

Nursing and Midwifery Council

# Annual Report and Accounts 2018–2019 and Strategic Plan 2019–2020

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Nursing and Midwifery Council

# **Annual Report and Accounts 2018–2019 and Strategic Plan 2019–2020**

Annual Report 2018–2019 and Strategic Plan 2019–2020  
presented to Parliament pursuant to Article 50(2) of the  
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# Foreword

The past 12 months have been a time of significant challenge and change at the NMC. Throughout the year, colleagues across the organisation have worked hard to make improvements in the way we work and ensure we support nurses, midwives and, in England, nursing associates to deliver better, safer care. We are grateful and thank our colleagues for their dedication and commitment. We also recognise that we could not have made the progress we have without the active engagement and support of members of the public, the professionals on our register and our partners in all four UK countries. Again we thank them and look forward to working with them in the future.

The year was marked by the publication of, and our response to, the Professional Standards Authority's *Lessons Learned Review* into the way we handled concerns about midwives' fitness to practise at Furness General Hospital.

Our approach to these cases, and the way we treated those involved, was unacceptable. When the review was published in May 2018, we apologised and committed to acting quickly on its recommendations. Since then, we have taken important steps to become more compassionate and person-centred in our work, including the introduction of our new Public Support Service.

We have continued our work to encourage a culture of openness and learning in the health and care sector. Through our new approach to fitness to practise, we are taking greater account of the context in which mistakes occur, emphasising the need to give nurses, midwives and nursing associates the chance to remedy a concern when something does go wrong.

We have made significant progress against our other strategic priorities. We launched our ambitious new nursing education standards that raise the bar in terms of what people will learn, and give greater flexibility to those teaching the professionals of the future. From September 2019, student nurses will begin training against those new standards. Later this year, we will be finalising the education standards for the next generation of midwives.

In January 2019, we opened our register to nursing associates for the first time. There are now over 1,000 nursing associates caring for people in a range of different settings across England and we know they are already making a difference.

Looking to the future, we are inviting everyone with views on the challenges facing nursing and midwifery to help co-produce our next five-year strategy. Working together with people using health and care services, the professionals on our register and our partners across all four UK countries, we are determined that our future strategy will drive the NMC forward.

We will continue to change and improve the way we regulate. We will build on the progress outlined in this report, and do everything we can to support nurses, midwives and nursing associates to deliver better, safer care now and in the future.

**Philip Graf**

Chair

4 July 2019

**Andrea Sutcliffe**

Chief Executive and Registrar

4 July 2019

# Our role



we value  
people, fairness  
and transparency



We are the independent regulator for nurses, midwives and nursing associates. We hold the register of nurses and midwives who can practise in the UK, and nursing associates who can practise in England. We seek to ensure that all our work delivers public benefit. We are accountable to Parliament through the Privy Council.

Better and safer care for people is at the heart of what we do, supporting the health and care professionals on our register to deliver the highest standards of care.

We make sure nurses, midwives and nursing associates have the skills they need to care for people safely, with integrity, expertise, respect and compassion, from the moment they step into their first job.

Learning does not stop the day nurses, midwives and nursing associates qualify. To promote safety and public trust, we require professionals to demonstrate throughout their career that they are committed to learning and developing to keep their skills up to date and improve as practitioners.

We want to encourage openness and learning among health and care professionals to improve care and keep the public safe. On the occasions when something goes wrong and people are at risk, we can step in to investigate and take action, giving the people affected, including those using services, patients, their carers and families, a voice as we do so.

Our regulatory responsibilities are to:

- maintain the register of nurses and midwives who meet the requirements for registration in the UK and nursing associates who meet the requirements for registration in England
- set standards for education, training, conduct and performance so nurses, midwives and nursing associates can deliver high-quality care consistently throughout their careers
- take action to deal with individuals whose integrity or ability to provide safe care is compromised, so that the public can have confidence in the quality and standards of care provided by nurses, midwives and nursing associates.

