

Meeting of the Council

To be held from 09:30am on Wednesday 28 September 2016
in the Council Chamber at 23 Portland Place, London W1B 1PZ

Agenda

Dame Janet Finch
Chair

Fionnuala Gill
Secretary

- | | | | |
|----------|--|-----------|-------|
| 1 | Welcome and Chair's opening remarks | NMC/16/67 | 09:30 |
| 2 | Apologies for absence | NMC/16/68 | |
| 3 | Declarations of interest | NMC/16/69 | |
| 4 | Minutes of the previous meeting | NMC/16/70 | |
| | Chair | | |
| 5 | Summary of actions | NMC/16/71 | |
| | Secretary | | |
| 6 | Chief Executive's report | NMC/16/72 | 09:40 |
| | Chief Executive and Registrar | | |

Matters for discussion

- | | | | |
|----------|---|-----------|-------|
| 7 | Education | NMC/16/73 | 09:50 |
| | Director of Education, Standards and Policy | | |
| 8 | Equality and Diversity Annual report 2015-2016 | NMC/16/74 | 10:30 |
| | Director of Education, Standards and Policy | | |

Refreshment break 10:50-11:10

Corporate reporting

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|-----------|--|-----------|-------|
| 9 | Chief Operating Officer's report
Chief Operating Officer | NMC/16/75 | 11:10 |
| 10 | Financial monitoring report
Director of Resources | NMC/16/76 | 11:40 |

Matters for discussion

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|-----------|---|-----------|------------------------|
| 11 | Questions from observers
Chair of the Council | NMC/16/77 | 12:00
(Oral) |
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Matters for information

Matters for information will normally be taken without discussion. Members should notify the Chair or the Secretary to the Council in advance of the meeting should they wish for any item to be opened for discussion.

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| 12 | Chair's action taken since the last meeting
Chair of the Council | NMC/16/78 |
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Lunch 12:00 – 13:00

Meeting of the Council
Held at 2 Stratford Place, Montfichet Road, London on 26 May 2016

Minutes

Present

Members:

Dame Janet Finch	Chair
Maura Devlin	Member
Maureen Morgan	Member
Robert Parry	Member
Quinton Quayle	Member
Amerdeep Somal	Member
Stephen Thornton	Member
Lorna Tinsley	Member
Anne Wright	Member

In attendance:

Marta Phillips	Independent Chair of the Audit Committee
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NMC Officers:

Jackie Smith	Chief Executive and Registrar
Alison Sansome	Chief Operating Officer
Adam Broome	Director of Resources
Emma Broadbent	Director of Registration and Revalidation
Sarah Page	Director of Fitness to Practise
Judith Toland	Director of Transformation
Clare Padley	Deputy Director of Education, Standards and Policy
Fionnuala Gill	Secretary to the Council
Jennifer Turner	Governance and Committee Manager

Secretary's note: A number of items were taken out of order. The minutes reflect the order of the agenda.

Minutes

NMC/16/47 Welcome from the Chair

1. The Chair welcomed all attendees to the meeting, noting how pleased the Council was to be meeting at the NMC Stratford office and thanks were due to the Fitness to Practise staff involved in making the arrangements.
2. On behalf of the Council, the Chair welcomed the recently appointed Independent Chair of the Audit Committee, Marta Phillips and the new Director of Registration and Revalidation, Emma Broadbent.

NMC/16/48 Apologies for absence

1. Apologies were received from Karen Cox.

NMC/16/49 Declarations of interest

1. NMC/16/58: Appointment of Assistant Registrars – Emma Broadbent declared an interest as a prospective appointee.

NMC/16/50 Minutes of previous meetings

1. The minutes of the meeting on 26 May 2016 were agreed as an accurate record.

NMC/16/51 Summary of actions

1. The Council noted progress on implementing actions from previous meetings.
2. Arising from NMC/16/22: Test of competence tenders for future centres – progress was on track and there had been high levels of interest in tendering for new centres. The tender was open to UK wide bids.

NMC/16/52 Chief Executive's report

1. The Council considered a report from the Chief Executive and Registrar on key external developments, strategic engagement, and media activity since the previous Council meeting. In discussion, the following points were noted:
 - a) The European Union referendum result did not yet mean any changes: EU applications were still being submitted and processed in the same way. The importance of reassuring EU trained professionals working in the UK that they were highly valued was recognised. The NMC had issued a press release

immediately following the referendum result, assuring registrants and the public that no changes would be made in the immediate future and continued to use social media to positively express support for EU trained registrants.

- b) As agreed by the Council, the NMC had been providing support and expert input to assist Health Education England with development of the scope of practice and standards for the nursing associate role.
- c) At a recent hearing with the Health Select Committee, the Professional Standards Authority had commented that the NMC's performance had improved immeasurably and had commended the leadership of the Chair, Council and Chief Executive.
- d) The first quarterly report on revalidation would be released shortly. 51,000 registrants were due to revalidate in September and the Registration and Revalidation Directorate was fully prepared to deal with this peak, plans were reviewed on a daily basis. Two Council members, Maureen Morgan and Maura Devlin had successfully revalidated.

NMC/16/53

Chief Operating Officer's report

- 1. The Council considered a report from the Chief Operating Officer on progress in quarter 1 against the corporate plan 2016-2017, key performance indicators for May and June 2016, and a summary of the corporate risk register.
- 2. The Chief Operating Officer advised that work to improve the content of the report was ongoing with the aim of introducing a new format in September. She also highlighted that additional short term office accommodation had been procured in central London until the end of 2016, to accommodate additional staff numbers required to manage the peak in registration.

Corporate plan commitments: quarter 1 report

- 3. The Chief Operating Officer highlighted changes to the report including introduction of ratings for both current progress and the expected position at year end. In discussion, the following points were noted:
 - a) The introduction of the year end rating was welcome. In future it would be helpful for the narrative to set out clearly what is required to achieve 'green' by year end and where the position at the end of the year is forecast to be amber or red, the reasons for this.

- b) A number of commitments were shown as amber at the end of this quarter due to work still being in the early stages.
- c) **Commitment 1:** The commitments relating to transformation were rated amber at this stage due to the programme still being in planning and preparatory stages given the scale and complexity of change. Year-end forecast was shown as amber as a cautionary measure, but the aspiration would be to achieve green. Once the outline transformation business case had been considered by the Council in September the way forward would be better understood and the ratings would be adjusted accordingly.
- d) Development of the people strategy would be a key focus in the next quarter: 'green' at year end would mean that there was a delivery plan in place and that elements of this were being delivered.
- e) The pilot management programme was currently underway with two teams participating. Learning would be integrated into the overall transformation programme. Transformation would require different management skills and capabilities and the criticality of this was recognised.
- f) **Commitment 2:** Delivery of the embedded efficiency savings within the budget was on track. The additional stretch target was very challenging and whilst every effort would be made to achieve this, delivery of the full five percent it could not be guaranteed by year-end. This could be seen as reassuring, since if this was green at this stage, it could be argued that the target was not sufficiently challenging.
- g) **Commitment 8:** payment by instalments: this had been rated amber, as implementation had been delayed by a few weeks to iron out issues discovered in testing but had now been rolled out. There had been strong promotion of the facility through social media. Take up was running at 93 percent, which was higher than expected but it was too early to make any definitive assessment. Revised modelling would be undertaken to assess the impact on cashflow and implications for investment.
- h) **Commitment 10:** The red rating for quarter 1 represented an accurate and honest assessment of the current position on the development of intelligence and insight, and this was also reflected in the red risk register rating. Whilst there was action underway, for example to improve data handling, there was not yet a clear understanding of what the NMC needed to do to become an intelligent regulator. External expertise was being sought to assist with this, including drawing on the

experience of the GMC and procurement of some short consultancy work to help identify the capabilities, systems and processes needed.

- i) In procuring external help, care should be taken to distinguish between what information was needed, for what purpose, and technical solutions to generating and analysing data. It was also essential that FTP data should not be seen as the only, or most important, source of data and intelligence: for example, revalidation was likely to provide richer and more helpful sources of information about the registrant body.
- j) Given the central importance of this work to delivering the NMC Strategy, a collective view of what needed to be done was critical and urgent. Benchmarks were needed so that Council could gauge the extent of improvement. Council members with expertise in this area could assist and discussions should be undertaken before consideration at the Council seminar in September.
- k) **Commitment 12:** a pilot 'hub' event on patient and public engagement had been held in Northern Ireland plans for similar events across the other UK countries now needed to be confirmed. The Northern Ireland event had gone well and there was support for roll out elsewhere. However this was only one element of a developing strategy on patient and public engagement, so an amber rating for this commitment might be considered optimistic: there was a mismatch between the commitment and the narrative on progress.
- l) The key question was seen as: what does the Council need to know about public and patient expectations of the NMC and how does it gain access to that information? Tackling this from a communications perspective tends to put the focus on providing information, but there need to equally be an emphasis on 'listening' and capturing views, for example what patients now expect of nurses and midwives. This linked in part to the previous discussion on commitment 10. The proposed approach continued to be top down and involved constantly talking to the same people: it was unclear how this gave assurance that patient and public needs and views had been taken into in developing policies and processes. Different mechanisms/approaches would be needed depending on the nature of the issues on which views were being sought: it was unclear whether the capability to identify and advise on that was in place.
- m) It was noted that more activity had been undertaken than was being captured in the papers, but it was somewhat fragmented. So a clearer articulation of what was already

being done, together with a more systematic approach for the future and clarity around availability of the required expertise was needed. A report encompassing this should be brought to the November Council meeting.

Action:	Future reports against the corporate plan to set out clearly what is required to achieve 'green' by year end and where the position at the end of the year is forecast to be amber or red, the reasons for this.
For:	Chief Operating Officer
By:	30 November 2016
Action:	Develop a collective view of what approach to data and intelligence the NMC needs in order to become an intelligent regulator.
For:	Chief Executive and Registrar
By:	27 September 2016
Action:	Produce a report on mechanisms used to ensure public/patient views inform development of policies/processes; how this can be done better in future and the in-house capabilities.
For:	Chief Operating Officer
By:	30 November 2016

KPIs and Dashboards

4. The Council discussed the performance against the KPIs for first quarter of 2016-2017. In discussion the following points were noted:
- a) **Registration KPIs:** although the primary and secondary targets for UK initial registrations had not been met, performance was improving. In relation to EU and overseas, poor performance in April had led to the red rating overall this was a one off due to introduction of language controls and whilst an increase in demand had been predicted the volume had been significantly higher than expected. Performance had recovered in May and June as anticipated.
 - b) **Registration dashboard:** the directorate was working to improve the call centre response rate and performance. The call abandonment rate had reduced. However the number of calls not answered had increased by 900 in June. Further work would be done to identify why calls were abandoned. It was recognised that without better software, it was difficult to predict peaks and troughs in call centre demand. Customer service would be a key focus for the year with training was being provided to staff and development of other satisfaction measures. The need to look at ways to reduce the number of appeals, for example through increased consistency of decision-making was also highlighted.

- c) **Fitness to Practise dashboards:** the new dashboard format was still work in progress but sought to provide information on workload and trend data. Overall, the age of cases was beginning to go down; the adjournment rate was improving but there was still work to do on reducing the number of cases going part heard. Reasons for all avoidable adjournments were treated as adverse incidents so that lessons could be captured.
- d) Whilst the trend data was welcome, it was noted that the scales used in the overall caseload and case age graphs were misleading in suggesting a more significant decrease than was the case. Percentages as well as numbers should be provided to show a fuller picture. Provision of trend data and/or targets was critical to enable Council to use the dashboards to evaluate performance effectively. Presentation of the dashboard information should be refined so that Council could easily identify key performance messages.
- e) Employer Link Service advisors were liaising with employers to improve understanding with the aim of reducing the number of inappropriate referrals. Reporting on employer referrals separately from public/other referrals may be a way to track the impact of ELS.
- f) The increase in the adjudication caseload was being addressed by rescheduling cases and additional capacity and the Executive was confident that no problems were being stored up for the future.
- g) **Available free reserves KPI:** available free reserves would be monitored using the two methods for calculating the defined benefits scheme pension; showing both an actuarial estimate which linked back to the financial statements in the accounts and a cash commitment figure.
- h) **Staff turnover KPI:** key drivers were being assessed by directors to identify human resources issues, including specific work to understand the reasons for the turnover rate. The annual workforce report would be brought to Council in September 2016.

Action: Improve the way in which FTP performance/management data is presented so that messages are readily identifiable by Council
For: Director of Fitness to Practise
By: 28 September 2016

Action: Bring annual workforce report to Council
For: Director of Resources
By: 28 September 2016

Corporate risk summary

5. The Council considered the corporate risk register summary. In discussion the following points were noted:
- a) **CR29: Insight and Intelligence** - the red rating did not represent a deterioration but rather had been reviewed and rerated as requested by the Council at the last meeting.
 - b) **CR25: Midwifery transition and communications** - the Midwifery Committee had requested at its most recent meeting on 26 July 2016 that the communications plan should be extended to include service users such as mothers.
 - c) Consideration would need to be given to risks associated with the recent decision for the UK to exit the European Union; these could manifest in a number of ways, for example, a reduction in the number of EU trained registrants and/or overseas registrants which could affect income; implications for education standards. There was ongoing contact with the Department of Health about the implications and regular updates would be provided in the Chief Executive's report to the Council.

Action:	Chief Executive's report to include regular updates on progression of the UK's exit from the European Union, any emerging risks and planned mitigations.
For:	Chief Executive and Registrar
By:	28 September 2016

NMC/16/54 Financial monitoring report

1. The Council considered a report on financial performance to 31 May 2016. In discussion the following points were noted:
- a) Overall, performance was on track and there were no issues to flag at this stage.
 - b) Progress against both embedded efficiency savings and the five percent stretch target would be reported to each meeting. The update at annexe 2 of the report was welcome but did not yet give assurance about what had been achieved. As previously discussed, the expectation was that the embedded efficiency savings would be delivered by the year end but the five per cent stretch target would be more challenging and may be both cashable and non-cashable. A more up-to-date picture to enable more meaningful discussion should be available at the next meeting.
 - c) Recruitment to replace interim procurement staff with

permanent staff would take place in September.

Action:	Fuller picture on efficiencies to be produced for September meeting
For:	Director of Resources
By:	28 September 2016

Secretary's note: The Chair asked observers to respect parliamentary obligations not to communicate the content of the draft annual report and accounts or annual fitness to practise report prior to submission to Parliament in October 2016.

