)

**Context:**

- 1 This paper sets out our proposed commitments for the financial year 2016–2017 and the allocation of financial resources to achieve those commitments. We also set out how we plan to measure and report on performance against those commitments, including through our proposed key performance indicators.
- 2 We have made steady progress towards financial stability over the last few years but the journey is not yet complete. We must remain focused on ensuring that our financial position is sustained through reserves, so that we are able to invest in those areas to deliver against our agreed Strategy.
- 3 Our focus in 2015-2016 has seen us deliver a successful revalidation programme, roll out NMC online and continue to improve performance in our core regulatory functions. Alongside this, we have invested heavily in stabilising and improving our ICT capacity. Throughout this financial year we have had to place a high reliance on non-permanent staff as staff turnover remains a challenge as does our ability to fill vacancies. We expect staffing challenges to continue in 2016-2017 and it is vital that we develop a recruitment and retention strategy.
- 4 Financial stability will be critical, if we are to move to the next phase of progression on delivering our strategy. We are developing a longer term financial strategy to deliver the ambitions set out in our five year strategy, underpin our commitments and ensure financial sustainability. The financial strategy will include a well defined risk and reserves policy as well as address our cash management and investment policy, our long term approach to our pension schemes and our approach to accommodation and future location. The strategy will be predicated on assumptions which will need to be thoroughly tested and challenged.

**Discussion: Corporate plan 2016–2017**

- 5 The NMC Strategy 2015-2020: *Dynamic regulation for a changing world* sets out our strategic priorities for a five year period and provides the context for our corporate planning process. The current strategy articulates the Council’s ambition to:
  - 5.1 Regulate for the circumstances of the future, not the past.
  - 5.2 Become an intelligent, dynamic and forward looking regulator.
  - 5.3 Better balance our focus and resources between our different core functions.
  - 5.4 Manage a significant amount of change without sacrificing consistent, strong performance in our core functions.

## Transformation

- 6 Having made incremental improvements over recent years, there is now a need for more fundamental change to realise the ambition set out in the strategy. A substantial transformation programme is now required which will involve change across a number of key areas over a period of four to five years as follows:
  - 6.1 Workforce, people and culture
  - 6.2 Accommodation and location
  - 6.3 Business and technological transformation

## Collaboration

- 7 Collaboration is key to delivering our ambition of becoming a dynamic regulator and will be considered across each of the three areas outlined above. Jointly with the General Medical Council (GMC) we launched guidance on the Professional Duty of Candour last year and we continue work with them in a number of areas which are relevant and common to the professions we regulate. Our proposed corporate plan commits us to pursuing further such collaboration where this would benefit the public interest and the professions.

## Priorities for the coming year

- 8 The draft corporate plan 2016–2017 at **Annexe 1** sets out our proposed annual delivery priorities for the second year of our strategy. The plan commitments, together with the corporate KPIs and targets, are the basis on which the Council monitors performance.
- 9 In addition to the transformation programme, our priorities in 2016-2017 will include:
  - 9.1 Education. Our strategy recognises the importance of education and training as central to protecting patients and the public. Our aim is to rebalance our resources and efforts towards prevention and proactivity, instead of tackling poor practice.
  - 9.2 We have already begun work to define competencies for future nurses. Building on this we will take forward a major programme of work looking at all aspects of our education role, led by a newly appointed Director, supported by a new directorate. Close engagement with stakeholders will be essential and we will also consider scope for collaborative work with the GMC.
  - 9.3 Legislative change (section 60). We will prepare for implementation of significant legislative changes expected in 2017. These will remove midwifery supervision and introduce Fitness to Practise (FtP) provisions that will allow us to

introduce more efficient and proportionate processes. The changes to our Fitness to Practise processes will involve considerable advance preparation including staff training and changes to our policies, process and systems.

- 9.4 Alongside this we will continue to improve performance in delivering core regulatory functions, focusing on embedding revalidation and changes to language controls and other requirements arising from EU legislation. We will also roll out implementation of the facility to pay the fee in quarterly instalments.

### **Proposed corporate KPIs and targets for 2016–2017**

- 10 During 2015–2016, the Council monitored performance against five high level Key performance indicators (KPIs). These have been reviewed as part of our annual business planning process.
- 11 Given that we are embarking on a major programme of transformation, we propose to continue reporting against the same five corporate KPIs in 2016–2017, although in some cases have suggested more challenging targets. **Annexe 2** sets out the definition, rationale and proposed target for each KPI.

### **Proposed fee level, reserve level and budget 2016-2017**

- 12 The Council is committed to undertaking an annual review of the registration fee level. This needs to be considered in tandem with the level of available free reserves.

#### **Available Free Reserves**

- 13 The Council will note that reserves are currently within the agreed range and are the proposed budget forecasts that reserves will be slightly above the upper limit at March 2017. To deliver the commitments set out in the Strategy, including transformation, we will need to continue to build reserves. We will need to revisit reserve levels as part of the development of our longer term financial strategy, and it is proposed that we do so and bring this back to the Council later in the year for a further discussion.
- 14 In the interim, it is proposed that target reserves level should remain in the range of £10 million to £25 million.

#### **Annual review of fees**

- 15 The Council has committed to reviewing the fees level annually. The fee was increased to £120 in February 2015 and this is the first financial year where the full impact of the fee increase is reflected. From May 2016 registrants will be able to make quarterly payments and we are introducing system changes to accommodate this. We

estimate a reduction in annual income of about £0.5 million as a result of registrants paying quarterly who leave the register part way during the year. This change will also negatively impact our cash flow.

- 16 We are preparing to make significant investment to deliver the commitments set out in our strategy and corporate plan. As part of this preparation, it is essential that we have a long term financial strategy underpinning both and we will consider the level of fee in this context in future annual reviews. We therefore recommend that the fee is maintained at its current level for the coming year.

### Proposed budget 2016-2017

- 17 The proposed budget for 2016-2017 has been put together to support delivery of the Corporate Plan commitments (**Annexe 1**) and reflects the proposed new organisational structure from 1 April 2016.

- 18 The budget is based on a number of key assumptions and provisions as set out below.

18.1 The budget assumes the fee is maintained at its current level as discussed above.

18.2 FtP achievement of continued improvements to case management to ensure that panel time is used efficiently to achieve as many decisions as possible from the available capacity. We have budgeted for a total of 6,000 hearing days from which we expect to achieve 1,600 case decisions, as well as the preparation and administrative work which needs to take place in front of a panel. As FtP represents 48% of proposed total revenue spend the level of hearing activity and our ability to maximise the numbers of case decisions in the panel time available is our main cost driver

18.3 Proposed increases in staff costs (permanent and temporary) as set out below:

	2015-2016 Forecast outturn 31/3/2016 £m	2016-2017 Proposed budget £m	Variance £m
Staff costs, including temporary and interim staff	36.3	38.7	(2.4)

18.4 The overall budget increase of £2.4 million for 2016-2017 is driven by four main factors:

- 18.4.1 Full year costs for new roles in Registrations (to deliver priority projects such as Revalidation and the EU

Directive on how nursing and midwifery qualifications must be recognised across Europe plus additional staff to deal with the increases in Overseas/EU applications) and in FtP for the Employer Link Service (ELS). These roles were added part way through last year so the full year cost is not reflected in the 2015-2016 staff costs total. The additional spend for these aspects in 2016-2017 is £1.9 million.

18.4.2 New posts for 2016-2017 to deliver corporate priorities in relation to the Education and Standards directorate (formerly Continued Practice) and to increase capacity in the Communications team. The net additional staff spend in 2016-2017 is £0.3 million.

18.4.3 Provision of £0.8 million for pay review. This comprises:

18.4.3.1 £0.6 million provision for staff equivalent to approximately 2% of 2015-2016 staff salary costs. The 2% budget assumption is based on a survey of external pay trends across all sectors where 2% was found to be the median level of increase. The distribution of this amount will be determined by the Executive and will consider the targeting of lower paid staff.

18.4.3.2 £0.2 million for Executive increases (equivalent to an additional 0.5% of 2015-2016 staff salary costs) based on Remuneration Committee decisions reported separately.

18.4.4 New pension accounting rules coming into force this year which produce a favourable variance of £0.6 million to set against the increased spend set out above.

19 The key components of the budget are set out in the table below. A more detailed budget is provided as **Annexe 3** with a comparison by cost category at **Annexe 4**.

£'m	2015/16 Actual / Forecast (as at Jan 2016)	Draft 2016/17 budget	Variance 2016/17 vs. 2015/16
<b>Total Income</b>	<b>80.1</b>	<b>84.9</b>	<b>4.7</b>
OCCE	3.3	4.8	-1.5
Registrations	4.3	5.5	-1.2
Education and Standards	5.2	4.6	0.6
Transformation BAU	10.0	9.5	0.5
Resources	11.0	12.3	-1.3
FtP	38.1	38.6	-0.5
PSA Levy	1.2	1.9	-0.7
Depreciation	3.5	3.2	0.2
<b>Total BAU excluding contingency</b>	<b>76.7</b>	<b>80.5</b>	<b>-3.9</b>
<b>Surplus / (Deficit)</b>	<b>3.5</b>	<b>4.3</b>	<b>0.9</b>
Capital	3.0	2.3	0.7
<b>Available Free Reserves (excluding transformation)</b>	<b>21.8</b>	<b>28.1</b>	<b>6.2</b>
<b>Transformation</b>		<b>2.8</b>	<b>-2.8</b>
<b>Available Free Reserves</b>	<b>21.8</b>	<b>25.2</b>	<b>3.4</b>

### Income

- 20 The increase of £4.7 million in income is due to volumes on the Register increasing by 1% and the impact of the £120 fee having now worked its way fully across the register.

### Revenue expenditure

#### OCCE

- 21 The increase in expenditure is driven by the structural changes at senior management level, introducing the role of Chief Operating Officer and associated support office as well as increased resource in communications and media.

#### FtP

- 22 Expenditure in FtP is budgeted to be £0.5 million higher than the forecast for 2015-2016 reflecting the full year cost of the Employer Link Service.
- 23 We will continue to focus our senior decision making capacity on identifying opportunities for early stage closures so that only the most serious cases progress to hearings. We will plan and prepare for significant changes to our policies and processes as a result of legislative change.

## Registrations and Revalidation

- 24 Registration budget costs are higher than 2015-2016 due to the inclusion of £0.5 million for embedding revalidation, with a further £0.5 million budgeted for additional overseas registration costs.

## Education and Standards

- 25 £3.3 million has been budgeted for education and standards development work. This includes £2.0 million for our education strategic plan key priorities of (nurses' competencies for the future, review of quality assurance of education, joint work with the GMC and strategic engagement) and £1.3 million for business as usual activity in the standards and quality assurance areas.
- 26 Work on the development of revalidation has now completed (£2 million reduction against 2015-2016) and so the overall impact appears lower than last year.

## Resources directorate (previously corporate services)

- 27 The budget includes £0.8 million to cover short term accommodation requirements and £1.1 million essential maintenance for Portland Place. An additional capital element has also been provisioned (see paragraph 33 below).

## Transformation expenditure

- 28 As indicated above, we will begin a major transformation programme during 2016-2017. Much work during this first year will be preparatory and this is reflected in an expected spend of £2.8 million though costs of external expertise and consultancy to support the transformation programme can only be estimated at this stage
- 29 The proposed transformation spend includes £0.9 million for staff including management of the programme and £0.2 million for dedicated communications staff.
- 30 Expected transformation spend in 2016-2017 is set out below:

Transformation area	£m
Workforce, People and Culture	0.4
Technological transformation	0.5
External consultancy to support development of future organisational design	0.3
Business process transformation	0.5

Accommodation/location (to determine plans for re-location)	0.2
Collaboration (Existing resource being used)	-
Management of the programme and communications	0.9
<b>Total</b>	<b>2.8</b>

### Capital expenditure

- 31 The proposed capital budget at £2.3 million, is £0.7 million lower than 2015-2016 (£3.0 million).
- 32 We have taken a prudent view of the level of new IT system requirements that can be defined and developed in 2016-2017 and propose provision of £0.8 million but expect this to be an increased area of spend in future years as an enabler of future transformation.
- 33 The proposed capital budget includes £0.5 million for work on 23 Portland Place (external). In addition to this the proposed budget includes provision of £1.1 million revenue spend for essential internal building works. We are currently commissioning a full survey to understand if these costs are realistic, but this is our best estimate at the moment.
- 34 The proposed capital budget is made up as follows:
- 34.1 Upgrades to the Registration system (WISER) to implement payment by instalments and new EU requirements, as well as further improvements to Revalidation at a cost of £1 million.
- 34.2 Development to 'open' integrated systems to support subsequent transformation of Registration (WISER), case management in FtP and introduce additional on-line self service facilities at a cost of £0.8 million.
- 34.3 Structural improvements to Portland Place £0.5 million (based on a survey of the building structure in 2014).

### Cash flow

- 35 As registrants pay the full year fee in advance the income cannot be recognised in the accounts until the month it covers, therefore annual fees are recognised in 12 equal monthly amounts. Monies received but not yet recognised are held by the NMC but are liable to being refunded should the NMC cease to exist or be passed to a successor organisation. We therefore hold approximately £50 million in cash to meet this liability and fund re-imburement costs if required.

- 36 Cash at bank is forecast to be £86.4 million at 1 April 2016 with budgeted cash at 31 March 2017 forecast to be £83.9 million, a net cash outflow of £2.4 million.
- 37 The introduction of payment by instalments is expected to affect the cash flow position from May 2016 and will be closely monitored as it depends on the level of take up. We have budgeted a cash reduction of £8.5 million to reflect this.

### **Efficiency and value for money**

- 38 A three year efficiency programme was designed and implemented as part of the three year plan in March 2014. We have previously reported to the Council that we have achieved efficiency savings in FTP of £20 million to date with a further £16 million expected in 2016-2017.
- 39 As requested by the Council, we have asked KPMG to work with us to review the calculation of efficiency savings and how these are reported.
- 40 We are committed to maintaining financial discipline and rigour. We have worked with KPMG to learn lessons to inform our new efficiency programme, including ensuring that we capture all of the benefits from any project and be very clear about implementation plans and timelines. Work is ongoing to identify and implement organisation wide efficiency savings.
- 41 For 2016-2017 we therefore proposed to set a 'stretch target' of 5% for the organisation to achieve in addition to the baseline budget for the year (excluding transformation spend). Progress against this target will be monitored and reported at each Council meeting going forward.

### **Recommendations**

#### **42 The Council is recommended to:**

- 42.1 **Approve the corporate plan for 2016–2017 (paragraphs 5-9 and annexe 1).**
- 42.2 **Approve the corporate KPIs and targets for 2016–2017 (paragraphs 10-11 and annexe 2).**
- 42.3 **Agree that the target risk-based reserves level should remain in the range of £10 million to £25 million (paragraphs 12-16).**
- 42.4 **Agree that the annual registration fee should remain at its current level of £120 (paragraphs 12-16).**
- 42.5 **Approve the budget for 2016-2017 (paragraphs 17-34 and annexes 3 and 4).**

<b>Public protection implications:</b>	43	Public protection is the driver for the deliverables proposed in the corporate plan 2016–2017. The budget seeks to provide the resources to ensure that the NMC is able to deliver efficient and effective regulation, thereby protecting the public.
<b>Resource implications:</b>	44	The budget sets out the resource implications of delivering the proposed corporate plan.
<b>Equality and diversity implications:</b>	45	Under the Equality Act 2010, we have a requirement to analyse the effect of our policies and practices and how they further the equality aims. The equality and diversity implications of each commitment contained in the corporate plan will be considered.
<b>Stakeholder engagement:</b>	46	We will publish and disseminate the corporate plan to stakeholders.
<b>Risk implications:</b>	47	Risk implications have been considered as part of the planning process. We will review our corporate risks in Quarter 1 of 2016–2017 to ensure they align with our corporate strategy and plan. Risks which need to be covered by reserves are considered by the Council on at least an annual basis.
<b>Legal implications:</b>	48	No direct legal implications. The legal implications of each commitment in the corporate plan will be considered.

## Corporate plan 2016–2017

### ***Published version to include short introductory section:***

*Our Strategy 2015-2020 sets out our ambition to be a dynamic regulator, whilst giving excellent value to our registrants for the fees they pay.*

- *Key achievements last year.*
- *Major transformation to ensure we are in the best shape possible to deliver public protection.*
- *Education the priority next year and beyond.*
- *We will continue to deliver and improve our core regulatory functions alongside transformation.*

## Commitments 2016–2017

### **Transforming the NMC (Strategic priorities 3 and 4)**

We are embarking on a substantial programme of transformation over the next four to five years. Work has begun to develop a clear picture of how we will transform the way we work including the steps we need to take, the benefits this will bring and the investment we need to make.

We are committed to communicating with our staff about what this means for both the NMC and them as we move forward.

We have already stabilised and strengthened our IT function and infrastructure. This provides a sound basis to build future IT capability to support and enable the transformational changes we are planning.

We have also made good progress towards financial stability and delivered some £20m efficiencies in Fitness to Practise since 2014. Transformation will require significant investment but will be key to driving forward further improvements in effectiveness and efficiency. Alongside this we will maintain financial discipline and a rigorous focus on value for money.

#### **In 2016–2017 we will:**

- Plan, resource and initiate our transformation programme. The programme will cover all aspects of our organisation, people and location.

#### ***Our Organisation***

- By October 2016, have defined what the organisation shape, size and business

processes should be, and have published our transformation roadmap.

### ***Our People***

- Develop a People Strategy that sets out the skills, capabilities and culture that the organisation will need now and for the future. This will address how we will attract, retain, support and reward people to meet our priorities.
- Produce a detailed plan to drive the achievement of the People Strategy and deliver outputs in accordance with that plan once agreed.
- Complete a pilot management training programme to build management capability in our first level managers and evaluate its effectiveness and the potential for full roll out as a first step to building capability.

### ***Our Location***

- Develop a full accommodation business case setting out costed options to enable us to make decisions on future accommodation and location by March 2017.
- In parallel, produce a transition plan to implement the recommended option in the accommodation business case.

### ***Value for Money***

- Deliver a stretch target of five percent against the approved budget (excluding funds allocated for transformation) to drive value for money, which we will monitor and report against.

## **Effective regulation (Strategic priorities 1 and 3)**

### **Education**

Our Strategy puts education at the centre of our regulatory work. Ensuring that nurses and midwives are equipped for the future in the context of a rapidly changing care environment is critical to our role in protecting the public.

Education will be a major focus for us over the next four years, led by a newly appointed Director of Education and Standards supported by a new directorate.

We have already begun work on the skills and competencies nurses will need for the future. We will be looking at all aspects of our role in education and we will continue to engage closely with stakeholders as we take this work forward. In doing so, we need to take account of government changes and other initiatives such as future funding of nursing and midwifery education.

The Department of Health's plans for a new nursing associate role represent a highly significant development for the nursing profession. We will continue to engage closely with government and stakeholders as the proposals develop.

**In 2016–2017 we will:**

- Develop draft new standards setting out the skills and competencies required of the future nurse, ready for consultation in 2017.
- Engage with stakeholders through the work we are doing to develop new standards.
- Commission an independent review of our quality assurance of education function.

**Midwifery regulation**

Changes are in train to strengthen public protection by distinguishing between midwifery regulation and supervision. Our Midwifery Committee will continue to advise the Council on all midwifery matters. Our Midwifery Panel will ensure that the voice of midwives continues to be heard under the new legislative arrangements. We will continue to work collaboratively with the Chief Nursing Officers in the four countries to support the successful transition of midwifery supervision.

**In 2016–2017 we will:**

- Develop and implement a comprehensive communication plan to ensure that stakeholders have a clear understanding of regulation post the legislative change.

**Registration and Fitness to Practise**

Revalidation is changing the way we engage with nurses and midwives and provides the public with assurance that nurses and midwives remain fit to practise throughout their careers.

We have successfully launched revalidation: all nurses and midwives on our register will revalidate over the next three years. We are committed to undertaking an evaluation of our model.

During 2015–2016, we introduced case examiners to make earlier and speedier decisions on cases referred to us and began working towards a target of resolving cases within 15 months.

We anticipate that important changes to our legislation to improve the fairness, efficiency and effectiveness of our fitness to practise functions will be finalised in 2016–2017. Significant work will be needed to train our staff and update our systems and processes to implement these fundamental changes.

**In 2016–2017 we will:**

- Monitor the operational effectiveness of revalidation in its first full year of implementation.

- Make it easier for nurses and midwives to pay their registration fee by rolling out the facility to make payments in quarterly instalments.
- Plan how we will implement the significant changes to our legislation to ensure that we can resolve fitness to practise cases in the right way at the right time. This will include developing policy and process for additional powers for Case Examiners and the Investigating Committee.
- Maintain and continue to improve our regulatory performance (as measured by corporate KPIs) throughout transformation.

## Use of Intelligence (Strategic priority 2)

The use of intelligence is at the centre of our ambitions for the future. Improving our insight, from our own data and from research, is key to becoming a dynamic regulator. We are still only in the early stages of our work in this area and there is further work to do to improve the range and integrity of our data.

We have, however, taken some significant steps forward including launching our UK-wide Employer Link Service to help us develop more effective regulatory relationships with employers.

### In 2016–2017 we will:

- Be in a position by March 2017, to use data from our Employer Link Service so that action to address concerns about a nurse or midwife's practice is taken at the right level and to enable wider risk based interventions at an earlier stage to enhance public protection.
- Determine what research we should invest in, and use the outcomes to inform our work.
- Commission the first phase of evaluation of our revalidation model and report regularly on progress.

## Communication and Collaboration (Strategic priority 3)

We have already begun to transform the way we engage with nurses and midwives through NMC Online: over 85% are now signed up.

Successful launch of the new Code and revalidation, including innovative use of social media and a multi-media revalidation microsite, has mobilised the support and enthusiasm of the professions and other stakeholders. We will continue to build on this to strengthen our engagement with the professions.

During 2015–2016, we collaborated with the General Medical Council, to launch the first ever joint guidance for doctors, nurses and midwives on the professional duty of candour

so that healthcare professionals fully understand their individual responsibilities to speak up, apologise and take action if things go wrong. We aim to identify further opportunities for collaboration with other regulators, where this has the potential to enhance public protection.

Communication is at the heart of all the commitments made within this corporate plan.

**In addition, in 2016–2017 we will:**

- Improve our access to the views of patients and the public through new public and patient networks in each of the four countries and use this to shape and inform our work.



## Proposed corporate key performance indicators 2016–2017

- 1 This annexe provides further detail about the proposed corporate key performance indicators (KPIs) for reporting use in the next financial year 2016–2017.
- 2 We are embarking on a substantial programme of transformation. At the same time, we aim to maintain consistently strong performance in our core regulatory functions. Therefore we are proposing to retain the current five corporate KPIs to help us monitor and manage performance in these areas.
- 3 For each KPI a definition and proposed target are stated. Any changes from the reporting arrangements in the current year (2015–2016) are also stated.

### **KPI 1a – Percentage of UK initial registration applications completed within 10 days**

- 4 **Definition:** This KPI measures the time elapsed between receipt of a complete new UK registration application (this is system determined) by the NMC and when the applicant joins the register or is notified of refusal.
- 5 **Proposed targets:** A primary target of 95% of applications completed within 10 days as an average throughout the year. A secondary target of 99% of applications completed within 30 days as an average throughout the year.
- 6 **What has changed?** This proposed measure and targets are the same as for the current year. Current average performance for 2015–16, as at February 2016, was 97.2% of applications completed within 10 days and 98.6% of applications completed within 30 days.
- 7 **Rationale:** The KPI measures NMC assessment and processing time for UK initial registration applications. In terms of volumes and consequent regulatory risk this is the largest area of our registration work and it therefore remains pertinent to measure and report on this area as an indicator of performance. This KPI remains the same as in 2015–16 because, whilst we continue to make improvements in the processing of these applications, the number of applications upon which we need to request further information has increased in 2015–16. Increased resource would need to be invested to achieve a higher percentage or to reduce the target.

### **KPI 1b – Percentage of EU/Overseas registration applications assessed within 68 days**

- 8 **Definition:** This KPI measures the time elapsed between receipt of a complete international (EU and non-EU) application (this is system determined) and when an assessment decision is issued on that application. Where it is discovered on assessment that the submitted documents are invalid a further assessment will be required when the requested correct documents are received; the KPI will

measure the time elapsed between receipt of required information and issue of each new assessment decision.

- 9 **Proposed target:** 90% of applications assessed within 68 calendar days as an average throughout the year.
- 10 **What has changed?** The proposed measure is the same but the target is more challenging than the current year's target, which is 90% of applications assessed within 70 calendar days (current average performance for 2015–16, as at February 2016, was 90.2%).
- 11 **Rationale:** Our operational performance in this area has been positive throughout 2015–2016. The proposed target reflects our continuing improvement in this area and will drive further improvement, but it also takes into account the potential impact of external factors such as the introduction of EU language controls and the inclusion of nurses on the shortage occupation list, which may increase application volumes.

## **KPI 2 – Percentage of interim orders (IOs) imposed within 28 days of opening the case**

- 12 **Definition:** The measure uses the cumulative number of interim orders (IOs) imposed over a rolling 12 month period. The start point is the day that a case is logged on the case management system and the end point is the day that an interim order is imposed.
- 13 **Proposed target:** Good performance would be indicated by 80% or above across the year.
- 14 **What has changed?** The proposed measure and target are the same as for the current year. Current 2015–16 performance, as of February 2016, was 89%.
- 15 **Rationale:** This KPI measures how quickly we protect the public in the most serious cases by applying restrictions to a nurse or midwife's practice. We are proposing to maintain the target at 80% for the following reasons:
  - 15.1 We are continuing to pursue early engagement with registrants to ensure that we have all necessary information before deciding whether to apply for an IO. This helps to ensure that decisions are based on the best available information and that we only apply for an IO in cases where we are convinced that it will contribute to public protection or the wider public interest.
  - 15.2 The median time taken to impose an IO is usually around 28 days which indicates there is little tolerance in the process.

## **KPI 3 – Percentage of FtP cases concluded within 15 months of being opened**

- 16 **Definition:** This measure uses a cumulative percentage of cases which have been closed at all stages of the FtP process within 15 months of referral, measured over a 12 month period.

- 17 **Proposed target:** Our target is 80%. Given the progression of older cases currently in the system, we expect our performance to dip in the first half of the year before we achieve the target in Q3.
- 18 **What has changed?** The measure would remain the same but with a target now proposed. Current 2015–16 performance, as at February 2016, was 78%.
- 19 **Rationale:** This KPI is a measure of timeliness of case progression and decision making. We have modelled our case progression and expect some variability in performance as a large number of older cases clear the investigation stage and progress to adjudication in the first two quarters of 2016–2017. Performance is likely to dip from current levels before recovering and stabilising at around 80% towards quarter three.

#### KPI 4 – Free reserves

- 20 **Definition:** This is the level of available free reserves compared with budgeted available free reserves.
- 21 **Proposed target:** Available free reserves at 31 March 2017 are budgeted at £25.2 million.
- 22 **What has changed?** A target of £10m was one of the conditions attached to the £20m Department of Health grant. Although this has now been achieved the level of free reserves should continue to be monitored to:
- Give confidence to registrants and stakeholders by demonstrating good stewardship and financial management.
  - Demonstrate the NMC's sustainability and capacity to manage unforeseen financial difficulties.
  - Manage the risk to the NMC's reputation from holding substantial unspent funds at the year-end without explanation.
- 23 **Rationale:** It is a legal requirement of the Charities (Accounts and Regulations) 2008 to have and adhere to a policy for free reserves. The NMC's budget and financial strategy is predicated on achieving a level of free reserves between £10m and £25m. This KPI measures how close we are to our plan for achieving this target.
- 24 **Current 2015–16 performance:** the forecast for year end (March 2016), as presented at the January 2016 Council meeting, was £21.5m.

#### KPI 5 – Staff turnover rate

- 25 **Definition:** This is the proportion of employees leaving in the previous 12 months expressed as a rolling average, but excluding end of fixed term contracts.
- 26 **Proposed target:** No target has been set for 2016–17 and no forecast reported. It would be difficult to set a meaningful target due to unpredictability over the size of the permanent workforce over the year and the uncertainty around the longer term

structure and location of NMC functions. Instead, performance will be monitored and will include reference to longer historic trends.

- 27 **What has changed?** The proposed measure is the same as for the current year.
- 28 **Rationale:** Annual staff turnover is an industry standard KPI. Turnover is higher among young people than older age groups and the highest levels are typically found where unemployment is lowest and where it is relatively easy for people to secure desirable alternative employment. Staff turnover is due to a range of factors, both positive and negative and not all turnover is dysfunctional. It is not possible to forecast turnover and fluctuations are to be expected, particularly during periods of transformation or change. Analysis of turnover data enables the identification of underlying trends and issues, for example labour market dynamics, staff engagement and motivation, management style or other dysfunctional reasons. We will:
- 28.1 Monitor staff turnover and investigate any unexpected fluctuations which appear to fall outside of what may be considered 'normal' or 'expected'.
  - 28.2 Analyse reasons for leaving and the length of service of leavers and ensure that any potential issues are followed up with management.
  - 28.3 Consider performance against the KPI in the context of reasons for turnover and underlying trends, as well as the monthly percentage calculations.