## Our values

Our values underpin everything we do:

**We value people: we believe they matter.**

**We value fairness: we are consistent and act with integrity.**

**We value transparency: we are open and honest.**



# Performance review 2018–2019

We have a privileged role here at the NMC. Our work to support nurses, midwives and nursing associates to provide the best, safest care possible touches everyone across the UK. Making sure we do that well is a huge responsibility.

We learned some very important lessons last year. Most critically we realised that we had lost sight of our humanity as a regulator. We failed those who had sought our help. We did not listen or take them seriously enough. We are very sorry for this and we are determined that we will do things differently.

In our new Chair, Philip Graf and our new Chief Executive and Registrar, Andrea Sutcliffe, who joined in January 2019, we have a leadership committed to our being a regulator that is kind, compassionate, open and fair.

Rightly, much of our work over the past year has been shaped by the Professional Standards Authority's *Lessons Learned Review*. This looked at how we handled concerns raised with us about midwives' fitness to practise at Furness General Hospital.

We committed to a wide-ranging programme of work to implement and build on the Review's recommendations, focusing on the following priorities.

- Treating everyone who comes into contact with us with dignity and respect and supporting them better when they engage with our processes.
- Improving our transparency and being open with people when things go wrong.
- Embedding a culture of openness and learning throughout the organisation.

We wrote to all the families affected by the tragic events and apologised unreservedly for the way in which we treated them. We are grateful to those families who met with us and told us of their experiences with the fitness to practise process. Their insight has been vital in helping us shape our future strategic direction.

Equally, we need to treat registrants with compassion and respect, recognising the complex issues and pressures that nurses, midwives and nursing associates face every day.

We have worked hard during 2018–2019 to put this learning into practice. We have:

- developed a new approach to fitness to practise that encourages openness and learning when things go wrong
- strengthened our ability to identify cases where we need expert clinical advice and recruited six new clinical advisers
- created a new Public Support Service, which is leading our work to embed a person-centred approach in the organisation
- looked afresh at all our correspondence so that we communicate with people more clearly, openly and honestly
- created a new central team responsible for handling requests for information, feedback and complaints, with transparency as its core aim
- embarked on the development of a brand new five year strategy to be created in co-production with the public, professionals, and our partners.



## Ensuring people are at the heart of what we do

Making a complaint about a nurse or midwife can be a distressing and uncertain experience.

Our new Public Support Service offers dedicated personal support to patients and families who raise concerns with us about nurses, midwives or nursing associates.

The service is about giving people a voice when things go wrong with their care, treating them with the respect, compassion and humanity they deserve. The service aims to ensure we are listening to, working with and supporting people by looking at their evidence fully, providing the right information, keeping them informed and dealing openly and honestly with them.

This year we have:

- trained our teams to help them identify when someone may need

additional support and show them where to find help

- launched a new section on our website that provides better information for patients, families and members of the public
- offered meetings with people who have made a referral to help us better understand their concerns
- established an independent emotional support line jointly with the General Medical Council (GMC), which offers free, confidential advice
- created a steering group of patient groups, families, employers and other organisations from across the UK to support and guide the improvements we are making.

The first person to contact the service directly said:

“During my first five months of contact with the NMC I felt let down, alone and confused – my complaint felt like just another in a long line, being handed from one person to another. During that time no one ever said they were sorry to hear about what had happened to me.

“Trying to get someone to hear me was exhausting – I wasn't writing emails for the fun of it.

“Since being in contact with the support service my opinions of the NMC have been completely reversed. I finally saw compassion, quick responses and I was spoken to as an equal. I believe that the NMC should be very proud of the way that their Public Support Service is developing. It is not a 'nice to have' service – it is absolutely essential. It really did make an enormous difference to me.



## Our regulatory responsibilities

### Maintaining the register

Our register is at the core of everything we do.

At the end of March 2019, there were more than 698,000 nurses, midwives and nursing associates on our register compared to around 690,000 at the end of March 2018.