NMC/16/55 Draft Annual Report and Accounts 2015-2016

1. The Council considered the draft Annual Report and Accounts 2015-2016.
2. The Chair of the Audit Committee confirmed that the Committee had reviewed the draft report and accounts and endorsed these for approval by the Council. The letters of representation from the external auditors and the National Audit Office (NAO) raised no issues of concern and the accounts were unqualified both of which provided positive assurance for the Council.
3. The Chair of the Remuneration Committee confirmed that the Committee had reviewed the remuneration review and was satisfied with the content.
4. In discussion, the following points were noted:
 - a) The draft report captured major achievements in the past year including the successful implementation of revalidation; the new Code; roll out of NMC online and the Employer Link service as well as work initiated on education standards. Looking forward, education would be at the forefront of the NMC's work, together with further changes to modernise FTP processes.
 - b) The draft report was well written, very readable and thorough, the Chief Executive and staff were to be commended on the achievements.
 - c) Efforts should be made to ensure that the report was easily accessible to nurses and midwives to encourage wide readership. Production of a short summary overview report would be considered as part of the communications plan.
 - d) The accounts had been audited and given a clean bill of health. The National Audit Office had requested a few minor technical changes to the Notes to Accounts which would be picked up at post balance sheet review.

- e) The accounts reflected changes necessitated by the introduction of the new Financial Reporting Standard (FRS) 102. Most notably the Defined Benefits pension scheme deficit was now reflected in the financial statements.
- f) The financial position had improved over the year. The Council would be looking carefully at the approach to investments to ensure best value was being secured.
- g) It was disappointing that negotiations with HM Revenue and Customs, regarding the refund due to the NMC, had not yet reached fruition given that this had now been going on for some years. The NMC was working with other regulators to try to reach a resolution.

5.

Decision: The Council

- **Authorised the Chair to sign the letter of representation to the external auditors.**
- **Authorised the Chair and Chief Executive to sign the letter of representation to the National Audit Office.**
- **Approved the draft annual report and accounts 2014-2015 for submission to Parliament, subject to post balance sheet review.**
- **Approved the post balance sheet review process.**

Action:	Ensure widespread communication of the annual report including to registrants, for example production of a short summary version.
For:	Chief Operating Officer
By:	30 November 2016

NMC/16/56 Draft Fitness to Practise Annual Report 2015-2016

1. The Council considered the draft Fitness to Practise Annual Report 2015-2016. In discussion, the following points were noted:
 - a) A different approach had been adopted this year with more detailed narrative and case studies.
 - b) Highlighted achievements included strengthening the early stage decision making process, the introduction of Case Examiners, and the introduction of the Employer Link Service.
 - c) An error had been detected in the registration data in tables 2 and 3 which would be corrected. All the data would be double checked for accuracy.
 - d) In relation to cases received which raised matters for regulators other than the NMC, the wording should reflect the Francis report expectation that such issues '*must*' be referred

(page 9 of the annual report).

- e) The executive summary with key statistics was welcome but more detail would be welcome including what was being done to interrogate and understand the data and how it was being used for example, to inform work on education and standards. This was not yet possible, although work to improve the data was continuing.
- f) The drop in the number of cases reaching a full hearing and then being found to have 'no impairment' was welcome and suggested that the right cases were being progressed to a hearing.
- g) For the first time, the report included figures for exercise of the new 'power to review' cases which had been closed at the investigation stage. Next year's report would include comparative figures and trends.

2. **Decision: The Council approved, in principle, the draft Fitness to Practise Annual Report 2015-2016, subject to the requested changes; full review and quality assurance of all data and resubmission of the draft report for approval to the Council should substantial changes be required.**

Action:	i. Make amends requested by Council and ii. Review and quality assure all data and, if significant changes, resubmit to Council for approval
For:	Director of Fitness to Practise
By:	28 September 2016

NMC/16/57 Draft Welsh Language Annual Monitoring Report 2015-2016

1. The Council considered the draft Welsh Language Scheme Annual Report 2015-2016. In discussion, the following points were noted:
- a) Consultation on the new Welsh language standards had recently been launched and the Council would be kept updated.
 - b) In future reports, it would be helpful to provide a breakdown on the time taken for new staff to attend equality and diversity training.
 - c) The date for the proposed patient and public engagement event in Wales should be fixed and publicised as soon as possible.
2. **Decision: The Council approved the Welsh Language Scheme Annual Report 2015-2016 for submission to the Welsh Language**

Commissioner.

Action:	Provide a breakdown of time taken for new staff to attend equality and diversity training
For:	Deputy Director, Education, Standards and Policy
By:	28 September 2016
Action:	Confirm date for proposed patient and public engagement event in Wales at earliest opportunity.
For:	Chief Operating Officer
By:	30 November 2016

NMC/16/58 Appointment of Assistant Registrars

1. The Council considered proposals for the appointment of three new Assistant Registrars as a result of recent staff changes. The Council was responsible for appointing Assistant Registrars. In accordance with Standing Orders the Registrar would set the terms of authorisation and ensure appropriate training.
2. **Decision: The Council approved the appointment of the following as Assistant Registrars:**
 - **Emma Broadbent (Director of Registration and Revalidation).**
 - **Bernie Lunney (Assistant Director of Continuous Improvement Registration and Revalidation)**
 - **Lara Rogers (Assistant Director of Registration and Revalidation).**

NMC/16/59 Reappointment and transfer of Fitness to Practise panel members

1. The Council noted the paper on the changes to the membership of the practice committees following a review by the Appointments Board at its meeting on 6 July 2016.
2. The Appointments Board recommended to the Council the reappointment of 22 registrant panel members to a second term of office for a period of four years, and the transfer of 10 individuals from the Conduct and Competence Committee to the Investigating Committee.
3. **Decision: The Council approved the recommended appointments and administrative changes to the practice committees.**

NMC/16/60 Appointment of external auditors

1. The Council considered proposals for the appointment of external statutory auditors. In discussion, the following points were noted.

- a) Eight organisations had expressed an interest in submitting a bid during the tendering process, but only two tenders were received. It would be helpful to explore why the response rate was low.
- b) The process had been rigorous and had ensured that there was no undue advantage for the current incumbent.
- c) The recommended successful bidder had provided assurance that experienced staff would be allocated to work with the NMC and there would be continuity of staff throughout the contract period.
- d) In future it would be important to ensure that such appointments were regularly reviewed and retendered.

2. **Decision: The Council approved the appointment of haysmacintyre as external statutory auditors to take effect from 1 November 2016 for a period of three years with an option to extend for up to a further two years.**

Action:	Contact six prospective companies that did not submit a proposal, to ascertain why they did not tender. Assess the barriers that might be removed to elicit a higher response rate in the future.
For:	Director of Resources
By:	28 September 2016

NMC/16/61 Audit Committee annual report

1. The Council considered the annual report of the Audit Committee presented by the Independent Chair. In discussion, the following points were noted:
- a) All planned internal audit assignments for 2015-2016 had been completed.
 - b) Whilst it was disappointing that the improvements to finance and procurement controls had not advanced as far as hoped, this was in part due to the interim nature of senior staff over the past year. The Committee had been assured that the Executive was now focused on tackling the systematic issues and would monitor this rigorously. The Committee was therefore confident that the deterioration in controls identified in the internal audit opinion would be addressed, given the steps already taken, including reorganisation and appointment of permanent senior staff. The Committee would expect to see convincing evidence of improvements, including most immediately, progress on tackling internal audit recommendations. The improvements secured in IT had

shown what was possible with a strong focus.

- c) In relation to the data breaches experienced, it was important to ensure that learning was captured and embedded.
- d) The Committee had reviewed the accounting policies at its most recent meeting and was satisfied that these were appropriate and reflected in the production of the annual accounts.
- e) The auditors had encouraged a more positive assessment and this had been reflected in the governance statement in the draft annual report and accounts. The Committee's view was that overall the Council could have confidence in the arrangements for governance, risk management and internal control, notwithstanding the improvements needed in specific areas.
- f) Developing the right approach to quality and continuous improvement remained a challenge. Whilst there were some quality measures in place, there was not yet a coherent approach quality. The Council needed to drive this agenda but would discuss with the Audit Committee what its role should be and how it could provide assurance.

Action:	In developing new approach to quality, consider role of Audit Committee in providing assurance
For:	Director of Registration and Revalidation
By:	25 October 2016

NMC/16/62 Midwifery Committee annual report

1. The Council considered the annual report of the Midwifery Committee spanning the period from April 2015 to April 2016, which was presented by the Chair of the Committee. In discussion the following points were noted:
 - a) The focus of the Midwifery Committee over the past year had been on the proposed changes to midwifery legislation. The Committee had closely monitored and provided input to the risk register.
 - b) There was more work to do in terms of communications, particularly during the transition period, but two documents had been produced which would be valuable. These were a guidance document for midwives and a transition document to help the transitions boards in the four countries prepare for the anticipated change. This work went some way to fulfil the Council's commitment to support the sector's readiness for the change.

- c) The Committee had also begun to consider its own work and the advice that Council would need after the requirement for a statutory midwifery committee was removed.

NMC/16/63 Questions from observers

- 1. The Chair invited questions from observers. The following points were raised:
 - a) The provision of separate figures for nurses and midwives in the Fitness to Practise Annual Report was welcome. In future analysis of cases involving competence issues and those involving conduct matters would be helpful. Work was being done by FTP on coding and categorisation to assist with this.
 - b) The commitment to public engagement was welcome. It was important to recognise the need to tailor this to reflect the diversity of services users, such as new mothers and children, the elderly, and mentally ill individuals and the challenges should not be underestimated.

NMC/16/64 Chair’s action since the previous Council meeting

- 1. The Council noted the Chair's action taken since the last meeting.

NMC/16/65 Appointments Board annual report

- 1. The Council noted the Appointments Board annual report.

NMC/16/66 Health and Safety annual report

- 1. The Council noted the Health and Safety annual report.

Conclusion

The Chair thanked all the observers for attending and for their contribution to the meeting.

The next meeting of the Council will be held on Wednesday 28 September 2016 at 23 Portland Place, London W1B 1PZ.

Confirmed by the Council as a correct record and signed by the Chair:

SIGNATURE:

DATE:

Council

Summary of actions

Action:	For information.
Issue:	Summarises progress on completing actions 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 below.

Secretary: Fionnuala Gill
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Fionnuala.gill@nmc-uk.org

Summary of outstanding actions arising from the Council meeting on 27 July 2016

Minute	Action	Action owner	Report back to: Date:	Progress to date
NMC/16/53	<p>Quarterly corporate plan update</p> <p>Future reports against the corporate plan to set out clearly what is required to achieve 'green' by year end and where the position at the end of the year is forecast to be 'amber' or 'red', the reasons for this.</p>	Chief Operating Officer	Council 30 November 2016	This will be addressed in the Q2 report due for November Council.
NMC/16/53	<p>Corporate Plan: Use of intelligence</p> <p>Develop a collective view of what approach the NMC needs in order to become an intelligent regulator.</p>	Chief Operating Officer	Council 27 September 2016	This will be discussed at a future Council Seminar.
NMC/16/53	<p>Corporate Plan: Communication and collaboration</p> <p>Produce a report on mechanisms used to ensure public/patient views inform development of policies/processes; how this can be done better in future; and available in-house capabilities</p>	Chief Operating Officer (AD Communications)	Council 30 November 2016	This item has been added to the agenda for November Council.

Minute	Action	Action owner	Report back to: Date:	Progress to date
NMC/16/53	Performance reporting: FtP Improve the way in which FTP performance/management data is presented so that messages are readily identifiable by Council	Director of Fitness to Practise	Council 28 September 2016	This is addressed in the Chief Operating Officer's report.
NMC/16/53	Performance reporting: Resources Bring annual workforce report to Council	Director of Resources	Council 28 September 2016	Annual workforce report on the agenda for September confidential Council meeting.
NMC/16/53	Corporate risk summary Chief Executive's report to include regular updates on progression of the UK's exit from the European Union, any emerging risks and planned mitigations.	Chief Executive and Registrar	Council 28 September 2016	Addressed in Chief Executive's report on the agenda.
NMC/16/54	Financial Monitoring report Fuller picture on efficiencies to be produced for September meeting	Director of Resources	Council 28 September 2016	Addressed in financial monitoring report on the agenda.
NMC/16/55	Draft Annual Report and Accounts 2015-2016	Chief Operating Officer (AD Communications)	Council 30 November	Not yet due.

Minute	Action	Action owner	Report back to: Date:	Progress to date
	Ensure widespread communication of the annual report including to registrants, for example production of a short summary version.		2016	
NMC/16/56	<p>Draft Fitness to Practise Annual Report 2015-2016</p> <p>i. Make amends requested by Council and ii. Review and quality assure all data and, if significant changes, resubmit to Council for approval</p>	Director of Fitness to Practise	Council 28 September 2016	<p>i. All changes requested by Council were made</p> <p>ii. A full QA was done on the data and no significant changes were required. The Performance and Resources Board reviewed and is able to assure Council that it can have confidence in the data.</p>
NMC/16/57	<p>Draft Welsh Language Annual Monitoring Report 2015-2016</p> <p>Provide a breakdown of time taken for new staff to attend equality and diversity training</p>	Deputy Director, Education, Standards and Policy	Council 28 September 2016	Detailed information about the completion rates of equality and diversity training across the organisation is contained in the Workforce Report. During 2015/16 the average completion rate for our mandatory equality and diversity training for all staff across the NMC was 96%. New starters are expected to complete all their mandatory courses within two weeks. At present we do not report on the percentage of new staff who complete their mandatory training in the first two weeks, but we plan to begin to do so shortly.

Minute	Action	Action owner	Report back to: Date:	Progress to date
NMC/16/57	<p>Draft Welsh Language Annual Monitoring Report 2015-2016</p> <p>Confirm date for proposed patient and public engagement event in Wales at earliest opportunity.</p>	Chief Operating Officer (AD Communications)	Council 30 November 2016	Confirmed date for patient and public engagement event in Wales: 29 September 2016. A similar event in Scotland is fixed for 5 October 2016.
NMC/16/60	<p>Appointment of external auditors</p> <p>Contact six prospective companies that did not submit a proposal, to ascertain why they did not tender. Assess the barriers that the NMC might be able to remove to elicit a higher response rate in the future.</p>	Director of Resources	Council 28 September 2016	Companies that chose not to bid were contacted. Four firms responded, issues raised included current fee could not be competed with, potential conflicts precluding bidding, and lack of time to bid following initial clarification. This feedback will be carefully considered prior to the next tender process.
NMC/16/61	<p>Quality Strategy</p> <p>In developing new approach to quality, consider role of Audit Committee in providing assurance</p>	Director of Registration and Revalidation	Council Awayday 8 December	This item will be addressed as part of the Council Awayday in December 2016.