### Annexe 3: Draft budget compared to prior year by directorate

£000s

	2013/14 Actual	2014/15 Actual	2015/16 Actual / Forecast (as at Jan 2016)	Draft 2016/17 budget	Variance 2016/17 vs. 2015/16
<b>Total Income</b>	<b>65,193</b>	<b>73,205</b>	<b>80,129</b>	<b>84,875</b>	<b>4,745</b>
OCCE	2,623	2,885	3,274	4,799	(1,524)
Registrations	3,557	3,815	4,320	5,539	(1,219)
Education and Standards	2,838	4,470	5,232	4,586	647
Transformation BAU	7,073	9,312	10,031	9,539	491
Resources	9,512	9,656	10,994	12,334	(1,339)
FtP	42,087	42,855	38,127	38,637	(510)
<b>Directorate Revenue Spend</b>	<b>67,691</b>	<b>72,993</b>	<b>71,979</b>	<b>75,433</b>	<b>(3,454)</b>
PSA Levy	0	0	1,228	1,900	(672)
Depreciation	2,900	3,424	3,462	3,214	249
<b>Total BAU excluding contingency</b>	<b>70,590</b>	<b>76,417</b>	<b>76,669</b>	<b>80,546</b>	<b>(3,878)</b>
Contingency				0	0
<b>Total Revenue Spend</b>	<b>70,590</b>	<b>76,417</b>	<b>76,669</b>	<b>80,546</b>	<b>(3,878)</b>
<b>Surplus / (Deficit)</b>	<b>(5,397)</b>	<b>(3,212)</b>	<b>3,461</b>	<b>4,328</b>	<b>868</b>
Capital	2,524	3,720	2,990	2,250	740
<b>Available Free Reserves</b>	<b>7,607</b>	<b>11,796</b>	<b>21,832</b>	<b>28,063</b>	<b>6,232</b>
<b>Transformation</b>				<b>2,826</b>	<b>(2,826)</b>
<b>Available Free Reserves</b>	<b>7,607</b>	<b>11,796</b>	<b>21,832</b>	<b>25,237</b>	<b>3,406</b>



### Annexe 4: Draft budget compared to prior year by cost category

£000s

	2013/14 Actual	2014/15 Actual	2015/16 Actual / Forecast (as at Jan 2016)	Draft 2016/17 budget	Variance 2016/17 vs. 2015/16
<b>Total Income</b>	<b>65,193</b>	<b>73,205</b>	<b>80,129</b>	<b>84,875</b>	<b>4,745</b>
Staff costs (permanent)	19,481	22,053	26,891	33,985	(7,095)
NMC General	166	279	445	57	388
Paybill Increase	0	0	0	771	(771)
Staff costs (permanent)	19,647	22,333	27,336	34,813	(7,478)
Temporary & contractor costs	3,440	6,221	5,529	1,243	4,286
Other staff costs	3,105	2,794	3,398	2,609	788
Professional & Legal fees	16,010	16,373	14,774	13,741	1,033
Panellists costs	12,429	11,828	9,535	8,734	801
Witness & Others	1,587	1,454	757	939	(182)
Members costs	276	258	243	373	(130)
Building costs	4,014	3,822	3,388	5,987	(2,598)
Event & communications costs	877	953	994	576	418
Office admin costs	965	978	997	951	45
System costs	2,882	3,104	3,065	3,487	(421)
Print & postage	1,402	1,755	1,238	917	321
Education Quality Assurance costs	1,056	1,119	724	1,062	(338)
<b>Directorate Revenue Spend</b>	<b>67,691</b>	<b>72,993</b>	<b>71,979</b>	<b>75,433</b>	<b>(3,454)</b>
PSA Levy	0	0	1,228	1,900	(672)
Depreciation	2,900	3,424	3,462	3,214	249
<b>Total BAU excluding contingency</b>	<b>70,590</b>	<b>76,417</b>	<b>76,669</b>	<b>80,546</b>	<b>(3,878)</b>
Contingency				0	0
<b>Total Revenue Spend</b>	<b>70,590</b>	<b>76,417</b>	<b>76,669</b>	<b>80,546</b>	<b>(3,878)</b>
<b>Surplus / (Deficit)</b>	<b>(5,397)</b>	<b>(3,212)</b>	<b>3,461</b>	<b>4,328</b>	<b>868</b>
Capital	2,524	3,720	2,990	2,250	740
<b>Available Free Reserves (excluding transformation)</b>	<b>7,607</b>	<b>11,796</b>	<b>21,832</b>	<b>28,063</b>	<b>6,232</b>
<b>Transformation</b>				<b>2,826</b>	<b>(2,826)</b>
<b>Available Free Reserves</b>	<b>7,607</b>	<b>11,796</b>	<b>21,832</b>	<b>25,237</b>	<b>3,406</b>



## Council

### Chief Operating Officer's report

- Action:** For discussion.
- Issue:** Reports on performance and risk management since the January 2016 Council meeting.
- Core regulatory function:** All of our core regulatory functions.
- Strategic priorities:** All.
- Decision required:** The Council is recommended to:
- Note and discuss the KPI information for January and February 2016 (paragraph 12).
  - Note the escalation of risk CR25 *Midwifery strategic communications risk: communicating about the transition* to the corporate risk register (paragraph 15).
  - Discuss and comment on the corporate risk register (paragraph 18).
- Annexes:** The following annexes are attached to this paper:
- Annexe 1: Performance and risk directorate information
  - Annexe 2: Corporate risk register
  - Annexe 3: Risk map of corporate and directorate risks
- Further information:** If you require clarification about any point in the paper or would like further information please contact the author or the director named below.

Authors: Mary Anne Poxton and  
Janice Cheong  
Phone: 020 7681 5440  
[maryanne.poxton@nmc-uk.org](mailto:maryanne.poxton@nmc-uk.org)

Director: Alison Sansome  
Phone: 020 7681 5911  
[alison.sansome@nmc-uk.org](mailto:alison.sansome@nmc-uk.org)

- Context:**
- 1 This report provides an overview of performance and risk management across the organisation, focusing on developments since the last Council meeting in January 2016.
  - 2 This report has been retitled from Performance and Risk report to Chief Operating Officer's (COO) report. On this occasion the format of the report has not changed significantly but we are reviewing the content and annexes to ensure that future iterations set out performance and risk information as clearly as possible.

## **Performance**

- 3 Operational developments, performance updates, Key Performance Indicators (KPIs) and risk information are presented within **Annexe 1** as part of the directorate summaries. The summaries are not intended to be comprehensive, rather an update on significant developments since the last Council meeting which are not reported elsewhere on today's Council agenda. On this occasion there is no summary for the Strategy directorate as updates on all relevant work streams are picked up in other directorate summaries. The next COO's report will be aligned with the new organisational structure that will be in place from 1 April 2016.
- 4 The Council will receive an end of year summary of performance for 2015–2016 at its May meeting.

## **Risk**

- 5 The corporate risk register is presented at **Annexe 2**. In October the Council accepted the register as a working document which will be subject to further review over the coming months.
- 6 Our annual review of the effectiveness of risk management is scheduled to take place in March 2016 and will be reported to the Audit Committee in April. The annual review will take into account any internal audit recommendations as well as other learning we have accumulated throughout the year.

## **Discussion: Chief Operating Officer's summary**

- 7 There are two particular aspects of Registration performance to highlight from January and February:
  - 7.1 An increase in the number of EU applications received, related to EU applicants applying before the introduction of language controls. This shift in volume affected our performance against KPI 1b (EU/overseas applications).
  - 7.2 Challenges for the Contact Centre resulted in a higher proportion of incoming calls unanswered compared to

previous months.

- 8 We have maintained strong performance against the FtP KPIs during January and February 2016.
- 9 Staff turnover in February increased by 1.2% to 22.8%. Reasons for leaving have been analysed and there was no common theme.
- 10 Work has progressed on the implementation of a facility for nurses and midwives to pay their registration fees in instalments. Payment in instalments for renewals and retention is scheduled to go live in May 2016 for registration fees due from 1 June onwards.

### **Corporate KPIs 2015–2016**

- 11 The KPI information within **Annexe 1** focuses on January and February 2016.
- 12 **Recommendation: The Council is invited to note and discuss the KPI information for January and February 2016.**

### **Risk**

#### **Corporate risk register**

##### **Midwifery regulation**

- 13 At its last meeting, the Council stated that we needed to better articulate the risks related to changes in midwifery regulation and reflect the significant work being undertaken to mitigate these risks.
- 14 In February 2016 the Midwifery Committee considered a register of risks relating to the changes in midwifery regulation. Strategic communications was considered to be the most critical risk area, as reflected by its red-rated risk score. The Committee was satisfied that the register accurately captured the risks to the changes in midwifery regulation. Further details are included in the Midwifery Committee report on the Council agenda. In line with our risk management framework, the red-rated strategic communications risk has been escalated to our corporate risk register (**Annexe 2**) and now appears on the risk map (**Annexe 3**).
- 15 **Recommendation: The Council is invited to note the escalation of risk CR25 *Midwifery strategic communications risk: communicating about the transition to the corporate risk register.***

##### **Revalidation**

- 16 Ownership of the two corporate revalidation risks CR13 A and CR13 B has been transferred from Continued Practice to Registration to reflect the transition from the developmental phase to operations.

The Director of Registration will continue to ensure these risks and the controls are being managed.

17 Since the Council considered the corporate risk register in January 2016, corporate risks have been reviewed and updated to reflect present circumstances. There are no risk score changes.

18 **Recommendation: The Council is invited to discuss and comment on the corporate risk register.**

19 A risk map of corporate and directorate risks is at **Annexe 3**.

**Public protection implications:**

20 Public protection implications are considered when reviewing performance and the factors behind poor or good performance.

**Resource implications:**

21 Resource implications will be captured in the financial monitoring report.

**Equality and diversity implications:**

22 Equality and diversity implications are considered when rating the impact of risks and determining the action required to mitigate risks.

**Stakeholder engagement:**

23 KPI information, performance dashboards and the corporate risk register are in the public domain.

**Risk implications:**

24 The impact of risks is assessed and rated on the risk register. Future action to mitigate risks is also described.

**Legal implications:**

25 No direct legal implications.

## **Performance and risk directorate information**

### **Contents of Annexe 1**

- 1a Registration performance and risk update
- 1b Registration dashboard
- 1c Fitness to Practise (FtP) performance and risk update
- 1d FtP dashboard
- 1e Continued Practice performance and risk update
- 1f Estates, Finance and Procurement performance and risk update
- 1g Technology Business Services performance and risk update
- 1h IT Portfolio and Improvement Programme dashboard
- 1i Human Resources and Organisational Development performance and risk update



## Registration performance and risk update

### Performance overview

This overview summarises recent operational developments and performance in the Registration directorate and includes commentary on the Registration Key Performance Indicators (KPIs) and dashboard.

### NMC Online

- 1 As of 29 February 2016, 600,000 registrants had signed up for NMC Online (86% of the register). This represents a 6% increase in take-up since the end of December 2015. We continue to focus our targeted communications on those who are due to revalidate in the next three months. We are aiming for a 95% take-up by December 2016.

### Revalidation

- 2 Revalidation is progressing well and to expectations. The communications and engagement plan continues to support registrants and their employers in being clear about the requirements. We expect to appoint an external supplier to undertake the evaluation requested by the Council by the end of March 2016, to begin work in April 2016.

### Payment by instalments

- 3 Following consultation and discussion with the Council in December 2014, work to implement payment by instalments commenced with approval of the required legislation changes.
- 4 A project to introduce the facility to pay annual registration fees in instalments was initiated based on the following principles:
  - 4.1 Payment by instalments of annual registration fees is based on four quarterly payments across each year.
  - 4.2 The payment by instalment option will be available via NMC Online and will be available to those paying by direct debit.
- 5 Consideration has also been given to the rules around annual payment to ensure parity of treatment between payment methods. This includes development of a refund policy for those paying annually but retiring or leaving the profession part way through the year (aligned to the quarterly periods that would apply through payment by instalments – ie remaining whole quarters at the time of application for a refund).
- 6 Rules will also be in place to encourage appropriate refund behaviours and ensure a cost effective process.

## Implementation

- 7 Implementation of the payment by instalments facility has been scheduled to avoid conflicts with other development activity on the same underlying system (ie revalidation and the EU Directive on the Mutual Recognition of Professional Qualifications (MRPQ)). In addition business operational profiles have been considered to avoid peak volumes in April and September/October.
- 8 The project to introduce this facility is well progressed and although work is still in progress on some aspects, it is due for implementation as follows:
- 8.1 Payment by instalments for renewals and retention is scheduled to go live in May 2016 for fees due from 1 June 2016.
- 8.2 Refunds provision would commence from the end of August 2016.
- 8.3 Additional functionality to extend provision to include initial registration fees is to go live by December 2016.

## Applications

### UK applications

- 9 The KPI 1a section below provides more detail about the UK initial applications processed during January and February.
- 10 In January, we completed 13,777 periodic renewals with 99.75% of these completed within five days. In February, we completed 15,880 periodic renewals with 99.79% of these completed within five days.

### International applications

- 11 439 applicants sat part 1 of the Test of Competence in January/February 2016 with a pass rate of 86%.
- 12 As at 29 February, a total of 734 applicants had completed stage 2 of the Test of Competence (OSCE) since it commenced in April 2015, of which 426 (58%) have passed.
- 13 The KPI 1b section below provides more detail about the number of international applications assessed during January and February.

## Customer service

- 14 In January and February, the Contact Centre received a total of 81,892 calls. Of these, 15,594 were abandoned (19%). The high abandonment rate was caused by increased calls about changes to the readmission process, calls relating to EU applications and significant operational challenges resulting from staff relocation due to maintenance issues at our 23 Portland Place office.

## Corporate risk update – please refer to corporate risk register at Annexe 2

- 15 Registration risks are encompassed in corporate risks CR17 around systemic regulatory failure and CR18 around failure to develop our regulatory functions to meet changing

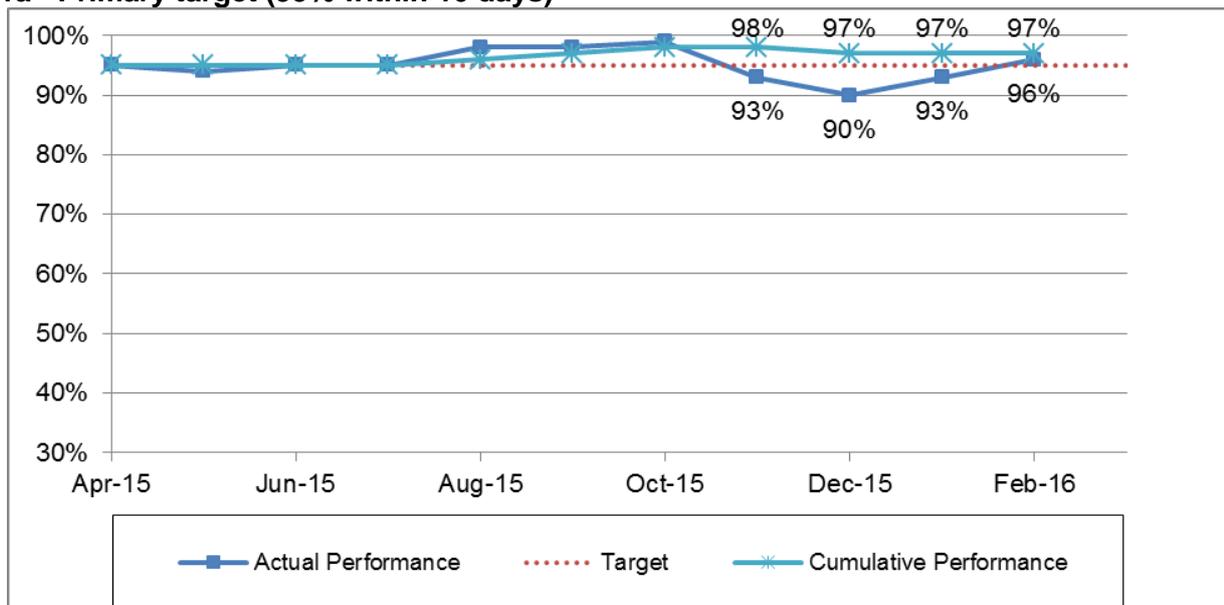
public protection needs. Both these risks remain amber.

- 16 Ownership of the two corporate revalidation risks CR13 A and CR13 B has been transferred from Continued Practice to Registration to reflect the transition from the developmental phase to operations. CR13 A (model delivery) is rated green and CR13 B (regulatory impact) is rated amber.

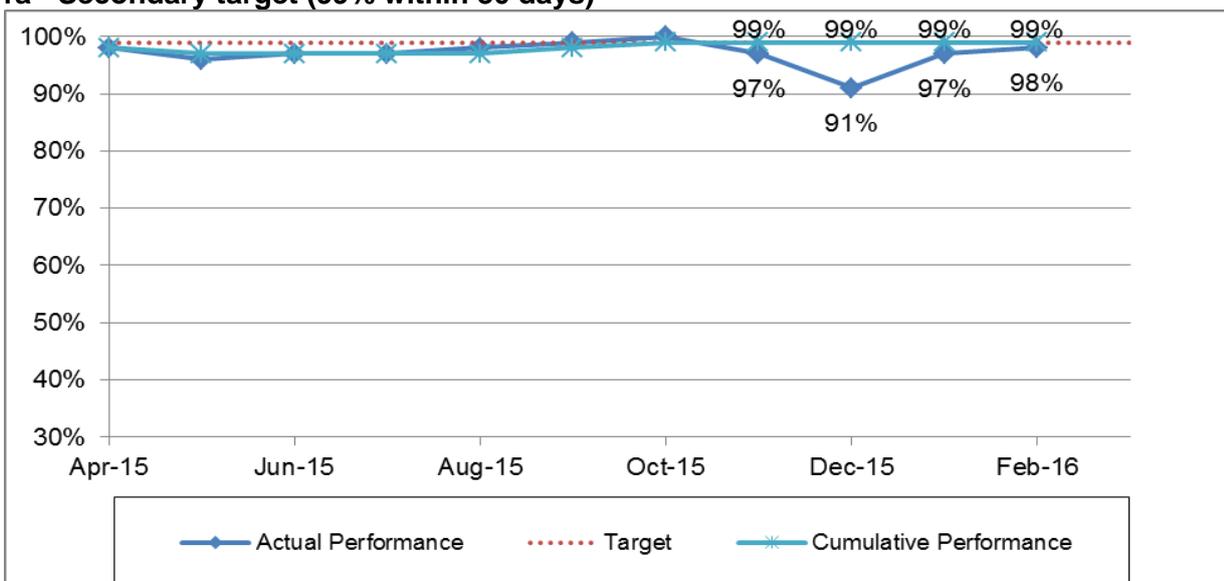
<b>KPI 1a - Percentage of UK initial registration applications completed within a set time</b>								
<b>Strategic priority 1: Effective regulation</b>								
<b>Rationale</b>	The KPI measures NMC assessment time for UK initial applications.							
<b>Definition</b>	This KPI will measure the time elapsed between receipt by the NMC of a new complete UK application and when the applicant joins the register or is notified of refusal.							
	<b>December 2015</b>		<b>January 2016</b>		<b>February 2016</b>		<b>Year to date</b>	<b>Year end target</b>
	<b>No. of apps within KPI</b>	<b>As a %</b>	<b>No. of apps within KPI</b>	<b>As a %</b>	<b>No. of apps within KPI</b>	<b>As a %</b>		
Primary figures/target	577	90%	427	92.8%	776	96.3%	97.2% (Green)	95% within 10 days
Secondary figures/target	584	91.1%	444	96.5%	787	97.6%	98.6% (Amber)	99% within 30 days
<p><i>Number:</i> Number of applications completed within the KPI target  <i>As a %:</i> That number expressed as a proportion of the total for the month  <i>Year to date average:</i> The cumulative average from April 2015  <i>RAG:</i> Year to date average vs. year end average target</p> <p><b>Red/Amber/Green rating (primary target):</b>  Green = figure matches or is higher than the target figure of 95%.  Amber = figure is between 90 and 94%.  Red = figure is 89% or lower.</p> <p><b>Red/Amber/Green rating (secondary target):</b>  Green = figure matches or is higher than the target figure of 99%.  Amber = figure is between 94 and 98%.  Red = figure is 93% or lower.</p>								

### Graphical information and commentary:

#### KPI 1a - Primary target (95% within 10 days)



#### KPI 1a - Secondary target (99% within 30 days)



#### January 2016

We processed a total of 460 UK initial registrations of which 92.8% were completed within 10 days.

A total of 96.5% of applications were completed within the secondary target of 30 days. In 3.5% of cases (16 cases) it took over 30 days to obtain and process the required information. These relate to applications where further information was requested from individuals, or expert reports were called for in connection with declarations of cautions/convictions.

#### February 2016

We processed a total of 806 UK initial registrations of which 96.3% were completed within 10 days.

A total of 97.6% of applications were completed within the secondary target of 30 days. The other 2.4% (20 cases) took over 30 days to complete, for the same reasons outlined above.

## KPI 1b - Percentage of EU/overseas registration applications assessed within 70 days

**Strategic priority 1: Effective regulation**

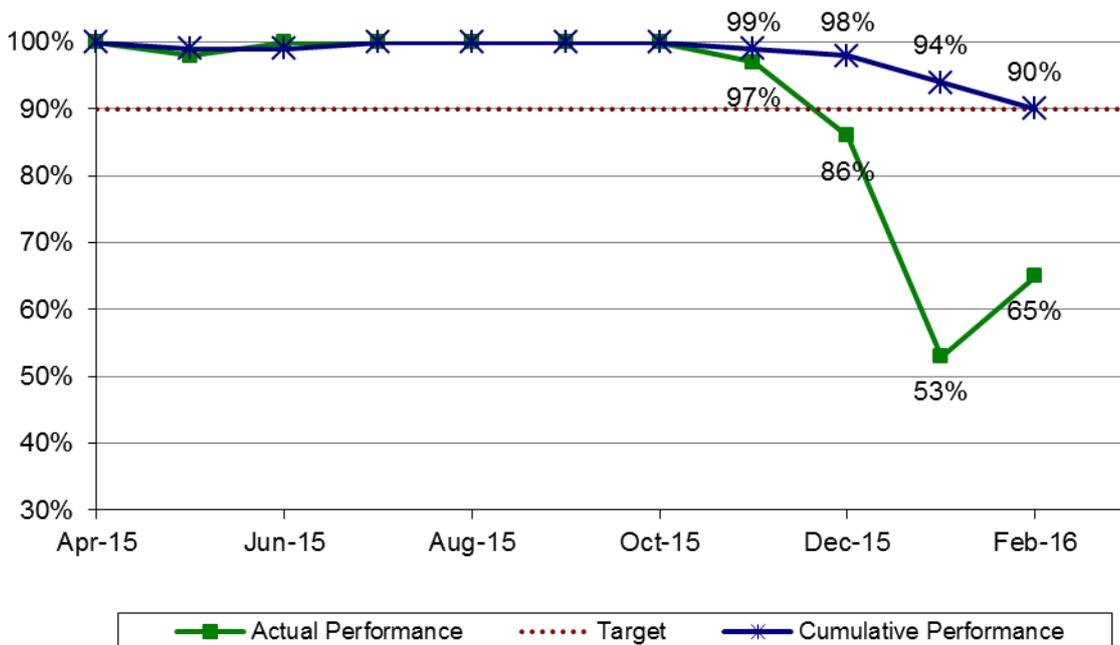
<b>Rationale</b>	The KPI measures the time taken to assess EU/overseas applications
<b>Definition</b>	<p>This is the percentage of EU/overseas applications which are assessed within 70 days of receipt.</p> <p>This KPI will measure the time elapsed between receipt by the NMC of a complete international (EU and non-EU) application and when an assessment decision is issued on that application. Applications submitted with invalid documents will be reassessed when requested corrected documents are received; the KPI will measure the time elapsed between receipt of required information and each new assessment decision.</p>

December 2015		January 2016		February 2016		Year to date	Year end target
Number	As a %	Number	As a %	Number	As a %		
1340	86.3%	929	53.4%	1706	64.8%	90.2% (Green)	90%

*Number:* Number of assessments within the KPI target  
*As a %:* That number expressed as a proportion of the total assessments for the month  
*Year to date average:* The cumulative average from April 2015  
*RAG:* Year to date average vs. year end average target

**Red/Amber/Green rating:**  
 Green = figure matches or is higher than the target figure of 90%.  
 Amber = figure is between 85 and 89%.  
 Red = figure is 84% or lower.

### Graphical information and commentary:



#### January 2016

We carried out 1,739 international registration assessments, with 53.4% completed within 70 days.

#### February 2016

We carried out 2,634 international registration assessments, with 64.8% completed within 70 days.