We check that people applying to enter the register have the right qualifications and can practise safely and effectively. Employers and members of the public can check the registration status of any nurse, midwife or nursing associate on our website.

Every three years, everyone on our register has to demonstrate that they can deliver safe, effective and professional care by revalidating. This means that the public can have confidence that they are receiving care at the hands of professionals who engage in a regular process of reflection, learning and improvement.

We introduced revalidation in 2016, so 2018–2019 was the third year of the cycle. Throughout these first three years, Ipsos MORI has been conducting independent evaluation on our behalf: the findings suggest revalidation is positively influencing attitudes and behaviours.

Nurses and midwives say revalidation helps them to practise safely and effectively.



It gives you a chance to look back at your development and freshen up your knowledge and experience. It gives you the opportunity to reflect on all the years you have worked and help improve your practice. It's great to review and refresh your development over time!



At 31 March 2019  
there were:

**653,544**

**Nurses**

**36,916**

**Midwives**

**7,288**

**Nurses & Midwives**

**489**

**Nursing Associates**

on our register.

**A total of  
698,237**



Employers see it as an important way of enhancing public and patient confidence in the professions.



It's encouraging nurses to think about their practice and why we do things, and if we need to change them.



## Overseas registration

Those nurses and midwives on our register who were trained outside the UK make a vital and invaluable contribution to health and social care in the UK.

In January 2018, we began a review of our entire registration process for those trained overseas – outside the EU/European Economic Area (EEA). Our review covers all parts of our registration process including how candidates submit their application, the fees they pay, how they demonstrate they meet our standards and the evidence we require of their English language capability. Our aim is to make it as straightforward as possible for people with the right skills to join our register.

To make improvements as quickly as possible, we introduced some immediate changes including:

- enabling newly qualified non-EU/EEA nurses and midwives to apply to work in the UK by removing the requirement to work for at least 12 months after qualifying
- allowing applicants who have failed parts of the compulsory practical test to re-sit just those parts, rather than the whole test
- improving guidance and supporting materials to help applicants be as well prepared as possible
- accepting a score of 6.5 in the writing element of the International English Language Testing System (IELTS) test – as long as the applicant's overall score is 7 or higher.

## Registrations performance

During the year we continued to improve our registration services for everyone.

- We updated our guidance on health and character, revalidation and evidence of competence in English language.
- We streamlined our registration processes to improve the customer experience. For example, we enhanced our website and increased the areas in which customers can get in touch online, such as EU initial applications and change of name and address requests, which were previously paper-based processes.
- We introduced a case management approach for nurses and midwives who wished to readmit to the register and for other registration services. By allocating a single case worker, providing one point of contact and continuity for each application, UK registration applications and appeals are progressed far quicker.

In 2018–2019 we processed 30,623 applications from people applying to join our register for the first time. Of these:

- 23,498 were from applicants trained in the UK (2017–2018: 21,931)
- 968 were from those trained in the EU/EEA (2017–2018: 805)
- 6,157 were from applicants trained outside the EU/EEA (2017–2018: 2,724).

We maintained strong performance throughout the year against our registration key performance indicators.

- We completed 98.5 percent of UK registration applications within 10 days (2017–2018: 97.9 percent), exceeding our target of 95 percent. 99.9 percent were completed within 30 days (2017–2018: 99.7 percent). Most first-time requests to join our register were completed in a day.
- We completed 100 percent of EU/overseas registration applications within our goal of 60 days (2017–2018: 98.5 percent) – exceeding our target of 90 percent.

Our call centre supports nurses, midwives and nursing associates with queries they have about registration and revalidation. In 2018–2019 the call centre dealt with an average of 857 calls a day (2017–2018: 1,000), rising to 986 at peak registration and renewal periods. The reduced volume of calls can be attributed to improved online self-service and process improvements. Our performance was not always as good as we would have liked during the year, with an average of 88 percent of all calls received being answered over the whole year (2017–2018: 91.2 percent). This was partly due to issues with our telephones, and we have taken steps to fix these.