Summary of outstanding actions arising from the Council meeting on 26 May 2016

Minute	Action	Action owner	Report back to: Date:	Progress to date
NMC/16/38	<p>Review of Midwifery pre-registration education standards</p> <p>Provide an update on plans, including timescales, for review of pre-registration midwifery education standards</p>	Deputy Director of Education, Standards and Policy	28 September 2016	This is addressed as part of the education update on the agenda for September Council.
NMC/16/41	<p>Quality strategy</p> <p>Produce options for an approach to quality, setting out clearly what the options would be expected to achieve and indicative timelines.</p>	Director of Registration and Revalidation	25 October 2016	This item has been deferred from the October seminar and will be addressed at the Council Awayday in December 2016.
NMC/16/41	<p>Data, intelligence and research</p> <p>Identify clearly what it is intended to achieve, and when, in relation to data, intelligence and research ensuring appropriate Council involvement and ownership.</p> <p>Include proposals for improvements to midwifery data with clear timelines</p>	Chief Operating Officer	27 September 2016	This will be addressed at a future Council Seminar.

Minute	Action	Action owner	Report back to: Date:	Progress to date
	<p>NMC/16/07: Research programme - Outstanding from January 2016</p> <p>Develop proposals for a future research programme, with member input, for discussion at Council seminar.</p>			

Summary of outstanding actions from the Council meeting on 23 March 2016

Minute	Action	Action owner	Report back to: Date:	Progress to date
NMC/16/21	<p>Corporate KPIs and dashboards</p> <p>Consider further development of KPIs and performance dashboards as discussed.</p>	<p>Director of Fitness to Practise</p> <p>Director of Registration and Revalidation</p>	28 September 2016	Fitness to Practise KPI and performance data is discussed in the Chief Operating Officer's report on the agenda.
NMC/16/24	<p>Education Strategic Plan</p> <p>Develop proposals for Council oversight and assurance</p>	Deputy Director of Education, Standards and Policy	28 September 2016	This is addressed as part of the education update on the agenda for September Council.

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.

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.

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- 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 has continued to focus on the nursing associate role and the development of future competencies.
 - 2 Updates on the NMC's operating performance can be found in the Chief Operating Officer's report.

Discussion: External developments

Nursing Associate role

- 3 The Chief Executive continued her presentations at Health Education England events being held to develop the nursing associate (NA) role. She spoke in Reading on 22 July 2016 and Newcastle on 29 July 2016.
- 4 Health Education England (HEE) is receiving submissions from sites interested in piloting training for the new role from 2017. We have been invited to pilot a role in the assessment of bids.
- 5 The Professional Standards Authority (PSA) has been asked by the Department of Health (DH) to assess the case for the regulation of NAs (and physician associates) using a new risk assessment approach which it has developed. The outcomes of this process will inform a ministerial decision about regulation of NAs later in the year. The devolved administrations have been offered the opportunity to join discussions about regulation.

Apprenticeships

- 6 The Trailblazer Group of employers leading the nursing apprenticeship development has developed a draft apprenticeship standard which makes clear that nursing apprenticeships must meet the NMC standards for pre-registration programmes and providers must be NMC approved providers. The Group hopes to submit the draft to the Department for Education for approval shortly. At present this is an England-only initiative.
- 7 The Chief Executive has discussed NMC involvement in nursing apprenticeships with the four Chief Nursing Officers and offered reassurance that the route will have parity of esteem with conventional nursing degrees.

EU Referendum and political consequences

- 8 We continue to monitor the impact of the EU referendum vote on healthcare regulation. As there has not yet been any move to invoke Article 50, there has not yet been any impact on the government's legislative programme. We have been informed that the completion of the current Section 60 Order remains a priority. The fate of longer range aspirations such as a regulatory reform bill is less certain.
- 9 In consultation with General Medical Council colleagues, we have decided to continue with the planned Healthcare Professionals Crossing Borders (HPCB) event which we are co-hosting in London in September 2016.

Reform of professional regulation

- 10 We attended the DH's series of meetings to debate the reform of professional regulation in Belfast, Cardiff and Glasgow in July 2016 and early August 2016. As with the event that the NMC hosted on 11 July 2016, the discussions focused on the purpose of regulation, agility and cost-effectiveness. The events emphasised the need to focus on how regulators could make more 'upstream' interventions, be collaborative and deliver efficiencies regardless of whether or not there was a prospect of legislative change. It remains to be seen whether the DH's planned consultation in autumn 2016 will go ahead.

NMC Section 60 legislative changes

- 11 The current Section 60 Order covers improvements to midwifery regulation and fitness to practise for nurses and midwives. The DH intends to publish the consultation response in autumn 2016, and confirm the shape of the proposals to be put before both Houses of Parliament. The timetable for the Section 60 Order remains on track, with completion envisaged in April 2017.

Midwifery Section 60 changes

- 12 We participated in a four country 'stock-take' of plans for midwifery transition convened by the DH on 31 July 2016. Each country has made significant progress towards developing its own new model of non-statutory supervision and all four countries have agreed a shared set of principles which will underpin their new models. A further meeting will be convened in mid-November hosted by the Royal College of Midwives.

Fitness to practise Section 60 changes

- 13 In late July 2016 and early August 2016 we held a series of engagement events with professional bodies and trade unions to discuss the proposed changes to fitness to practise legislation. We held events in Belfast, Cardiff, Edinburgh, London and Manchester

and gathered useful feedback in particular on the new disposal powers for case examiners to recommend undertakings, to issue warnings and advice. We will need to consult on how we propose to use new powers in fitness to practise.

The Committee on Standards in Public Life report

- 14 The Committee on Standards in Public Life report, *Striking the balance: upholding the seven principles of public life in regulation*, will be published shortly, once it has been laid in Parliament. The Committee took written evidence from 65 regulators, held three seminars with regulators, and commissioned four pieces of academic research. The NMC submitted written evidence and attended one of the seminars. The Committee has been reassured by the level of awareness and consideration of ethical issues by the regulators involved in the Committee's review. It identified that practice varies across what is a diverse regulatory landscape. The Committee has made a series of best practice recommendations for regulatory bodies on the themes of governance; codes of conduct; revolving door; independence; transparency; and external leadership. The recommendations are intended to increase public trust in regulation in the United Kingdom. We will consider the report and look at benchmarking our practice against these recommendations.

Legislative changes to the NMC's statutory objectives

- 15 The Health and Social Care (Safety and Quality) Act 2015 is due to come into force on 26 September 2016. As reported to the Council in May 2016, the Act's provisions include introduction of a new overarching objective of protection of the public for some healthcare regulators, including the NMC. Relevant policies, processes and public-facing materials have been amended to reflect the changes.

Accountability and oversight

Ministerial changes

- 16 The reshuffle that followed the EU referendum brought changes to the ministerial team at the DH. Philip Dunne MP has been appointed as the new Minister of State for Health, taking over policy responsibility for professional regulation, with Ben Gummer MP moving to the Cabinet Office. The responsibility for further and higher education, and apprenticeships, passed from the Department of Business, Industry and Skills to the Department for Education, under Justine Greening MP, with Robert Halfon MP as Minister of State for Skills. The Chair has written to the new Minister of State.
- 17 The Chair met with Charlie Massey, Director-General at the Department of Health on 17 August 2016. This was the latest of their regular catch-up meetings. Topics discussed included progress with

regulatory reform. On 19 July 2016, the Chief Executive met Gavin Larnar, the DH's Director of Workforce for a scheduled catch-up meeting.

Professional Standards Authority (PSA)

- 18 As part of the 2015–2016 performance review process, the PSA conducted a five-week audit of 100 FtP cases closed between 1 April 2015 and 31 March 2016. The findings will form part of the NMC's performance review report which we expect to receive for comment in October 2016.

Stakeholder Engagement and Communication

Education

- 19 We have worked with a number of our key strategic stakeholders in developing our communications and engagement plan for our education programme. We are grateful for their support in helping us in the development of: proficiency standards for registered nurses; an education framework setting out requirements for institutions delivering education programmes; and the independent review of education quality assurance.
- 20 The Chair met with a number of vice-chancellors at a dinner hosted by Universities UK on 2 August 2016 and discussed our education programme. Lord Willis of Knaresborough was also asked to speak at the event.

Midwifery issues

- 21 On 21 July 2016, the Chief Executive chaired the fourth meeting of the Midwifery Panel. The meeting was attended by the NMC's Senior Midwifery Advisor, the Chief Nursing Officer (CNO) for Northern Ireland, midwifery colleagues from the CNO's office in Scotland and the Head of Nursing, NHS England, among others (colleagues from Wales were unable to attend). The next meeting of the panel is scheduled to take place on 13 October 2016. The Chief Executive also attended the meeting of the Midwifery Committee held on 26 July 2016.
- 22 As part of the work to ensure that key stakeholders were informed of the decision-making process to assess the appropriateness of indemnity insurance cover for a small group of independent midwives, the Chief Executive has engaged with the four Chief Nursing Officers and senior colleagues at the Royal College of Midwives and the Royal College of Nursing, among others.

Other engagement

- 23 The Chief Executive attended the most recent Chief Executives' Steering Group (CESG) meeting, held in Glasgow on 18 July 2016.

The CESG agreed to a joint statement on the approach to maintaining care during a public health emergency. The regulatory bodies' chief executive legislation group also met on 30 August 2016.

- 24 On 19 July 2016, the Chief Executive spoke at the London South Bank University's (LSBU) aspiring nurse director event. The Chief Executive led a session with Dr Elaine Maxwell, the Associate Professor in Leadership at LSBU on the future of profession regulation and revalidation. Other speakers at the event included the Chief Nursing Officer for England.

Media activity

- 25 There continues to be strong media interest in revalidation. The publication of the first Revalidation Quarterly Data Report featured in various trade publications with Nursing Times and Nursing Standard providing generally positive coverage.
- 26 We continue to receive periodic media enquiries regarding our position on 'Brexit' and its potential impact.
- 27 A number of FtP cases have featured prominently in regional and national media.
- 28 There has been significant media interest in the case of Ms Pauline Cafferkey, the nurse who returned from Sierra Leone having contracted Ebola. The fitness to practise hearing of Ms Cafferkey took place in Edinburgh on 13 and 14 September 2016. There was widespread coverage in both national and regional print and broadcast media. Following the conclusion of the case, the Chief Executive dealt with extensive media requests, including a number of broadcast interviews, explaining the importance of the fitness to practise process.

Public protection implications: 29 No direct public protection implications.

Resource implications: 30 No direct resource implications.

Equality and diversity implications: 31 No direct equality and diversity implications.

Stakeholder engagement: 32 Stakeholder engagement is detailed in the body of this report.

Risk implications: 33 No direct risk implications.

Legal implications: 34 No direct legal implications.

Council

Education strategic plan update

Action: For information.

Issue: Provides an update on our progress towards achieving the programme of strategic change in education set out in our education strategic plan.

Core regulatory function: Education Standards

Strategic priority: Strategic priority 1: Effective regulation.

Decision required: The Council is asked to:

- note the progress of our education strategic programme; and
- approve the proposed timeline for the development of the new standards of proficiency for the future graduate registered midwife as set out in paragraph 16.

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 deputy director named below.

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- Context:**
- 1 Our current education function involves:
 - 1.1 Setting standards for pre-registration education for nurses and midwives.
 - 1.2 Setting certain standards for post registration.
 - 1.3 Quality assuring approved education institutions who deliver programmes that meet our standards.
 - 1.4 Acting on risks that affect learning and patient safety.
 - 2 The Council's Strategy for 2015-20 highlighted the very significant changes in recent years, both in terms of public expectations of healthcare regulators and the nature and context of nursing and midwifery practice as the workforce responds to demographic trends and the global mobility of both patients and professionals. The Strategy emphasised the aim of the Council in responding to this changing landscape was to adopt a dynamic approach to regulation. One of the key areas of focus in the Strategy was the delivery of new education standards. This work remains central to our plans.
 - 3 In January 2016, the Council approved plans to progress the development of a new set of competencies for the future graduate registered nurse, led by Professor Dame Jill Macleod Clark. In March 2016, the Council then approved a full education strategic plan, covering the period 2016-2020, in order to deliver on all the education commitments in the Strategy.
 - 4 The education strategic plan was developed in order to reflect the changing external healthcare environment outlined in the Strategy and in response to an independent evaluation of our current pre-registration nursing and midwifery standards which was undertaken in 2015 as part of our commitments in response to the Francis report.
 - 5 Our education strategic programme will ensure that the NMC leads the way in setting standards that prepare nurses and midwives to provide safe and effective care, both now and into the future. We will do so through the delivery of the following work streams:
 - 5.1 New standards of proficiency for the future graduate registered nurse at the point of entry to the register.
 - 5.2 New standards of proficiency for the future graduate registered midwife at the point of entry to the register.
 - 5.3 A new education framework that will support safe and effective learning.
 - 5.4 An independent review of our quality assurance (QA) function.

- 5.5 A review of other related post-registration standards, including our Standards of Proficiency for Nurse and Midwife Prescribers and Standards for Medicines Management. .
- 6 All of this work will be supported by a comprehensive stakeholder communications and engagement plan that puts our stakeholders at the heart of our education change agenda.
- 7 This paper therefore provides an update on the progress of our education strategic programme.

Discussion: Standards of proficiency for the future graduate registered nurse

- 8 Professor Dame Jill Macleod Clark is leading our work to develop a new set of competencies for the future graduate registered nurse at the point of entry to the register.
- 9 Currently, our pre-registration standards hold requirements for both individuals and institutions. We intend to separate these elements, creating a set of competencies for nursing students to achieve at the point of entry to the register, and moving the education requirements that underpin the competencies into a new education framework.
- 10 The new standards seek to establish the competencies required of the future graduate registered nurse in 2025. They will be outcome focused, accessible to the public, and open to objective assessment. They will build on the professional values set out in the Code, and they will be unambiguous, transparent, and succinct. Additionally, they will provide the building blocks for advanced practice in a range of contexts.
- 11 We are planning a formal public consultation on our new nursing standards of proficiency in Spring 2017, with a view to publishing the final standards in early 2018, for adoption by September 2019, and with an option for approved education institutions to take up 'early adoption' from September 2018.