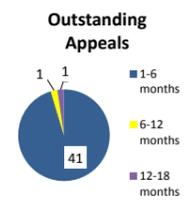
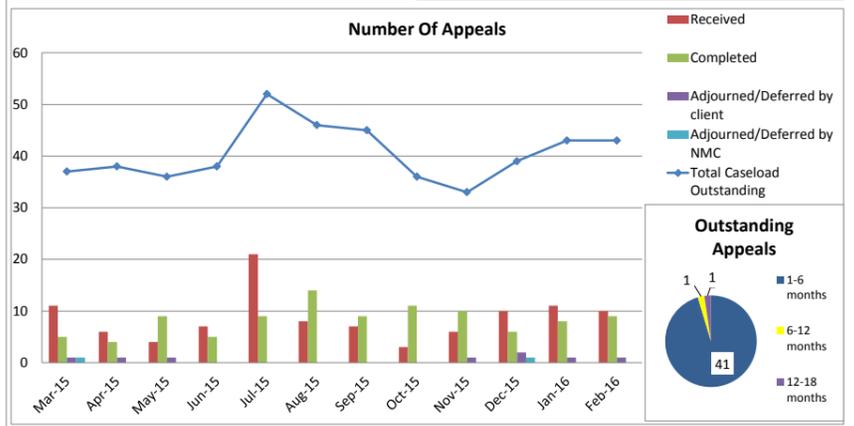
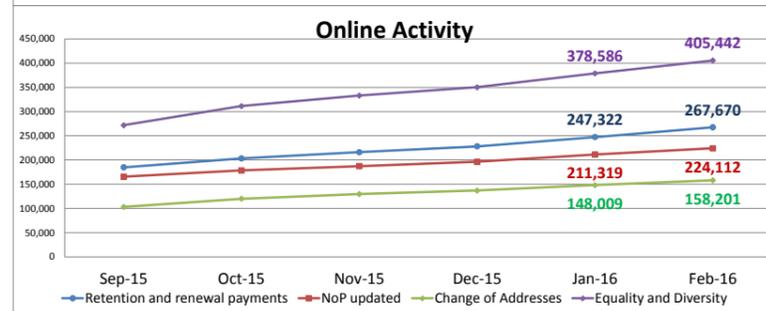
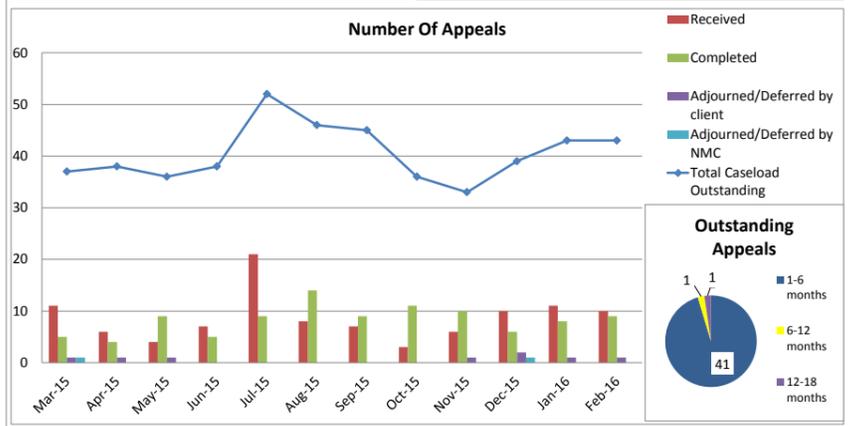
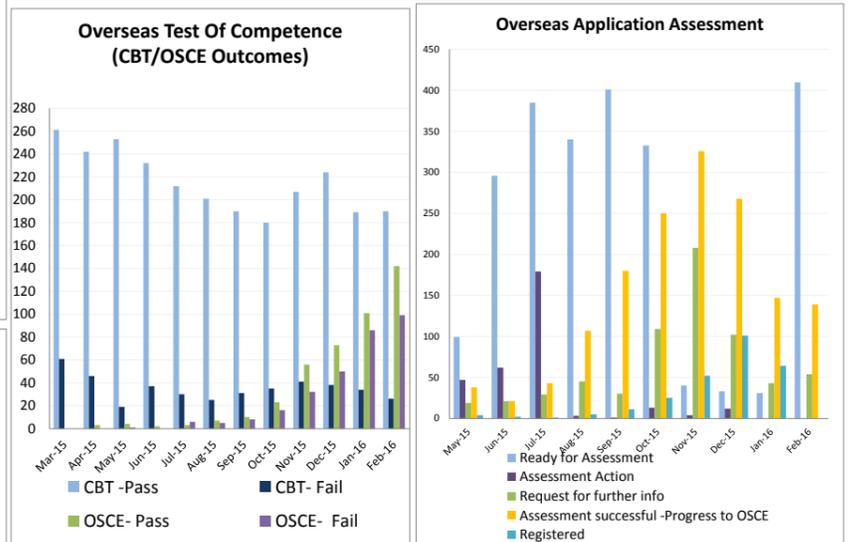
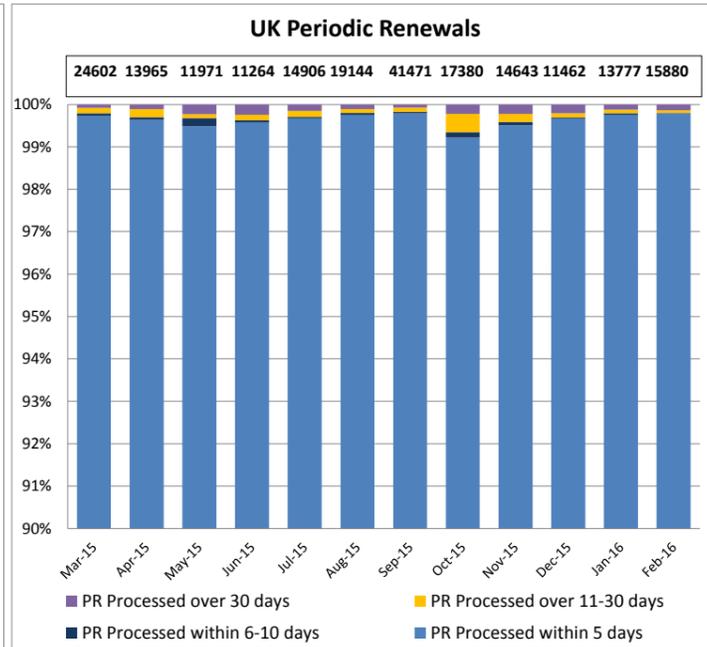
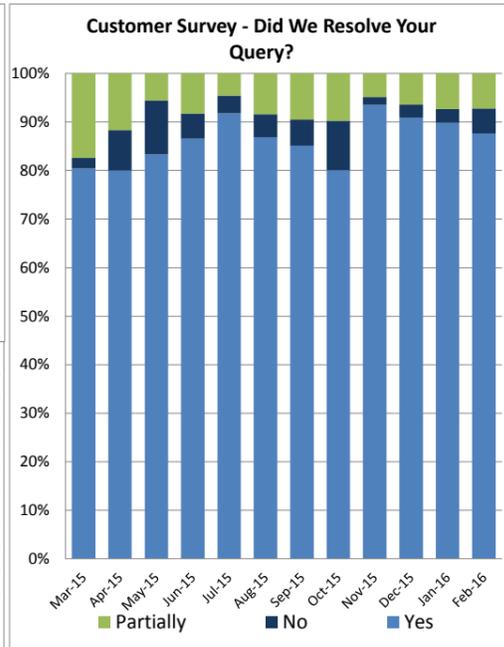
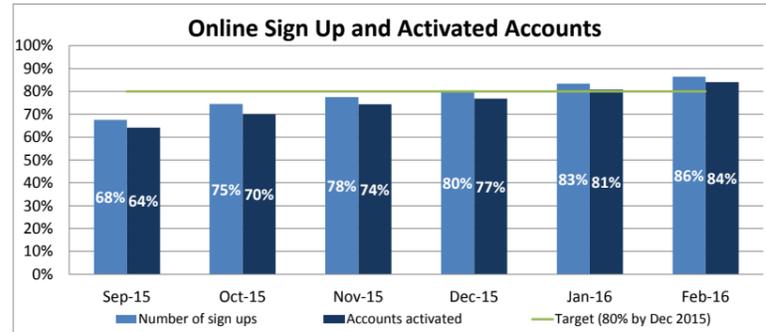
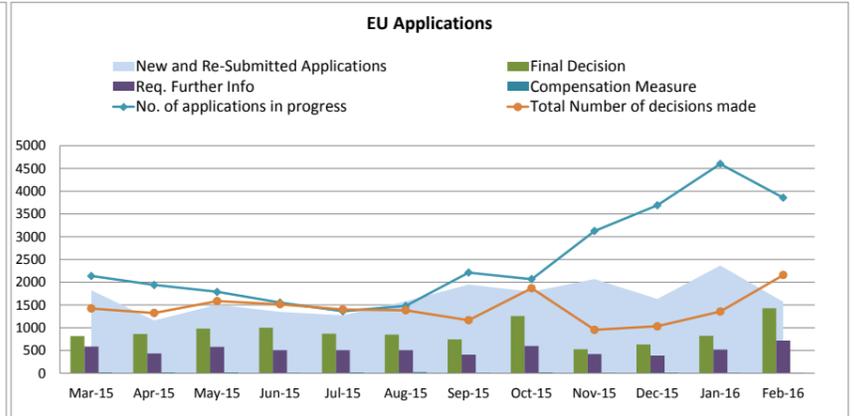
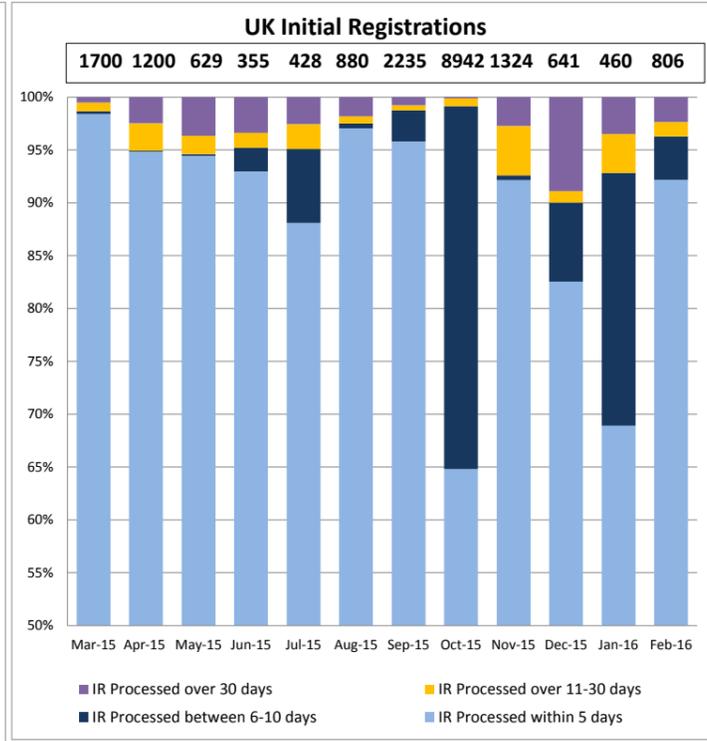
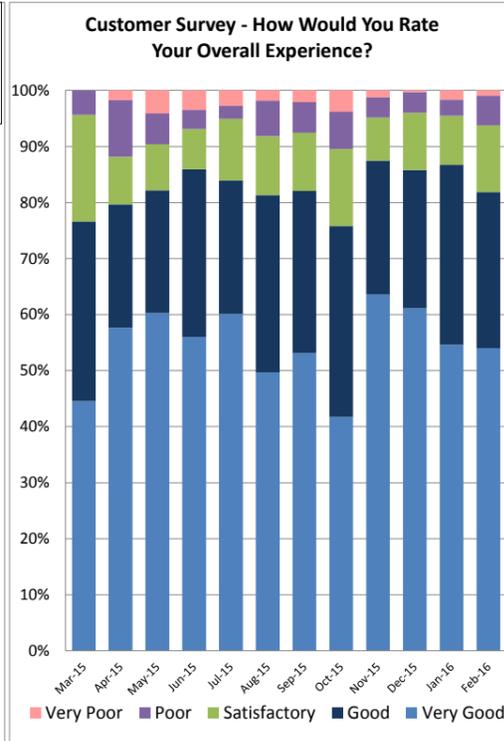
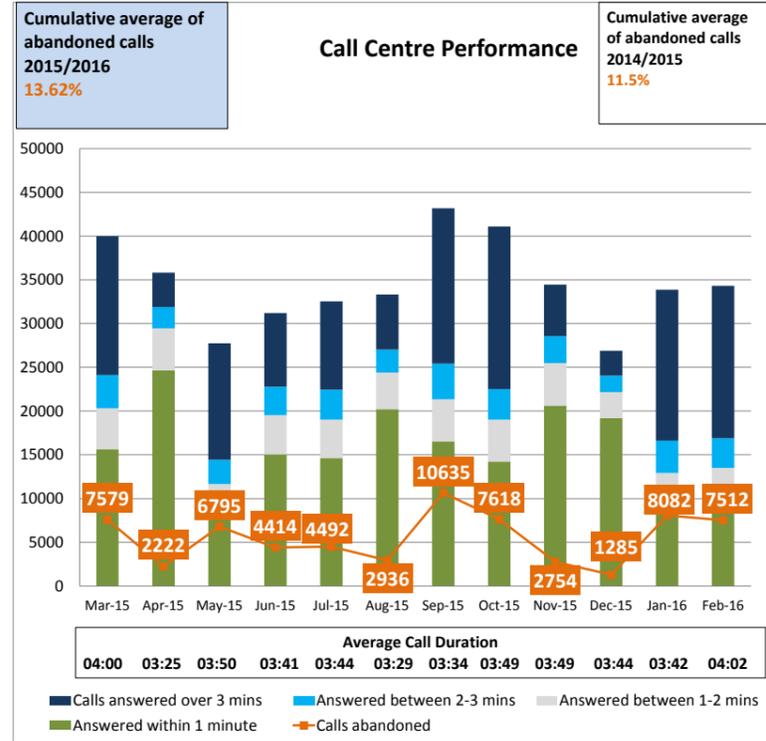
The dip in KPI performance is a result of the increase in applications we are receiving from EU applicants attempting to apply prior to the introduction of MRPQ language controls and also the impact of maintenance issues at our 23 Portland Place office resulting in the temporary relocation of Registration teams. Applications increased from an average of 700 a month in 2015 to actual receipts of 1,977 and 1,029 in January and February 2016 respectively. We are now working through the volume and have reduced the queue by 16% during February. With additional focus and resource in this area we forecast a return to 90% within 68 days by 30 April 2016 (the proposed KPI target for 2016–2017 is 68 days).

The table below sets out the numbers of EU applications awaiting assessment and their relative ages:

EU pending applications - 14 March 2016

0-1 month:	1258
1-2 months:	1720
2-3 months:	372
3-4 months:	11
Total:	3361







## **Fitness to Practise performance and risk update**

### **Performance overview**

This overview summarises key developments and performance in the Fitness to Practise (FtP) directorate and includes the FtP Key Performance Indicators (KPIs).

### **Early engagement event**

- 1 In January a joint working event was held between the NMC and the four largest representative bodies; RCN, RCM, Unite and Unison. The theme of the event was to promote early engagement in fitness to practise cases. Around 60 attendees, including NMC staff, worked together through a series of case studies designed to encourage discussion and obtain a greater understanding of each other's experiences at each stage of the fitness to practise process. The event was well received with positive feedback from NMC staff and representatives from the four user groups. Plans are being made to build on the success of this event by holding more events on different themes.

### **Corporate risk update – please refer to corporate risk register at Annexe 2**

- 2 CR17 *Systemic failure of one of our regulatory functions*:- an FtP planned action for this risk has been updated in relation to improving our case management system and data integrity.
- 3 CR19 *Operational use of intelligence* has been updated in relation to the progression of our risk intelligence work. Directors and assistant directors held discussions during February and outcomes are feeding into the development of a project plan.

## KPI 2 – Percentage of interim orders (IO) imposed within 28 days of opening the case

### Strategic priority 1: Effective regulation

<b>Rationale</b>	A measurement of how quickly we protect the public in the most serious cases by applying restrictions to a nurse or midwife's practice.			
<b>Definition</b>	Percentage of interim orders imposed within 28 days of opening the case. The measure will use the cumulative number of interim orders imposed over a rolling 12 month period. Our target is to exceed 80% every month.  Definition of the start and end points of the measure - The period starts on the day that a case is logged on the case management system and the day that an interim order is imposed is the end of the measurement period.  Cases which do not have an order imposed are not counted towards this measure.			
<b>Historical figure (also March 2015)</b> Average for 2014–15	<b>December 2015</b>	<b>January 2016</b>	<b>February 2016</b>	<b>Year end average target</b>
92%	88%	88%	89% (Green)	80%

Each monthly figure is based on numbers for a rolling 12 month period, thus presenting a longer term trend.  
RAG rating: February figure vs Year end average target.

#### Red/Amber/Green rating

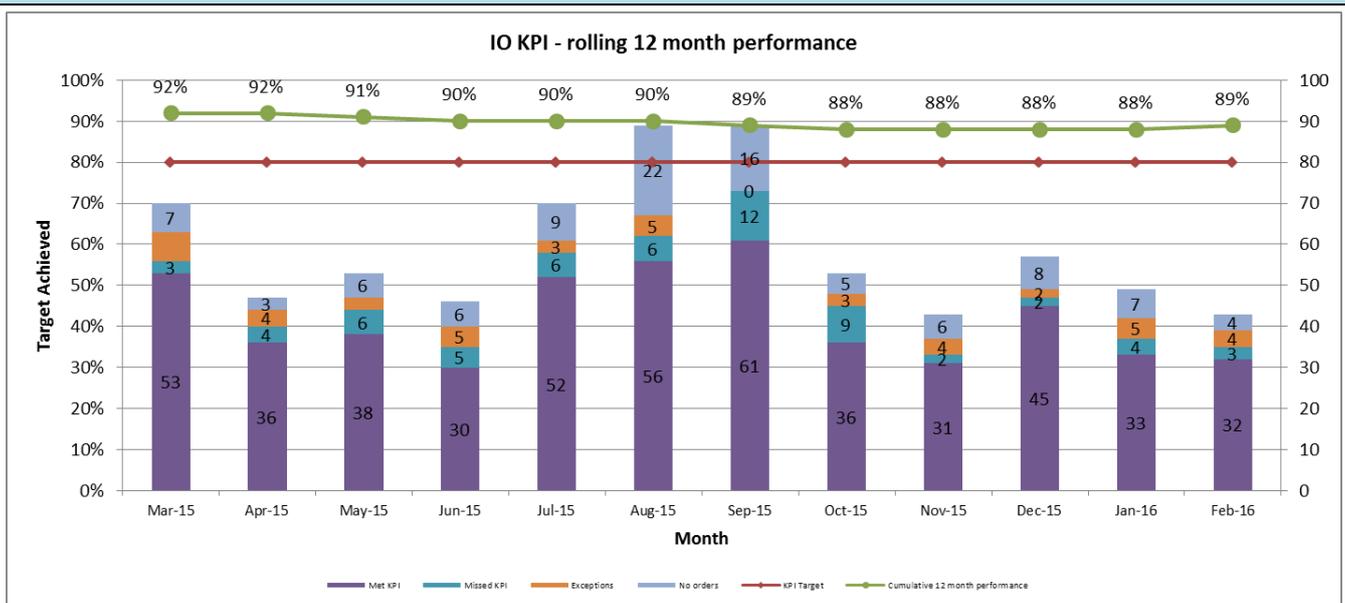
Based on 10% variance threshold:

Green = figure matches or is higher than the target figure

Amber = figure is between 70-79%

Red = figure is 69% or lower

#### Graphical information and commentary:



Performance in February increased slightly and remains above the target at 89%. Thirty five new interim orders were imposed in February with a 9% no order rate. There were three cases that did not meet the 28 day KPI.

## KPI 3 - Proportion of FtP cases concluded within 15 months of being opened

### Strategic priority 1: Effective regulation

**Rationale** Measures timeliness of the end to end FtP process.

**Definition** This is the proportion of FtP cases which are concluded within 15 months of being opened.

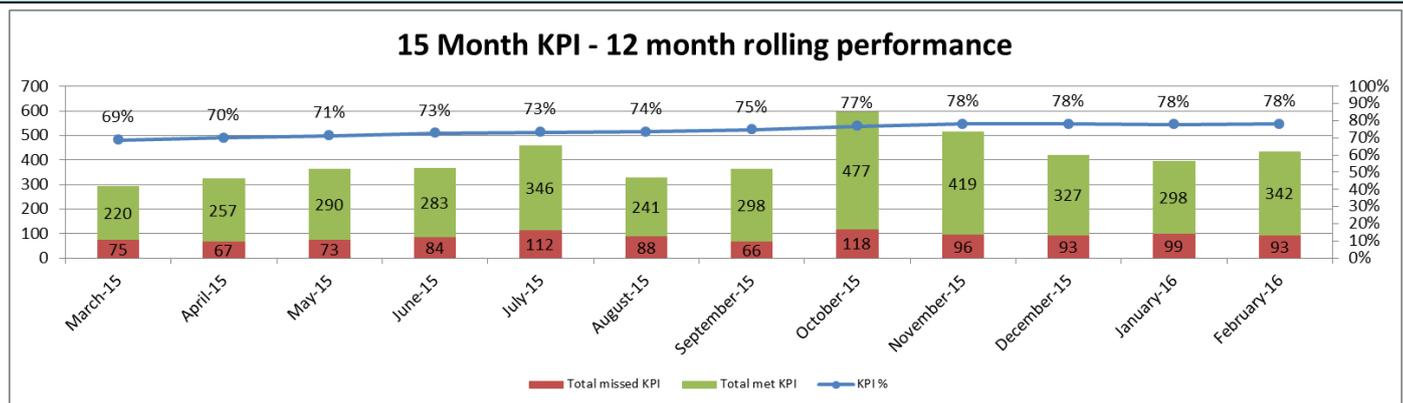
By concluded, the case has either been:

1. Investigated at Screening and closed
2. Closed no case to answer by Investigating Committee or case examiners
3. Closed by voluntary removal
4. Concluded at an adjudication hearing or meeting
5. Cases where a registrant has lapsed or cannot be identified are *not* included.

Historical figure (March 2015) Average for 2014–15	December 2015	January 2016	February 2016	Expected minimum performance*
69%	78%	78%	78%	65%

\*Performance for the upcoming months is expected to match or be higher than 65% each month. This is not a formal target and there is no RAG rating.

### Graphical information and commentary:

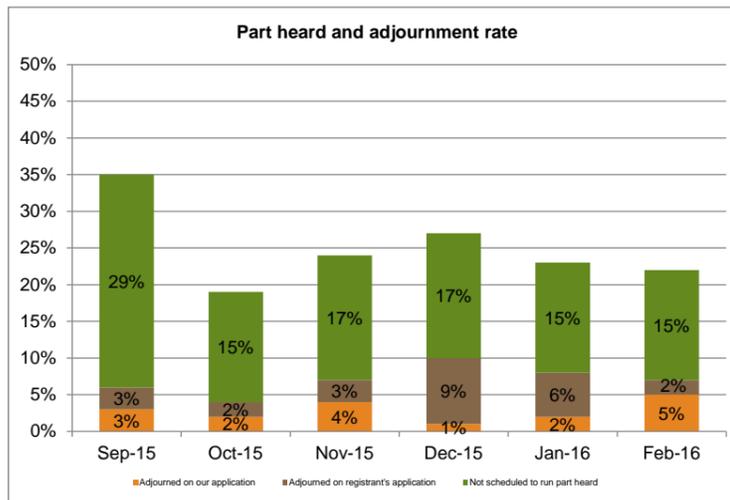
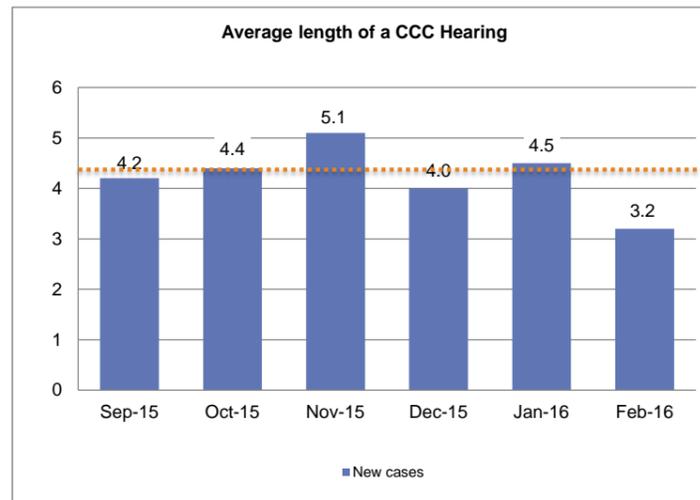
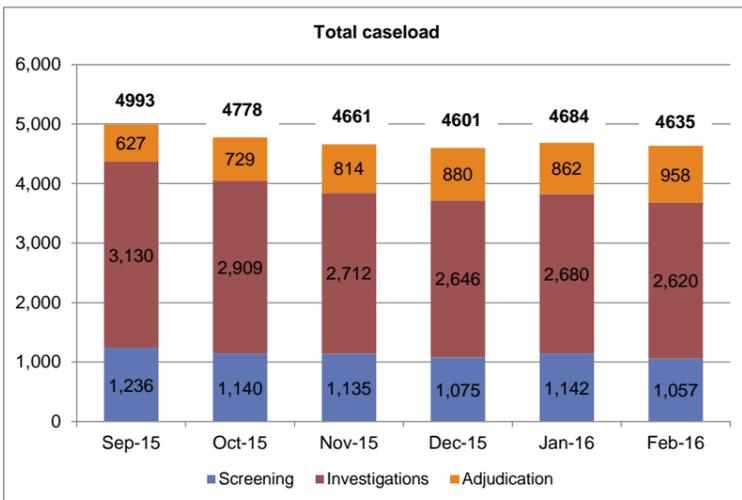
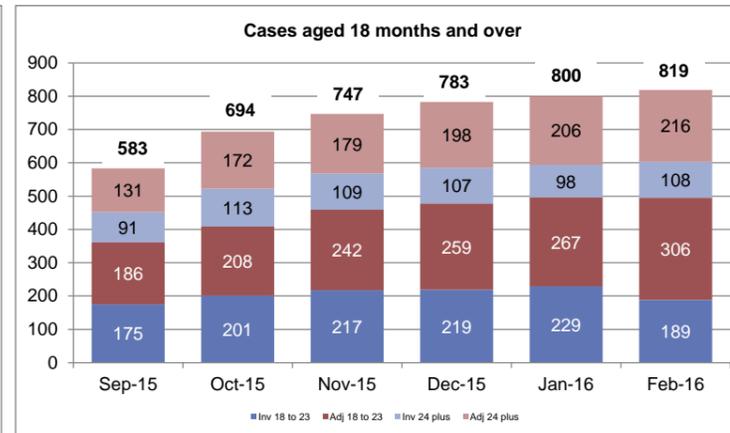
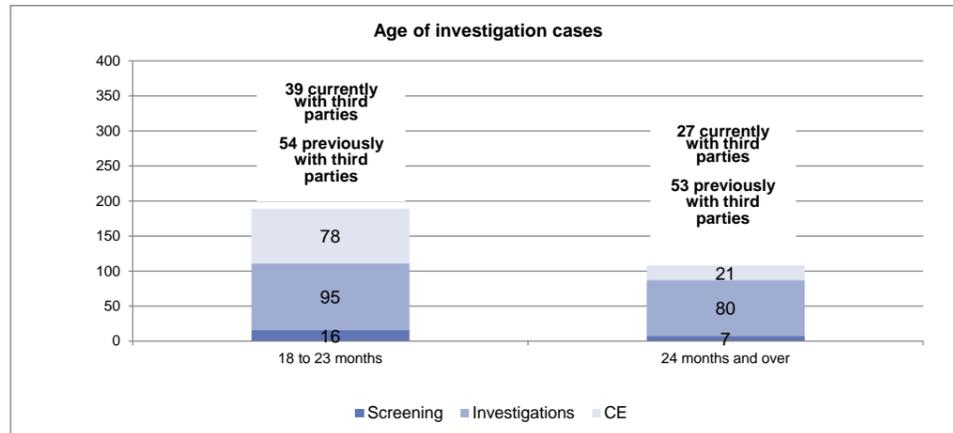
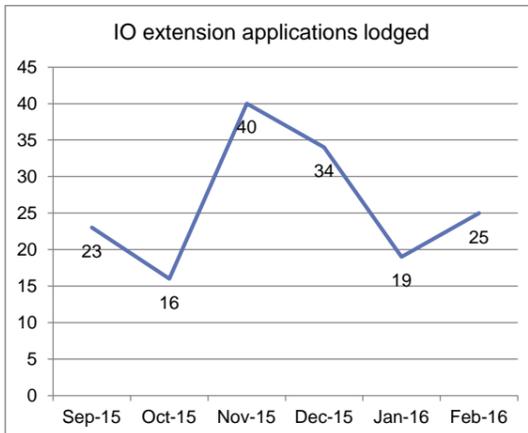
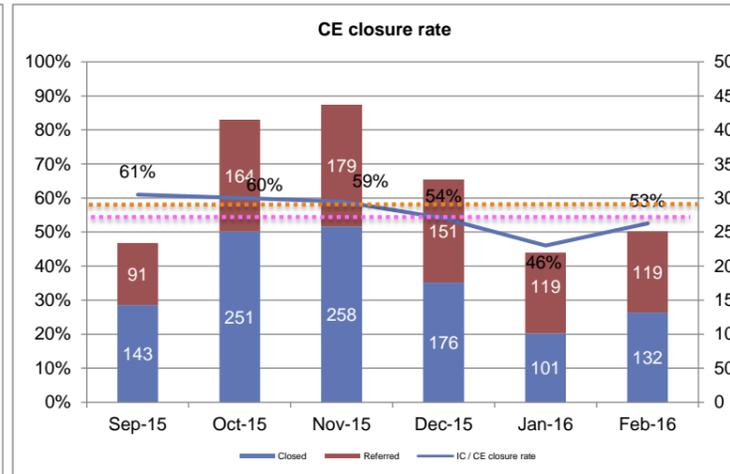
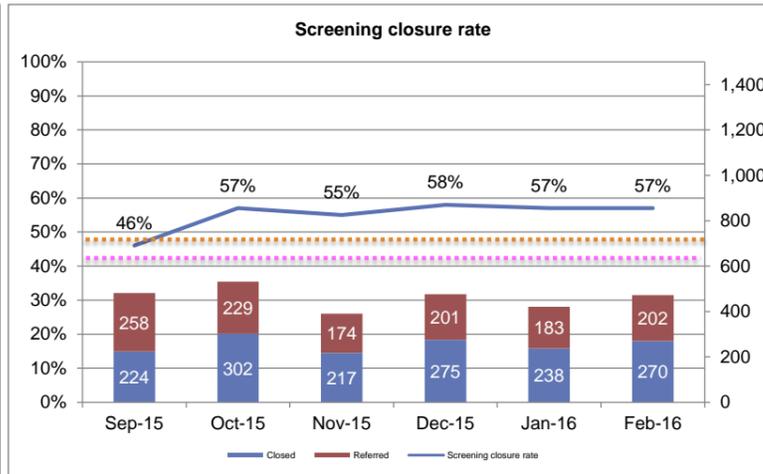
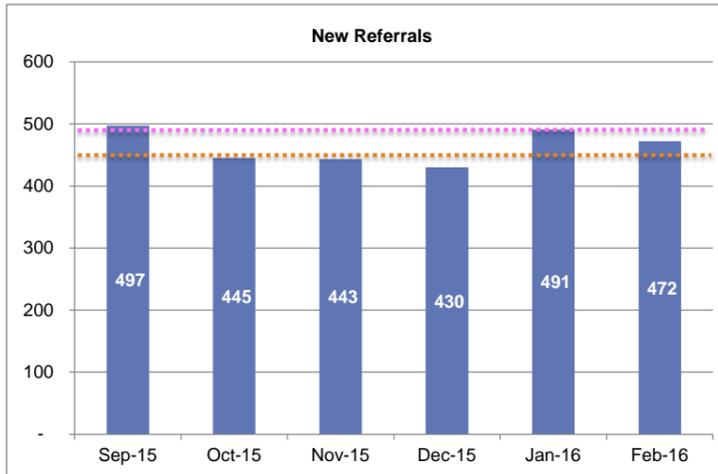


Performance in February remained at 78%, similar to the previous quarter's performance. Over four hundred cases were closed, which was an increase from the previous month.



## FtP Performance for September 2015 to February 2016

12 month average  
 2015/16 planning assumption





## Continued Practice performance and risk update

### Performance overview

This overview summarises recent operational developments in the area of education policy.

### Education requirements in EU Directive 2005/36/EC on the recognition of professional qualifications (the Directive)<sup>1</sup>

- 1 The EU minimum requirements for the training of nurses responsible for general care (adult nurses in the UK) and midwives have changed. Our NMC standards already comply, so no changes are required. We have updated information regarding the Directive requirements and have written to all NMC approved institutions.

### EU engagement

- 2 The Director of Continued Practice and members of the senior team participated in the following EU engagement events in February and March 2016, which offered opportunities to share our experience with revalidation and exchange good practice on education:
  - 2.1 A European Commission workshop in Brussels on continuing professional development for healthcare professionals, attended by governments, regulators, professional bodies and academics from over 30 countries.
  - 2.2 An international conference organised by the Royal College of Surgeons in Ireland on continuing competence in nursing and midwifery, bringing together regulators, researchers and experts from 16 countries across the world.
  - 2.3 A meeting in Dublin focusing on the training for general care nurses in the EU. The European Commission will begin work later in 2016 seeking a joint approach from EU member states on minimum training standards and competencies for nurses.

### Corporate risk update – please refer to corporate risk register at Annexe 2

- 3 Corporate risk CR17 *Systemic failure of our regulatory functions* and CR18 *Failure to develop our regulatory functions to meet changing public protection needs* both remain amber. Ownership of the two corporate revalidation risks CR13 A and CR13 B has been transferred to Registration to reflect the transition from the developmental phase to operations.

<sup>1</sup> As amended by Directive 2013/55/EU of the European Parliament and of the Council

## **Estates, Finance and Procurement performance and risk update**

### **Performance overview**

This overview summarises recent operational developments and performance in the Estates, Finance and Procurement directorate.

### **Finance and Procurement improvement**

- 1 Strengthening of financial control and management capability continues in line with the finance improvement programme. A Finance Improvement Manager has joined the team and further resource to focus on planning and analysis is scheduled to be recruited in March.
- 2 Regular reports have been provided to the Audit Committee on the finance improvement programme.

### **Corporate risk update – please refer to corporate risk register at Annexe 2**

- 3 The two relevant corporate risks, CR21 *Use of resources and sustainability* and CR23 *Business interruption* have been updated. Both risks remain amber and continue to be managed.

## KPI 4 – Available free reserves

### Strategic priority 4: An effective organisation

<b>Rationale</b>	<p>The NMC's budget and financial strategy is predicated on a restoration of available free reserves to a minimum target level of £10m by January 2016, meeting the target as agreed with the Department of Health as a condition of the grant received in 2013.</p> <p>Thereafter the Council agreed target for available free reserves is that they remain between £10 million and £25 million.</p> <p>This KPI measures our performance against this target.</p>
------------------	---

<b>Definition</b>	The level of available free reserves at month end compared with budgeted available free reserves at that month end.
-------------------	---

2014–15 year end (March 2015)	December 2015	January 2016	February 2016	February 2016 budget	Year end (March 2016) current forecast	Year end (March 2016) target
£11.8m	£20.4m	£21.4m	£21.9m *	£14.6m	£ 21.8m ** (Green)	£14.5m ***

Available free reserves are derived by taking into account revenue expenditure, capital expenditure, movements in working capital and the pension deficit.