In 2018–2019 we processed 30,623 new applications for registration.

**23,498**



were from applicants trained in the **UK**

**968**



were from those trained in the **EU/EEA**

**6,157**



were from applicants trained **outside the EU/EEA**

## Equipping future professionals



### Nursing associates: a new professional role

We welcomed the first nursing associates on to our register in January 2019.

This was the culmination of two years preparatory work including developing our regulatory standards and processes in collaboration with a wide range of partners and stakeholders.

Our standards ensure that nursing associates have the skills they need to care for people safely, with integrity, expertise, respect and compassion, from the moment they step into their first job.

Nursing associates can deliver care independently as well as contribute to the core work of registered nurses.

They have a vital role in supporting better, safer care for people of all ages across the range of health and social care settings in England.

We have also worked closely with other national bodies in England to make sure employers have the support and guidance they need when deploying nursing associates.

We were pleased to be able to celebrate the introduction of this new professional role at a reception in parliament with both newly registered nursing associates and the many partners and stakeholders who helped bring the role into being.

A nursing associate said:



*I felt so proud completing my degree, graduating from the University of Lincoln and becoming a registered nursing associate. Although at the start of my course in 2017 I was apprehensive, it was also exciting, and I found it really satisfying to apply what I*

*was learning at university in the workplace on my placements. As my skills developed, I felt increasingly valued by my nursing colleagues. I think they felt better supported and it was great for me to provide hands-on care at a higher level than before.*



The NMC exists so the public can be confident that the nurses, midwives and nursing associates caring for them are capable of providing the best, safest care possible. Our education standards are key to this. We have continued to make progress with our four-year programme to improve our education standards. These equip nurses, midwives and nursing associates with the skills and knowledge they need to deliver high quality and safe care now and in the future.

## **Future nurse**

Our ambitious new education standards were published in May 2018 and came into force in January 2019. Two years were spent developing the standards with nurses, students, educators, health and social care professionals, charities and patient groups from across the UK. The standards set out the skills and knowledge the next generation of nurses will learn to enable them to deliver world class care.

As part of updating our standards we adopted the Royal Pharmaceutical Society Competency Framework for all Prescribers as our new standards for nurse and midwife prescribers, withdrawing our standards for medicines management at the same time.

## **Future midwife**

We began consultation on equally ambitious standards to reshape the future of midwifery education and training in the UK.

The draft standards were co-produced with women and their families, midwives, students and our partners across the four countries in maternity services and education. Understanding what matters to these groups was essential. We are grateful to Professor Mary Renfrew FRSE for leading this work and for the continuing contributions from the thought leadership group drawn from all four countries. Vital oversight and assurance was provided by our Midwifery Panel.

The draft standards were published for a 12-week UK-wide public consultation in February 2019, supported by engagement events in England, Wales, Northern Ireland and Scotland, alongside webinars, blogs and social media activity.



Our Midwifery Panel provides high-level strategic advice on midwifery and maternity matters. We were delighted that Professor Anna van der Gaag agreed to take on the role of independent Chair of the Panel in October 2018.

Membership includes the four Chief Nursing Officers, the Chief Midwifery Officer for England, the Chief Midwifery Advisor for Scotland and the most senior midwives in Northern Ireland and Wales, the Chief Executive of the Royal College

of Midwives, lead professionals, midwifery educators and other key individuals with an interest in midwifery and maternity services, including expert user voices.

Internally, we appointed two Senior Midwifery Advisers to provide midwifery expertise and guidance across the organisation. They will support the work of the Panel, the development of our future midwife standards and our continuing engagement with midwives, student midwives, women and families.

## Return to practice

In 2018 we consulted on new return to practice standards. These standards set out how nurses, midwives and nursing associates can re-join our register if they have been away from practice. Council approved the new standards in March 2019. The new standards allow people to either complete an outcome-based return to practice course successfully, or, pass an NMC test of competence to allow them to re-join our register. The new standards were published in May 2019 and the test of competence will be available from January 2020.