Standards of proficiency for the future graduate registered midwife

- 12 In March 2016, the Council confirmed that it was committed to undertaking a similar approach to the development of new midwifery standards of proficiency. However, given the forthcoming regulatory changes in midwifery, it was decided at that time that it would not be appropriate to commence the work on the midwifery standards of proficiency within the same timeframe as the nursing standards given the scale of change currently facing midwives in relation to the

section 60 Order. The Council is now asked to approve a proposed timeline for the development of new standards of proficiency for the future graduate midwife

- 13 Many of the same concerns about our current pre-registration education standards apply to both the nursing and midwifery standards and many of the drivers for change are the same, including the need to separate the requirements for individuals and institutions and the need to establish the competencies required of the future graduate registered midwife in 2025.
- 14 In addition, there have been a significant number of high profile reviews in relation to the delivery of midwifery care in recent years. It is incumbent on us, as the regulator with responsibility for setting the midwifery education standards, to ensure that we reflect on these issues and consider any learning from these reviews that we need to take into account as we undertake this review of our education standards.
- 15 The new midwifery standards of proficiency will be outcome focused, accessible to the public, and open to objective assessment. They will build on the professional values set out in the Code, be informed by evidence of good midwifery practice both in the UK and internationally and will be unambiguous, transparent, and succinct.
- 16 **Recommendation:** The Council is now asked to approve a proposed timeline for the development of competencies for the future graduate midwife, with work to commence in late 2016:
 - 2016/2017:** developing an evidence base and early engagement with midwifery stakeholders alongside work on education framework.
 - 2017/2018:** drafting set of new standards with input from midwifery education stakeholders
 - Spring 2018:** formal consultation on new midwifery standards
 - Early 2019:** publishing our new midwifery standards
 - Sept 2019:** 'early adoption' of new midwifery standards and new education framework in place
 - Sept 2020:** deadline for adoption of new midwifery standards.
- 17 This timeline means that the early engagement work on the midwifery standards will run in parallel with our engagement work on the education framework and new QA model which will apply to both nursing and midwifery programmes.

New education framework

- 18 We are planning a formal public consultation on our new education framework in Spring 2017, with a view to publishing the new education framework by early 2018, for adoption from 2018 onwards in line with the new nursing and midwifery standards. It will provide requirements relating to becoming an approved provider of nursing and midwifery education. The framework will also focus on establishing a single set of requirements for education providers, including programme requirements, and requirements relating to selecting, supporting and assessing students.
- 19 We are working closely with the GMC to deliver a framework that provides consistency between regulators and in turn a clear benefit to those delivering our programmes. The new framework will also promote a culture of inter professional learning.

Independent review of quality assurance (QA)

- 20 External consultants have been commissioned to undertake an independent review of the possible options for a future QA model in order to support our new competencies and new education framework. The work will take into account the current and future challenges facing the NMC from a QA perspective. Like the new education framework, the new QA model will apply to both nursing and midwifery programmes.
- 21 This work includes a comparator analysis of alternative quality assurance frameworks and will also be engaging with key external stakeholders in order to capture their views.
- 22 The Council will be asked to consider the future options for QA in early 2017.

Reviews of other standards

- 23 As part of the education strategic programme, we are also undertaking a review of other related post-registration education and practice standards in order to ensure alignment with our new approach to standards of proficiency for nurses and midwives and the new education framework.
- 24 As part of this review we are examining our future role in setting practice standards and we will be considering whether to retain, revise or withdraw our current Standards for Medicines Management.
- 25 As part of this work, we will be updating our Standards of Proficiency for Nurse and Midwife Prescribers. We are supportive of the principles behind the Royal Pharmaceutical Society's new single competency framework for all prescribers and we are currently

exploring how this framework could underpin our new prescribing standards. We are also engaging with the General Pharmaceutical Council in relation to this work.

- 26 Following the introduction of revalidation, we are also reviewing our current return to practice standards. This work focuses on establishing consistency in terms of returning to practice following a period of absence from the register.
- Public protection implications:** 27 Our education strategic programme is primarily driven by the need to protect the public, by ensuring that our standards equip future nurses and midwives for knowledgeable, safe and effective care both now and into the future.
- Resource implications:** 28 The resources for the education strategic programme have been factored into our corporate planning process and were agreed at the March 2016 Council meeting.
- Equality and diversity implications:** 29 An equality impact assessment is currently being progressed at programme level. In addition to consideration of protected characteristics, particular attention is also being given to part time students, distance learning, and the Welsh language implications of any change.
- Stakeholder engagement:** 30 A full stakeholder communications and engagement plan has been developed and we intend to put stakeholders at the heart of our education strategic programme. Engagement work on the nurse standards project has already commenced across the four countries and we are now planning an initial set of stakeholder events to support the wider education programme to take place across the four countries in November 2016.
- 31 We are also establishing an education stakeholder forum from across the UK which will meet quarterly. We will also begin to cascade information about the education programme through our communications network, digital content and web development.
- Risk implications:** 32 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:
- 32.1 the changing policy landscape that affects the education and regulation of nurses and midwives in the future;
 - 32.2 the scale of business transformation that the NMC is currently planning at the same time; and

32.3 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 that allows for timely recruitment and selection.

Legal implications:

33 The legal basis for the education standards and quality assurance function is set out in the NMC Nursing and Midwifery Order 2001, our education and registration rules, and requirements for the education of nurses and midwives as part of EU directives. We anticipate that the future nurse competencies, education framework and prescribing competencies will go to formal consultation in spring 2017 and the future midwife competencies in spring 2018.

Council

Annual Equality and Diversity Report 2015-2016

Action: For discussion.

Issue: This paper presents the NMC's equality and diversity annual report 2015 – 2016 and outlines our new framework for delivering the equality and diversity aims set out in the Council's *Strategy 2015-2020*.

Core regulatory function: Supporting functions
All regulatory functions

Strategic priority: Strategic priority 1: Effective regulation
Strategic priority 2: Use of intelligence
Strategic priority 4: An effective organisation.

Decision required: None.

Annexes: The following annexe is attached to this paper:

- *Annexe 1: Annual equality and diversity report 2015–2016

* Please note that Annexe 1 is not included in the public Council papers. This is so that we comply with strict rules not to publish information contained in our statutory reports, in this case, FtP data, before the statutory reports are submitted to Parliament.

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- Context:**
- 1 This paper introduces the NMC's fourth equality and diversity annual report which covers the period of April 2015 to March 2016. The equality and diversity (E&D) objectives were set in 2012 as part of the E&D Strategy 2012–2015.
 - 2 Section 1 of this report presents a retrospective look at the activities we undertook to meet these objectives in 2015–2016 with a brief outline of the future work we have now planned to move the agenda forward.
 - 3 Section 2 presents the diversity data report that includes data by protected characteristic (as defined in the Equality Act 2010) on :
 - 3.1 Council members, members of staff, Fitness to Practise (FtP) panel members and legal assessors.
 - 3.2 the nurses and midwives who appear on our register and subject to our FtP procedures.
 - 4 In 2016 we reviewed the purpose and work plan of the NMC's E&D function. The outcome of this review is the development of a new framework for delivering the equality and diversity aims set out in the Council's *Strategy 2015–2020*. The new approach is outlined in paragraphs 10 and 11 below.
- Discussion**
- 5 The NMC is legally subject to the Equality Act 2010 and is named in schedule 19 of the Act as being subject to the General Equality Duty (The Duty). The Duty states that we must in the exercise of our functions, have due regard to the need to:
 - 5.1 eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
 - 5.2 advance equality of opportunity between people who share a protected characteristic and those who do not.
 - 5.3 foster good relations between people who share a protected characteristic and those who do not.
 - 6 The Duty covers the nine protected characteristics: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
 - 7 In October 2015 the Council considered the E&D annual report 2014–2015. The Council commented that:
 - 7.1 action needed to be taken in relation to the workforce diversity data, including developing a plan to improve the diversity of individuals holding positions at senior levels.
 - 7.2 it was welcomed that external research had been

commissioned to explore the issue as to whether there was any disparity of representation of BME registrants at each stage of the FtP process.

- 7.3 although there had been a significant increase in the number of equality and diversity monitoring questionnaires completed following the move to NMC online, further work needed to be done to improve the quality of data and analysis.
 - 7.4 the equality and diversity objectives should be revised, more regular monitoring of E&D issues was needed and scope for including E&D monitoring in performance and risk reporting arrangements should be explored.
- 8 Progress on all these points during 2015–2016 is addressed in the annual report at Annexe 1 and future annual reports will be a narrative of progress against the priorities that are set at the beginning of the year.
 - 9 In relation to 7.3, some improvements in our E&D data collection and analysis have already been made, for example in relation to revalidation, but more work is planned. In the future the diversity data will be integrated into the relevant areas of the business (for example the FtP Report). The Transformation directorate have an ongoing programme of work to improve our diversity data monitoring and reporting across all functions of the NMC.
 - 10 In relation to 7.4, moving forward for 2017-2020, a new Equality and Diversity Policy Manager has been appointed who has undertaken a full review of the current E&D function in the NMC. The output of this review has been the development of a new framework for the effective delivery of equality and diversity work in the NMC in line with the aims that were set in the *Strategy 2015-2020*.
 - 11 Implementation of this new framework is planned to take place throughout the end of 2016 and into 2017. This will give us a structured system to take forward actions identified in equality impact assessments, data analysis and stakeholder engagement through business planning and performance and risk reporting systems. This integrates the monitoring and reporting of E&D activities into business planning, performance and risk, in line with the Council's recommendation.

Next steps

- 12 The Annual equality and diversity report will be published at the same time as the statutory Annual Report and Accounts and the Fitness to Practise Annual Report.

Public protection implications:	13	Ensuring that E&D is embedded in the NMC is essential to meeting our primary objective of protecting the public.
Resource implications:	14	Costs of producing and translating the report into Welsh are met from within the existing budget.
Equality and diversity implications:	15	The publication of these reports demonstrates the activities the NMC is undertaking to meet compliance with the Equality Act 2010 and the general equality duty.
Stakeholder engagement:	16	We have engaged with various internal stakeholders including directors, assistant directors and staff from each directorate and external stakeholders, including other healthcare regulators, to ensure the NMC adopts a 'best practice' approach.
Risk implications:	17	The Education, Standards and Policy Directorate risk register includes the following risks: 17.1 failure to embed E&D in the regulatory and operational functions of the NMC; and 17.2 non-compliance with the Welsh language standards.
	18	The publication of these reports and next steps to develop an NMC equality and diversity framework are measures to ensure compliance and best practice.
Legal implications:	19	The report is one of the mechanisms in place to demonstrate our compliance with the Equality Act 2010 and the general equality duty.

Council

Chief Operating Officer's report

- Action:** For discussion.
- Issue:** Reports on performance and risk management since the July 2016 Council meeting.
- Core regulatory function:** All regulatory functions.
- Strategic priority:** Strategic priority 1: Effective regulation.
Strategic priority 2: Use of intelligence.
Strategic priority 3: Collaboration and communication.
Strategic priority 4: An effective organisation.
- Decision required:** The Council is recommended to:
- Discuss the performance information for July and August 2016 (paragraph 18).
 - Comment on the proposed changes to performance information reported.
 - Note the corporate risk summary and risk heat map (paragraph 22).
- Annexes:** The following annexes are attached to this paper:
- Annexe 1: Corporate key performance indicators.
 - Annexe 2a: Corporate risk summary.
 - Annexe 2b: Risk heat map.
- 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.

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- Context:**
- 1 This report provides an overview of performance and risk management across the organisation, focusing on developments since the last Council meeting in July 2016.
 - 2 We are continuing to review and revise the format and content of this report to ensure that we present information which is meaningful and relevant and provides Council with clear visibility of performance.
 - 3 As part of this, we have reviewed the information previously presented through the Registration and Fitness to Practise dashboards. In future, we propose to provide a more focused set of registration and fitness to practise data which we consider will provide Council with a more meaningful picture of current performance, as well as information in which Council has expressed a specific interest (see **annexes 1a and 1b**). We would welcome Council's views on these proposed changes and whether there any other aspects of performance which it would expect to see and monitor on a regular basis.

Discussion: Chief Operating Officer's summary of performance

- 4 Over July and August, we have maintained good performance in our core business areas, alongside progressing work on our major programmes.
- 5 This section outlines key developments impacting on performance for each directorate, with reference to the corporate key performance indicators (KPIs). Progress against the KPIs and supplementary information are at **annexe 1**.

Registration and Revalidation

- 6 Performance across all areas of work was good in July and August, as demonstrated by our KPI performance at **annexe 1a**. This is because the directorate has made improvements to planning and day to day performance management, and we are also systematically undertaking process reviews to streamline processes in each work area. We therefore expect to continue to see improved performance for the rest of the year although it should be noted that the directorate sees the annual significant peak of work in September and October.
- 7 In addition to reporting against the KPIs, we have focused additional performance reporting on key areas of interest to Council: call centre and customer service, rather than the detailed operational material previously presented through the dashboard. The Council's comments on this and what else it might wish to see would be helpful. The first quarterly report on revalidation was published on 1 August 2016. As requested by the Council, we have considered whether to introduce specific revalidation KPIs for the rest of this

year but given that the revalidation process is predominantly automated, we believe there is little value we could add to the information in the quarterly report. However, we will keep this under review in the context of the development of draft performance indicators for 2017-2018. Over 26,000 (90.5%) registrants revalidated successfully during July and August.

- 8 We are making good progress in securing provision of additional Observed Structured Clinical Examination (OSCE) facilities and associated examination development services. We received responses to our invitation from 16 prospective providers and expect to make decisions by the end of September with a view to additional capacity beginning to come on stream from December 2016.

Fitness to Practise

- 9 Performance against the interim orders and 15 month end-to-end KPIs has been consistent (**annexe 1b**).
- 10 We have reflected further on the information it would be useful to present in the light of Council's comments in July. We now propose to focus on high level indicators that can provide assurance on the overall delivery of our performance objectives, rather than presenting a detailed dashboard as previously. The key planning assumptions that underpin our business plan are the volume of referrals received; the closure rates at the Screening and Case Examiner decision points; and cases progressed at each stage of the process. We intend to focus on these in our reporting to the Council and have provided a scaled down dashboard at **annexe 1b** which shows the overall trends in the year to date. We are continuing to develop a mechanism for reporting quality aspects of service delivery, including the quality of decision making, with a view to providing trend data to the Council.
- 11 Overall, our caseload continues to reduce, partly as a result of lower referrals than expected and **annexe 1b** provides commentary on performance at key stages. We expect to achieve the year end position set out in our business plan.

Resources

- 12 As well as extensive work on the transformation strategic business case, we have continued work on development of our People Strategy, a key strand within transformation. Any additional resources to deliver the strategy will be identified and reflected in proposed future budgets.
- 13 As reported in July, we have procured some additional office space. The Resources directorate is in the process of moving to offices at Hanover Square and a planned programme of short term moves is underway at 23 Portland Place to facilitate ongoing efficient working

for the NMC.

Education, Standards and Policy

- 14 Performance in the directorate has been on track. The latest developments in our education programme are reported in the substantive Council agenda item on Education.