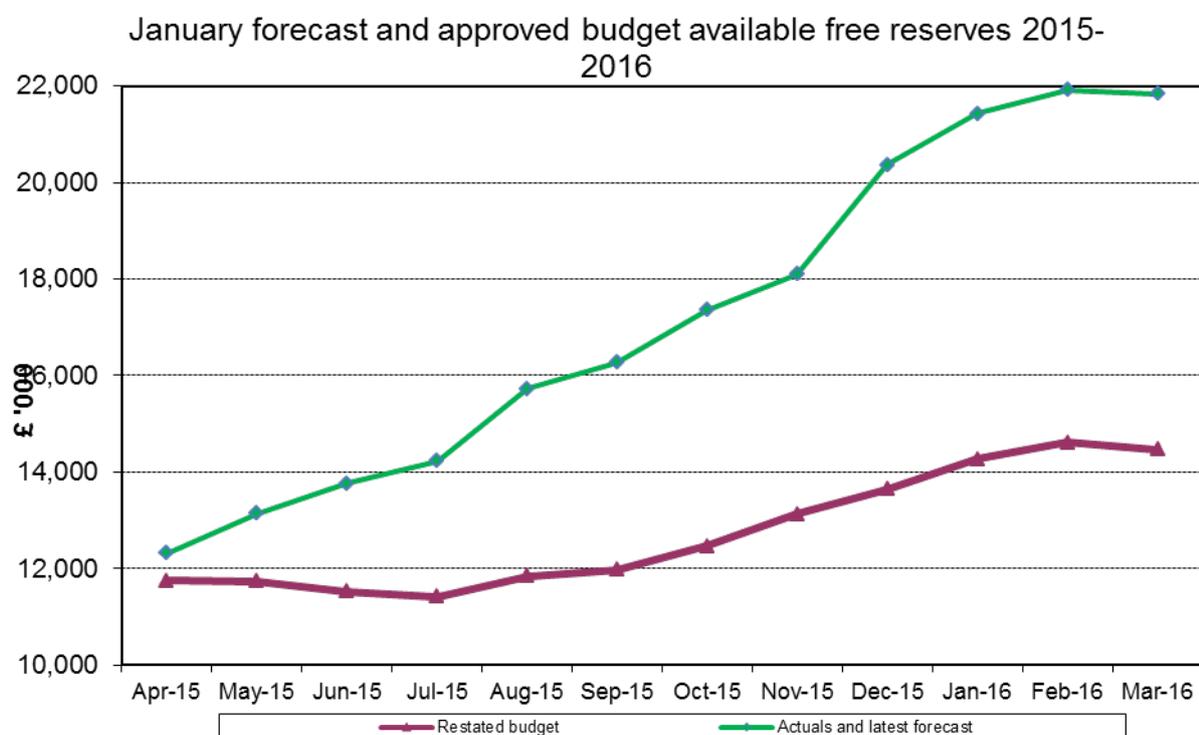
*RAG rating:* Year end forecast vs Year end target

\* This is the January forecast figure for February. February information not available at time of writing.

\*\* As adjusted for restatement of opening balance sheet. This is the January forecast figure.

\*\*\* As adjusted for restatement of opening balance sheet.

### Graphical information and commentary:



Further information is contained in the Financial Monitoring report on the Council agenda. We have met the Department of Health's target which was a condition of the grant we received in 2013.



## Technology Business Services performance and risk update

### Performance overview

This overview summarises recent developments and performance in the Technology Business Services (TBS) directorate.

We continue to make good progress against both our improvement activities and portfolio of business priorities.

### IT Improvement

- 1 We have successfully completed a number of work streams, including Infrastructure, Disaster Recovery, Strategy and Architecture, Financial Management and Communications and Engagement.
- 2 We now have a full disaster recovery solution in place and have successfully tested 100 percent of services.

### IT Portfolio

- 3 We have delivered the essential requirements to support our in-year priorities. A second phase of work on these is being progressed and being reported against. The IT dashboard provides further details.

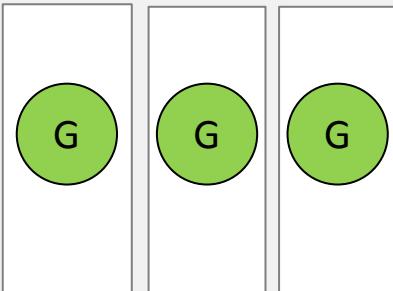
### Corporate risk update – please refer to corporate risk register at Annexe 2

- 4 Both relevant corporate risks have been reviewed and updated in accordance with the latest developments. CR12 *ICT business systems* remains amber and CR24 *Information management and governance* remains red.



Executive Summary

Progress Risk Control



The procurement for ICT Infrastructure (datacentre) services is on track to enable the handover to the new provider by October 2016

Recruitment to the permanent structure continues but we are remaining at 30% interims. We are working closely with HR to recruit to the remaining vacant roles

Our Internal Auditors have commenced the Phase 2 review of the IT Improvement Programme

Workstream Dashboard - Summary

<b>WS 1: Portfolio Process</b>		Plan underway to realign delivery resources and procure a Resource Management System.
<b>WS 2a: Service Management</b>		This will be completed by the end of March.
<b>WS 2b: Infrastructure Resilience</b>		Completed
<b>WS 2c: Commercial</b>		Issues hiring a permanent Contracts Manager for TBS have meant we are still retaining a contractor in this post..
<b>WS3: Disaster recovery</b>		100% of key services running in DR environment.
<b>WS4: Strategy and Architecture</b>		Completed
<b>WS 5: Financial Management</b>		Completed
<b>WS 6: Comms &amp; Engagement</b>		Completed
<b>WS 7: Business Transformation</b>		Implementing the permanent structure will move into BAU and other activities around applications into Transformation.
<b>WS 8: Information Security</b>		Penetration test follow up activities underway and likely to run until end May 2016.

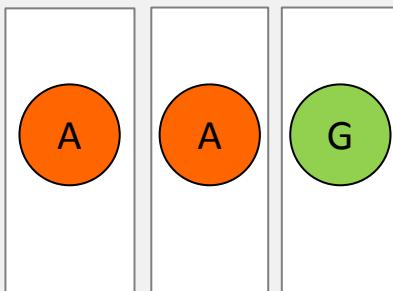
Output Plan for Next Reporting Period

Ongoing recruitment to the rest of the permanent structure  
Internal Auditors completion of the phase 2 review of the IT Improvement Programme.  
Datacentre transition underway  
IT Improvement plan close out report

IT Portfolio Summary

Executive Summary

Progress Risk Control



A resource management tool is being procured to assist in managing our resources across a diverse portfolio more effectively

Close monitoring of the revalidation system usage and behaviours

Project Dashboard - Summary

<b>Revalidation phase 2</b>		Phase 1 delivered Jan 2016. Phase 2 early Q2 2016.
<b>Payments by Instalment</b>		On target for end of May.
<b>MRPQ phase 2</b>		Phase 1 delivered Jan 2016. Phase 2 to be completed by mid April 2016.
<b>CMS 4.2 (FtP system)</b>		4.1 delivered. 4.2 being developed for delivery early June 2016.
<b>Commidea (credit card payment system)</b>		Delivery due 14 March 2016.

Output Plan for Next Reporting Period

Resource management tool implemented  
EU Directive (MRPQ) phase 2 live  
Reallocation of resource against Corporate Plan priorities for coming year



## **Human Resources and Organisational Development performance and risk update**

### **Performance overview**

This overview summarises recent operational developments and performance in the Human Resources and Organisational Development (HR and OD) directorate.

- 1 The recruitment campaign continues for director posts in the senior leadership structure that will take effect on 1 April 2016. Interviews are scheduled during March and April, with the key objective of populating the structure and replacing interim resources in the shortest possible time.
- 2 We are currently running with a high vacancy rate due to a combination of staff turnover and creation of new posts required for delivery of 2016/17 business plan commitments across several directorates. This is being kept under close review by the Executive team; recruitment activity is prioritised and phased to enable the most critical vacancies to be filled as quickly as possible and with the overall objective of reducing our reliance on temporary staff and recruiting and developing a permanent workforce.

### **Corporate risk update – please refer to corporate risk register at Annexe 2**

- 3 No change. Corporate risk CR22 around staff capacity and capability now and in the future is rated amber.

## KPI 5 – Staff turnover rate

### Strategic priority 4: An effective organisation

**Rationale** The level of staff turnover is consistently high and represents a recognised risk to organisational effectiveness.

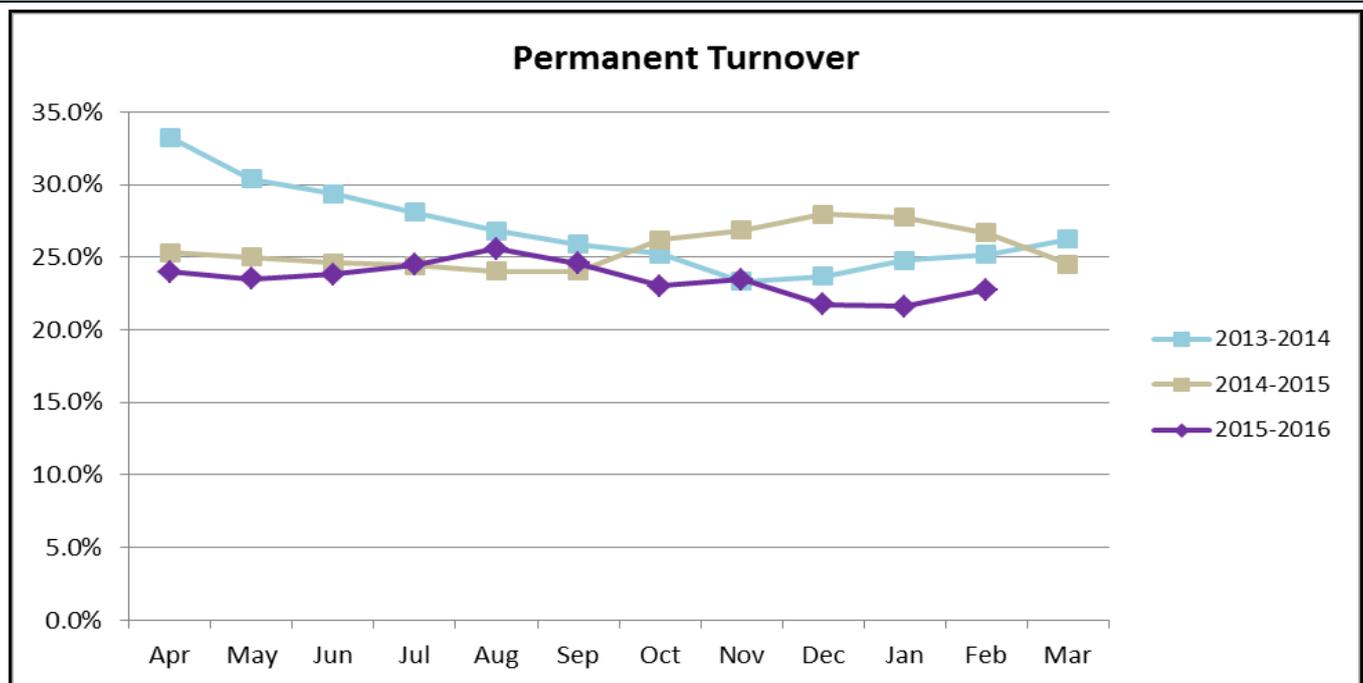
**Definition** 
$$\frac{\text{Sum of permanent leavers in past 12 months (X)}}{\text{Average number of permanent staff in post in last 12 months (Y)}}$$

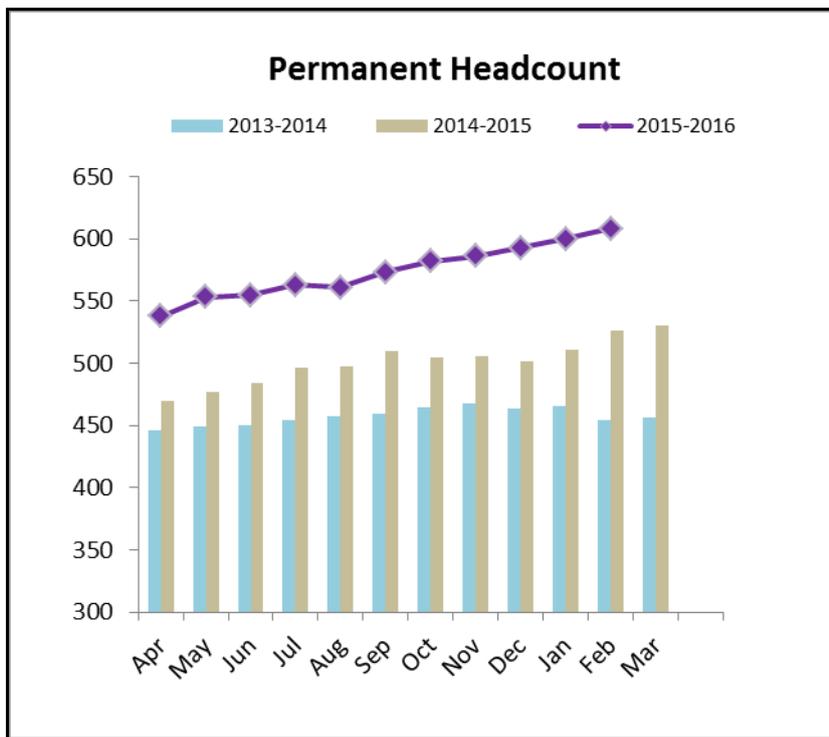
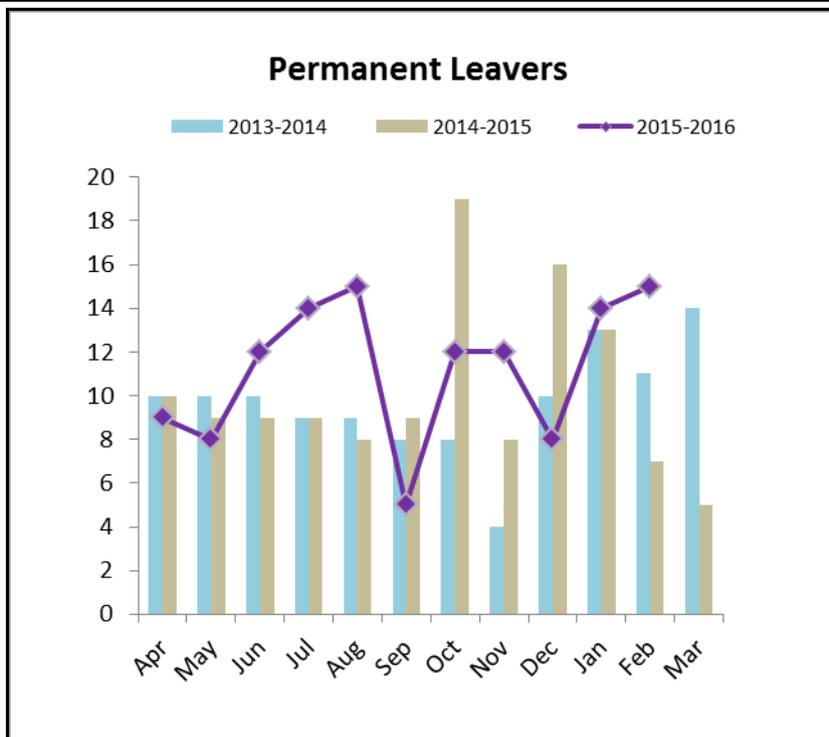
2014–15 year end spot figure (March 2015)	November 2015	December 2015	January 2016	February 2016
---	---------------	---------------	--------------	---------------

24.5%	23.5%	21.7%	21.6%	22.8%
-------	-------	-------	-------	-------

No target has been set for 2015–16 and no forecast reported. It would be difficult to set a meaningful target due to unpredictability over the size of the permanent workforce over the year, due to a high period of growth. Instead, performance will be monitored and will include reference to longer historic trends.

### Graphical information and commentary:





The permanent headcount continues to increase, rising by eight employees in February. The permanent headcount at the end of February was 608.

Turnover in February increased by 1.2% compared to January. Of the 15 permanent leavers in February, 14 were resignations and one was a dismissal. There was no common theme to the reasons for leaving, which included mutual agreement, performance management and moving away.







No.	Date of origin	Risk Scenario			Inherent risk scoring			Mitigation in place / Planned action	Post-mitigation scoring			Risk Owner (and Mitigation Owner)	Dates updated	Status (open / closed plus whether on track / not on track to reduce scoring)	Direction (of risk score)
		Root cause(s)	Potential situation	Consequences	Likelihood	Impact	Score		Likelihood	Impact	Score				
CR18	Jul-15	<b>Failure to develop our regulatory functions to meet changing public protection needs</b>						<b>Mitigation in place:</b> 1. Our corporate strategy and corporate plan articulate the changes we need to make. 2. Strategic development programme structure is in place overseen by Strategy and Policy Board. 3. A Future FtP Steering Group has been established to bring a more focused and consistent approach to change initiatives and optimisation of end-to-end process.  <b>Planned action:</b> 1. Programmes have been set up as part of 2015/16 plan to take forward the following: - Pursuing legislative change (ongoing). - Legislative change to provide clarity on our role in midwifery regulation. 2. Programme to begin in April 2016 to focus on future nurses providing clarity on outcomes and competencies. 3. Impact assessment of midwifery regulation review in terms of operations within the NMC and ongoing engagement with the sector.				Chief Executive (relevant directors)	23.10.2015 - risk updated. 13.11.2015 - planned actions with regard to education key dates have been updated. 21.12.2015 - Planned actions updated by CP directorate 30.12.2015 - Risk scenario updated.	Open - corporate risk  The most effective mitigation will be limited without legislative change so this risk may stay at amber for some time.	↔
Cross ref:		Changing external environment and demands. Changing nature of practice and workforce. Public have greater access to data and information and expectations of registrants are changing. Our current legislative framework is outdated and limits our ability to adapt and improve the effectiveness of our processes.	We fail to be flexible and adapt to changing needs to deliver public protection in the future. This will affect the regulation of both nurses and midwives in a changing landscape.	Our regulatory functions fall behind modern-day needs and do not deliver appropriate public protection.  Our functions do not respond effectively to changes affecting the regulation of both nurses and midwives.	4	4	16		3	4	12				
CR13 A	May-13 (previously risk CR3/CP1. Date of origin: May 13)	<b>Revalidation - model delivery</b>						<b>Mitigation in place:</b> (1-3) Close working with the Department of Health in England around revalidation priorities and future legislation (if/as required following phase one). Close working relations with all four UK governments and four-country programme boards around readiness and delivery. (1-3) Final standards, guidance and supporting communications material published. (3) Clear programme governance structure and resources in place. (2-3) Communication and engagement plan in place. (1, 3) Extensive ongoing stakeholder engagement activities across settings and four countries including specialist stakeholder groups. (3) Piloting of the model completed and evaluated. (2,3) Independent review of NMC readiness assessment by internal auditors. (3) Daily monitoring of operations and call centre queries in place - enabling changes to communications and guidance for registrants. Recruitment of Revalidation Transition Lead (Feb 2016) to lead on the transition from programme to BAU - ensuring operational delivery.  <b>Planned action:</b> (2) Communication and engagement programme ongoing (October 2015 onwards). (3) Continuous close working with four programme boards across the UK focusing on implementation and monitoring.				Director, Registration	Risks updated 17.08.2015 to distinguish between delivery of revalidation model and regulatory effectiveness of the model. 26.10.15: Risk updated following 8 October decision. 30.12.15: Score has decreased to reflect the strength of mitigations. 19.02.16 - Risk Owner updated and other updates made following Performance & Resources Board on 7 Feb.	Open - Programme to be achieved in April 2016  Engagement activity has moved to focus on strategic partnership building. Stakeholder groups have been re-shaped to support programme's needs.	↔
Cross ref:		(1) Decrease/ loss of government and/ or four-country programme boards support. (2) Time and resource constraints around delivery. (3) Complexity of revalidation model delivery at four country level and across settings.	(1) Revalidation not delivered to set time/quality/ budget. (2) Inadequate preparations made to effectively support or comply with revalidation process due to lack of understanding or unaddressed resistance. (3) Inconsistent level of preparation and readiness.	(1) Revalidation is not delivered as planned. (2) Criticism by employers, registrants, other regulators, media etc. (1,3) Impact on public protection and credibility of NMC around delivery. (1-3) Public protection compromised. Negative impact on nurses and midwives, and employers.	4	4	16		2	4	8				



No.	Date of origin	Risk Scenario			Inherent risk scoring			Mitigation in place / Planned action	Post-mitigation scoring			Risk Owner (and Mitigation Owner)	Dates updated	Status (open / closed plus whether on track / not on track to reduce scoring)	Direction (of risk score)
		Root cause(s)	Potential situation	Consequences	Likelihood	Impact	Score		Likelihood	Impact	Score				
CR13 B	May-13  (previously risk CR3/CP1. Date of origin: May 13)	<b>Revalidation - regulatory impact</b>			4	4	16	<b>Mitigation in place:</b> (1) Agreed model to add more value than PREP through reflection on the Code and challenging professional isolation. (2) Agreed model with inherent flexibility for different scopes of practice. (3) Pilots tested in different settings and scopes of practice. (3) Pilots informed perceptions of benefits. (4) Final standards and guidance published.  <b>Planned action:</b> (1) Evaluation framework developed and ongoing monitoring built into the revalidation process (2) Communication and engagement plan implemented (October 2015 onwards). (3) Continuous close working with four programme boards across the UK (4) Strategic engagement with government, key stakeholders and accountability partners led by CEO and her senior team	3	4	12	Director, Registration	Risks updated 17.08.2015 to distinguish between delivery of revalidation model and regulatory effectiveness of the mode.  Update - all mitigations have influence on the risk score, however the communications products will provide the most effective mitigation when in place.  19.02.16 - Risk Owner updated following Performance & Resources Board on 7 Feb.	Open - Programme to be achieved in April 2016  Engagement activity has moved to focus on strategic partnership building. Stakeholder groups have been re-shaped to support programme's needs.	↔
		(1) Lack of buy-in from stakeholders and accountability authorities (PSA, HSC). (2) NMC revalidation model is developed within current legislative framework. (3) Inconsistent levels of buy-in across the system and register. (4) Stakeholders expectations / understanding of revalidation model are not accurate.	(1) Revalidation may not improve on existing PREP process. (2) Delivered model may fail to be applicable to all scopes of practice and nurses and midwives across four countries.	(1) Criticism drawn as PSA standards of good regulation, and expectations of HSC are not met. (2, 3, 4) Criticism /confusion from nurses and midwives and stakeholders. (2, 3, 4) Loss of nurses and midwives from the register. (2, 3, 4) Unable to effectively support/ engage with revalidation process. (4) Contributes to a loss of nurses and midwives from the register.											
CR25 / 1  Cross ref:	02.02.16	<b>Midwifery strategic communications risk: Communicating about the transition</b>			4	5	20	<b>Mitigation in place:</b> 1, 2, 3. Engagement at strategic level with key system partners across the four countries on transition arrangements (ongoing since 2015).  <b>Planned action:</b> 1, 2, 3. We will develop and implement a comprehensive communications plan to facilitate stakeholders' understanding of the changes (April 2016 - March 2017). 3. Development of new reference document setting out the revised midwifery framework (April 2016 to March 2017).	4	4	16	Director, Continued Practice	12/02/2016  24/02/2016 - risk was reviewed by the Midwifery Committee on 24 Feb as part of the midwifery legislative change risk register. It was subsequently escalated onto the corporate risk register as the risk is rated red.  09/03/2016 - actions updated following Midwifery Committee.	Open and actions on track.  <b>Newly added to corporate risk register.</b>	↔
		1. The sector needs to plan for the transition 2. There could potentially be confusion around key roles and responsibilities of the regulator, employers and the wider system 3. There is uncertainty in the midwifery community about the effect of the changes	We may fail to engage and communicate effectively with the sector about the changes	1,2. Transition is not effective 1,2,3 Public protection is undermined 1,2,3 Negative impact on service users											



No.	Date of origin	Risk Scenario			Inherent risk scoring			Mitigation in place / Planned action	Post-mitigation scoring			Risk Owner (and Mitigation Owner)	Dates updated	Status (open / closed plus whether on track / not on track to reduce scoring)	Direction (of risk score)
		Root cause(s)	Potential situation	Consequences	Likelihood	Impact	Score		Likelihood	Impact	Score				
<b>Strategic priority 2: Use of intelligence</b>															
CR19	July 2015 (previously risk CR15)	<b>Operational use of intelligence</b>													
Cross ref:		<p>Still building up stronger links with key stakeholders, for the sharing of information. Limited protocols in existence to share data.</p> <p>Our internal systems to enable visibility and sharing are still in development.</p> <p>The data we hold is not readily accessible. Historic data may be unreliable.</p>	<p>We fail to receive, act on or share information that may be relevant to public protection.</p> <p>Serious and high profile failures of care in settings. Higher expectations that regulators will work together.</p> <p>External expectations not met.</p>	<p>Failure to identify risk and/or mitigate harm.</p> <p>Serious high profile failures in care settings go undetected.</p> <p>Failure to initiate appropriate regulatory action in line with our duties and powers.</p>	4	4	16	<p><b>Mitigation in place:</b></p> <ol style="list-style-type: none"> <li>1. Corporate data and intelligence group established to review risk intelligence.</li> <li>2. Procedures in place for NMC attendance at risk summits and quality surveillance groups (England) where NHS England or CQC have identified an issue with nurses or midwifery. NMC in attendance at all NHS England regional quality surveillance groups.</li> <li>3. Memoranda of Understanding or operational protocols in place or in development with key agencies.</li> <li>4. Information sharing is currently taking place between Continued Practice and FtP around risk intelligence.</li> </ol> <p><b>Planned action:</b></p> <ol style="list-style-type: none"> <li>1. We will establish a corporate risk intelligence function alongside the Employer Link Service (new function scoped Q3). Initial development of risk intelligence as part of ELS to proactively address potential sources of referrals is expected Q4 2015-2016. This will include a corporate 'model' for risk intelligence which will be developed by looking at our approach to operational use of intelligence in our 2016/2017 business plan.</li> <li>2. Introduction of a Risk intelligence manager (Q4 2015/16) to bring further operational focus to the function.</li> <li>3. Following the risk intelligence workshops in Feb 2016, which considered intelligence requirements for each area of the business and how it would be used effectively, a project plan will be developed in Quarter 1 2016-2017.</li> <li>4. Place of incident codes linking referrals to settings / employers is planned for Q2 2016-2017. Allegations coding, which will link allegations to settings and help identify themes within these settings, is also planned for Q2.</li> <li>5. Automated reporting and dashboards containing management information on allegation types are planned for Q2 2016-2017.</li> </ol>	3	3	9	Director of Fitness to Practise	<p>23.10.2015 - risk updated.</p> <p>16.12.2015 Risk updated.</p> <p>25.01.2016 - planned actions updated.</p> <p>05.02.2016 - planned actions updated.</p> <p>09.03.2016 - planned actions updated to reflect current situation.</p>	<p>Open - corporate risk</p> <p>We expect this risk score to go down with the establishment of the risk intelligence function in Q3.</p> <p>Initial development of risk intelligence as part of the ELS function is now due in Q4, so risk score may remain until this is in place.</p> <p>Due to timescales being extended during the earlier procurement process, it is looking unlikely that taxonomy will take place this financial year. Implementation of code frames into CMS will now take place in 2016-2017.</p>	↔
<b>Strategic priority 3: Communication and collaboration</b>															
CR20	July 2015 (previously in risk CR10)	<b>Communication</b>													
Cross ref:		<p>Large diverse external stakeholder group and emergence of multi discipline professional teams.</p> <p>Complex external environment subject to constant change.</p> <p>Rapid growth internally across all functions. Internal systems still in development.</p> <p>Our current internal resources may not be sufficient to deliver necessary programme of work.</p> <p>Strategic engagement plan still in development.</p>	<p>We fail to communicate and engage effectively with our key internal and external stakeholders in a way that adds value to our work and meets their needs.</p>	<p>Failure to maximise impact of our regulatory activity.</p> <p>Limited ability to influence.</p> <p>Stakeholder dissatisfaction.</p> <p>Reputational damage that impacts ability to transform services efficiently.</p> <p>Ineffective engagement with staff.</p>	4	4	16	<p><b>Mitigation in place:</b></p> <ol style="list-style-type: none"> <li>1. We have a communications, media and strategic engagement team in place undertaking a programme of work.</li> <li>2. The chief executive and directors engage in regular communications and engagement activities.</li> <li>3. We have engaged external resources to support key areas as an interim measure.</li> <li>4. We have recruited internal communications resource.</li> <li>5. We have developed a business case for investment in resources to deliver on the communications and engagement elements of our plans for 2016-17.</li> <li>6. Public and patient engagement elements of new plan were discussed by the Council at its February 2016 seminar. Council agreed on an organisational approach to engaging with this priority stakeholder group, moving forward.</li> </ol> <p><b>Planned action:</b></p> <ol style="list-style-type: none"> <li>1. We are developing a comprehensive communications and engagement plan to support the organisational strategy. This first draft was delivered in October 2015. Final plan to be confirmed (March 2016).</li> <li>2. Business case for additional staff resource to deliver the communications plan is to be discussed by the Performance and Resources Board on 16 March.</li> </ol>	3	4	12	Chief Executive	<p>Reviewed 10/11/15 - Mitigations and planned actions updated.</p> <p>11/11/2015 - mitigation 4 and planned action 2 have been updated (for November Council).</p> <p>Reviewed 21/12/15 - timescales added.</p> <p>Reviewed 16/02/16 - Mitigations updated and planned action added.</p> <p>Actions updated 9/03/16.</p>	<p>Open - corporate risk</p>	↔