## Post-registration standards

We commissioned an independent evaluation of our specialist community public health nursing and specialist practice qualification standards. We will engage widely with stakeholders during 2019 to determine the way forward regarding these standards. The evaluation also generated views about post-registration qualifications generally and whether the NMC should be more active in this area. These views will contribute to the development work on our future strategy 2020–2025.





## Working collaboratively

We can only do our job well if we work collaboratively with our stakeholders and partners.

We meet regularly with a wide range of partners across England, Northern Ireland, Scotland and Wales. They include government departments, other regulators, Royal Colleges and trade unions, education institutions and those representing the views of the public, patients and people using nursing and midwifery care.

An independent perceptions audit showed that our senior stakeholders believe we have been steadily improving since 2012. Relationships are good and getting better and we are fully committed to the improvements our partners want to see.

We will be increasing our work with partners to involve them at the earliest stages of our thinking, including taking a new strategic approach to research to obtain clear evidence of the environment we work in. Our new Chief Executive and Registrar, Andrea Sutcliffe, started her time at the NMC with a series of visits billed as

#listeningmode. She met nurses and midwives working in all four countries. In England, she also met and saw nursing associates in practice.

Being transparent and open is one of the many ways in which we are focused on learning and acting on feedback from organisations and individuals. We are taking a wider, more proactive review of our strategic priorities and speaking with one voice about them.

To ensure a joined-up approach we are working with relevant groups, stepping up our contacts with governments, elected representatives and health and social care bodies in England, Northern Ireland, Scotland and Wales.

Talking widely with the public, professionals and partners will continue as we take forward major policy and change programmes such as our education and overseas programmes, continue to implement our new strategic approach to fitness to practise and develop our new strategy for 2020–2025.



## Quality assurance of education

In 2018–2019 we introduced new outcome focused standards for education institutions and their practice placement partners. These new standards will enable approved education institutions (AEIs) to develop and deliver a wider range of new and innovative programmes including apprenticeships. Alongside the new standards, we have developed a new model of education quality assurance. As at 31 March 2019, 28 AEIs are approved to deliver nursing degree apprenticeship programmes.

### Approval

Using the new quality assurance model, we began approving institutions and programmes against our new education standards, including the new standards for nursing associates.

The number of AEIs has increased from 81 to 83 at 31 March 2019, delivering 938 approved programmes.

Our new quality assurance framework has introduced lay visitors as a requirement for our approval visits for pre-registration programmes. Institutions now have to show how they interact well with people who use services, patients and their carers. This is part of our commitment to increased public engagement in our quality assurance activity.

### Monitoring

We selected AEIs for monitoring visits using a risk-based approach. We focused on pre-registration midwifery, return to practice (midwifery) and specialist community public health nursing programmes. Further detail is available in our *Quality assurance of nursing and midwifery education Annual Report 2017–2018* which is published on our website.

Practice learning remained the most significant area of concern. We followed up any issues we identified to ensure institutions and their partners managed them promptly and effectively.

We began to develop and implement our new data driven approach to monitoring institutions, taking appropriate action where concerns are raised, or where there are risks that our standards are not being met. This involves using intelligence from our work with employers, as well as working more closely with other education and health and social care regulators to share intelligence and information, while still requiring institutions to exceptionally report any concerns.



## Listening to people and partners

As a four country regulator, we need to understand and be responsive to the differing health and care landscapes in Wales, Scotland, Northern Ireland and England. It is really important that we listen and learn from colleagues across the UK about how the work we do affects the lives of those we regulate and the public.

We do this by:

- considering the implications for all four countries of the decisions we make and the actions we take

- working closely with the four Chief Nursing Officers and other partners in each country
- holding consultation and engagement events across Wales, Scotland, Northern Ireland and England.

Our new Chief Executive and Registrar has visited each country to hear firsthand from both those we regulate and those they care for.