Transformation and Business Delivery and Technology Services

- 15 We have completed the high level strategic business case for transformation, which is to be discussed in a separate Council item. Work on the programme is focusing on setting up workstreams, the People Strategy and accommodation approach.
- 16 The transition of our datacentre to a new supplier requiring migration of our ICT infrastructure and systems is progressing well. We remain on track to complete the migration in advance of the October 2016 expiry of the contract with our existing supplier.
- 17 Our planning has taken into account the peak volumes in Registrations during September to minimise the operational impact during this busy period. We are communicating with registrants and external stakeholders, where there will be an impact on the availability of our external services such as the NMC website, NMC Online and Overseas portal.
- 18 **Recommendation: The Council is invited to:**
- 18.1 **discuss the performance information for July and August 2016; and**
- 18.2 **comment on the proposed changes to performance information reported.**

Corporate risk

- 19 A corporate risk summary is attached at **annexe 2a**, listing our corporate risks alongside the current rating for each risk, any risk movement since the last Council meeting and a status update.
- 20 Corporate risks have been recently reviewed. Key points are:
- 20.1 No changes in any post-mitigation scores since the July Council meeting.
- 20.2 *CR29 Intelligence and insight*: the risk and mitigations have been updated to better explain the red rating and our existing and planned controls. For example, there is now a root cause with regard to the robustness of our data governance and mechanisms for supporting the use of intelligence. The risk remains red as in order to achieve the strategic aspirations,

fundamental work is required on our underpinning systems and data as well as on our data governance mechanisms. These will be addressed as part of the planned Transformation Programme.

20.3 CR30, *Major programme of change*: the risk remains red reflecting that we are at an early stage in the transformation programme. Given the size and complexity of the programme and the challenges this presents there is proactive management of risks to ensure that we continue to maintain core business delivery in parallel with achieving the required progress on transformation.

21 A heat map of corporate and directorate level risks is at **annexe 2b**.

22 **Recommendation: The Council is invited to note the corporate risk summary and risk heat map.**

Public protection implications:

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

Resource implications:

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

Equality and diversity implications:

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

Stakeholder engagement:

26 KPI information, risk summary and risk heat map are in the public domain.

Risk implications:

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

Legal implications:

28 No direct legal implications.

Key performance indicators

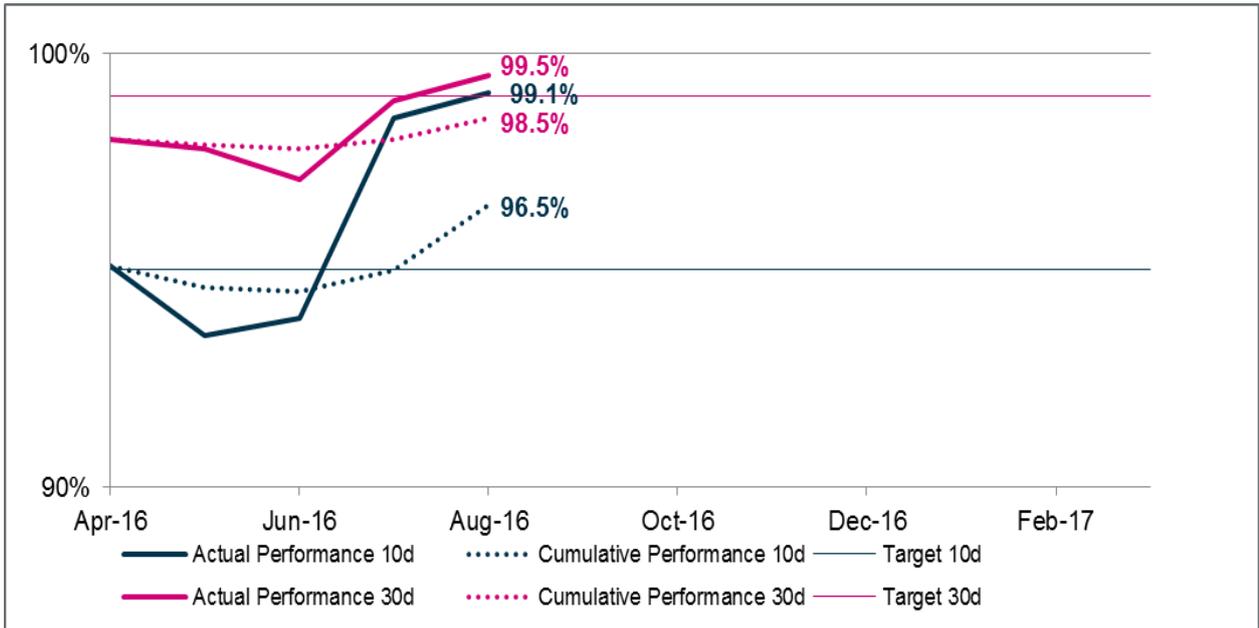
Contents of Annexe 1

- 1a Registration KPIs and supplementary measures
- 1b Fitness to Practise KPIs and dashboard
- 1c Resources KPIs
- 1d KPI summary table 2016-2017 year to date

Corporate KPIs - Registrations

KPI 1a - Percentage of UK initial registration applications completed within 10 days								
Strategic priority 1: Effective regulation								
Rationale	Measures NMC assessment and processing time for UK initial registration applications.							
Definition	Measures the time elapsed between receipt by the NMC of a complete new UK registration application (this is system determined) and when the applicant joins the register or is notified of refusal.							
	June 2016		July 2016		August 2016		Year to date average	Year end average target
	No. of apps within KPI	As a %	No. of apps within KPI	As a %	No. of apps within KPI	As a %		
Primary figures/target	263	93.9%	268	98.5%	1,258	99.1%	96.5% (Green)	95% within 10 days
Secondary figures/target	272	97.1%	269	98.9%	1,263	99.5%	98.5% (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 2016 <i>RAG:</i> Year to date average vs. year end target</p> <p>Red/Amber/Green rating (primary target): Green = figure matches or is higher than the target figure of 95%. Amber = figure is between 90 and 94.9%. Red = figure is 89.9% or lower.</p> <p>Red/Amber/Green rating (secondary target): Green = figure matches or is higher than the target figure of 99%. Amber = figure is between 94 and 98.9%. Red = figure is 93.9% or lower.</p>								

Graphical information and commentary:



All applications that were actioned outside of the 30 day timeframe in July and August are ones that are being dealt with by our Registrar and Appeals Support Team (RAST) where we require further information and evidence to support evaluation of applicants to join the register.

KPI 1b - Percentage of EU/overseas registration applications assessed within 68 days

Strategic priority 1: Effective regulation

Rationale Measures the time taken to assess EU/overseas registration applications.

Definition Measures the time elapsed between receipt by the NMC of a complete international (EU and non-EU) application (this is system determined) 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 issue of each new assessment decision.

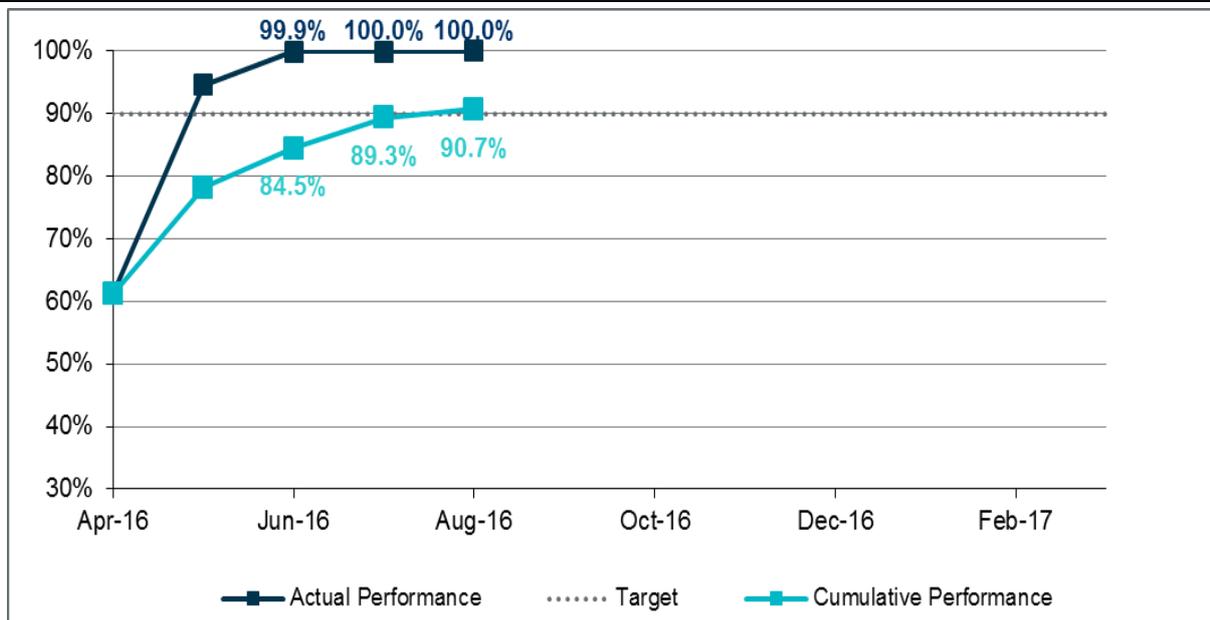
June 2016		July 2016		August 2016		Year to date	Year end target
Number	As a %	Number	As a %	Number	As a %		
1,964	99.9%	3,132	100%	1,490	100%	90.7% (Green)	90%

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 2016
RAG: Year to date average vs. year end target

Red/Amber/Green rating:

Green = figure matches or is higher than the target figure of 90%.
 Amber = between 85 and 89.9%.
 Red = 84.9% or lower.

Graphical information and commentary:



Team performance against target has been consistently strong following a poor start to the year. This is as a result of improved planning and performance management.

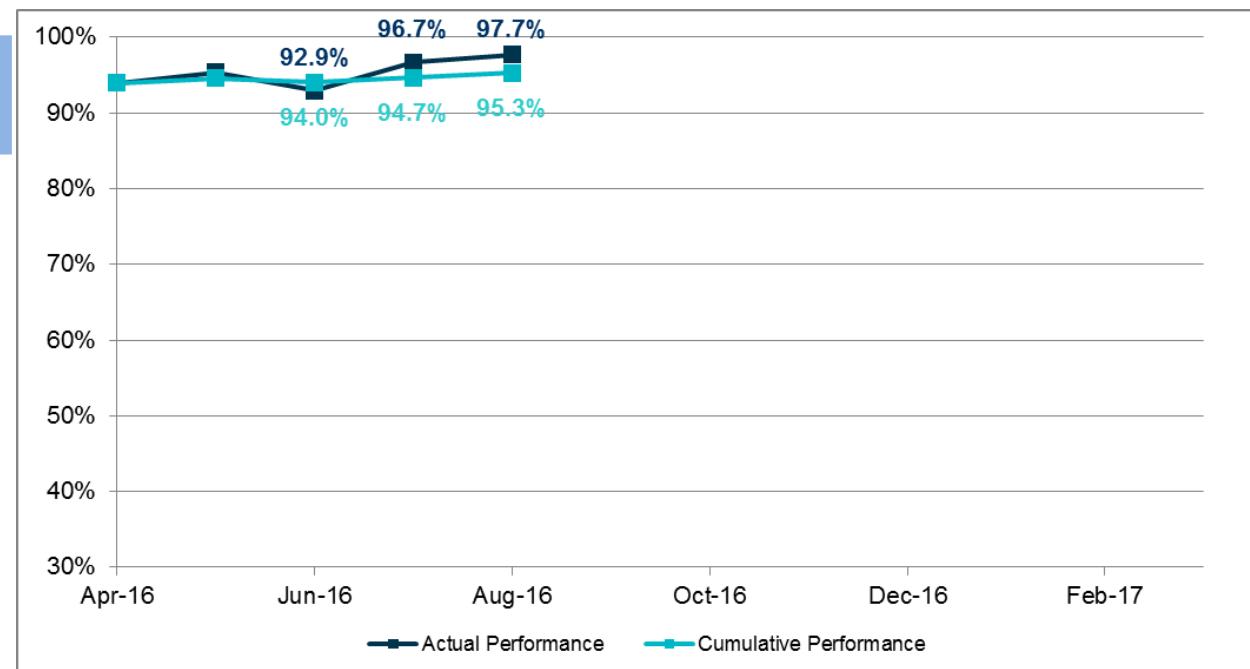
We have also increased focus on the quality of assessments and the levels of consistency we provide to our customers. Average turnaround time for June-August was 18 calendar days for EU assessments and 28 calendar days for Overseas assessments.

Percentage of calls answered

Full year 2015–16	June 2016	July 2016	August 2016	Year to date
86.4%	92.9%	96.7%	97.7%	95.3%
	31,326/2,380 answered/abandoned	29,779/1,017 answered/abandoned	34,128/815 answered/abandoned	

The number of abandoned calls has been on a downward trend through June, July and August, but may rise again due to the September peak in calls. Work is ongoing to better understand the reasons customers abandon calls.

The number of calls received dropped slightly year-on-year (by 1,324) for August, while calls answered is up by 5.5%. The call centre is now dealing with UK customer emails in addition to calls. Revalidation is the top reason for calls.

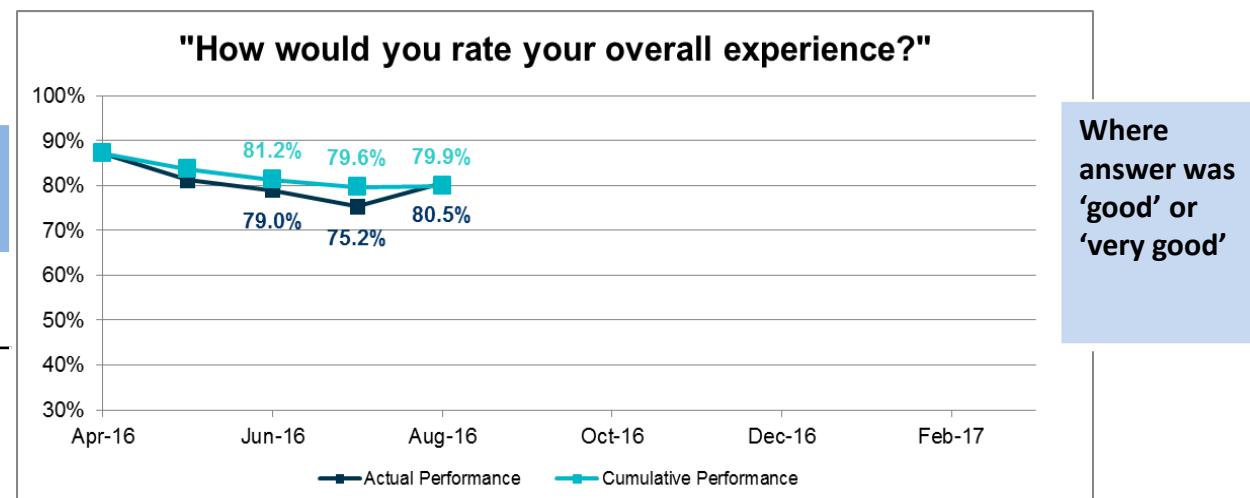


Percentage of customers rating their overall experience as 'good' or 'very good', and percentage of customers who felt we had answered their query