No.	Date of origin	Risk Scenario			Inherent risk scoring			Mitigation in place / Planned action	Post-mitigation scoring			Risk Owner (and Mitigation Owner)	Dates updated	Status (open / closed plus whether on track / not on track to reduce scoring)	Direction (of risk score)
		Root cause(s)	Potential situation	Consequences	Likelihood	Impact	Score		Likelihood	Impact	Score				
<b>Strategic priority 4: An effective organisation</b>															
CR21	July 2015 (previously in risk CR5)	<b>Use of resources and sustainability</b>						<b>Mitigation in place:</b> 1. Delegation letters have been drafted and are due for sign off by Chief Executive and Registrar in October. This is a move towards increased financial accountability and responsibility within the Executive team. 2. Additional capability in place by the appointment of interim and permanent resources. 3. Initial steps have been taken to improve financial reporting. Structured monthly financial reporting and forecasting meetings take place with the Finance Director and budget holders. 4. Legal advice has been sought on pension scheme risks. This is now under consideration. 5. An accommodation review has been commissioned. 6. Implement a scheme of financial delegation, linked to business priorities. 7. Provide greater transparency to the reporting of financial results (Ongoing improvements). 8. A methodology to capture some efficiencies has been defined. Savings plan and high level efficiencies for 2016/2017 are being developed as part of the budget process. 9. A financial strategy has been developed and presented to Council in December 2015. 10. Procurement Improvement Programme defined, to mitigate the risks highlighted by the recent procurement review carried out by external specialist consultants. 11. The Head of Finance and Head of Procurement are now represented on the Portfolio review and monitoring group to help align this directorate with wider business case requirements. This is to ensure that scarce resources are utilised effectively and benefit realisation is captured.				Interim Director of Finance	09.09.2015 22.10.2015 25.11.2015 - planned action 6 updated with reference to the recent procurement review. 21.12.15 - mitigations 6 to 9 have been moved from planned actions, as they are now in place. 12.01.16 - risk updated. 15.02.16 - mitigations and planned actions updated.	Open - improvement plans will require additional short term resources.	↔
Cross ref:		We must maintain sufficient resources to sustain effective operations and deliver an ambitious programme of change.  We must prioritise our resources to ensure we achieve best value for the public and our fee payers.  We must ensure the organisation remains financially viable with sufficient resources to meet ongoing and new requirements.  Our long term accommodation needs have yet to be determined.	We may have insufficient financial resources to meet operational requirements and deliver change.	Inability to deliver corporate strategy, plans and improvements.  Reserves depleted and need to increase fees.  Failure to deliver value for money.  Reputation damaged.	3	4	12	<b>Planned action:</b> 1. Efficiencies embedded in the fee strategy are now monitored and reported to PRB and Council. Savings and efficiencies will be captured as part of the 2016/2017 budget setting (Q4). These will be strengthened as our future organisation is defined. 2. A business case seeking additional finance resource has been approved by PRB in February. The Finance Improvement Manager joined in February and recruitment is underway for a further role (permanent role to be in place by June 2016). 3. Implementation of the Procurement Improvement Programme (ongoing to Q2 2017). 4. A revised procurement permanent team structure has been approved by PRB and recruitment to fulfil this is now underway. Posts aim to be filled between March and June 2016 dependent on notice periods. 5. A NAO Financial Management Maturity Assessment commenced in Q3 with the completed report to be shared with directors in a workshop planned for March 2016.	3	4	12				



No.	Date of origin	Risk Scenario			Inherent risk scoring			Mitigation in place / Planned action	Post-mitigation scoring			Risk Owner (and Mitigation Owner)	Dates updated	Status (open / closed plus whether on track / not on track to reduce scoring)	Direction (of risk score)
		Root cause(s)	Potential situation	Consequences	Likelihood	Impact	Score		Likelihood	Impact	Score				
CR22  Cross ref:	July 2015 (previously in risk CR9)	<b>Staff - capacity and capability now and in the future</b>			4	4	16	<p><b>Mitigation in place:</b></p> <ol style="list-style-type: none"> <li>1. Organisational Workforce Capability Review provides a baseline on which to build the structure to develop the target operating model of the future.</li> <li>2. End to end review of recruitment (in hand) will enable a better understanding of recruitment and retention challenges and identification of areas for improvement and opportunities to enhance the applicant experience. Report providing a baseline of evidence planned for Quarter 1 2016/17.</li> <li>3. Staff Survey Action Plans address key themes arising from staff survey; communicated to all staff and kept under review by directors. Pulse surveys test organisational temperature between surveys.</li> <li>4. Refreshed approach to staff communications and engagement is led by the COO, including dedicated intranet page, Q&amp;As, email inbox, regular briefings, engagement with Staff Consultation Group. Engagement kept under review by COO and directors.</li> <li>5. Implementation of senior leadership structure with defined behaviours and competences of directors in terms of leadership, motivation and engagement with our workforce and to drive and champion transformational change. Recruitment in hand for permanent leadership team including directors and assistant directors based on these competencies/behaviours.</li> <li>6. Analysis of employee turnover (monthly) informs perceptions around engagement and reasons for turnover and identifies remedial action where required.</li> <li>7. L&amp;D strategy is aligned to the corporate strategy, including development of management capability.</li> <li>8. Development of HR &amp; OD analytics and dashboard to enable better reporting and analysis of workforce data is a deliverable in the HR &amp; OD plan for 2016/17.</li> </ol> <p><b>Planned action:</b></p> <ol style="list-style-type: none"> <li>1. The new People Strategy will be a key driver of the NMC's ability to attract, recruit, develop and retain the people it needs to deliver effective regulation now and into the future. Workforce planning, succession planning and talent management will be critical enablers of the strategy and priorities for the permanent leadership of HR &amp; OD (when recruited). Target date of July 2016 is proposed for director discussion of the draft strategy, subject to recruitment of a permanent Assistant Director of HR and Director of Resources, pending which the scoping and planning work will be started by the interim Director of HR &amp; OD.</li> <li>2. A pilot management development programme to build management capability will roll out from Q1 2016/17 and evaluated in Q2/3.</li> <li>3. Development is planned for HR/OD team to ensure readiness to support the Transformation programme and development of the People Strategy.</li> <li>4. Transformation programme established to develop future organisation, assess and cost options for change and ensure alignment of all workstreams that will deliver transformation and People Strategy (people, structures, location, technology etc).</li> <li>5. People/Workforce/Culture workstream of Transformation programme will scope and develop a plan of activities and interventions to review job design and workforce structures; identify skills for future NMC success, assess capability against those skills and develop interventions to address gaps; understand the drivers for effective employee engagement and how they are manifest in the NMC culture, values and behaviours; improve organisational capability; develop appropriate reward and retention mechanisms; scope opportunities for ways of working that meet organisational needs while addressing the opportunities and challenges of a modern workforce.</li> </ol>	3	4	12	Director of HR and OD and COO for transformation aspects (pending appointment of Director of Transformation)	26.10.2015 - risk updated 10.11.2015 - risk updated 21.12.2015 - risk updated with transformation related information. 12.02.2016 - mitigations and planned actions updated. Wording revised and new actions added.	Open. The establishment of the Transformation Programme and workstreams around people, communications and culture through transformation will mitigate the wider risks arising from transformation. The risk should reduce from Q1 2016/17 (assuming appointment then).	
		<p>We must deliver an ambitious programme of change.</p> <p>Our organisational structure is inflexible and requires review.</p> <p>We face challenges in terms of recruitment and retention.</p> <p>Staff turnover is high.</p>	<p>We may not have the right organisational structure and capabilities to deliver high performing operations and achieve our ambitions for transformation.</p>	<p>Inability to deliver corporate strategy, plans and improvements.</p> <p>Negative impact on staff morale, motivation and performance.</p> <p>Continuing high staff turnover.</p> <p>Poor customer service.</p> <p>Poor decision-making.</p>											



No.	Date of origin	Risk Scenario			Inherent risk scoring			Mitigation in place / Planned action	Post-mitigation scoring			Risk Owner (and Mitigation Owner)	Dates updated	Status (open / closed plus whether on track / not on track to reduce scoring)	Direction (of risk score)
		Root cause(s)	Potential situation	Consequences	Likelihood	Impact	Score		Likelihood	Impact	Score				
CR23 Cross ref:	July 2015 (previously in risk CS9)	<b>Business interruption</b>			3	5	15	<b>Mitigation in place:</b> 1. Limited business interruption insurance cover in place. 2. Specialist advisers engaged and engagement with directors commenced. 3. Business Impact Assessment (BIA) completed with independent advisor input. 4. IT deep dive undertaken on business continuity risks. 5. TBS: The successful 'datacentre move' in November 2015 enabled the testing of IT infrastructure disaster recovery arrangements.  <b>Planned action:</b> 1. Development of incident management plans and emergency response plans (2015/16). 2. Establishment of business continuity steering group (Q4, 2015/16). 3. Follow up review of BIAs and alignment with IT requirements (Q4, 2015/16). 4. Business continuity policy, framework, training and awareness programme to be released (Q1 2016/17). 5. Testing and Business continuity plan in place by end of Q3, 2016/17. 6. Closure of IT risks under IT improvement programme (2015-16). 7. Presentation of programme to be given at the next directors/assistant directors meeting subject to agenda space.	3	5	15	All Directors.  Director of Finance to lead	09.09.2015  22.10.2015  18.12.15 - mitigation 5 has moved here from planned actions and has been updated.  13.01.16 - risk updated.  15.02.16 - risk updated.	Open - corporate risk  The risk will move to green after Item 5. Testing and Item 6: IT improvement are completed - Q3 2016/17	
		Our business continuity arrangements require updating.  Insufficient priority placed on planning and testing business continuity arrangements.  We need to build resilience into our organisational arrangements.	We may not be prepared in the event of actions giving rise to a loss of business continuity.	Our ability to protect the public is compromised.  Loss of services.  Financial loss.  Reputation damaged.											
CR24 Cross ref:	July 2015 (previously risk CR6)	<b>Information management and governance</b>			5	4	20	<b>Mitigation in place:</b> 1. Information security and data protection policies in place and reviewed regularly. 2. Mandatory training for staff and panellists in place. Includes refresher information security e-learning every 2 years. 3. Oversight by Information Governance Steering Board. 4. Information security management system in place based on ISO 27001. 5. Review meeting held with Information Commissioner's Office and voluntary ICO information risk assessment taken March 2015. 6. At April 2015 11 priority areas for improvement remained. At 7 March 2016, 4 priority areas, relating to business continuity planning, had been mitigated and there were 7 remaining priority areas for action, to be taken forward in the information security work plan for 2016-17 (provisional plan circulated to IGSB for review). 7. Established data management function in TBS. 8. Data improvement programme established.  <b>Planned action:</b> 1. Implement information security work plan 2015-16 (ongoing). 2. Review of records management and retention practices undertaken and final report has been reviewed by directors. Prioritisation of actions and risks are in train, to be completed by end of Q4 2015-16. This includes a review of our existing records management resource and capabilities within Strategy and TBS directorates with a view to consolidation.	4	4	16	Chief Operating Officer and Chief Technology Officer	01.09.2015  21.12.15 - risk updated. Status update given next to some planned actions.  19.02.16 - risk reviewed and planned actions updated.  07.03.16 - mitigation 6 updated in relation to priority areas having been mitigated.	Open - to be addressed through Information security plan 2015-16.	
		Our governance around data requires clarification.  We lack the ability to harness and use information effectively.  Our structures, policies, procedures, processes and controls must be kept up to date.  Large volume, complex, information processing with high reliance on paper-based processing. Processing involves high volumes of sensitive personal data.	Our information management and governance could fail to ensure appropriate storage, access and use of data and information.	Limited ability to support our regulatory, legal, risk, environmental and operational requirements.  Information security breaches.  Reduced opportunities to enter into data sharing arrangements with other organisations.											

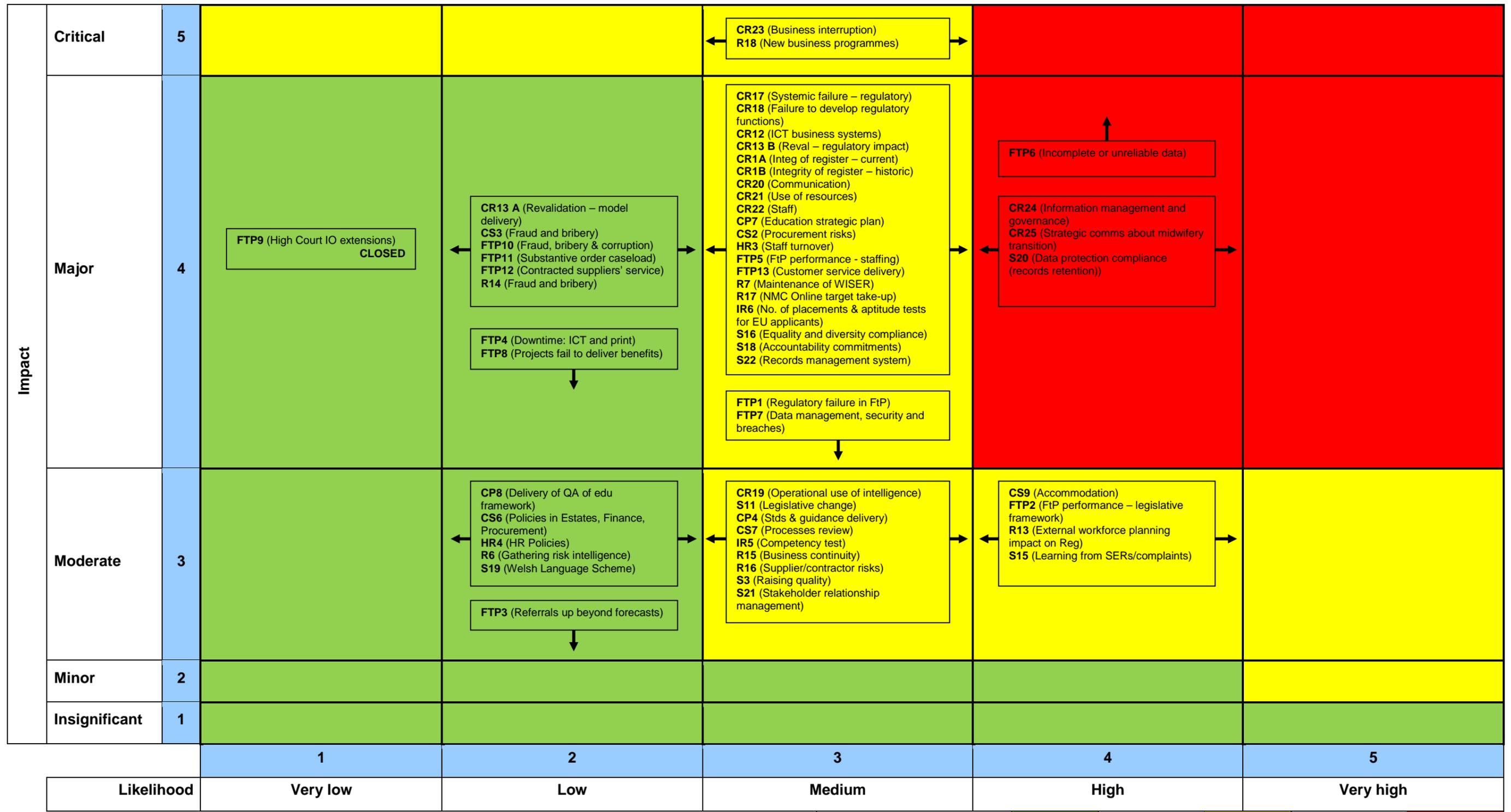


No.	Date of origin	Risk Scenario			Inherent risk scoring			Mitigation in place / Planned action	Post-mitigation scoring			Risk Owner (and Mitigation Owner)	Dates updated	Status (open / closed plus whether on track / not on track to reduce scoring)	Direction (of risk score)
		Root cause(s)	Potential situation	Consequences	Likelihood	Impact	Score		Likelihood	Impact	Score				
CR12	May-14	<b>ICT business systems</b>						<b>Mitigation in place:</b> 1. TBS improvement programme and TBS portfolio programme is in place and ongoing. Independent assessment of maturity of TBS processes November 2015. At early December 2015 maturity had improved by 50% compared to maturity measure at April 2015. 2. Work to replace unsupported systems. 3. Commercial manager in TBS focussing on active management of key IT suppliers. 4. IT Improvement plan in place to address improvements required to IT Service quality. 5. Disaster Recovery (DR) solution for our main data centre procured and implemented. 6. New TBS department structure in place since December 2015 and many key roles in TBS have been filled on a permanent basis.  <b>Planned action:</b> 1. TBS improvement programme continuing until end March 2016. 2. Develop Treatment plan to replace unsupported systems and ensure that systems meet current security requirements. Clarify Hold/Invest/ Retire from an Infrastructure perspective, staff being hired to support S&A function in permanent recruitment by March 2016. 3. Continue to focus on improving contract management for key TBS suppliers. 4. Continue to address required improvements in IT Service quality through the IT Improvement plan. 5. Further develop disaster recovery capability and conduct further DR tests during 2016-17. 6. Recruit on a permanent basis to the remaining roles in the TBS structure.				Chief Operating Officer and Chief Technology Officer	06.05.15 - Risk fundamentally updated to reflect findings of the recent CTO Review.  22.10.2015 - risk updated. Post-mitigation reduced from red to amber to reflect the progress made so far with the Improvement Programme.  10.11.2015 - risk updated.  24.12.2015 - risk updated. Status updates added next to planned actions, and some planned actions moved to mitigation 3. as they are in place.  10.02.2016 - risk reviewed and significantly updated. Risk scenario and mitigations/planned actions revised.	Open - corporate risk	
Cross ref:		1. Lack of robust procedures for the development and release of new products and systems. 2. Use of critical business systems that are unsupported by suppliers or which do not meet current security standards (TBS risk register references TBS 14/15 and TBS/2/16). 3. Inadequate contracts in place for some key third party IT suppliers. 4. ICT service support not quality assured. 5. Lack of planning for business continuity and disaster recovery for some key services although many have disaster recovery plans in place. 6. High reliance on contractors, including a contractor Director of Transformation.	Our systems do not support effective business delivery or strategic transformation.	1. Critical business operations either stop or performance is negatively impacted. 2. Key performance targets or corporate commitments are not met or are put at risk. 3. Staff frustration contributes to poor motivation and increases staff turnover. 4. Wasted resources used in reacting to events. 5. Loss of confidence by staff, the Council and external stakeholders. 6. Risk of fines for non-compliance with security standards. 7. Reputational damage.	4	4	16		3	4	12				



**Risk map of all corporate and directorate risks as at 9 March 2016**

This map shows post-mitigation score changes for corporate and directorate risks between 30 December 2015 (preparation of papers for 27 January Council) and 9 March 2016 (preparation of papers for 23 March Council).



Arrows indicate the direction of travel:

- ↑ Risk score has increased since 30 December 2015
- ↓ Risk score has decreased since 30 December 2015
- ↔ Risk score has stayed the same since 30 December 2015

Risk references:

- CR: Corporate risk
- FTP: Fitness to Practise risk
- IR: Registration risk (International Reg)
- R: Registration risk
- S: Strategy risk

- CS: Estates, Finance & Procurement risk
- CP: Continued Practice risk
- HR: HR and OD risk

Risk scores:

- 1-8
- 9-15 \*
- 16-25

\* due to their 'Critical' impact, an amber rating is also given to risks which score 5 for Impact and 1 for Likelihood



## Council

### Financial monitoring report to 31 January 2016

<b>Action:</b>	For information.
<b>Issue:</b>	Provides financial performance information for current and future reporting periods.
<b>Core regulatory function:</b>	Supporting functions.
<b>Strategic priorities:</b>	Strategic priority 4: An effective organisation.
<b>Decision required:</b>	None.
<b>Annexes:</b>	The following annexes are attached to this paper: <ul style="list-style-type: none"><li>• Annexe 1: January 2015 management accounts, highlighting spend by directorate, cost category and associated cash flow movement.</li><li>• Annexe 2: Waterfall chart showing full year financial forecast at January 2016.</li></ul>
<b>Further information:</b>	If you require clarification about any point in the paper or would like further information please contact the author or the director named below.

Author: Graeme Holt  
Phone: 020 7681 5633  
[Graeme.Holt@nmc-uk.org](mailto:Graeme.Holt@nmc-uk.org)

Director: Richard Finlayson  
Phone: 020 7681 5153  
[Richard.Finlayson@nmc-uk.org](mailto:Richard.Finlayson@nmc-uk.org)

- Context:**
- 1 The Performance & Resources Board (PRB) review the financial results and forecast each month.
  - 2 The financial monitoring report is presented to Council at each meeting and this covers income, expenditure, reserves and cash flow.
  - 3 Over the past 4 years the NMC has been moving from a position of financial insecurity to one of stability. Although good progress has been made, that process is not yet fully complete. The accounts reflect this.
  - 4 Full financial stability will allow us to fulfil our responsibilities as a dynamic regulator in accordance with the NMC Strategy, whilst at the same time giving excellent value for the fees that our registrants pay.
  - 5 To progress that aim we need to invest in changes that will enable us to release financial efficiencies in fulfilling our regulatory role. That process is just beginning.
  - 6 We have committed to keeping fee levels under review on an annual basis as we move to financial stability and this review is included in the budget paper.

**Discussion: Available Free Reserves**

- 7 Charity Commission guidelines require that we hold appropriate levels of reserves to provide resilience for unexpected events. Council has previously agreed that we should aim to maintain reserves of between £10 million and £25 million.
- 8 One of the conditions of the Department of Health grant in 2013 was that we must have at least £10 million in available free reserves at January 2016. We achieved this target earlier than anticipated and have successfully maintained the minimum level.
- 9 At the January meeting the December forecast of available free reserves at 31 March 2016 was £21.5 million compared to the budgeted level of £14.5 million. In reviewing the January financial performance, this forecast has been revised to £21.8 million.

**Financial Update (Annexe 1)**

- 10 As indicated at the January meeting we do not need to draw on the £4.5 million contingency provided for in the budget for unforeseen or unexpected events.

## **Income**

- 11 Total income for the full year is forecast to be £0.6 million higher than budget and in line with the December forecast. This is primarily due to an increased volume of European Union (EU) assessment and registration fees.

## **Revenue expenditure (Annexe 2)**

- 12 Year to date revenue expenditure is £2.2 million lower than budget. This is in line what we said in the December forecast.
- 13 The full year forecast for revenue expenditure is £76.7 million, £1.1 million less than budget. This is £0.5 million more than the December forecast (£76.2 million).
- 14 As reported in December the key reasons for movements against budget are:
- 14.1 £3.3 million underspend in underlying directorate expenditure (£2.8 million in the December forecast), offset by
- 14.2 £2.2 million increase in project expenditure as necessary IT infrastructure improvements which were originally budgeted as Capital have been procured as services (£1.2 million in the December forecast).

## **Capital expenditure**

- 15 Full year capital expenditure is now forecast to be £3.0 million. This is £1.7 million lower than budget and £0.9 million less than the December forecast due to the reallocation to revenue spend as outlined above.

## **Cash Flow (Annexe 1)**

- 16 Cash at bank is forecast to be £86.4 million at 31 March 2016. This is £7.9 million more than budget and £0.3 million greater than the December forecast for the reasons outlined above.

## **Year-End Accounting Adjustments**

- 17 As reported to Council in January 2016, mandatory changes to accounting standards are being introduced this year (FRS 102) which impact a number of areas of the accounts.
- 18 The majority of these will have negligible impact; the largest single item identified is the cost of repaying the pension deficit that will no longer be recognised as revenue expenditure. This accounting adjustment will reduce revenue spend by approximately

£1.0 million, offset by approximately £0.2 million of smaller items.

- 19 Further changes to the NMC's method of calculating the Pension deficit may also change the liability as shown in the accounts and impact the level of available free reserves. External advice is being sought on this recalculation and the results will not be known until after the year-end.
- 20 These changes will be agreed and reflected in the year-end numbers and preparation of the Financial Statements to 31st March 2016.

### **Efficiencies**

- 21 A three year efficiency programme was designed and implemented as part of the three year plan in March 2014.
- 22 We have previously reported to Council that we have achieved savings of £20 million to-date with a further £16 million expected in 2016-2017.
- 23 As requested by the Council, we have asked KPMG to work with us to review the calculation of efficiency savings and how these are reported.
- 24 The previous three year efficiency programme focused entirely on Fitness to Practise. A new NMC-wide efficiency programme is discussed in the budget paper.

**Public protection implications:** 25 The monitoring of financial results and forecasts enables the NMC to ensure it has sufficient resources to deliver continued public protection.

**Resource implications:** 26 The key financial indicators for current and projected levels are discussed in this paper.

**Equality and diversity implications:** 27 None.

**Stakeholder engagement:** 28 None.

**Risk implications:** 29 Risks in relation to forecasting and financial resourcing are set out in directorate and corporate risk registers.

**Legal implications:** 30 None.



**Annexe 1: January 2016 management accounts**

2015/2016	April to January				Full Year				
	Actual	Budget	vs budget	% vs budget	Actual & Forecast	Budget	vs budget	% vs budget	
<b>Total Income:</b>	<b>65,797</b>	<b>65,455</b>	<b>343</b>	<b>1%</b>	<b>80,129</b>	<b>79,538</b>	<b>592</b>	<b>1%</b>	
Office of the Chair & Chief Executive	701	506	(195)	(28%)	882	618	(264)	(30%)	Includes additional capacity and expertise through the appointment of and interim Chief Operating Officer and specialist nursing & midwifery advisors
Strategy	3,724	4,761	1,037	28%	4,462	5,809	1,347	30%	Favourable variance primarily due to unfilled vacancies in the PMO and lower third party spend on research and enquiries
Registration	3,518	3,566	48	1%	4,320	4,285	(35)	(1%)	
Continued Practice	3,749	4,486	737	20%	4,278	5,031	753	18%	Reduced spend on third party standards development and compliance work combined with reduced demand for Mott MacDonald led assurance events
TBS	4,474	4,867	393	9%	5,441	5,811	370	7%	Favourable variance primarily due to reduced consultancy costs and the savings recognised following the negotiation of the A365 contract extension.
Estates, Finance & Procurement	6,004	6,685	681	11%	7,553	8,001	448	6%	Includes additional spend on interim leadership and financial strategy activity offset by release of dilapidations on Old Bailey and provisions held on rent following a detailed review.
HR&OD	2,794	2,563	(232)	(8%)	3,442	3,057	(385)	(11%)	Includes interim leadership and the organisational review activity
FTP	31,303	32,842	1,539	5%	38,127	39,801	1,674	4%	Primarily driven by reduced salary related costs
<b>Total directorate revenue spend</b>	<b>56,268</b>	<b>60,276</b>	<b>4,009</b>	<b>7%</b>	<b>68,504</b>	<b>72,411</b>	<b>3,907</b>	<b>6%</b>	
Projects	2,285	673	(1,612)	(71%)	3,030	807	(2,222)	(73%)	Includes Test of Competence (Phase 2) and unbudgeted Shape of Caring projects. Increase is driven by a reallocation of projects from capital spend into revenue
Depreciation	2,736	2,763	27	1%	3,462	3,315	(147)	(4%)	
NMC Corporate/General	196	47	(149)	(76%)	445	57	(388)	(87%)	Includes a provision for 2015/16 unused holidays (Financial Reporting Standards 102) and unbudgeted redundancy costs
PSA Fee	932	850	(82)	(9%)	1,228	1,133	(95)	(8%)	
Total revenue spend (excl contingency)	62,417	64,609	2,192	4%	76,669	77,724	1,055	1%	
Contingency	0	3,719	3,719	0%	0	4,463	4,463	0%	
<b>Revenue Spend</b>	<b>62,417</b>	<b>68,328</b>	<b>5,911</b>	<b>9%</b>	<b>76,669</b>	<b>82,187</b>	<b>5,518</b>	<b>7%</b>	
<b>Surplus / (Deficit)</b>	<b>3,380</b>	<b>(2,874)</b>	<b>6,254</b>	<b>&gt;100%</b>	<b>3,461</b>	<b>(2,649)</b>	<b>6,110</b>	<b>&gt;100%</b>	
<b>Capital</b>	<b>2,437</b>	<b>3,876</b>	<b>1,439</b>	<b>59%</b>	<b>2,990</b>	<b>4,651</b>	<b>1,662</b>	<b>56%</b>	Includes capital expenditure relating to Revalidation, Phased Payments and MRPQ EU directive. Favourability is driven by a reallocation of projects from capital spend into revenue
<b>Cash at bank</b>	<b>84,882</b>	<b>76,269</b>	<b>8,613</b>	<b>11%</b>	<b>86,369</b>	<b>78,434</b>	<b>7,935</b>	<b>10%</b>	
<b>Available free reserves (excluding pension deficit &amp; restricted funds)</b>	<b>21,429</b>	<b>14,265</b>	<b>7,164</b>	<b>50%</b>	<b>21,832</b>	<b>14,469</b>	<b>7,363</b>	<b>51%</b>	Available free reserves are forecast to be £21.8 million at 31 March 2016 vs. budgeted figure of £14.5 million. This is predominantly due to the release of the contingency and the release of directorate unallocated expenditure which are both no longer anticipated to be required.