## Fitness to practise performance

If someone registered with us presents a risk to patients or the public, we can take action to restrict or remove their right to work as a nurse, midwife or nursing associate.

In 2018–2019 we received 5,373 new concerns, which is 2.5 percent fewer referrals than we received in 2017–2018. The total number of concerns we received represents around eight referrals for every 1,000 registrants.

It takes time for cases to be investigated and a conclusion reached, so the figures below do not relate wholly to cases received in 2018–2019 but also include cases received in previous years.

We closed 3,389 cases after initial assessment (2017–2018: 3,081) either because we were unable to identify a nurse, midwife or nursing associate on our register, or because, after initial assessment, we concluded the concerns did not require regulatory action.

In 2018–2019, our Case Examiners took 1,638 decisions (2017–2018: 2,234) at the end of an investigation. This reflects lower throughput than planned from our investigation teams to the Case Examiners. We worked to stabilise and improve performance in investigations by refocusing our teams and investing in additional external investigations.

After a case has been referred for a hearing or meeting, nurses, midwives and nursing associates may apply to be voluntarily removed from the register. In 2018–2019, we received 101 applications for voluntary removals and agreed to 60.

In 2018–2019, our panels reached 661 final decisions on cases (2017–2018: 1,207 and 2016–2017: 1,513) through meetings and hearings, with sanctions imposed in 549 cases (2017–2018: 923). The reduction in the number of hearing and meeting outcomes reflects:

- an overall reduction in caseload over the last three years as we have resolved the historical backlog
- uptake of Case Examiner powers to agree undertakings, issue warnings, and give advice introduced in July 2017
- lower output than planned from the investigation stage.

We have maintained sound performance against our two key fitness to practise performance targets.

- We imposed 84 percent of interim orders within 28 days of concerns being raised with us (2017–2018: 88 percent). An interim order is a temporary restriction placed on a nurse, midwife or nursing associate’s practice while we investigate concerns.
- We concluded 86 percent of our cases within 15 months (2017–2018: 81 percent).

In April 2019 the Professional Standards Authority (PSA) published its annual review of our performance for 2017–2018. The PSA found that we had met eight out of the ten fitness to practise standards of good regulation. The two we did not meet were:

- A transparent, fair and proportionate process that is focused on public protection (Standard 5).
- Keeping case parties up to date on the progress of their case and offering them support to be able to participate effectively in the process (Standard 7).

We take the PSA’s findings seriously and we were already working to make progress in these areas during 2018–2019. The work we are doing to take a person-centred approach to fitness to practise will address some of their findings. We have also:

- changed how we record the rationale for our decisions at the early stages
- provided training to our decision makers to ensure their rationale is clear and linked to our guidance
- introduced evidential quality standards that clearly set out the information our investigators need to obtain and provided training to our teams on this.

**Interim orders**

**Imposed**

**84%**



**within 28 days**

**Concluded**

**86%** of cases



**within 15 months**

## Fitness to practise in numbers 2018–2019

### 1 Preliminary assessment

When we receive concerns about someone's fitness to practise **we check whether they are on our register and assess whether the concerns require a full investigation.**

We received  
**5,373**  
new concerns



### 2 Interim orders

Where needed, **at any point our independent panels can take urgent, temporary action to protect the public** while we look into the concerns that have been raised.

Our panels  
agreed to:



### 3 Investigations

**Where needed, we fully investigate the concerns raised about someone's fitness to practise.**

At the end of the investigation, our Case Examiners decide whether any next steps are required to protect the public. Case Examiners may decide to take no further action if they conclude the concerns do not require regulatory action or if the nurse, midwife or nursing associate has taken sufficient steps to improve their practice.

We completed  
**1,638**  
investigations

Our Case Examiners  
decided to:



### 4 Adjudication

**Where needed, cases are adjudicated by our independent panels.**

Panels decide whether regulatory action is required to protect the public. Panels may decide to take no further action if they conclude the allegations are not proved or if the nurse, midwife or nursing associate has taken sufficient steps to improve their practice.