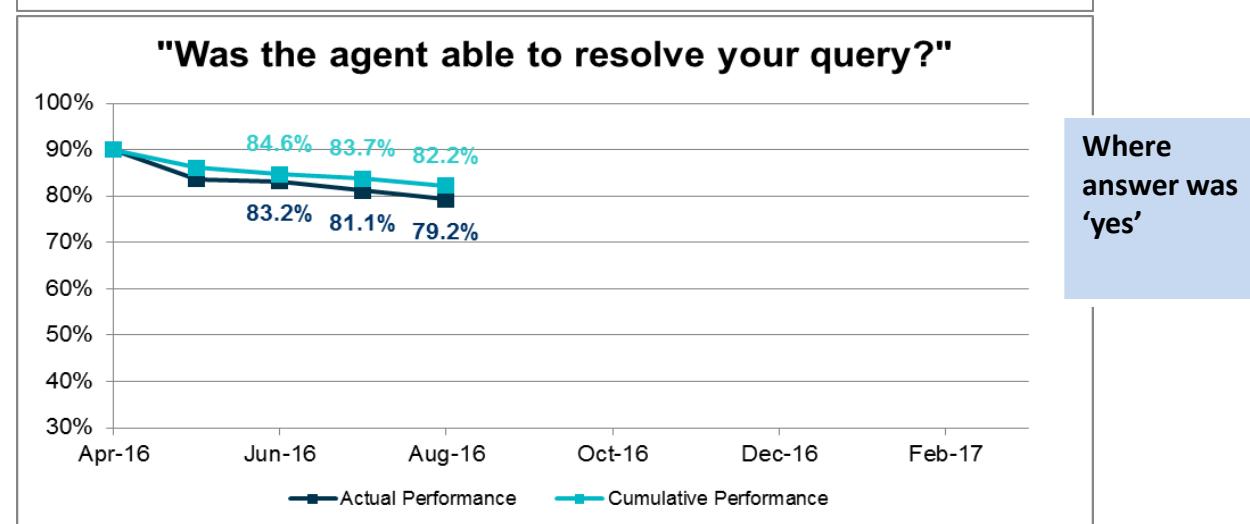
Measure	June 2016	July 2016	August 2016	Year to date
Overall experience	79.0%	75.2%	80.5%	79.9%
Query resolution	83.2%	81.1%	79.2%	82.2%

We are reviewing what appropriate customer satisfaction measures we should introduce. Our current measures reflect not only a customer's satisfaction with our service, but also with any decisions we may have made concerning their case.

We have focused on increasing the volume of responses we receive and broadening the range of customers from whom we receive them. For example, we introduced a link to our customer survey in the email footer for email enquiries. We received over 1,000 responses in August, an increase from 220 the previous month.



Where answer was 'good' or 'very good'



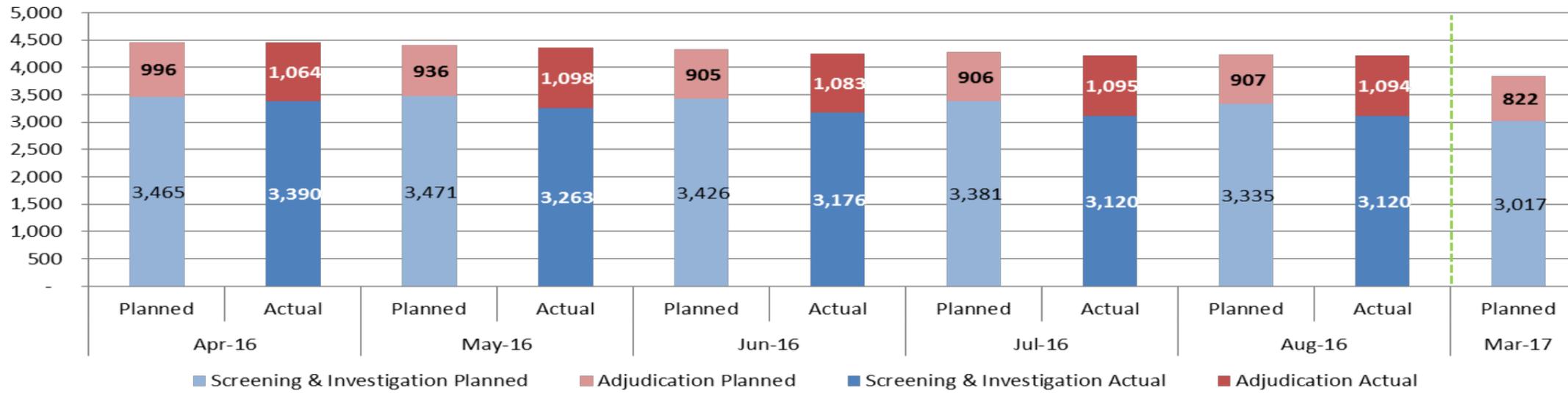
Where answer was 'yes'

Corporate KPIs – Fitness to Practise

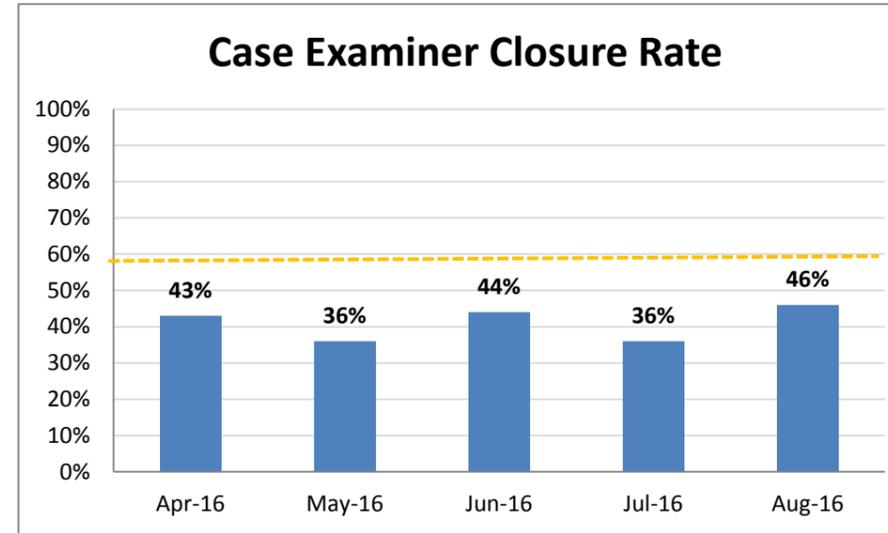
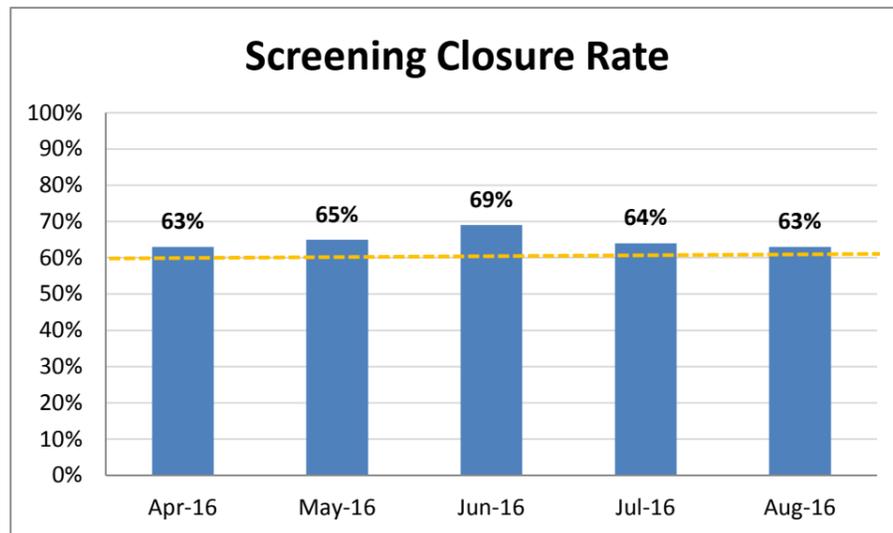
KPI 2 – Percentage of interim orders (IO) imposed within 28 days of opening the case				
Strategic priority 1: Effective regulation				
Rationale	A measurement of how quickly we protect the public in the most serious cases by applying restrictions to a nurse or midwife's practice.			
Definition	<p>Percentage 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.</p> <p>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.</p> <p>Cases which do not have an order imposed are not counted towards this measure.</p>			
March 2016 Average for 2015–16	June 2016	July 2016	August 2016	Year end average target
89%	90%	91%	91% (Green)	80%
<p><i>Each monthly figure is based on numbers for a rolling 12 month period.</i> <i>RAG rating: Average actual vs Year end average target.</i></p> <p>Red/Amber/Green rating Red - cumulative average for previous 12 months less than 72% Amber - between 72% and 80% Green - greater than or equal to 80%</p>				
Commentary				
<p>Performance was consistent across the period. The number of interim orders being applied for and imposed is in line with the longer term average and the no order rate has decreased slightly.</p>				

KPI 3 - Percentage of FtP cases concluded within 15 months of being opened				
Strategic priority 1: Effective regulation				
Rationale	Measures timeliness of case progression and decision making.			
Definition	<p>This measure uses the cumulative percentage of cases which have concluded at all stages of the FtP process within 15 months of being opened, measured over a 12 month period.</p> <p>By concluded, the case has either been:</p> <ol style="list-style-type: none"> 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 <i>not</i> included. 			
March 2016 Average for 2015–16	June 2016	July 2016	August 2016	Year end average target
78%	78%	78%	79% (Amber)	80%
<p><i>Each monthly figure is based on numbers for a rolling 12 month period.</i> <i>RAG rating: Average actual vs Year end average target.</i></p> <p>Red/Amber/Green rating Red - cumulative average for previous 12 months less than 72% Amber - between 72% and 80% Green - greater than or equal to 80%</p>				
Commentary				
Performance remains consistent and in line with expectations.				

FtP Caseload Profile



This graph shows the planned and actual closing caseload month by month for the year to date, as well as the projected year end closing position. The forecast takes account of expected throughput of cases at each stage, as well as closure rates at the Screening and Case Examiner decision points. The Screening closure rate remains slightly higher than predicted and the Case Examiner closure rate slightly lower. Both of these are profiled in the other graphs here.



Throughput of cases at the investigation stage has been lower than planned. The cumulative shortfall in Q1 and Q2 to date is 285 cases, primarily as a result of historically high staff turnover which has led to slower case progression than planned. We have been focusing on staff recruitment and improved induction and training and expect to achieve our business plan in Q3 and Q4. We expect to have cleared all cases over 12 months old, which are not subject to third party investigations from the investigation stage, by the end of Q4.

Throughput of cases at the adjudication stage has also been lower than planned. The cumulative shortfall in Q1 and Q2 to date is 158 cases. We have increased hearings activity from September and expect to meet our overall business plan for the year within budget.

Caseload Movement Summary 2016

Opening caseload 4503

2233 cases received

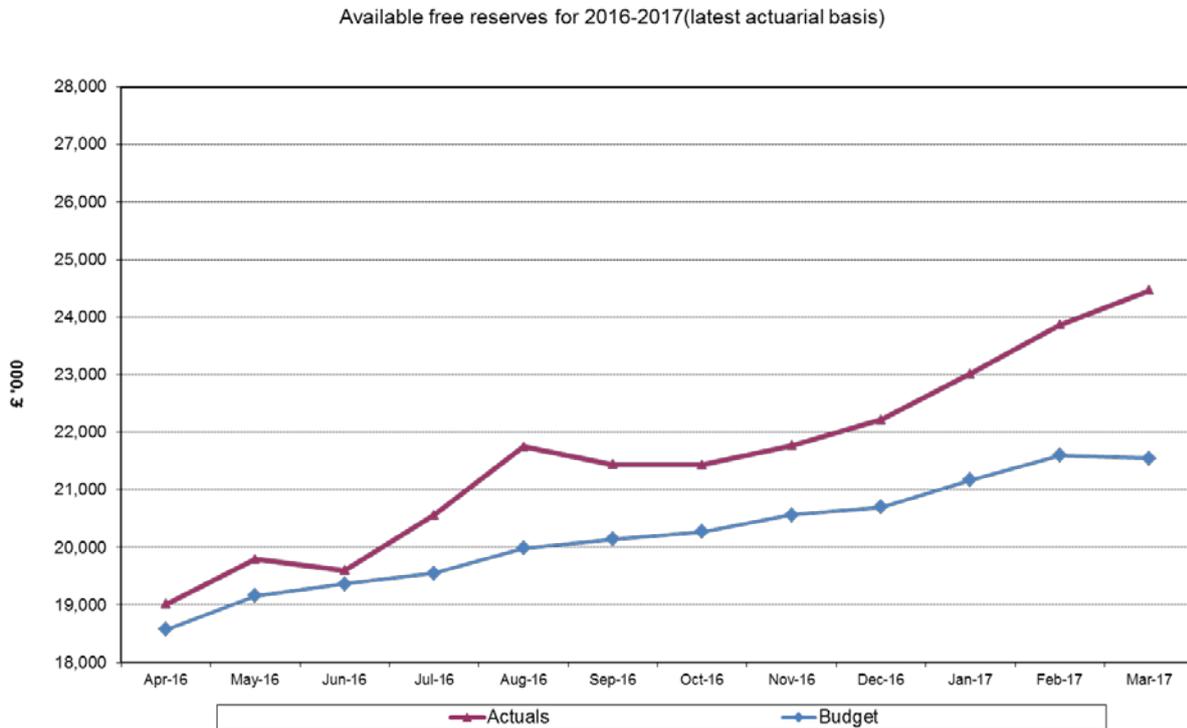
2533 cases closed

Closing caseload 4145

Corporate KPIs - Resources

KPI 4 – Free reserves					
Strategic priority 4: An effective organisation					
Rationale	<p>The NMC's budget and financial strategy was 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. This was on the basis that the pensions deficit, used in arriving at the level of available free reserves, was calculated using the method for (2) below.</p> <p>This KPI measures our performance against this target.</p>				
Definition	The level of available free reserves at month end compared with budget.				
Figures in £ million					
2015–16 year end 31 March 2016	June 2016	July 2016	August 2016	Forecast 31 March 2017	Budget 31 March 2017
1. Available free reserves using latest actuarial estimate of pension deficit (in line with audited financial statements)					
17.9	19.6	20.6	21.7	24.5 (Green)	21.5
2. Available free reserves using existing cash commitments to address pension deficit					
22.7	24.5	25.4	26.6	29.3 (Green)	26.4
RAG: Year end forecast vs Year end target					

Graphical information and commentary:



Under the cash commitments method the year available free reserves are likely to exceed the current recommended level of reserves (between £10 million and £25 million).

Available free reserves is forecast to be £3 million above budget by year end. This is mainly due to a combination of forecast higher income and anticipated directorate and capital expenditure underspends. This is higher than the year to date underspend showing in the monitoring report, due to the way depreciation is taken into account in calculating available free reserves.