## Annexe 1: January 2016 management accounts

## BREAKDOWN OF REVENUE SPEND BY COST CATEGORY

2015/2016	April to January				Full Year			
	Actual	Budget	vs budget	% vs budget	Actual & Forecast	Budget	vs budget	% vs budget
<b>Income</b>	<b>65,797</b>	<b>65,455</b>	<b>343</b>	<b>1%</b>	<b>80,129</b>	<b>79,538</b>	<b>592</b>	<b>1%</b>
Staff costs (permanent)	21,814	25,884	4,070	19%	27,086	31,223	4,137	15%
Temporary & contractor costs	4,746	1,676	(3,070)	(65%)	5,529	1,817	(3,712)	(67%)
Other staff costs	2,874	2,702	(172)	(6%)	3,601	3,281	(320)	(9%)
Professional & Legal fees	13,226	12,645	(581)	(4%)	16,002	15,261	(741)	(5%)
Panellists costs	7,812	7,575	(236)	(3%)	9,535	9,124	(412)	(4%)
Witness & Others	622	883	261	42%	757	1,091	333	44%
Members costs	246	296	50	20%	300	360	61	20%
Building costs	2,663	3,665	1,001	38%	3,388	4,337	949	28%
Depreciation	2,736	2,763	27	1%	3,462	3,315	(147)	(4%)
Event & Communications Costs	882	512	(370)	(42%)	994	675	(319)	(32%)
Office admin and systems costs	3,296	3,929	633	19%	4,051	4,747	695	17%
Print & postage	982	1,013	30	3%	1,238	1,215	(23)	(2%)
Quality Assurance Costs	517	1,065	548	106%	724	1,278	554	76%
<b>Revenue Spend (excl contingency)</b>	<b>62,417</b>	<b>64,609</b>	<b>2,192</b>	<b>4%</b>	<b>76,669</b>	<b>77,724</b>	<b>1,055</b>	<b>1%</b>
Surplus(Deficit) (excl contingency)	3,380	845	(2,535)	(75%)	3,461	1,814	(1,647)	(48%)
Contingency	0	3,719	3,719	0%	0	4,463	4,463	0%
<b>Surplus(Deficit) (incl contingency)</b>	<b>3,380</b>	<b>(2,874)</b>	<b>6,254</b>	<b>&gt;100%</b>	<b>3,461</b>	<b>(2,649)</b>	<b>6,110</b>	<b>&gt;100%</b>

Favourable variance in permanent staff is mainly due to vacancies in FIP and senior management vacancies in other areas. Contractors are being used to offset the FIP vacancies and interims are filling permanent senior leadership roles.

These items are resources together and the overspend in contractor costs is managed to be within the level of underspend on permanent headcount

Driven by finance strategy, organisational review and FIP activity

Driven by increased hearing activity in FIP

Benefit flowing from prior year

Due to releasing the Old Bailey dilapidation and review of provisions held on rent and rates.

Accelerated Revalidation communications

Additional costs to be incurred through the provision of disaster recovery as a service offset by reduction in costs following successful renegotiation of the A365 Contract

Reduced demand for Mott MacDonald work

## CASH FLOW STATEMENT

2015/2016	April to January				Full Year			
	Actual	Budget	vs budget	% vs budget	Actual & Forecast	Budget	vs budget	% vs budget
Net (outgoing)/incoming resources	3,380	(2,874)	6,254	>100%	3,461	(2,649)	6,110	>100%
Add back Depreciation	2,736	2,763	27	1%	3,462	3,315	(147)	(4%)
Net Inflow/(Outflow) of Funds	6,116	(111)	6,227	>100%	6,923	666	6,257	>100%
Capital Expenditure	(2,437)	(3,876)	1,439	37%	(2,990)	(4,651)	1,662	36%
Movement in debtors/creditors/deferred income	8,595	2,655	5,940	>100%	5,774	5,757	17	0%
<b>Net cash inflow/(outflow)</b>	<b>12,275</b>	<b>(1,332)</b>	<b>13,606</b>	<b>&gt;100%</b>	<b>9,707</b>	<b>1,772</b>	<b>7,935</b>	<b>&gt;100%</b>

Increased incoming resources reflecting the delayed ramp up in directorate spend and the release of the contingency which is no longer anticipated to be required.

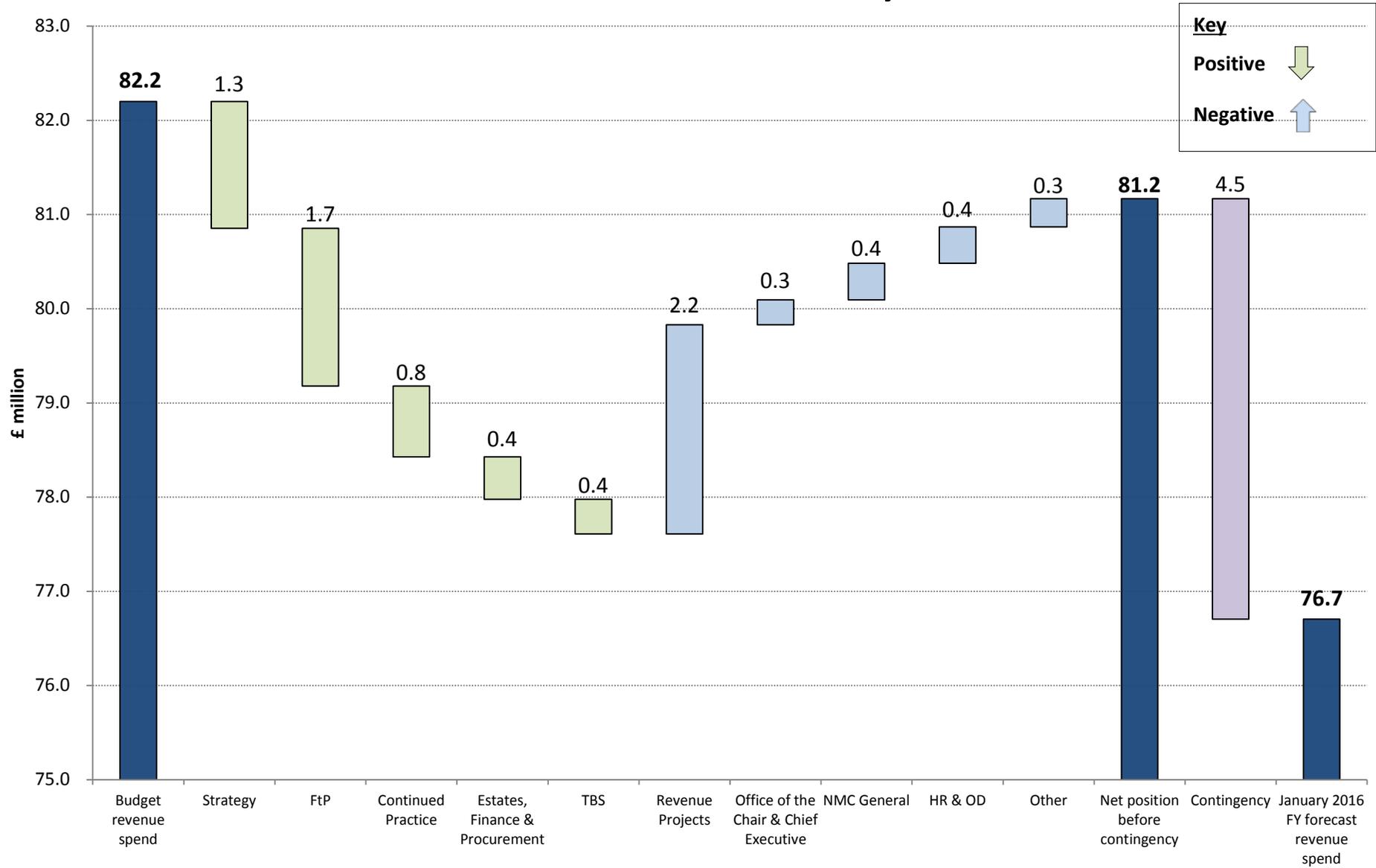
Includes capital expenditure relating to Revalidation, Phased Payments and MRPQ EU directive. Favourability is driven by a reallocation of projects from capital spend into revenue

Year to date movement is primarily due to increased deferred income due to the fee rise and increased creditors

Net inflow of cash is higher than budget primarily due to reduced spend (both revenue spend and capital expenditure)



### Full Year financial forecast at January 2016





## Council

### Education strategic plan

**Action:** For decision

**Issue:** The NMC's future education priorities.

**Core regulatory function:** Education.

**Strategic priority:** Strategic priority 1: Effective regulation.

**Decision required:** The Council is recommended to approve the education strategic plan.

**Annexes:** None.

**Further information:** If you require clarification about any point in the paper or would like further information, please contact the author or the director named below:

Author: Dawn Elliott  
Phone: 020 7681 5307  
[dawn.elliott@nmc-uk.org](mailto:dawn.elliott@nmc-uk.org)

Director: Dr Katerina Kolyva  
Phone: 020 7681 5882  
[katerina.kolyva@nmc-uk.org](mailto:katerina.kolyva@nmc-uk.org)

- Context:**
- 1 The Council's Strategy 2015-2020 identifies education as a key area of focus for our strategic direction over the coming years. The strategy offers the opportunity to reposition ourselves as a proactive and forward thinking regulator, playing a lead role in modernising education standards for future nurses and midwives.
  - 2 In April 2016 our education agenda will be progressed by the formation of a new Education and Standards directorate, specifically drawn together to provide a more robust focus on our education agenda. The directorate will be led by a new director bringing authority, innovation and drive to our education ambitions.
  - 3 Our education strategic plan captures our regulatory remit as set out in our strategy. This includes setting standards, assessing outcomes of education, engaging strategically with the sector UK-wide and ensuring the right resources and an effective function to position education as a priority on the Council's agenda. Our approach represents a radical departure from current thinking and may hold implications for the structures and processes involved in the current education model.
  - 4 We intend to develop new outcome focussed standards for the two professions we regulate while separating these from requirements for institutions that deliver education approved by the NMC. Our current pre-registration standards are long, complex and process focused. They are also not sufficiently future-focused given the rapid pace of change across the health and care sector. New standards must be resilient to those changes happening in the health and care environment both now and into the future to ensure public safety and confidence in regulation.
  - 5 It is vital that future standards of proficiency clearly state what a member of the public or service user can expect from a registered nurse and a registered midwife and how these differ to those requirements for education providers.
  - 6 We have engaged extensively in preparation for our education change. We have undertaken two rounds of UK-wide education events in 2015, and further Dame Jill Macleod Clark has led a programme of high level engagements related to the standards of proficiency of future nurses.
  - 7 Moves towards new and different models of care and working are developing rapidly. Our stakeholders consistently agree that there is an urgent need to update our education standards to ensure they are fit for the future. It is important that we take a new and more radical approach if we are to move ahead and prepare nurses and midwives for changes to the delivery of care across diverse settings.

**Discussion: Focus of the education strategic plan**

- 8 Subject to Council approval, our education strategic plan 2016-2020 will cover the following:
- 8.1 In close collaboration with stakeholders, develop **outcome based standards of proficiency** for nurses of the future. (Draft standards developed and consulted upon by July 2017; first students to begin the new programme from September 2019).
  - 8.2 Commission and undertake an **independent review of our quality assurance (QA) function** in order to develop a robust and proportionate approach to QA. This review will take account of collaboration with the General Medical Council (GMC) to determine the best approach to QA for the professions we regulate (review delivered by March 2017).
  - 8.3 Deliver a **comprehensive stakeholder engagement and communications plan** to support the programme (commencing in May 2016).
  - 8.4 We are in the process of recruiting a new Director of Education and Standards and will be bringing an update back to the Council later this year.
  - 8.5 We are committed to undertaking a similar approach to midwifery standards of proficiency. However, given forthcoming regulatory changes in midwifery, the Midwifery Committee has recognised and accepted that this is not the right time to take this forward.

**Outcome based standards of proficiency for nurses**

- 9 The changing health and care environment will result in nurses requiring different proficiencies upon entry to the register in the future. Our intention is to review our pre-registration education standards in order to explore and define what those proficiencies of the future should be.
- 10 In reviewing the proficiencies of the future, we expect to move to an outcomes focused approach to our standards. This will ease the complexity currently in our standards and focus clearly on proficiencies rather than the processes by which students learn.
- 11 We are currently progressing with the development of our proficiencies for future nurses, which is being led by Dame Jill Macleod Clark.

### **Independent review of our QA function**

- 12 In developing proficiencies for entry to the register, we must ensure safe academic and practice learning environments. A robust quality assurance (QA) and assessment of outcomes mechanism will provide assurance to the NMC that students are prepared against the right proficiencies, in a safe and effective learning environment.
- 13 It is critical that our approach to QA of both theory and practice also changes in line with our new approach. To ensure the necessary future proofing of our approach to QA, we plan to undertake an independent review of our QA function, commencing in May 2016. The review of QA offers an opportunity to collaborate with the GMC.

### **Governance of the education strategic plan**

- 14 The strategic overview of the education change programme will sit with the Council. Council will be supported by the Strategy and Policy Board, chaired by the NMC Chief Executive and Registrar, who will provide oversight of the delivery of the programme.
- 15 We have established a sponsoring board with the Royal College of Nursing (RCN), the Council of Deans (CoD), representation from the four country chief nursing officers and their education leads.
- 16 **Recommendation: The Council is recommended to approve the education strategic plan.**

#### **Public protection implications:**

- 17 The range of policy changes that may potentially arise from this programme will be entirely driven by the objective of improving public protection and public confidence.

#### **Resource implications:**

- 18 The resource implications for the NMC are significant and have been mapped through our business planning process for 2016-2017. The programme will then continue to impact on our planning cycles for 2017-2020.
- 19 The programme represents a £2.0 million spend in the year 2016-2017. Of this, £1.0 million accounts for the cost of engagement and communication activity, legal and other professional fees and consultation delivery and analysis. A further £1.0 million reflects the costs of our staffing and resources budget already in the headcount of the Education and Standards directorate.

- Equality and diversity implications:** 20 Any review of standards will need to take close consideration of equality and diversity implications. Part-time study, international students, Welsh language requirements, health and character guidance and accreditation of prior learning are some of the key areas of focus in this respect.
- Stakeholder engagement:** 21 Wide ranging stakeholder engagements have taken place through a series of events held across the four countries in spring and autumn 2015. In addition, further stakeholder engagements have taken place through Dame Jill Macleod Clark's work on nurse proficiencies.
- 22 Any standards review and change in policy will require appropriate consultation. We continue to work closely with other regulators, but in particular the GMC, in comparing our approaches to standards and education from work that has already been completed.
- Risk implications:** 23 Stakeholder expectations and the political and policy landscape that affects healthcare and education are some of the key areas of risk and opportunity. Risks of particular note include:
- 23.1 the changing policy landscape that affects the education and regulation of nurses and midwives in the future;
- 23.2 the scale of business transformation that the NMC is currently planning at the same time; and
- 23.3 the extent to which we can secure stakeholder buy in; with a particular need to be cognisant of approved education institutions (AEIs) lead in timelines for programme development approval plus recruitment and selection.
- Legal implications:** 24 The legal basis for the education standards and quality assurance function is set out in the NMC Nursing and Midwifery Order 2001, the education and registration rules, and requirements on the education of nurses as part of EU directives.



## Council

### Panel Member Appointments and Changes to the Practice Committees

<b>Action:</b>	For decision.
<b>Issue:</b>	Appointments and changes to the panel membership of Practice Committees.
<b>Core regulatory function:</b>	Fitness to Practise.
<b>Strategic priority:</b>	Strategic priority 1: Effective regulation.
<b>Decision required:</b>	The Council is recommended: <ul style="list-style-type: none"><li>• To approve appointments and administrative changes to the Practice Committees set out at <b>Annexe 1</b>.</li></ul>
<b>Annexe:</b>	The following annexe is attached to this paper: <ul style="list-style-type: none"><li>• Annexe 1: List of recommended appointments and administrative changes to the Practice Committees.</li></ul>
<b>Further information:</b>	If you require clarification about any point in the paper or would like further information please contact the author or the Director named below:  Author: Paul Johnson Phone: 0207 681 5680 <a href="mailto:Paul.Johnson@nmc-uk.org">Paul.Johnson@nmc-uk.org</a>  Director: Sarah Page Phone: 0207 681 5864 <a href="mailto:Sarah.Page@nmc-uk.org">Sarah.Page@nmc-uk.org</a>

- Context:**
- 1 The membership of the Practice Committees has recently been reviewed to ensure the capacity available to the NMC is being used effectively. Appointments are governed by rules made under the Order.
  - 2 The Appointments Board considered a number of proposed changes to membership of the Practice Committees at its meeting on 22 February 2016 including the appointment of new registrant members to serve as panel members of the Practice Committees for the period 23 March 2016 to 23 March 2020.
  - 3 The Council has asked that we explore delegation of all decisions relating to membership of the Practice Committees to the Appointments Board. We are in the process of considering future options but until changes are implemented, decisions relating to membership of the Practice Committees remain a matter for Council.
- Discussion:**
- 4 The NMC has reviewed and discussed with the Appointments Board the operational necessity of the changes set out at Annexe 1. On the basis of the discussions the Appointments Board recommends the following:
    - 4.1. Appointment of 24 registrant panel members to a first term of appointment to the Conduct and Competence Committee;
    - 4.2. Re-appointment of 59 Panel Member Chairs to a second term of appointment to the Practice Committees;
    - 4.3. Removal of 36 individuals from the Practice Committees following their resignation under Rule 9(1)(a);
    - 4.4. Removal of one individual from the Conduct and Competence Committee who is not engaged with the role under Rules (9)(1)(g) and (h);
    - 4.5. Transfer of five individuals from the Conduct and Competence to the Investigating Committee; and
    - 4.6. Removal of one lay member from the Conduct and Competence Committee to then be appointed to the Conduct and Competence Committee as a registrant member following their qualification as a registered midwife.
  - 5 The Council is recommended to approve the appointments and administrative changes to the Practice Committees set out at Annexe 1.

- Public Protection Implications:**
- 6 Panel members are required to make decisions at Fitness to Practise events that protect the public.
  - 7 The protection of the public could be put at risk if there are insufficient panel members on the Practice Committees.
  - 8 No direct public protection implications to the removal of panel members who are not currently sitting for the NMC.
- Resource Implications:**
- 9 No direct resource implications.
- Equality and Diversity Implications:**
- 10 As part of the tender specifications for the recruitment agency, we made explicit that the publicity campaign was inclusive of diversity and targeted nursing and midwifery institutions and communities, healthcare employers and BAME communities.
  - 11 Prior to the launch of the recruitment campaign, we held three engagement events with registrants in London and Edinburgh in early 2015. The purpose of these events was to raise awareness of the upcoming recruitment to as wide and diverse a group as possible. We invited a number of registrants and employers who have engaged with the NMC previously.
  - 12 The percentage of successful applicants declaring either a disability or BAME background was higher in the campaign than in previous campaigns. We will continue to explore other ways of attracting a diverse range of candidates in the future.
  - 13 The NMC makes reasonable adjustments for its Practice Committee members to ensure individual performance is not affected by any ongoing health conditions or applicable personal circumstances.
- Stakeholder Engagement:**
- 14 All of those affected are aware of the recommendations of the Appointments Board and that a change to status is proposed, and have consented to the change.
- Risk Implications:**
- 15 Failure to ensure the Practice Committees are in balance could inhibit future recruitment activity and the ability to manage the workload in Fitness to Practise.
- Legal Implications**
- 16 Appointments and removals are governed by Rules 8 to 11 of the Nursing and Midwifery Council (Midwifery and Practice Committees) Rules of the Order of the Council 2008.



## List of recommended appointments and administrative changes to the Practice Committees

No.	Full name	Current Practice Committee(s)	End of Term Date	Change Required
1	David Clarke	Conduct and Competence Committee	30/09/2017	Transfer to the Investigating Committee
2	Linda McGrath	Conduct and Competence Committee	30/09/2017	Transfer to the Investigating Committee
3	Nicola Neale	Conduct and Competence Committee	30/09/2017	Transfer to the Investigating Committee
4	Jennifer Pennington	Conduct and Competence Committee	30/09/2017	Transfer to the Investigating Committee
5	Satya Schofield	Conduct and Competence Committee	30/09/2017	Transfer to the Investigating Committee
6	Gaenor Bruce	Conduct and Competence Committee	05/04/2016	Removal
7	Bernard Carter	Conduct and Competence Committee	05/04/2016	Removal
8	James Daniell	Conduct and Competence Committee Heath Committee	05/04/2016	Removal
9	Peter Harvey	Conduct and Competence Committee	05/04/2016	Removal
10	Paul Kernaghan	Conduct and Competence Committee	05/04/2016	Removal
11	Belinda Knight	Conduct and Competence Committee Heath Committee	05/04/2016	Removal
12	Diane Mark	Conduct and Competence Committee	05/04/2016	Removal
13	Anne Parker	Conduct and Competence Committee	05/04/2016	Removal
14	Mary Symes	Conduct and Competence Committee	05/04/2016	Removal
15	Kevin Walters	Conduct and Competence Committee Heath Committee	05/04/2016	Removal
16	Mark Hayter	Investigating Committee	30/04/2016	Removal
17	Marion McCrindle	Conduct and Competence Committee	30/04/2016	Removal
18	Christina Thurston	Investigating Committee	30/04/2016	Removal
19	Michael Fanning	Conduct and Competence Committee Heath Committee	30/07/2016	Removal
20	Susan Bale	Investigating Committee	31/07/2016	Removal
21	Michaela Barnard	Conduct and Competence Committee	31/07/2016	Removal
22	Lynne Feller	Investigating Committee	31/07/2016	Removal
23	Trish Jay	Conduct and Competence Committee	31/07/2016	Removal
24	Evis Samupfonda	Conduct and Competence Committee	31/07/2016	Removal
25	Susan Way	Investigating Committee	02/08/2016	Removal

No.	Full name	Current Practice Committee(s)	End of Term Date	Change Required
26	Martin Bradford	Conduct and Competence Committee Heath Committee	31/08/2016	Removal
27	Susan Plummer	Investigating Committee	31/08/2016	Removal
28	Judith Way	Conduct and Competence Committee Heath Committee	31/08/2016	Removal
29	Scott Johnston	Investigating Committee	24/10/2016	Removal
30	Maureen Morgan	Investigating Committee	24/10/2016	Removal
31	Jane Morgan	Conduct and Competence Committee	24/10/2016	Removal
32	Rebecca Garnett	Investigating Committee	31/10/2016	Removal
33	Michael Moran	Conduct and Competence Committee Heath Committee	30/11/2016	Removal
34	Ian Potter	Conduct and Competence Committee	30/11/2016	Removal
35	Helen Convey	Conduct and Competence Committee	28/02/2017	Removal
36	Peter Jones	Conduct and Competence Committee	03/07/2017	Removal
37	Alan Rayner	Conduct and Competence Committee	31/07/2017	Removal
38	Tanya Thomas	Conduct and Competence Committee	31/07/2017	Removal
39	Michael Cann	Conduct and Competence Committee Heath Committee	30/09/2017	Removal
40	Simon Cox	Investigating Committee	30/09/2017	Removal
41	Vina Mayor	Conduct and Competence Committee Heath Committee	30/09/2017	Removal
42	Winsome Levy	Conduct and Competence Committee	30/09/2017	Removal
43	Ceri Channon	Conduct and Competence Committee	30/09/2017	Appoint as a Registrant Panel Member
44	Alister Campbell	No current committee	23/03/2020	Appoint to CCC as Registrant Panel Member
45	Beth Maryon	No current committee	23/03/2020	Appoint to CCC as Registrant Panel Member
46	Catherine Askey	No current committee	23/03/2020	Appoint to CCC as Registrant Panel Member
47	Claire Blackwood	No current committee	23/03/2020	Appoint to CCC as Registrant Panel Member
48	Denise Price	No current committee	23/03/2020	Appoint to CCC as Registrant Panel Member
49	Donna Hart	No current committee	23/03/2020	Appoint to CCC as Registrant Panel Member
50	Emily Young	No current committee	23/03/2020	Appoint to CCC as Registrant Panel Member
51	Fiona Collier	No current committee	23/03/2020	Appoint to CCC as Registrant Panel Member
52	Heather Moulder	No current committee	23/03/2020	Appoint to CCC as Registrant Panel Member
53	Jacqueline Lambert	No current committee	23/03/2020	Appoint to CCC as Registrant Panel Member
54	Julie Clennell	No current committee	23/03/2020	Appoint to CCC as Registrant Panel Member
55	Linda Pascall	No current committee	23/03/2020	Appoint to CCC as Registrant Panel Member
56	Lisa Punter	No current committee	23/03/2020	Appoint to CCC as Registrant Panel Member
57	Marcia Smikle	No current committee	23/03/2020	Appoint to CCC as Registrant Panel Member
58	Margaret Rogan	No current committee	23/03/2020	Appoint to CCC as Registrant Panel Member

No.	Full name	Current Practice Committee(s)	End of Term Date	Change Required
59	Mary Hattie	No current committee	23/03/2020	Appoint to CCC as Registrant Panel Member
60	Pauline Esson	No current committee	23/03/2020	Appoint to CCC as Registrant Panel Member
61	Sally Ann Underwood	No current committee	23/03/2020	Appoint to CCC as Registrant Panel Member
62	Sandra Lamb	No current committee	23/03/2020	Appoint to CCC as Registrant Panel Member
63	Simon Dejonge	No current committee	23/03/2020	Appoint to CCC as Registrant Panel Member
64	Susan Field	No current committee	23/03/2020	Appoint to CCC as Registrant Panel Member
65	Terry Shipperley	No current committee	23/03/2020	Appoint to CCC as Registrant Panel Member
66	Tracey Jary	No current committee	23/03/2020	Appoint to CCC as Registrant Panel Member
67	Yvonne O'Connor	No current committee	23/03/2020	Appoint to CCC as Registrant Panel Member
68	Nina Wrightson	Investigating Committee	05/04/2020	Re-appoint to IC for second term as Panel Chair
69	Mandy Renton	Investigating Committee	05/04/2020	Re-appoint to IC for second term as Panel Chair
70	Caroline Corby	Investigating Committee	05/04/2020	Re-appoint to IC for second term as Panel Chair
71	Robert Collinson	Investigating Committee	05/04/2020	Re-appoint to IC for second term as Panel Chair
72	Ron Handley	Investigating Committee	05/04/2020	Re-appoint to IC for second term as Panel Chair
73	Libhin Bromley	Investigating Committee	05/04/2020	Re-appoint to IC for second term as Panel Chair
74	Robert Owen	Investigating Committee	05/04/2020	Re-appoint to IC for second term as Panel Chair
75	Tom Hayhoe	Investigating Committee	05/04/2020	Re-appoint to IC for second term as Panel Chair
76	Cindy Leslie	Investigating Committee	05/04/2020	Re-appoint to IC for second term as Panel Chair
77	Gillian Fleming	Investigating Committee	05/04/2020	Re-appoint to IC for second term as Panel Chair
78	Peter Cadman	Investigating Committee	05/04/2020	Re-appoint to IC for second term as Panel Chair
79	Wendy Bundy	Investigating Committee	05/04/2020	Re-appoint to IC for second term as Panel Chair
80	Andrew Skelton	Investigating Committee	05/04/2020	Re-appoint to IC for second term as Panel Chair
81	Maria Delauney	Investigating Committee	05/04/2020	Re-appoint to IC for second term as Panel Chair
82	Eileen Carr	Investigating Committee	05/04/2020	Re-appoint to IC for second term as Panel Chair
83	Joan Tiplady	Investigating Committee	05/04/2020	Re-appoint to IC for second term as Panel Chair
84	Valerie Paterson	Investigating Committee	05/04/2020	Re-appoint to IC for second term as Panel Chair
85	Miriam Karp	Investigating Committee	05/04/2020	Re-appoint to IC for second term as Panel Chair
86	Moriam Bartlett	Investigating Committee	05/04/2020	Re-appoint to IC for second term as Panel Chair
87	Nigel Bremner	Investigating Committee	05/04/2020	Re-appoint to IC for second term as Panel Chair
88	Ian Comfort	Investigating Committee	05/04/2020	Re-appoint to IC for second term as Panel Chair
89	Joy Julien	Conduct and Competence Committee	05/04/2020	Re-appoint to CCC for second term as Panel Chair
90	Leslie Cuthbert	Conduct and Competence Committee	05/04/2020	Re-appoint to CCC for second term as Panel Chair
91	Malcolm Davidson	Conduct and Competence Committee	05/04/2020	Re-appoint to CCC for second term as Panel Chair
92	Ian Luder	Conduct and Competence Committee	05/04/2020	Re-appoint to CCC for second term as Panel Chair
93	John Weeden	Conduct and Competence Committee	05/04/2020	Re-appoint to CCC for second term as Panel Chair
94	Anne Booth	Conduct and Competence Committee	05/04/2020	Re-appoint to CCC for second term as Panel Chair
95	Howard Freeman	Conduct and Competence Committee	05/04/2020	Re-appoint to CCC for second term as Panel Chair

<b>No.</b>	<b>Full name</b>	<b>Current Practice Committee(s)</b>	<b>End of Term Date</b>	<b>Change Required</b>
96	Lucinda Barnett	Conduct and Competence Committee	05/04/2020	Re-appoint to CCC for second term as Panel Chair
97	Paula Burton	Conduct and Competence Committee	05/04/2020	Re-appoint to CCC for second term as Panel Chair
98	Martin Parker	Conduct and Competence Committee	05/04/2020	Re-appoint to CCC for second term as Panel Chair
99	Paul Housego	Conduct and Competence Committee	05/04/2020	Re-appoint to CCC for second term as Panel Chair
100	Kenneth Caley	Conduct and Competence Committee	05/04/2020	Re-appoint to CCC for second term as Panel Chair
101	Robin Somerville	Conduct and Competence Committee	05/04/2020	Re-appoint to CCC for second term as Panel Chair
102	Richard Davies	Conduct and Competence Committee	05/04/2020	Re-appoint to CCC for second term as Panel Chair
103	Colin Youngson	Conduct and Competence Committee	05/04/2020	Re-appoint to CCC for second term as Panel Chair
104	Clive Powell	Conduct and Competence Committee	05/04/2020	Re-appoint to CCC for second term as Panel Chair
105	Alan Nisbett	Conduct and Competence Committee	05/04/2020	Re-appoint to CCC for second term as Panel Chair
106	Andy Thompson	Conduct and Competence Committee	05/04/2020	Re-appoint to CCC for second term as Panel Chair
107	Gary Leong	Conduct and Competence Committee	05/04/2020	Re-appoint to CCC for second term as Panel Chair
108	Yvonne Brown	Conduct and Competence Committee	05/04/2020	Re-appoint to CCC for second term as Panel Chair
109	Stuart Turnock	Conduct and Competence Committee Heath Committee	05/04/2020	Re-appoint to CCC & HC for second term as Panel Chair
110	Najrul Khasru	Conduct and Competence Committee Heath Committee	05/04/2020	Re-appoint to CCC & HC for second term as Panel Chair
111	Hilary Nightingale	Conduct and Competence Committee Heath Committee	05/04/2020	Re-appoint to CCC & HC for second term as Panel Chair
112	Paul Morris	Conduct and Competence Committee Heath Committee	05/04/2020	Re-appoint to CCC & HC for second term as Panel Chair
113	Edward Lucas	Conduct and Competence Committee Heath Committee	05/04/2020	Re-appoint to CCC & HC for second term as Panel Chair
114	Emma Boothroyd	Conduct and Competence Committee Heath Committee	05/04/2020	Re-appoint to CCC & HC for second term as Panel Chair
115	Martyn Griffiths	Conduct and Competence Committee Heath Committee	05/04/2020	Re-appoint to CCC & HC for second term as Panel Chair
116	Jacqueline Mitton	Conduct and Competence Committee Heath Committee	05/04/2020	Re-appoint to CCC & HC for second term as Panel Chair
117	John Haines	Conduct and Competence Committee Heath Committee	05/04/2020	Re-appoint to CCC & HC for second term as Panel Chair
118	Timothy Cole	Conduct and Competence Committee Heath Committee	05/04/2020	Re-appoint to CCC & HC for second term as Panel Chair
119	Jennifer Laing	Conduct and Competence Committee Heath Committee	05/04/2020	Re-appoint to CCC & HC for second term as Panel Chair
120	Alexander Coleman	Conduct and Competence Committee Heath Committee	05/04/2020	Re-appoint to CCC & HC for second term as Panel Chair

<b>No.</b>	<b>Full name</b>	<b>Current Practice Committee(s)</b>	<b>End of Term Date</b>	<b>Change Required</b>
121	Graham Park	Conduct and Competence Committee Heath Committee	05/04/2020	Re-appoint to CCC & HC for second term as Panel Chair
122	Martin Murphy	Conduct and Competence Committee Heath Committee	05/04/2020	Re-appoint to CCC & HC for second term as Panel Chair
123	Susan Hurds	Conduct and Competence Committee Heath Committee	05/04/2020	Re-appoint to CCC & HC for second term as Panel Chair
124	Matthew Fiander	Conduct and Competence Committee Heath Committee	05/04/2020	Re-appoint to CCC & HC for second term as Panel Chair
125	David Newman	Conduct and Competence Committee Heath Committee	05/04/2020	Re-appoint to CCC & HC for second term as Panel Chair
126	Sara Nathan	Conduct and Competence Committee Heath Committee	05/04/2020	Re-appoint to CCC & HC for second term as Panel Chair



## Council

### Updates to Financial Regulations

- Action:** For decision
- Issue:** Proposes updates to the Finance Regulations to reflect changes in the leadership structure and the addition of the role of Chief Operating Officer.
- Core regulatory function:** Supporting functions.
- Strategic priority:** Strategic priority 4: An effective organisation.
- Decision required:** The Council is asked to approve the updated Financial Regulations.
- Annexes:** The following annexe is attached to this paper:
- Annexe 1: Proposed updates to the Financial Regulations
- Further information:** If you require clarification about any point in the paper or would like further information please contact the author or the director named below.