Our panels  
adjudicated

**661** cases

Our panels  
decided to:



We reached  
decisions on  
**5,379**  
cases



We decided  
**1,990**  
cases required a  
full investigation



We decided  
**3,389**  
cases  
did not require a  
full investigation

Interim suspension orders in



**238**  
cases

Interim  
conditions  
of practice  
orders in

**268**  
cases

Take **no**  
further  
action in  
**963**  
cases

Give advice, issue  
a warning, or agree  
undertakings in

**155**  
cases



**Refer**  
**520**  
cases  
for adjudication

Remove the  
person from  
the register in

**162**  
cases

Suspend the person from the  
register temporarily in

**231** cases

Impose conditions of  
practice orders in

**99** cases

Issue cautions in  
**57** cases



Take no further action in  
**112** cases

## Fitness to practise – a new strategic approach

Our new strategic approach to fitness to practise is key to addressing the recommendations in the PSA's *Lessons Learned Review*.

Nearly 900 individuals and organisations responded to a public consultation on our plans to establish a new strategic direction for fitness to practise. They provided valuable insight and feedback to shape aspects of this new approach, which aims to improve the way we deal with concerns raised with us.

We commissioned an independent organisation to carry out qualitative research with key stakeholders, including the public, registrants and employers, to provide insight into what the people we serve and those we regulate expect from regulation. This gave us a better understanding of what people expect from the fitness to practise process and has informed the development of our new strategic approach.

We are embedding a person-centred approach in everything we do. We want to encourage an open learning culture in health and social care settings, which supports nurses, midwives and nursing associates to learn from mistakes and address concerns about their practice.

Between September 2018 and March 2019 we piloted five operational changes to test new ways of working.

- We worked with employers to produce guidance about what we need to investigate concerns. We also launched a new online referral system to improve the quality of information we receive and get employers to think more about local action. This is a likely factor in us receiving 2.5 percent fewer referrals than in 2017–2018.
- When members of the public raised concerns, we spoke to them directly to ensure we fully understood what they wanted us to look into. We also talked to them about our process and set expectations.
- We asked employers to tell us more about the context and environment in which mistakes occur and built this into our decision-making process.
- We trained our teams to help nurses, midwives and nursing associates learn from and address mistakes through remediation.
- We worked with nurses, midwives and nursing associates to agree where standards of care or professionalism have fallen short so that we only take cases to a full hearing when issues remain in dispute.

We evaluated the outcomes from these pilots and identified a number of learning points, but nothing to suggest we should not proceed with our new approach. We will be embedding the new approach in 2019.





## Employer Link Service and Regulatory Intelligence

Our Employer Link Service (ELS) and Regulatory Intelligence Unit (RIU) help us to communicate better with employers of nurses, midwives and nursing associates, identify potential risks and ensure they are managed appropriately.

This year:

- Our Regulation Advisers worked closely with employers to co-produce better approaches to managing and escalating fitness to practise concerns.
- We developed tools to help us better understand risk factors and share lessons from poor practice.

This will enable safer care for patients and people using services.

- We led a network of health and care regulators to create a standard approach to sharing intelligence and concerns, so we all better understand risk factors.
- We established memoranda of understanding with a number of health and social care regulators across the UK.
- We created an *Emerging Concerns Protocol* and used it successfully to share information and monitor risks about organisations.



An employer said:

*I want to let you know how much I have benefited from ELS support and advice over the past couple of years – it has been invaluable and very much appreciated.*



Our *Annual Fitness to Practise Report 2018–2019*, which is published separately, gives a detailed overview of the work we have been doing this year.

## Whistleblowing to us as a prescribed person

The NMC is a 'prescribed person' in law. This means that concerns may be raised with us by nurses, midwives, nursing associates, students or other healthcare professionals who identify wrongdoing in their workplaces or practice placements. Our policy sets out the criteria which we use to decide if information we receive should be dealt with as whistleblowing.