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.

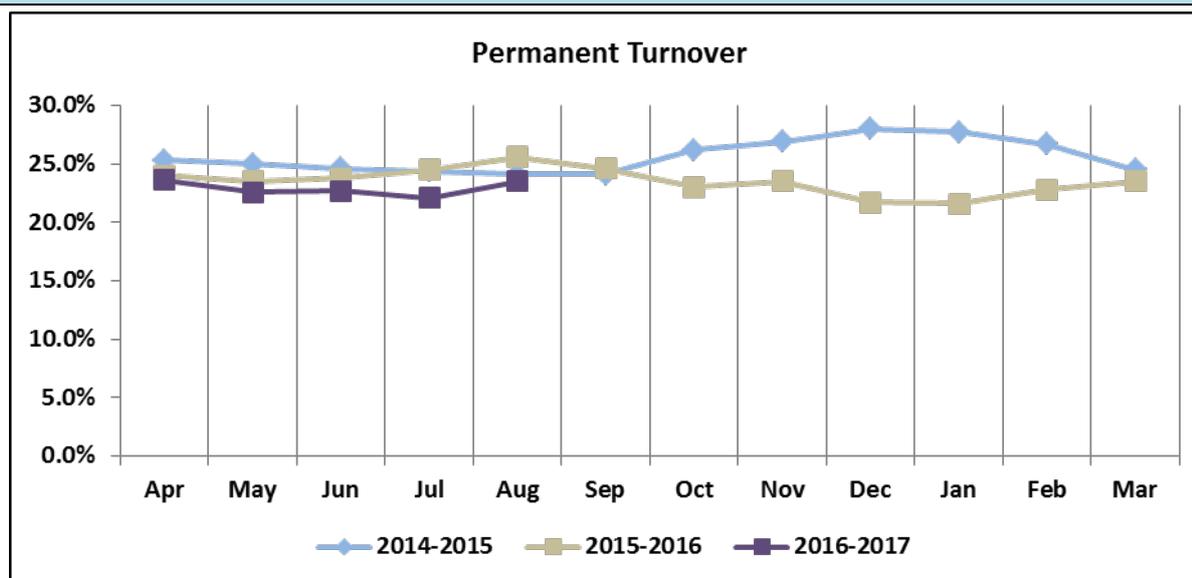
Definition This is the proportion of employees leaving in the previous 12 months expressed as a rolling average, but excluding end of fixed term contracts.

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

Historic figure (March 2016)	June 2016	July 2016	August 2016
23.5%	22.7%	22.1%	23.5%

No target has been set for 2016–17. 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 is being monitored and includes reference to longer historic trends.

Graphical information and commentary:



The overall turnover rate reduced in the first four months of the year, but rose in August. We are undertaking follow-up activity to understand more about why people leave and why people stay. We have also analysed the data to identify particular hotspots, in terms of service areas, length of service and diversity. It is evident that if we can address some of those hotspot areas then the overall NMC turnover rate would reduce.

We will be exploring the specific issues that might be causing higher than average turnover in these hotspot areas in order to work with local managers to address them and through the People Strategy in development.

Corporate KPI figures: Summary table for year to date 2016-2017

This information is provided for reference.

KPI	2015-2016			2015-2016 Average	2016-2017								Target	2016-2017 YTD Avg	
	Jan	Feb	Mar		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov			Dec
1a % of UK reg applications completed within 10 days	92.8%	96.3%	98.4%	97.4%	95.1%	93.5%	93.9%	98.5%	99.1%					95%	96.5%
1a % of UK reg applications completed within 30 days	96.5%	97.6%	99.5%	98.7%	98.0%	97.8%	97.1%	98.9%	99.5%					99%	98.5%
1b % of EU/OS reg applications assessed within 68 days^	53.4%	64.8%	63.7%	87.5%	61.2%	94.6%	99.9%	100%	100%					90%	90.7%
2 % of interim orders imposed within 28 days of opening the case	88%	89%	89%	89%	89%	90%	90%	91%	91%					80%	90%
3 Proportion of FtP cases concluded within 15 months of being opened	78%	78%	78%	78%	78%	78%	78%	78%	79%					80%	78%
4 Free reserves^	£21.4m	£22.8m	£22.7m*	£22.7m*	£23.7m	£24.4m	£24.5m	£25.4m	£26.6m					£26.4m	
5 Staff turnover	21.6%	22.8%	23.5%	23.5%	23.6%	22.6%	22.7%	22.1%	23.5%					n/a	

*spot figure not an average

^calculated using existing cash commitments to address pension deficit

Corporate risk summary

Ref	Date of entry	Corporate risks	Risk rating	Movement Since July Council	Status <i>Recent developments, planned mitigations</i>
CR26	April 2016	Education – training must provide nurses and midwives with the right skills and competencies to meet the needs of patients and the public now and in the future.	A		This risk will be mitigated by the delivery of our Education Strategic Plan 2016–2020. It is likely to remain amber for some time.
CR27	April 2016	We must ensure that only those who meet our requirements can enter or remain on our register.	A		The Registration and Revalidation directorate is undertaking a series of process reviews to enhance and improve internal processes, to help mitigate this risk.
CR28	April 2016	FtP outcomes – we must take appropriate action to protect the public in relation to a nurse or midwife’s fitness to practise. We must also engage with stakeholders to improve understanding of our FtP work and prevent misconceptions.	A		This risk will be mitigated in 2016–2017 by further work to improve the functionality of our FtP case management system and sharing key messages with stakeholders about the purpose of our FtP processes. Longer term, the implementation of Section 60 legislative changes will improve our FtP function and reduce this risk.
CR29	April 2016	We must effectively gather and use intelligence, including the insight we have into the external environment, to enable us to identify and respond to risks and to anticipate, influence and respond appropriately to external changes that impact our regulatory work.	R		The rating for this risk remains red: it reflects the considerable work to be done and the potential impact on the achievement of our strategic aims. The Chief Operating Officer is taking the lead on this work in the interim, to drive progress in this area.

Ref	Date of entry	Corporate risks	Risk rating	Movement Since July Council	Status <i>Recent developments, planned mitigations</i>
CR25	Feb 2016	Midwifery transition and strategic communication - we must engage and communicate effectively with the sector about the changes.	A		As mitigation, we are implementing a communications plan covering all stakeholders. Work is ongoing to finalise a transition paper detailing activities and roles which will no longer be carried out by the NMC, and a document for midwives, employers and educators on the new regulatory framework for midwifery.
CR30	April 2016	In undertaking our major programme of change, we must deliver it to plan whilst ensuring that our performance in core regulatory areas is not adversely affected.	R		Work is progressing on defining how the NMC will operate as a dynamic regulator. The red rating reflects the early stage of the Transformation programme and the scale and complexity of the work involved. The potential impact on 'business as usual' is being actively monitored and managed both in development of the transformation programme and as part of corporate business planning and reporting.
CR31	April 2016	We must ensure that we have the right organisational structure, culture and capabilities in place to deliver the corporate strategy and achieve transformational change.	A		The development of a People Strategy is a key mitigation that will address this risk, alongside reviews of roles and skills and training.
CR32	April 2016	We must manage our financial resources in the most efficient and sustainable way and communicate our approach in a transparent and articulate manner.	A		A financial strategy is in the final stages of development. Our Transformation programme is being put in place to deliver longer term efficiencies.

Ref	Date of entry	Corporate risks	Risk rating	Movement Since July Council	Status <i>Recent developments, planned mitigations</i>
CR23	July 2015	We must ensure we are prepared in the event of actions giving rise to a loss of business continuity.	A		Key planned mitigations for Q4 are completion of a business continuity policy, framework and further training.

Key to the risk ratings

The rating table below provides a summary of what the red / amber / green ratings mean. The following scoring tables demonstrate how the scores and therefore ratings are determined. Each risk is assessed and given a likelihood and an impact score.

Rating definitions

Red	A high likelihood that the risk could happen and a huge impact on public protection and the achievement of our objectives if the risk happened.
Amber	A medium to high likelihood that the risk could happen and/or moderate to major impact on public protection and the achievement of our objectives if the risk happened.
Green	A low likelihood that the risk could happen and a low impact on public protection and the achievement of our objectives if the risk happened.

Key to arrows



No movement of risk rating since previous Council meeting.



Risk rating has increased since previous Council meeting.



Risk rating has reduced since previous Council meeting.

Risk scoring

1. Rating the likelihood

Likelihood of risk occurring			
Term	Score	Guidance	Evidence
Very high	5	There is strong evidence (or belief) to suggest that the risk will occur during the timescale concerned. Typical likelihood of 81-100%	A history of it happening at the NMC. Expected to occur in most circumstances.
High	4	There is some evidence (or belief) to suggest that the risk will occur during the timescale concerned. Typical likelihood of 51-80%	Has happened at the NMC in the recent past. Expected to occur at some time soon.
Medium	3	There is some evidence (or belief) to suggest that the risk may occur during the timescale concerned. Typical likelihood of 21-50%	Has happened at the NMC in the past. Can see it happening at some point in the future.
Low	2	There is little evidence (or belief) to suggest that the risk may occur during the timescale concerned. Typical likelihood of 6-20%	May have happened at the NMC in the distant past. Not expected to occur for years.
Very low	1	There is no evidence (or belief) to suggest that the risk may occur at all during the timescale concerned. Typical likelihood of 0-5%	No history of it happening at the NMC. Not expected to occur.

2. Rating the impact (consequence)

Impact if risk occurs		
Term	Score	Guidance
Critical	5	Critical impact on the achievement of business, project and public protection objectives, and overall performance. Huge impact on public protection, costs and/or reputation. Very difficult to recover from and long term consequences.
Major	4	Major impact on costs and achievement of objectives. Affects a significant part of the business or project. Serious impact on output, quality, reputation and public protection. Difficult and expensive to recover from and medium to long term consequences.
Moderate	3	Significant waste of time and resources. Impact on operational efficiency, output and quality, hindering effective progress against objectives. Adverse impact on public protection, costs and/or reputation. Not easy to recover from and medium term consequences.
Minor	2	Minor loss, delay, inconvenience or interruption. Objectives not compromised. Low impact on public protection and/or reputation. Easy to recover from and mostly short term consequences.
Insignificant	1	Minimal loss, delay, inconvenience or interruption. Very low or no impact on public protection, costs and/or reputation. Very easy to recover from and no lasting consequences.

3. Scoring likelihood against impact

Impact	CRITICAL	5	5	10	15	20	25
	MAJOR	4	4	8	12	16	20
	MODERATE	3	3	6	9	12	15
	MINOR	2	2	4	6	8	10
	INSIGNIFICANT	1	1	2	3	4	5
	Score		1	2	3	4	5
			VERY LOW	LOW	MEDIUM	HIGH	VERY HIGH
			Likelihood				

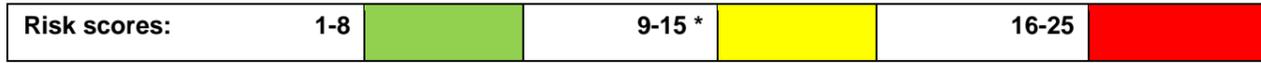
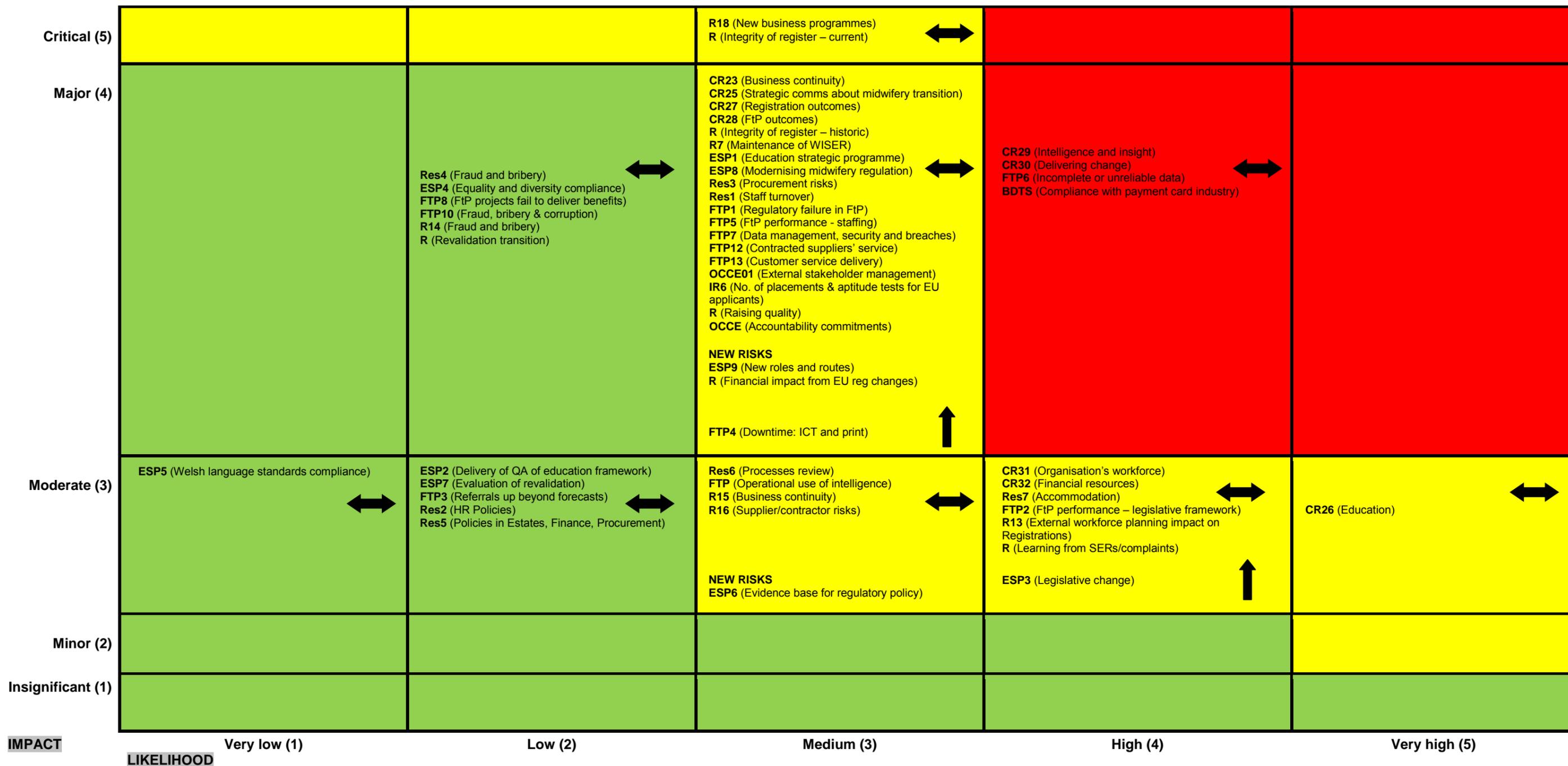
Risk scores: 1-8 Green 9-15* Amber 16-25 Red

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

Risk heat map of corporate and directorate risks as at 26 August 2016

This map presents changes in post-mitigation scores for corporate and directorate risks. It is not a comprehensive map of all our risks. Following a recent risk register refresh exercise by each directorate, we are reviewing which risks would be useful for the Council to have sight of and should appear on future risk heat maps within corporate reporting.