Author: Graeme Holt  
Phone: 020 7681 5633  
[Graeme.holt@nmc-uk.org](mailto:Graeme.holt@nmc-uk.org)

Director: Richard Finlayson  
Phone: 020 7681 5911  
[Richard.Finlayson@nmc-uk.org](mailto:Richard.Finlayson@nmc-uk.org)

- Context:**
- 1 The financial regulations are intended to protect and promote the financial interests of the NMC and provide a framework for the NMC to manage its financial affairs.
  - 2 As part of the finance improvement programme, a substantive review of the financial regulations is being undertaken, including consideration of best practice in comparator organisations. Revised draft regulations will be reviewed by the Audit Committee in October 2016 prior to Council approval.
  - 3 In the interim some updates are required to the existing regulations to take account of changes to the senior leadership structure including the new Chief Operating Officer role.
- Discussion:**
- 4 The proposed updates to the current Financial Regulations are highlighted in annexe 1. The updates include reference to:
    - 4.1 The role of the Budget Scrutiny Group.
    - 4.2 The roles of Chief Operating Officer and Director of Resources.
    - 4.3 Replacement of the Executive Board with the Performance and Resources Board and the Strategy and Policy Board, and their respective roles.
    - 4.4 Updates to other role titles to reflect the latest organisation structure.
  - 5 In accordance with Standing Orders, Council approval is required as the updates include changes to delegated authority to recognise the role of the Chief Operating Officer.
  - 6 The Audit Committee reviewed the changes on 23 February 2016 and recommended approval by the Council.
  - 7 **Recommendation: The Council is asked to approve the updated Financial Regulations.**
- Public protection implications:**
- 8 None
- Resource implications:**
- 9 None
- Equality and diversity implications:**
- 10 None

**Stakeholder  
engagement:** 11 None

**Risk  
implications:** 12 None

**Legal  
implications:** 13 None



## **Financial regulations**

### **February 2016**

Last reviewed by Audit Committee February 2016

Finance Version 2.0

## Contents

Contents .....	2
Introduction .....	4
Purpose.....	4
Legislative context .....	4
Standing orders of the NMC and prescribed powers of authority.....	4
Changes to the financial regulations .....	5
Scheme of financial delegation .....	5
Procedure manuals.....	6
Requirement for compliance .....	6
Codes of behaviour.....	7
Public service values .....	7
Anti-fraud, bribery and corruption.....	7
Related party transactions and disclosure of interests.....	8
Travelling and subsistence allowances.....	8
Recording, monitoring and reporting financial activities.....	9
Maintenance of, and access to records .....	9
ICT and data security.....	9
Accounting records and preparation of the annual accounts .....	10
Annual reports.....	11
External audit.....	11
Internal audit.....	11
Payment of salaries .....	12
Budget monitoring and control.....	13
Introduction .....	13
The Council's role in budget monitoring.....	13

The role of Council Budget Scrutiny Group (BSG).....	13
The role of the Strategy and Policy Board (S&P Board) and the Performance and Resources Board (PRB) .....	14
Director of Resources and COO's roles in budget monitoring.....	15
Responsibilities of budget holders .....	15
Ensuring value for money .....	16
Introduction .....	16
Competitive selection requirements .....	17
Contract terms .....	17
Orders for goods and services .....	18
Procurement cards.....	18
Payment of accounts .....	18
Safeguarding assets .....	19
Banking arrangements.....	19
Receipt of money .....	19
Online receipts of money .....	20
Security of cash .....	20
Credit finance arrangements including leases .....	20
Investments.....	20
Capital expenditure .....	21
Equipment control .....	21
Disposal of assets.....	21
Stock control .....	21
Security of property.....	22
Insurance .....	22
Authority for financial commitment.....	23

## Introduction

### Purpose

1. The Financial Regulations provide the framework for managing the NMC's financial affairs. The purpose of these financial regulations is to ensure the proper use of resources and stewardship of assets and to regulate the conduct of the NMC's Council members and staff in relation to all financial matters.
2. The financial regulations explain the financial responsibilities and policies adopted by the NMC to fulfill its financial control and legal obligations as laid down by the standing orders of the NMC, accounting standards, Government policy and law.
3. The financial regulations are the primary source of guidance on financial control within the NMC and override all other operational instructions and procedures.
4. The financial regulations are, however, subordinate to the standing orders of the NMC and the various laws that govern the activities of the NMC and its staff.

### Legislative context

5. The NMC was established by the Nursing and Midwifery Order 2001 ('the Order') which sets out the powers and functions of the Council. The Order has been amended on a number of occasions, most notably by the European Qualifications (Health and Social Care Professions) Regulations 2007 and the Nursing and Midwifery (Amendment) Order 2008.

### Standing orders of the NMC and prescribed powers of authority

6. The Nursing and Midwifery Council standing orders are made under powers contained in Paragraph 12 of Schedule 1 to the Order.
7. The Chief Executive and Registrar of the NMC ('the Chief Executive') is responsible to the Council for regulating and controlling the finances of the NMC.
8. The Chief Executive is responsible for the propriety and regularity of the finances of the NMC and for keeping proper accounting records. The Chief Executive has been appointed by the Privy Council as the Accounting Officer and as such is accountable to Parliament for the stewardship of the resources of the NMC.
9. The responsibilities of the Accounting Officer are described in *Managing Public Money* produced by HM Treasury<sup>1</sup>. This document should be referred to for advice on the standards expected of an accounting officer's organisation.
10. The **Chief Operating Officer** and the **Director of Resources** have, in turn via letters of **delegation**, been delegated the powers to control and regulate the NMC's finances and the responsibility for the proper administration and reporting of the financial affairs of the NMC.

---

<sup>1</sup> [www.hm-treasury.gov.uk/psr\\_mpm\\_index.htm](http://www.hm-treasury.gov.uk/psr_mpm_index.htm)

11. The Council has established an Audit Committee whose remit is to support the Council and management by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report.

### Changes to the financial regulations

12. The financial regulations are the primary source of financial guidance. As such they should be regularly reviewed to ensure they remain accurate and incorporate any changes that have occurred in the NMC.
13. The **Performance and Resources Board** (PRB) is responsible for determining and implementing the financial regulations, including the scheme of financial delegations and the anti-fraud and anti-bribery policies, and ensuring that they are presented to the Audit Committee for periodic review.
14. The Audit Committee will review the financial regulations, including the scheme of financial delegations and the anti-fraud and anti-bribery policies.

### Scheme of financial delegation

15. Ultimate responsibility for the financial affairs of the NMC lies with the Council with delegation to the Chief Executive who, in turn, delegates to the **Chief Operating Officer (COO)**, who further delegates to the **Director of Resources**. Nevertheless, it is necessary to establish a system of further delegated powers to enable appropriate members of **Directors and other** staff to manage the budgets, commit expenditure and carry out the day to day activities of the NMC. This system of delegated powers is known as the scheme of financial delegation.
16. The scheme of financial delegation lists all staff to whom financial responsibilities have been delegated, together with a specimen of their signatures. The Director of Resources will ensure that procedures are in place to detect and prevent delegated powers being breached.
17. Individual directors are identified as first line budget holders within the scheme of financial delegation. The Chief Executive delegates power to them **via the Chief Operating Officer** to enable the efficient management of their directorate finances.
18. Directors must produce, update, formally approve and retain their own schemes of delegation for staff within their own organisational control and provide copies to the **Director of Resources**.
19. The fundamental principles of the scheme of financial delegation are set out below. It is important that all NMC staff understand these principles and apply them to all their actions.
  - 19.1. No financial or approval powers can be delegated to a subordinate officer in excess of the powers invested in the delegating officer.

- 19.2. Permission to authorise expenditure will only be delegated to staff who can evidence an appropriate level of experience and training, based on criteria set by the **Director of Resources and COO**.
  - 19.3. Powers may only be delegated to staff within the organisational control of the delegating officer.
  - 19.4. All delegated powers must remain within the financial and approval limits set out in the scheme of financial delegation.
  - 19.5. All powers of delegation must be provided in writing, duly authorised by the delegating officer.
  - 19.6. All applications for short term powers of delegation, such as holiday cover, which are not intended to be permanent, must also be provided in writing by the delegating officer, prior to the period for which approval is sought.
  - 19.7. Any member of staff wishing to approve a transaction outside their written delegated powers must in all cases obtain written approval from the relevant line manager with adequate powers, before any financial commitments are made in respect of the transaction.
20. Financial delegation does not include the authority to borrow or lend money on behalf of the NMC.
21. The authority to **approve** permanent positions is retained by the **PRB**.

### **Procedure manuals**

22. Despite being the primary source of financial guidance, it is neither possible nor desirable for the financial regulations to outline all the detailed procedures. Instead, detailed guidance on systems, controls and procedures are to be found in the relevant procedure manuals.
23. Those responsible for producing procedure manuals must ensure that they do not contradict the financial regulations, which at all times take precedence.
24. Should any member of staff have concern over whether they are compliant with these financial regulations or the supporting procedure manuals, they should raise their concern immediately with their line manager, **Director or the Director of Resources**.
25. Procedure manuals take formal effect once approved by the **Director of Resources or COO**.

### **Requirement for compliance**

26. These financial regulations form part of the terms and conditions of service for staff at the NMC. Compliance with the financial regulations is compulsory for all staff and failure to comply may result in the application of NMC's disciplinary procedures. **Where such a breach results in clear financial loss, the officer may be personally liable to compensate the NMC.**

27. The **Director of Resources** is responsible for ensuring that financial training is provided for all staff.
28. Staff are expected to know about and apply those sections of the financial regulations and other supporting guidance that are relevant to their day-to-day responsibilities.
29. It shall be the duty of the manager of each department to ensure that subordinate staff observe the requirements of these financial regulations.
30. Staff should consult with their line manager, **Director or the Director of Resources** on any questions about the applicability of the financial regulations, financial guidance and procedures.
31. Any proposed departure from set procedures should be clearly documented and approved by the **Director of Resources or COO** in writing before the action is taken.

## **Codes of behaviour**

### **Public service values**

32. There are three crucial service values which must underpin the work of the NMC.
  - 32.1. Accountability – everything done by those who work for the NMC must be able to stand the test of Parliamentary scrutiny, public judgments on propriety and professional codes of conduct.
  - 32.2. Probity – there should be an absolute standard of honesty in dealing with the assets of the NMC: integrity should be the hallmark of all personal conduct in decisions affecting registrants, staff and suppliers, and in the use of information acquired in the course of NMC duties.
  - 32.3. Openness – NMC activities should be transparent so as to promote confidence between the NMC and its staff, registrants and the public.
33. Further information can be obtained from the NMC code of conduct for members and the *Nolan Committee's first report on standards in public life*.

### **Anti-fraud, bribery and corruption**

34. The NMC must have robust systems and procedures in place to ensure that the risk of impropriety is minimised as far as possible, and that where instances do occur, there is a prompt and effective response to them. Fraud, bribery and corruption and other irregularities are sensitive and damaging issues that can lead to financial loss, adverse publicity and loss of public confidence in the way an organisation's finances and resources are being used.

35. The NMC expects all Council members, directors and other staff to report any suspicions they might have of fraudulent or corrupt behaviour. The NMC's Whistleblowing policy (public interest disclosure policy) is available on the intranet.
36. The NMC imposes an obligation that all gifts given to staff in the course of their duties are centrally recorded on a gift register. The Assistant Director, Governance, maintains a register of members' interests and members are also asked to declare gifts and hospitality.
37. For details on the above matters, please refer to the NMC anti-fraud, bribery and corruption policy available on the intranet.

### **Related party transactions and disclosure of interests**

38. Council members and staff are required to declare any interests they may have in matters they are dealing with and, where appropriate, not be involved in such matters in which they have an interest. Members of staff are required to make a declaration of interest if they take part in tendering panels. Members of committees are bound to declare any interest in the business of the day, at each committee meeting, in addition to the disclosure requirement incumbent upon them under the NMC code of conduct for members.
39. Council members and staff shall immediately disclose to the Chief Executive or COO:
  - 39.1. any family or close relationship they have with any other member of NMC's staff, any Council member, committee member, or any provider of goods or services to the NMC
  - 39.2. any financial or other interest of benefit to that person from a transaction or financial arrangement of the NMC, including any interest in a business trading with the NMC.
40. No member of staff may establish a company or commercial enterprise of any kind intended to exploit any activity carried on by the NMC or on the NMC's premises or to exploit any rights belonging to the NMC.
41. A register of interests is maintained for Council members and Directors. The register of members' interests is to be made available at each Council meeting.
42. The Director of Resources shall monitor any related party transactions and the Chief Executive or COO shall determine whether any such transaction should be considered material.

### **Travelling and subsistence allowances**

43. The Director of Resources shall be responsible for establishing policies and procedures for the management of expense claims submitted by Council members, committee members, staff and suppliers of services where applicable.

44. All rates and regulations regarding travelling and subsistence payments shall be reviewed on a regular basis, by the **Director of Resources**.
45. For detailed guidance on the above matters, please refer to the NMC travel, accommodation and subsistence policies, available on the intranet.

## **Recording, monitoring and reporting financial activities**

### **Maintenance of, and access to records**

46. The **Director of Resources** shall be responsible for the maintenance of the accounting and payroll records and the provision of any relevant information to authorities that are entitled to receive it.
47. No unauthorised person is allowed access to financial or payroll records..
48. The NMC has a legal requirement to retain prime documentation for six years. This documentation includes:
  - 48.1. purchase invoices
  - 48.2. sales invoices and receipts
  - 48.3. tax and VAT records
  - 48.4. bank statements
  - 48.5. salaries and wage records.
49. To ensure fulfilment of this requirement, no person may dispose of a financial record of the NMC without the prior authorisation of the **Director of Resources or COO**.
50. The **Director of Resources and COO** shall have access to all records, documents, correspondence and explanations relating to any financial transactions of the NMC.

### **ICT and data security**

51. The **Director of Resources** shall be responsible for the accuracy and security of the electronic financial data of the NMC and shall ensure that **in regard to financial systems and data**:
  - 51.1. procedures are in place to protect data, programs and computer hardware from deletion or modification, theft or damage, or accidental or deliberate disclosure to unauthorised persons
  - 51.2. appropriate controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness and timeliness of data, as well as the efficient and effective operation of the finance systems

- 51.3. adequate controls exist such that the system operation is separated from development, maintenance and amendment
- 51.4. an adequate audit trail exists through the finance systems and that such computer audit reviews as necessary are carried out
- 51.5. the NMC remains compliant with the Data Protection Act 1998 and all other relevant legislation.
- 52. Changes to financial systems must be developed in a controlled manner and thoroughly tested prior to implementation.
- 53. Contracts for ICT services must clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also specify service level expectations, and ensure rights of access for audit purposes.
- 54. Further guidance on ICT and data security can be obtained from the ICT security policies available from the intranet.

#### **Accounting records and preparation of the annual accounts**

- 55. The **Director of Resources** is responsible for determining the accounting procedures to be followed and the accounting records to be maintained.
- 56. The **Director of Resources** is responsible for ensuring that the annual report and accounts are prepared in accordance with relevant legislation, the *Statement of Recommended Practice: Accounting and Reporting by Charities*, and the Accounts Direction provided by the Privy Council.
- 57. The draft annual report and accounts will be reviewed by the Audit Committee before being submitted to the Council for final approval. In reviewing the annual report and accounts, the Audit Committee will focus in particular on:
  - 57.1. Consistency of, and compliance with, accounting policies.
  - 57.2. Compliance with appropriate accounting standards.
  - 57.3. Significant adjustments arising from audit and any unadjusted mis-statements.
  - 57.4. Major accounting judgments.
  - 57.5. Clarity of the annual governance statement and other disclosures in the annual report relating to internal control, risk management, audit and other matters falling within the Committee's remit.
- 58. The annual report and accounts will be approved by Council, and signed by the Chair and Chief Executive.

## Annual reports

59. Article 50 of the Order, as amended, requires that the NMC must produce:
- 59.1. an annual report that includes a description of the arrangements that it has in place to ensure that it adheres to good practice in relation to equality and diversity
  - 59.2. a statistical report relating to its fitness to practise functions
  - 59.3. a strategic plan.
60. The NMC is also required to submit copies of these reports and the strategic plan to the Privy Council, and the Privy Council is required to lay copies of the reports and the strategic plan before Parliament.

## External audit

61. Article 52 of the Order, as amended, requires the annual accounts of the Council to be audited by the Comptroller and Auditor General (National Audit Office) and by external auditors appointed by the Council. The Order further requires that the audited accounts be submitted to the Privy Council for laying before Parliament.
62. The Audit Committee will consider and make recommendations to Council regarding the appointment, re-appointment and removal of the external auditors.
63. Access to the premises occupied by the NMC and to all assets, records, documents and correspondence relating to any financial and other transactions must be provided and explanations given when required, to the external auditor and to the staff of the National Audit Office for the purpose of examining the NMC's accounts.
64. The audit plans, audit reports and audit findings are to be presented to and reviewed by, the Audit Committee.
65. The Audit Committee may request such legal, internal audit, accountancy or other professional advice (including the attendance of advisers at meetings of the Committee) as it sees fit for the proper discharge of its functions.

## Internal audit

66. The accounting and financial operations of the Council shall be subject to internal audit.
67. The Audit Committee will advise the Chief Executive on the appointment of internal auditors.
68. The **PRB** will review the internal audit programme before it is submitted to the Audit Committee for approval, receive internal audit reports, agree management responses and monitor the implementation of recommendations.

69. The Audit Committee will consider and approve the internal audit charter and the annual internal audit programme. The Committee will receive reports on the internal audit programme, and review and monitor management's responsiveness to the findings and recommendations of the internal auditors.
70. The internal auditor shall have direct access to the Chair of the Audit Committee, and in exceptional circumstances, to the Chair of Council.
71. Access to the premises occupied by the NMC and to all assets, records, documents and correspondence relating to any financial and other transactions must be provided and explanations given when required concerning any matter under examination, to the internal auditor.
72. The annual reports from the internal auditors are to be presented to Council.
73. The *Public Sector Internal Audit Standards* and associated guidance should be applied as appropriate to the NMC<sup>2</sup>.
74. Whenever any matter arises which involves, or is thought to involve, irregularities concerning the assets or functions of the NMC, it shall be the duty of the person who becomes aware of such irregularity to notify their line manager or the Assistant Director, Governance, the **Director of Resources, the COO** and the Chief Executive as appropriate.
75. The Assistant Director, Governance shall take such steps as shall be considered necessary in order to investigate and report on matters of irregularity and shall have access to all assets, records, documents, correspondence and explanations as required, relating to the matter under investigation.
76. The person charged with the responsibility for examining and checking transactions shall not have executive responsibility in any of these transactions.

### **Payment of salaries**

77. The preparation of payroll and the payment of all salaries and emoluments shall be the responsibility of the **Director of Resources**.
78. All forms and documents required to be used for payroll and related purposes shall be in a form agreed by the **Director of Resources**.
79. Deductions from salaries, except for statutory deductions for income tax and National Insurance, shall be approved and authorised in accordance with the scheme of financial delegation and forwarded by the payroll manager. They shall be paid to the relevant authority within 14 days of deduction.
80. The method of payment of salaries, wages and other emoluments due to all NMC staff shall be determined by the **Director of Resources**.

---

<sup>2</sup> [http://www.hm-treasury.gov.uk/psr\\_governance\\_gia\\_guidance.htm](http://www.hm-treasury.gov.uk/psr_governance_gia_guidance.htm)

## Budget monitoring and control

### Introduction

81. The Corporate Plan, the financial strategy and annual budgets are set and monitored so that the NMC has the right resources to deliver its regulatory activity to the standard required, whilst maintaining its long term financial sustainability.

### The Council's role in budget monitoring

82. Council's responsibility is to:
- 82.1. Approve the organisational strategy
  - 82.2. Approve the financial strategy, reserves policy and fee strategy
  - 82.3. Approve the annual corporate plan
  - 82.4. approve the annual budget covering income, expenditure, capital and investment cashflow
  - 82.5. monitor financial performance against budget and forecast
  - 82.6. monitor performance measures for the NMC as a whole.
83. The annual budget sets out the allocations to directorates and projects, the proposed annual registration fee and the impact on reserves.
84. The annual budget must be approved by Council before it takes formal effect.

### The role of Council Budget Scrutiny Group (BSG)

85. The Budget Scrutiny Group purpose is to provide assurance to the Council on the NMC's financial strategy, its financial plans and budgets, and factors affecting financial risk. The terms of reference of the Group are to:
- 85.1. Review the Council's financial strategy in the medium to long term, including review of external assurance reports.
  - 85.2. Review financial plans, including the proposed Council budget and underpinning assumptions.
  - 85.3. Provide assurance to Council that sufficient detailed analysis of financial options, sensitivities and risks has been prepared and considered in relation to financial plans and strategy.
  - 85.4. Review the corporate business plan alongside the budget to provide assurance to Council that the budget resource allocation is appropriate to meet our regulatory core business.

86. The Budget Scrutiny Group will meet as frequently as required in order to provide assurance to the Council but will have two pre-scheduled meetings in October or November and in January to review draft budgets.
87. The Chair of the Group will report on its work to the Council, in seminar, confidential or open session as considered appropriate by the Council Chair.
88. The Assistant Director, Governance and Planning, or a member of her team, will provide the secretariat function for the Group.
89. The Group shall consist of:
- 89.1. Council Chair (Chair)
  - 89.2. Audit Committee Chair
  - 89.3. Remuneration Committee Chair
90. The Group will be supported by:
- 90.1. Chief Executive
  - 90.2. Chief Operating Officer
  - 90.3. Corporate Services Director
  - 90.4. Assistant Director of Finance and Audit

**The role of the Strategy and Policy Board (S&P Board) and the Performance and Resources Board (PRB)**

91. The Strategy and Policy Board will oversee the development of the NMC's strategic framework and will review all strategic and policy matters before they are submitted to Council as required.
92. The Performances and Resources Board will determine the annual directorate business plans, priorities and budgets in line with the strategic framework developed by S&P Board and agreed by the Council, as well as approving any material changes in-year, including:
- 92.1. reallocation of resources, within the budget agreed by Council
  - 92.2. amendments to business plan deliverables
  - 92.3. business cases requiring contingency funding.
93. The PRB will monitor the operating and financial performance of the NMC and directorates.

### **Director of Resources and COO's roles in budget monitoring**

94. The **Director of Resources** shall be responsible for the preparation, monitoring and control of financial strategies and budgets and shall ensure that:
  - 94.1. budgets and financial strategies are set in accordance with the aims and objectives of the strategic business plan
  - 94.2. procedures and guidance are in place to adequately collate, set and monitor budgets
  - 94.3. **PRB** and the Council are provided with regular reports of budgetary performance and the causes of any significant variances from the budget.
95. The **Director of Resources** will ensure that budget holders are provided with appropriate financial information to enable them to manage their budgets effectively.
96. The **Director of Resources and COO** will determine and advise on prudent levels of reserves for the NMC on an annual basis.
97. The **Director of Resources and COO** will determine and advise on appropriate registration fee levels for the NMC, on an annual basis.

### **Responsibilities of budget holders**

98. Budget holders are responsible to the COO and for the control of their budgets and, in turn the COO is responsible to the Chief Executive. Budget holders shall prepare plans and estimates of the costs of the activities of their department and shall submit them to the **Director of Resources** for review.
99. **Where the Director of Resources is referenced in the following paragraphs, these responsibilities can also be undertaken by the COO as circumstances dictate.**
100. It is the responsibility of directors to ensure that their draft budgets reflect the aims and objectives set out in the business plans.
101. Budget holders shall consult the **Director of Resources** with respect to any new proposals which have financial implications.
102. The **Director of Resources** is entitled to full access to the financial, statistical and other relevant information to enable accurate setting and monitoring of budgets.
103. Transfers of approved funds between cost types within departments or directorates are permitted in order to give flexibility in the way that departmental objectives are achieved, up to a maximum value determined by the **Director of Resources**.
104. Transfers of budget funds from one cost centre to another must be agreed between the relevant directors, up to a maximum value determined by the **Director of Resources**.

105. Where significant funds are budgeted for a particular purpose and a saving is made or the activity is delayed to a later year, resulting in an underspend of budgeted funds of more than a limit to be set by the **Director of Resources and agreed by the COO**, the budget holder must not reforecast these savings for other purposes. Instead, they should be brought to the attention of the **PRB** where a corporate view will be taken and the funds will be allocated to the area with highest funding priority.
106. Budget holders are responsible for ensuring that expenditure budgets are not overspent and income budgets are fully met, and to monitor performance, taking account of the financial information provided by the **Director of Resources**. If a budget holder believes that an individual budget may be overspent, the budget holder should take any appropriate remedial action necessary to avoid actual expenditure exceeding budget, and shall inform the **Director of Resources**.
107. A budget holder may incur expenditure within the limits of the plans and budgets authorised by the Council. Budget holders cannot make commitments that would lead to their budgets being exceeded, without the prior approval of the **PRB**.
108. Budgeted funds may not be reforecast for the purpose of taking on additional permanent or temporary staff until the requisite approval has been obtained from the **PRB** Recruitment will be controlled through the HR department.
109. Budgets may not be reforecast for any other long term (i.e. more than one year) commitment which would bind the NMC to expenditure in future years (e.g. leasing equipment) without prior approval by the **PRB**.
110. Forecasts will be revised monthly and are approved by the **PRB**.
111. Budget holders shall use the NMC's finance systems to enable effective monitoring of their budgets and shall ensure that expenditure and income are allocated to the appropriate activity in the accounts.
112. Further guidance on budgetary roles and responsibilities can be found in the budget procedures available from the Finance department.

## Ensuring value for money

### Introduction

113. The NMC must be able to demonstrate that it achieves value for money in all its purchases.
114. The Chief Executive has overall responsibility for ensuring value for money, and together with the **Director of Resources and COO**, will ensure that procedures and guidance are developed for competitive selection wherever possible in procurement exercises. These procedures should:
  - 114.1. be open and clearly demonstrate fair and adequate competition

114.2. offer flexibility whilst complying with best practice and mandatory requirements

114.3. give due regard to the costs and benefits of control.