The direction of travel reflects changes since 24 June 2016 (preparation of July 2016 Council papers).



Arrows indicate the direction of travel:
 ↑ Risk score has increased since 24 June 2016
 ↓ Risk score has decreased since 24 June 2016
 ↔ Risk score has stayed the same since 24 June 2016

Risk references:
 CR: Corporate risk
 FTP: Fitness to Practise risk
 IR: Registration risk (International Reg)
 R: Registration risk
 BDTS: BDTS risk
 Res: Resources risk
 ESP: Education, Stds and Policy risk
 OCCE: OCCE risk

* 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 August 2016

Action: For discussion.

Issue: Provides financial performance information for current and future reporting periods including progress on identifying and delivering efficiency savings.

Core regulatory function: Supporting functions.

Strategic priorities: Strategic priority 4: An effective organisation.

Decision required: None.

Annexes: The following annexes are attached to this paper:

- Annexe 1: August 2016 financial results.
- Annexe 2: Proposed changes to 2016-2017 budgets.

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.

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- Context:**
- 1 The Performance and Resources Board (PRB) reviews the financial results and forecast each month and a financial monitoring report is presented to Council at each meeting.
 - 2 Over the past four years the NMC has been moving from a position of financial insecurity to one of stability. This progress is continuing.
 - 3 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. It will also enable the NMC to support the transformation programme with the objective of improving effectiveness and efficiency.

Discussion: Year to date (YTD) results and full year forecast (Annexe 1)

Income

- 4 At £35.7 million year to date with a forecast £85 million by year end, income is broadly in line with that planned in the budget.

Revenue spend

- 5 At this stage in the year, spend is £2.0 million (5 per cent) below that planned in the budget. The majority of Directorates have spent less than their year to date budget.
 - 5.1 Office of the Chair and Chief Executive (OCCE) is broadly in line with budget year to date, however is expected to be £0.1 million above budget by year end due to unbudgeted external consultancy work on regulatory review.
 - 5.2 Registration and Revalidation is broadly in line with budget year to date and is expected to remain so by year end.
 - 5.3 Fitness to Practise (FtP) is £0.5 million below budget year to date due to lower staff costs and lower activity through the first half of the year. Detailed re-profiling of activity is underway to provide a robust forecast for the year end position.
 - 5.4 Education, Standards and Policy (ESP) is £0.8 million below budget year to date, due to the slower than planned recruitment to new roles to support the ESP. However the year end position is likely to be nearer to budget as work progresses.
 - 5.5 Business Delivery and Technology Services (BDTS) is £0.5 million below budget year to date, due to a higher

proportion of project work being capital in nature than planned. BDTS is forecast to be £0.8 million below budget by year end, due to a number of projects being reprioritised. The current programme of work will be reviewed in September 2016 and the forecast will be updated to reflect this.

- 5.6 Transformation is £0.1 million above budget year to date, but is currently forecast to be £0.3 million below budget by year end. As planning develops to include further work the forecast will be updated.
- 5.7 Resources is £0.1 million below budget year to date and is forecast to be £0.3 million below budget by year end, due to procuring cheaper temporary accommodation than planned.
- 5.8 Corporate expenditure (covering key corporate level costs - largely depreciation, PSA fee, and pay rise) is below budget because the provision for the staff pay rise is held centrally but the additional costs are being incurred in the directorates. As set out in paragraph 9 below, we propose redistributing this budget to directorates.

Capital

- 6 Capital spend is £0.7 million above budget. This is as a result of IT capital projects being delivered ahead of schedule and because a higher proportion of project work year to date has been capital in nature. This is offset by the favourable variance in BDTS discussed in paragraph 5.5.
- 7 By year end it is anticipated that capital spend will be £0.3 million below budget, however this is subject to change based on the review of the current programme of work, discussed in paragraph 5.5.

Forecast spend to year end

- 8 It is currently anticipated that the year to date (to end August) underspend of £2 million (5 per cent of budget to date), detailed above, will reduce slightly by the year end to £1.6 million (2 per cent of full year budget – see **annexe 1**). We will take the opportunity of the mid-year review as at the end of September, to test the year end forecast by revisiting in detail both forecasts and the accuracy of budget profiles.

Budget changes

- 9 The original budget approved by Council in March 2016 had a central budget for the staff pay award. It is proposed that this budget be allocated to directorates. The impact of this, and other changes made to the original budget to reflect the new

organisational structure, is shown in **annexe 2**.

Cashflow

- 10 Cash at the end of August is currently broadly in line with budget, although we expect phased payments to begin to impact on this, as the proportion of total registrants who have moved to phased payments increases during the year following its implementation. The impact on cash flow will be assessed in further detail in September 2016.

Efficiencies 2016-2017

- 11 Efficiencies this financial year are being addressed through two routes: those needed in order to operate within the budgets allocated for 2016-2017 financial year ('embedded efficiencies'); and those needed to achieve the five percent stretch target efficiency savings (£3.8 million). The latter do not necessarily represent cash savings.
- 12 Details of embedded efficiencies are shown below:

Budget 2016/17 (excluding Transformation) Efficiencies £m	Budget 2016/17	Efficiencies Embedded	Efficiencies %
Fitness to Practise (FtP)	38.6	3.9	9%
Registrations	6.0	0.3	5%
Education, Standards & Policy	4.6		
Resources	12.4	0.1	1%
Business Delivery & Technology Services (BD&TS)	9.0	0.3	3%
Office of Chair & Chief Executive (OCCE)	4.8		
Corporate (depreciation, PSA fee)	5.1		
Total	80.5	4.6	5%

- 13 The main assurance on delivering embedded efficiencies comes from the degree to which directorates are able to achieve their allocated budgets, (from which efficiencies were deducted), whilst also continuing to perform effectively. Embedded efficiencies were identified in the first place, based on an assessment, at a point in time as to where budgets could be reduced year on year without impacting on delivery.
- 14 Based on actual financial performance five months into the financial year, and forecast spend to the year end, the budget overall is broadly forecast to be achieved at this stage. The performance context for the NMC is outlined in the Chief Operating Officer's report. As outlined in paragraph 8 of this report a careful review is underway to ensure the best possible financial and performance outcomes for the NMC by financial year end.
- 15 For instance, in FtP, cashable efficiencies are being realised through a further reduction in cases investigated by external firms. The budget for this area of spend was predicated on a reduction in external allocations from 15% to 10% and spend has remained

within budget during the year to date. This has not impacted on FtP performance so is on track to be a genuine delivered efficiency for the financial year.

- 16 To provide more assurance and insight on efficiency delivery, we are also looking at the underlying effectiveness of key mechanisms for delivering the embedded savings. For example, one mechanism was an anticipated increase in the early stages closure rates in FtP. Improved decision making and appropriate closure of cases at the Screening and Case Examiner stages reduces the need for progressively more expensive work on cases later in the FtP process. The Case Examiner closure rate is currently not quite as high as planned, but is being offset, at least to a degree, by the slightly better than expected screening closure rate. We will continue to monitor closely, evaluate and draw lessons from progress in this area.
- 17 On the five percent stretch target (£3.8 million), to date potentially £1.3 million (35 per cent) has been identified. The £1.3 million includes £0.3 million short term accommodation savings, £0.1 million external consultancy savings and operational efficiency savings £0.9 million.
- 18 £0.5 million of the £1.3 million has actually been achieved as at the end of August 2016 and these are mainly cashable savings (£0.3 million short term accommodation savings, £0.1 million operational efficiency savings and £0.1 million external consultancy savings that are non-cashable as were not specifically included in the budget). The remaining £0.8 million is comprised of cash savings £0.4 million and non-cashable savings £0.4 million. They are all operational savings, such as through re-tendered contracts and improved service through improvement in IT systems.

Efficiencies 2017-2018 and later

- 19 There is a current ongoing portfolio of change initiatives that is planned to deliver efficiencies into the future. For 2017-2018 and beyond, this will be built into the budget setting process to provide clarity on efficiencies to be driven out. One of the key projects is linked to Section 60 (proposed changes to FtP legislation) and efficiencies linked to that. Another potential avenue will be the Transformation programme, once it has been developed and approved.
- 20 The change initiatives and resulting efficiencies will need to be tied to the reserves policy, as part of the wider financial strategy. The current efficiency savings approach will need to develop and become more sophisticated, in order to both make the NMC financially sustainable and improve its delivery.

	21	Work in directorates to identify and deliver the embedded and stretch target efficiencies for 2016/17 year continues. Similarly the business planning and budgeting process for 2017/18, now underway in directorates, will help inform decisions around the scale of efficiency savings to build into future year budgets.
Public protection implications:	22	The monitoring of financial results and forecasts enables the NMC to ensure it has sufficient resources to deliver continued public protection.
Resource implications:	23	The key financial indicators for current and projected levels are discussed in this paper.
Equality and diversity implications:	24	None.
Stakeholder engagement:	25	None.
Risk implications:	26	Risks in relation to forecasting and financial resourcing are set out in directorate and corporate risk registers.
Legal implications:	27	None.

<u>Actual, budget & forecast 2016-2017</u>				ANNEXE 1		
£000						
INCOME AND EXPENDITURE	April to August			Full Year		
	2016/2017	Actual	Budget	Variance	Forecast	Budget
Total Income	35,749	35,646	103	84,978	84,875	103
OCCE	1,642	1,575	(67)	4,027	3,906	(122)
Registration & Revalidation	2,683	2,556	(127)	5,832	6,056	224
FTP	15,886	16,376	491	38,845	38,637	(209)
Education Standards & Policy	1,334	2,165	832	4,368	4,651	283
Business Delivery & Technology Services	3,315	3,859	544	8,146	8,947	800
Transformation	993	1,063	71	2,526	2,849	323
Resources	4,249	4,393	144	12,082	12,394	311
Depreciation	1,613	1,339	(274)	3,998	3,214	(784)
NMC Corporate/General	(7)	345	352	26	828	801
PSA Fee	727	727	(0)	1,744	1,744	(0)
Corporate (see note 1)	2,333	2,410	77	5,768	5,785	17
Total Expenditure	32,434	34,399	1,965	81,595	83,223	1,628
Income less Expenditure	3,315	1,247	2,068	3,383	1,652	1,731
Capital	1,602	938	(664)	1,932	2,250	318

1. Corporate current budget includes depreciation (£3,214k); PSA levy (£1,743k); pay award (£771k)

Note on full year forecasts: We will take the opportunity of the mid-year review as at the end of September to test the year end forecast by revisiting in detail both forecasts and the accuracy of budget profiles.

Actual, budget & forecast 2016-2017

BALANCE SHEET INDICATORS		31 August 2016			31 March 2017		
		Actual	Budget	Variance	Forecast	Budget	Variance
Available free reserves							
A	Net assets	57,051	54,984	2,067	57,119	55,388	1,731
B	less: Fixed assets	23,030	22,797	233	20,976	22,235	(1,259)
C = A - B	Total free reserves before pensions deficit	34,020	32,186	1,834	36,143	33,153	2,990
D	less: Pension deficit (latest actuarial basis)	12,273	12,201	(72)	11,679	11,606	(72)
E = C - D	Available free reserves (latest actuarial basis)	21,747	19,986	1,762	24,464	21,546	2,917
F	less: Pension deficit (cash committed basis)	7,409	7,337	(72)	6,815	6,743	(72)
G = C - F	Available free reserves (cash committed basis)	26,611	24,417	2,194	29,328	26,410	2,917

Cash summary		31 August 2016
Investments (12 month deposits)		62,100
Current account		18,683
Total cash		80,783

Comparison of original budgets with current and proposed

Note: Budget changes to date between Directorates are cost neutral and relate to functions moving between Directorates. The proposed (paragraph 9 of paper) re-allocation of the central pay increase budget between Directorates is also cost neutral. The only change affecting budgets overall is the £149,000 reduction in the PSA levy – the original budget was based on an estimate, before the PSA proposal was received.

	Original Approved 2016/17 budget £'000	Current 2016/17 budget £'000	Variance to original £'000	Notes on variance to original budget	Allocating pay award £'000	Proposed budget (allocating pay award)
Total Income	84,875	84,875	0			84,875
OCCE	4,799	3,906	893	Included provision for paybill included in NMC Corporate/General and executive team costs	93	3,999
Registration & Revalidation	5,539	6,056	(517)	Includes QA & Risk (previously in BDTS) and excludes Internal Audit (now in Resources).	89	6,145
Education Standards & Policy	4,586	4,651	(66)	Includes executive team costs (previously in OCCE)	46	4,697
Business Delivery & Technology Services	9,539	8,947	593	Previously included QA & Risk (now in Registration)	58	9,005
Transformation (see note 1 below)	2,826	2,849	(23)	Reflects actual planned Transformation spend.		2,849
Resources	12,334	12,394	(60)	Includes Internal Audit (previously in Registration).	70	12,464
FtP	38,637	38,637	(0)		414	39,051
Directorate Spend	78,259	77,438	821		771	78,209
Corporate (see note 2 below)	5,114	5,785	(671)	Includes: 1. pay award previously in OCCE and; 2. an adjustment for lower PSA levy.	(771)	5,014
Total Spend	83,372	83,223	149	Reduced budget is due to reduced PSA levy	0	83,223
Surplus / (Deficit)	1,502	1,652	149	Reduced budget is due to reduced PSA levy	0	1,652
Capital	2,250	2,250	0		0	0

To note:

1. The original budget had Transformation below the line, here it has been included within directorate spend
2. Corporate current budget includes depreciation (£3,214k); PSA levy (£1,743k); pay award (£771k)

Council

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

Action:	For information.
Issue:	Reports action taken by the Chair of the Council since 27 July 2016 under delegated powers in accordance with Standing Orders.
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: <ul style="list-style-type: none">• Annexe 1: Chair's action – Appointment of Frederick Psyk as a partner member of the Appointments Board from 1 September 2016 to 31 August 2019.
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

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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.

Requested by: Secretary to the Council	Date: 26 August 2016
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Appointment to the Appointments Board

The Chair is requested to appoint Frederick Psyk as a partner member of the Appointments Board from 1 September 2016 to 31 August 2019 in accordance with section 4.3 of the standing orders.

The basis for the recommendation is set out in the supporting paper at **annexe 1**.

Signed

 (Chair)

Date 26/08/2016