### **Competitive selection requirements**

115. 'Best practice' as defined by the **Director of Resources**, is required for purchasing all goods and services.
116. It is the responsibility of directors to ensure that all procurement exercises in their directorates are undertaken with due regard for NMC procurement requirements, and in conjunction with the Procurement department.
117. The value of the goods or services being procured will determine the degree of formality of the tendering process. Information on the financial thresholds that determine the nature of the tendering process to be applied is set out in the NMC procurement manual.
118. For high value goods and services, compliance with the requirements of the EU Directives is mandatory under the Public Supply Contracts Regulations 1995.
119. The NMC should accept the tender which provides greatest value for money, defined as the optimum combination of whole life costs and benefits. However, if the budget holder proposes to accept a tender which is not the lowest price tender, he or she shall not do so without the prior approval of the **Director of Resources or COO**.
120. Further guidance relating to the regulations governing Government procurement, and the requirements of the EU Directives can be obtained from the Procurement department.
121. Further details on contracting, tendering and ordering requirements and procedures are contained in the NMC procurement manual available from the Procurement department or the finance pages of the NMC intranet.

### **Contract terms**

122. All contracts shall be in accordance with the terms and conditions of the NMC where possible and appropriate. Where this is not possible the contract should be signed by the **Director of Resources or COO** to evidence approval of the non-standard contract terms.
123. All relevant contracts should allow the NMC to retain the right to audit all income received from third parties under income generation contracts, and to confirm the calculation of profit share.
124. The authority to commit the NMC to financial expenditure via contracts with external suppliers is vested in those individuals set out in the table in Annexe 1.

### Orders for goods and services

125. Requisitions for goods and services should be raised and approved by staff and budget holders via the electronic procurement system 'eBis', prior to the supply of the goods and services, so that the associated purchase order can be raised. Once supplied, the goods or services should be entered as 'received' in eBis and the amounts checked to facilitate the prompt and accurate matching and payment of the associated invoice.
126. All purchase requisitions must be authorised by the relevant budget holder or by a member of staff to whom a budget holder has delegated budgetary control of appropriate specified levels of expenditure.
127. Purchase orders will be authorised in accordance with the 'Authority for financial commitment' schedule set out at Annexe 1.
128. Official purchase orders shall be issued for all work, goods or services to be supplied to the NMC, except for periodic payments such as rent and rates, procurement card expenditure and such other exceptions as the **Director of Resources or COO** may approve.
129. Any exceptions to the ordering procedures set out above must be authorised by the **Director of Resources or COO**.

### Procurement cards

130. The **Director of Resources** will ensure that appropriate controls and guidance are in place to ensure the proper use of procurement cards. The detailed guidance is maintained by the Finance department and includes:
  - 130.1. descriptions of the particular expenditure types the cards are restricted to (such as travel and subsistence)
  - 130.2. limits to individual transaction values
  - 130.3. monthly total expenditure limits
  - 130.4. how cards are allocated and who is entitled to use one.
131. Procurement cards must be used solely for expenses incurred on NMC business and for no other purpose. Cardholders are responsible for the correct use of the cards in accordance with the detailed guidance. Reconciled and authorised statements and receipts must be received by the Finance department within ten working days from statement date, together with any withdrawn cash unspent at the end of the statement month

### Payment of accounts

132. The **Director of Resources** shall be responsible for the proper and timely payment of all invoices and expense claims, in accordance with the NMC's terms and conditions.

133. Budget holders and staff have a responsibility to provide prompt notification of amounts payable by the NMC arising from transactions that they initiate.
134. Detailed procedures and guidance shall be maintained, covering the approval of accounts for payment. This includes rules on verification of invoices including confirmation of the receipt of goods or service delivery and confirmation of prices charged and discounts offered.
135. The payment of invoices should be independent of the ordering and authorisation processes.
136. The normal method of payment of money due from the NMC for goods and services shall be by electronic transfer, supported by duly authorised invoice.

### **Safeguarding assets**

137. All staff have an individual and collective responsibility to safeguard the financial resources of the NMC. These resources may take the obvious tangible form of fixed assets or cash, as well as less tangible items such as lost opportunities to earn or recover income that is due.
138. Further to this requirement, each member of staff has an individual and collective responsibility for the security of property. All issues of concern or damage to NMC premises or assets must be reported to Facilities Management.

### **Banking arrangements**

139. The provision of banking services to the NMC shall be determined and monitored by the **Director of Resources**.
140. The opening or closing of a bank account must be reported to the **PRB**. The Chief Executive, **COO and Director of Resources** are delegated the authority to open accounts that have been approved by the **PRB**.
141. Transfers between NMC bank accounts shall be made on the authority of the **Director of Resources or COO**.
142. The Assistant Director, Finance **and Audit** shall ensure that all unused, pre-printed cheques shall be kept under secure custody.
143. Bank reconciliations for all bank accounts shall be carried out on a regular basis, with a full reconciliation at least monthly. These reconciliations must be signed and stored for a period of 12 months to evidence the completion and review of the reconciliation.

### **Receipt of money**

144. The collection of all monies due to the NMC shall be under the control of the **Director of Resources** who shall be responsible for ensuring that all monies due to the Council are collected and properly accounted for.

145. An official receipt shall be issued whenever requested by the payer. Stocks of receipt books shall be controlled in accordance with approved procedure manuals.
146. All monies received by a staff member on behalf of the Council, must be passed without delay to the Finance department for banking.

### **Online receipts of money**

147. The **Director of Resources** will ensure compliance with the Payment Card Industry Data Security Standards (PCI DSS). The PCI DSS are a set of guidelines covering all aspects of transaction security and data protection to help protect against fraud. Compliance with PCI DSS is mandatory for processing all credit card transactions.
148. Further information relating to procedures and controls over online receipts can be found in the income procedure manual.

### **Security of cash**

149. Secure arrangements for the holding, handling and transporting of money shall be subject to the approval of the **Director of Resources**.
150. All cash, cheques and credit card payments must be held securely, and locked in the safe if held overnight.
151. Staff reimbursement payments shall be limited to duly authorised minor items of expenditure only and will be paid via BACS transfer.

### **Credit finance arrangements including leases**

152. No person other than the **Director of Resources (unless exceptionally approved by the Chief Executive)** can approve any contract or transaction which binds the NMC to credit finance commitments.
153. Prior to the signing of any credit or lease agreement, cost comparisons should be carried out for buy, hire or lease options to demonstrate that value for money is being achieved. This should be done in conjunction with the Procurement department.

### **Investments**

154. The **Director of Resources** will produce an investment policy for approval by Council. The **Director of Resources and COO** is responsible for advising Council on investments and reporting on their performance.
155. Council may appoint an investment manager to support its decision-making, where required.
156. The **PRB** shall agree, monitor and supervise the activities of any investment manager if appointed, on behalf of the Council.

- 157. The NMC's investments shall be made with due regard to ethical constraints, and to achieve any objectives set by the Council.
- 158. All investments made on behalf of the NMC shall be made in the name of the NMC.
- 159. All stock and share certificates and other proofs of ownership shall be lodged with the bank for safe custody. The **Director of Resources** is responsible for the safe custody of such items.

### **Capital expenditure**

- 160. The purchase of individual assets costing more than £1,000 (including VAT), with a useful life of more than one year, and which are intended for use on a continuing basis, shall be classified as capital expenditure. Such assets, including equipment, furniture and property shall be recorded in the NMC fixed asset register.
- 161. The **Director of Resources** is responsible for the maintenance of the fixed asset register.

### **Equipment control**

- 162. Items of ICT equipment including personal computers and printers, with a de minimis cost to be determined by the **Director of Resources**, should be marked and numbered and recorded in the equipment register.
- 163. Items of furniture, fittings and equipment with a de minimis cost to be determined by the **Director of Resources** should be marked and entered on the equipment register, with an adequate description of each item.
- 164. The **Director of Resources** shall arrange an annual check of items on the equipment register, and take action in relation to surpluses and deficiencies, updating the inventory accordingly.
- 165. NMC property shall not be removed from NMC premises except with the express permission of a line manager, the **Director of Resources or the COO**

### **Disposal of assets**

- 166. The disposal of obsolete or surplus stock, equipment or furniture with a net book value of less than £2,000 (collective value of items) shall occur only with the prior approval of the **Director of Resources, COO or Chief Executive**. Items with a net book value in excess of £2,000 shall be disposed of with the prior approval of the **COO or** Chief Executive.

### **Stock control**

- 167. Stationery stocks shall be under the overall control of the **Director of Resources** and stocks of NMC's publications shall be under the control of the **COO**.

168. An inventory of all publication stock shall be arranged at least once a year by the **Director of Resources**.
169. Individual departments shall maintain stationery stocks at the minimum level required for efficient operation of the department, and should not carry excessive stocks.

### **Security of property**

170. Directors are responsible for the security of the property and physical resources of their directorates, for avoiding loss and for the economic and effective use of those resources.
171. The **Director of Resources** will keep a record of all rights to titles to real property and rights to occupy premises and ensure safe custody of title deeds, lease agreements and associated documents.
172. The **Director of Resources** is responsible for ensuring that all NMC property is adequately maintained and that, at all times, the NMC complies with the terms of its property leases, as well as the regulations relating to health and safety.
173. The **Director of Resources** is responsible for the preparation of a maintenance plan and of annual estimates of the costs of repair and maintenance of NMC property, including leased office premises.

### **Insurance**

174. The **Director of Resources** shall arrange all insurance cover and negotiate all claims in consultation with other staff where necessary. The **Director of Resources** shall ensure that the certificates of insurance and other necessary insurance records are maintained and securely stored.
175. Directors shall be responsible for minimising any insurable risks within their areas of control, and must give prompt notification to the **Director of Resources** of any new risks which require to be insured and of any alterations affecting existing insurance.
176. Directors shall notify the **Director of Resources and COO** as soon as possible, of any loss, liability or damage, or of any event likely to lead to a claim.
177. The **Director of Resources** shall annually, or after such shorter period as may be considered necessary, carry out a risk assessment and review all insurance cover, in consultation with directors as appropriate. Independent advisers should also be consulted as necessary.

## Authority for financial commitment

Item	Council <sup>1</sup>	Chief Executive and Registrar with agreement of Chair plus one Council member	Chief Executive and Registrar or COO	Director of Resources	Head of , Procurement
	Aggregate Value aggregate value means cost over the life of the item or contract including any VAT applicable				
Single tender exercise, contract award recommendation, form of agreement, contract variation or extension  ≥	≥1,000,000	≥500,000 <1,000,000	<500,000	<100,000	N/A
Purchase order	1,000,000	≥500,000 <1,000,000	<500,000	<100,000	<25,000

All authorisations to commit sums of between £500,000 and up to £1,000,000 will be reported to Council at the earliest opportunity.

Decisions to commit sums of an aggregate value of £1,000,000 or over will usually be discussed by Council at a meeting. Where an urgent decision is required outside of the meeting schedule, a decision will be taken by email in accordance with Standing Orders.

<sup>1</sup>Where Council have made the decision, the Chair will sign on behalf of the Council.



## Council

### Chair's action taken since the last meeting of the Council

- Action:** For information.
- Issue:** Reports on a Chair's action and a decision by correspondence taken since the last meeting.
- Core regulatory function:** Supporting functions.
- Strategic priority:** Strategic priority 4: An effective organisation
- Decision required:** None
- Annexe:** The following annexe is attached to this report:
- Annexe 1: Privy Council PSA fee determination 2016-2017
  - Annexe 2: Signed Chair's action authorising payment of the Professional Standards Authority (PSA) fee for 1 April 2016 to 31 March 2017.
- Further information:** If you require clarification about any point in the paper or would like further information please contact the author or the director named below

Secretary: Fionnuala Gill  
Phone: 020 7681 5842  
[Fionnuala.gill@nmc-uk.org](mailto:Fionnuala.gill@nmc-uk.org)

**Context****Decision by Correspondence**

- 1 Under Standing Orders (paragraph 4), the Council can decide to supplement the membership of discretionary Committees, such as the Audit Committee, by appointing an independent ( 'partner') member on the advice of that Committee.
- 2 The Council member who is also currently Chair of the Audit Committee has given notice of her intention to resign from the Council on 30 April 2016.
- 3 Audit Committee members were consulted and approved a proposal to recruit a financially qualified individual to Chair the Audit Committee for 12 months.
- 4 In a decision by correspondence on 3 March 2016 the Council agreed the following recommendation:

**That Council appoint an independent Chair of the Audit Committee for a one-year period. That person should hold relevant professional finance qualifications, and should be experienced in audit matters.**

- 5 An open recruitment process commenced on 4 March 2016 with a view to appointment in May 2016.
- 6 The recruitment of a new substantive lay Council member is being progressed separately and in accordance with Privy Council and Professional Standard's Authority requirements.

**Chair's Action**

- 7 The Privy Council has determined the fees to be paid by regulators to the Professional Standards Authority for 2016-2017 (**annexe 1**). The NMC fee for 2016-2017 is just under £1.75m.
- 8 In line with NMC Standing Orders, the Chair authorised payment of the fee (**annexe 2**).

**Public protection implications:**

- 9 None arising directly from this report.

**Resource implications:**

- 10 The costs of recruitment are being met from within existing budget.
- 11 Provision for the PSA fee is contained within the proposed

2016-2017 budget.

**Equality and  
diversity  
implications:** 12 None.

**Stakeholder  
engagement:** 13 None

**Risk  
implications:** 14 None.

**Legal  
implications:** 15 None.



Item 14: Annexe 1  
NMC/16/28  
23 March 2016

165



PRIVY COUNCIL OFFICE  
2 CARLTON GARDENS  
LONDON  
SW1Y 5AA

Tel 020 7747 5300

[pcosecretariat@pco.gov.uk](mailto:pcosecretariat@pco.gov.uk)

*From the Deputy Clerk of the Council*

Jackie Smith  
Chief Executive and Registrar  
Nursing and Midwifery Council

By email: [Jackie.Smith@nmc-uk.org](mailto:Jackie.Smith@nmc-uk.org)

2nd March 2016

Dear Jackie

**Professional Standards Authority (PSA) Fees 2016/17**

Please find attached a copy of the PSA Fee Determination for 2016/17 issued under section 25A(9) of the National Health Service Reform and Health Care Professions Act 2002.

The PSA will issue invoices under this determination to each of the regulatory bodies in due course.

Yours sincerely,

A handwritten signature in blue ink that reads 'Ceri'.

**Ceri King**  
Head of Secretariat & Senior Clerk

## PSA Fees Determination

2016-17

**This Determination is made under Section 25A(9) of the National Health Service and Health Care Professions Act 2002 (as amended) and sets out the annual periodic fee payable to the Authority by the Regulatory Bodies for the period 1st April 2016 to 31st March 2017.**

### Interpretation

In this determination-

“the Act”, means the National Health Service and Health Care Professions Act 2002 (as amended)

“the Authority”, means the Professional Standards Authority for Health and Social Care

“Chargeable Period” means the period determined in accordance with regulation 2(2) of the Fees Regulations

“Due Date” means the date specified in the fee notice in accordance with regulation 6(3) of the Fees Regulations

“Fees Notice” means the written notice from the Authority to each regulatory body stating the amount of fee payable and the period to which it relates in accordance with regulation 6(1) of the Fees Regulations

“Fees Regulations” means the Professional Standards Authority for Health and Social Care (Fees) Regulations 2015

“Periodic Fee” means the fee which is payable by a regulator body by virtue of regulation 2 of the Fees Regulations

“Regulatory Body” means a body referred to in section 25(3) of the 2012 Act.

### Application of this determination

1. This Determination applies in respect of the Chargeable Period 1st April 2016 to 31st March 2017.

### Determination

2. Pursuant to section 25A(9) of the Act, the Privy Council determines that-
  - (a) the amount of funding that the Authority requires in order to perform its functions in relation to the regulatory bodies for the Chargeable Period 1st April 2016 to 31st March 2017, is £3,855,000; and
  - (b) the amount of fee that each regulatory body is required to pay is that set out in the following table:

<b>Regulatory Body</b>	<b>Fee payable April 2016-March 2017 (£)</b>
General Chiropractic Council (GCC)	7,838
General Dental Council (GDC)	272,791
General Medical Council (GMC)	690,227
General Optical Council (GOC)	73,219
General Osteopathic Council (GOsC)	12,791
General Pharmaceutical Council (GPhC)	189,738
Health and Care Professions Council (HCPC)	858,973
Nursing and Midwifery Council (NMC)	1,743,610
Pharmaceutical Society of Northern Ireland (PSNI)	5,813
<b>TOTAL</b>	<b>3,855,000</b>

### **Notes**

3. In accordance with the Fees Regulations each Regulatory Body must pay the Authority the relevant sum specified in the table above.
4. Upon receipt of this Determination, the Authority will send a written Fee Notice to each Regulatory Body stating (i) the amount payable, (ii) the Chargeable Period to which it relates and (iii) the due date by which the payment must be made.
5. In response to the Fee Notice, each Regulatory Body has 30 days from the Due Date to make the payment to the Authority (see regulation 6(4) of the Fees Regulations).
6. Where a Regulatory Body does not pay the full amount of the fee by the Due Date it must pay interest to the Authority on the outstanding amount of the fee. Interest will accrue daily from the day immediately following the Due Date at the annual rate of 1.5% above the Bank of England base rate (see regulation 6(5) and (6) of the Fees Regulations).

*Signed:*  
*Privy Council*



Item 14: Annexe 2  
 NMC/16/28  
 23 March 2016

### Chair's Action

Under NMC Standing Orders, the Chair of the Council has power to authorise action on minor, non-contentious or urgent matters falling under the authority of the Council (Scheme of Delegation, paragraph 4.6). Such actions shall be recorded in writing and passed to the Secretary who maintains a record of all authorisations made under this paragraph. The Chair is required to report in writing, for information, to each Council meeting the authorisations which have been made since the preceding Council meeting.

Each Chair's action must set out full details of the action that the Chair is requested to authorise on behalf of the Council.

<b>Requested by: Anthony Collingwood</b>	<b>Date: 8/3/2016</b>
--	-----------------------

The Privy Council has determined the fee for the Professional Standards Authority (PSA) for the period 1st April 2016 to 31st March 2017. The total amount of funding required is £3,855,000.

It has been determined that the NMC is required to pay £1,743,610 for the period 1st of April 2016 to 31st March 2017.

The Chair is required to sign the attached PSA invoice authorising the finance department to make the payment.

The invoice is dated the 3rd March 2016 and we have 30 days to make the payment failure to do so could result in the NMC having to pay interest to the authority on the outstanding amount of the fee according to the Health and Social Care Act 2015 Regulation 6(5-6).

Signed Janet Finch (Chair)

Date 08.03.16.



## Council

### Audit Committee Report

**Action:** For information.

**Issue:** Reports on the work of the Audit Committee.

**Core regulatory function:** Supporting functions.

**Strategic priority:** Strategic priority 4: An effective organisation.

**Decision required:** No decision is required.

**Annexes:** There are no annexes attached to this paper.

**Further information:** If you require clarification about any point in the paper or would like further information please contact the author or the director named below.

Secretary: Fionnuala Gill  
Phone: 020 7681 5842  
[Fionnuala.gill@nmc-uk.org](mailto:Fionnuala.gill@nmc-uk.org)

Chair: Louise Scull

**Discussion**

- 1 Reports on the work of the Audit Committee. The Committee met on 23 February 2016.

**Audit Committee membership**

- 2 The Committee welcomed Robert Parry and Amerdeep Somal as new members.

**Finance related matters*****Improvement programme***

- 3 The Committee reviewed progress on the finance and procurement improvement programme and recognised that ground work had been undertaken with some progress made in contract management and transactional work, but considered that more urgency and pace now needed to be injected to move the programme forward.

***Review of accounting policy***

- 4 The Committee endorsed a change of accounting policy to enable the costs of permanent staff working on capital projects to be captured. The Committee noted the significant organisational and cultural change involved in introducing resource management arrangements to give practical effect to this and considered that internal audit should review the arrangements towards the end of the year.

***Review of financial regulations***

- 5 The Committee reviewed updated financial regulations to be considered separately by the Council at this meeting. The Committee suggested improvements to be adopted in taking forward a more fundamental review of the regulations planned for later in 2016 as part of the finance improvement programme.

**Registration deep dive**

- 6 The Committee received an in-depth report on risk, quality and continuous improvement in Registration and welcomed work underway to develop improved processes and quality indicators, as well as 'wikipedia' style resources to support the move to online.

**Internal audit*****Work programme 2015-2016: progress update***

- 7 The Committee expressed concern at slippage in the programme and asked that the Executive reinforce the importance of prioritising internal audit and following the agreed protocol for managing

reviews.

- 8 The Committee also requested that more urgency be attached to addressing outstanding internal audit recommendations.

***Draft work programme 2016-2017***

- 9 The Committee commented on the proposed work programme for 2016-2017 and invited the Executive to give further consideration to areas not included in the programme but where the Council may need assurance and how this might best be provided. The Committee will consider a final programme for approval at the April meeting.

**External Audit**

- 10 The Committee held its regular scheduled private meeting with representatives from both External Auditors, who confirmed ongoing constructive working relationships with both the Executive team and Internal Auditors. The significant turnover of staff from the Finance function in recent years was discussed, and the consequent need to ensure no loss of organisational memory was emphasised. The broader issue of senior staff turnover across the NMC was also discussed, and the Committee felt that the full Council might wish to have a discussion on this in due course.
- 11 The Committee reviewed and was satisfied with the proposed external audit and National Audit Office plans for audit of the accounts for the year ended 31 March 2016.
- 12 Appointment of external auditors is a matter for the Council on the recommendation of the Committee. The current contract for external audit services expires in June 2016. Pending completion of a retender exercise, the Committee endorsed a short contract extension to 31 October 2016 to cover the post balance sheet review period and laying of the annual report and accounts in Parliament. The Committee also approved the specification for the tender of external audit services and proposed approach to the retender.

**Serious events and data breaches**

- 13 The Committee received a presentation setting out the current situation relating to reporting and learning from serious events and data breaches. The Committee identified scope for more work to be done to understand variances in reporting levels across directorates; analyse trends; and identify ways of ensuring learning is captured and shared across the organisation.

<b>Public protection implications:</b>	14	No public protection implications arising directly from this report.
<b>Resource implications:</b>	15	No resource implications arising directly from this report.
<b>Equality and diversity implications:</b>	16	There are no direct equality and diversity implications resulting from this paper.
<b>Stakeholder engagement:</b>	17	None.
<b>Risk implications:</b>	18	There are no risk implications arising directly from this report.
<b>Legal implications:</b>	19	None identified.

## Council

### Midwifery Committee report

**Action:** For information.

**Issue:** This paper provides Council with an overview of the work of the Midwifery Committee since the last report in November 2015.

**Core regulatory function:** All regulatory functions

**Strategic priority:** Strategic priority 1: An effective regulator.

**Decision required:** No decision is required.

**Annexes:** None.

**Further information:** If you require clarification about any point in the paper or would like further information please contact the author or the director named below.

Secretary to the Midwifery  
Committee: Jennifer Turner  
Phone: 020 7681 5521  
[Jennifer.Turner@nmc-uk.org](mailto:Jennifer.Turner@nmc-uk.org)

Chair: Dr Anne Wright

**Context: 18 December 2015 Extraordinary meeting****Report on the follow up review of Guernsey**

1. The NMC conducted a follow up review in November 2015 as it had been one year since the extraordinary Local Supervising Authority (LSA) review on the Princess Elizabeth Hospital, Health and Social Services Department in Guernsey. The Midwifery Committee met to discuss the three reports arising from the follow up review.
2. The Committee noted there had been significant improvement over the last year across the issues of concern. The most notable changes were the commitment of staff to patient safety and a shift towards being proactive. The review team observed that improved leadership was empowering midwives to do their jobs more effectively.
3. Some areas of concern did still exist. These included frequent use of agency midwives, prospective staff having difficulty finding accommodation on the island, evidence that some policies and guidelines were still not being followed particularly verbal orders, some policies had not been implemented due to management not having time to finalise and put them in place, records management needed improvement, and there was still concern about the culture of staff.
4. The Committee noted the positive steps that had been made, which included supervisors trying to ensure that agency staff were appropriately trained and inducted, good engagement with lay people and the public, and that verbal order breaches were being dealt with appropriately.
5. The Chief Executive's engagement with media was praised by the Committee.
6. NHS England had given notice to withdraw LSA contracts from all the islands from 31 March 2016. Once the contracts were withdrawn, the NMC would notify all midwives practising in Guernsey that they would have the same requirements as overseas registrants.
7. The wider issues report identified that the hospital had some way to go before it would compare with the modern standards of hospitals in the UK. However, it was advancing.
8. The report was published by the NMC on 16 December 2015.

## 24 February 2016 meeting

### Midwifery regulation change: Update paper

9. A major focus of the Committee this year is to monitor the progress of those elements of the Section 60 Order relating to midwifery.
10. Since the meeting of the Committee in October 2015, the government has confirmed the changes that will be included in the Section 60 Order, and is still anticipating the Spring 2017 timeline will be met.
11. The Department of Health will be publishing a consultation document shortly. The NMC will be responding to the consultation, and will encourage others to do the same.
12. The Committee recognises the importance for the midwifery community to fully understand the scope of the changes and to be ready when the new legislation takes effect. To that end, the Committee is monitoring the risks associated with this change, and it reviewed a draft communication and engagement plan at the February meeting. Both of these are discussed in more detail below.
13. Transition boards have been established in the four countries. The NMC has proposed drafting a transitional requirements document for the information of the transition boards. The Committee will review the transitional document and a layout of the new regulatory framework at its April meeting.

### Risk Register

14. The risk register covers three major areas: strategic communications risk, legislative risk, and operational risk.
15. The legislative risks are largely out of the NMC's control, although they will continue to be monitored and mitigated as far as possible. The operational risks relate to the internal work that is being or will be undertaken by the NMC.
16. The strategic communications risks are considered to be the most critical by far. The Committee agreed that the risk register was sufficiently detailed and that it adequately captured the risks as understood by the Committee and the midwifery sector. The register will be discussed at future meetings along with the progression of mitigations.

### Communications and engagement plan

17. The communications and engagement plan presented to the Committee in February was a draft version. The Committee

discussed and provided suggestions to expand and refine the plan in certain areas.

18. Various channels of communication will be utilised, including media, website, magazines and periodicals, midwifery events, direct mailings, and working with public facing groups.
19. The plan was recognised as a major mitigating factor for the communications-related risks on the risk register. The Committee agreed that simply communicating what the NMC is doing in respect to regulatory change does not really speak to the 'heart' of the concerns across the wider community. For instance, there was no recognition of the historical significance of 140 years of supervision. There was a 'hearts and minds' piece that needed to be captured in the plan.
20. There was a need to address communication with those employers who might see the legislative change as an opportunity to get rid of supervision altogether.
21. The Committee agreed that it would be useful to copy the model of communication used during the revalidation programme. The Committee emphasised three major streams of communication as being; messages that the NMC owns; collaboration with others; and encouraging others to communicate.
22. The draft plan made no mention of the cessation of the Midwifery Committee and what this would mean to Council hearing the 'midwifery voice', and to public protection in general. Information about the cessation of the Committee is being added to the plan.

### **Midwifery panel update**

23. The Committee and the Midwifery Panel each keeps the other abreast of their respective activities. At the February meeting, the Committee received the first report from the Midwifery Panel.
24. The Panel was formed in November 2015 and had met in November 2015 and again in January 2016.
25. The Committee was advised that the Panel is focusing on midwifery regulation once the changes take effect, and determining how the Council should receive midwifery updates once the statutory committee ceases. It is intended that the Panel will exist for approximately two years. The next meeting is scheduled for April 2016 and will focus on communication. Lorna Tinsley is a member of both the Midwifery Committee and the Midwifery Panel.
26. Regarding the Committee's own remit, it is timely to review the terms of reference for the Midwifery Committee with a view to identify those

functions that will be affected by the change in legislation. This will be discussed at the April meeting of the Committee.

### **Midwifery education update**

27. The Committee was advised that the timing was not right to review the pre-registration standards and proficiencies for midwives. The NMC acknowledged the importance of this work, but advised that its resources were already committed to the regulatory change and other major programmes of work currently underway.
28. A realistic timeframe for this work will be presented to Council at this meeting.
29. Following the anticipated regulation change, the NMC will make the necessary internal amendments to the midwifery standards but will not commence a full review until the nursing standards were redrafted and resources available.
30. It was noted that there were some disadvantages to this approach, but the Committee accepted that these were outweighed by the advantages, which included obtaining better clarity post the legislative change, and being able to ensure that stakeholders did not become fatigued or overwhelmed by the number of changes.

### **Quality Assurance of Local Supervising Authorities**

31. In light of confirmation from the government that statutory supervision for midwives will be removed from the legislation, the Committee is monitoring the transition period until the changes come into effect.
32. In summary, the NMC proposed removing quarterly quality monitoring, and discontinuing risk based monitoring visits, effective from 1 April 2016. Local Supervising Authorities (LSAs) and LSA Midwifery Officers were supportive of the proposed plan.
33. The committee agreed with the proposed approach.

### **Revalidation update**

34. The Committee continues to receive regular updates on the revalidation programme.
35. It was noted that the uptake had been very good so far, especially considering the first deadline for registrants to revalidate was not until 1 April 2016.
36. A micro website, specifically for revalidation, had been launched. It contains videos and testimonials from registrants who took part in

the pilot program.

37. As registrants completed revalidation they were being sent an email asking for feedback on the process. Responses had been overwhelmingly positive.
38. Additional guidance documents have been prepared to communicate the requirements of revalidation which the feedback revealed were still unclear. Systems had been running smoothly and no technical problems were experienced.
39. Overall, the Committee was pleased with the progress of revalidation.

#### **Schedule of business for 2016-2017**

40. The Committee noted an invitation from Council to hold a joint seminar in July. The Committee members are pleased to accept the invitation, and the June meeting of the Committee has been moved to 26 July to coincide with the joint seminar.

**Public protection implications:**

41. No public protection implications.

**Resource implications:**

42. No resource implications.

**Equality and diversity implications:**

43. No direct equality and diversity implications.

**Stakeholder engagement:**

44. None.

**Risk implications:**

45. None.

**Legal implications:**

46. None identified.