We received 34 disclosures that we reasonably believe to be whistleblowing because they met all of our criteria.

Some of the most common whistleblowing concerns raised with us were about:

- patient safety and care
- leadership and management
- behaviour (including bullying, intimidation or harassment of colleagues).

The most common reasons why issues did not meet our criteria were:

- The concerns did not fall in our regulatory remit. Where appropriate we referred these to another body.
- They did not meet the public interest test. When making an assessment we take into account the number of individuals served by the disclosure and the nature of the wrongdoing. Most disclosures that do not meet the public interest test are personal grievances or complaints serving only the interests of the person making the disclosure. Where a disclosure does not meet the public interest test we may, where appropriate, deal with the disclosure through our fitness to practise processes or share the information with another regulator.
- There was insufficient information for us to take action.

We are working with other health and social care regulators to publish a joint report in autumn 2019 on how we handled whistleblowing disclosures and the actions we took.

## Freedom of information and other information requests

Like all other organisations, we comply with tighter protections on handling personal information, which came into force in May last year as part of the General Data Protection Regulation (GDPR) and the Data Protection Act 2018.

During the year, we began to review our approach to how we respond to requests for information to ensure we are as open and frank as possible in releasing information without infringing people's rights. We have changed the way we handle requests made by referrers and other affected individuals for further information concerning our fitness to practise investigations. In some instances the information they are seeking cannot be disclosed under the Freedom of Information Act 2000 (FOIA) and does not fall within the scope of a data subject access request. We will now consider if any

information, beyond the details which they would receive ordinarily in the case of an investigation, can be shared with them, in confidence, using our wider data sharing powers under data protection legislation. This new approach reflects our person-centred approach and our commitment to transparency and openness.

There are three kinds of information requests: Freedom of Information (FOI), Data Subject Access, and Third Party Data Disclosure.

Requests	Freedom of Information	
	2018–19	2017–18
Received	414	477
Responded to	374	454
Dealt with in another way	39	23
Open	1	N/A

Requests	Data Subject Access	Third Party Data Disclosure	Combined*
	2018–19	2018–19	2017–18
Received	192	968	324
Responded to	163	940	271
Dealt with in another way	26	27	53
Open	3	1	N/A

\* In 2017–2018 Data Subject Access requests and Third Party Data Disclosure requests were counted as one category.

We reviewed our approach to handling requests made by the Disclosure and Barring Service (DBS) and Disclosure Scotland (DS). From April 2018, we have processed and recorded these requests centrally as Third Party Data Disclosure requests. This has resulted in an increase in the number of recorded Third Party Data Disclosure requests, with DBS and DS requests accounting for 595 of the overall total.

We have also seen an increase in Data Subject Access requests, which we believe may be due to the introduction of the General Data Protection Regulation (GDPR) leading to more people being aware of their rights to request data about themselves.

## Freedom of Information requests

2018–2019

 **414**  
received

**374**   
responded to

 **39**  
dealt with in another way

**1** open 

If someone is not satisfied with our response to an FOI request or Data Protection/ GDPR request, they can ask us to review it. These internal reviews are carried out by a staff member who was not involved in the original decision. Of the 19 internal reviews that were completed (2017–2018: 14), the original decision was upheld in 95 percent of cases, one was withdrawn, and the other two remain open.

One person who remained unhappy with our response to their FOI request following an internal review, complained to the Information Commissioner's Office (2017–2018: four complaints). The Information Commissioner asked us to reconsider our response, which we did and subsequently disclosed the information requested.

During the year, two appeals were brought by members of the public against decisions of the Information Commissioner relating to requests for information made to us under the FOIA about fitness to practise cases that had not passed the 'case to answer' stage. In each case the Information Commissioner also considered that the information should not have been disclosed under FOIA. In both cases the First-tier Tribunal upheld our decision to refuse to disclose the requested information under FOIA.

The creation of our new Enquiries and Complaints team will help to ensure that our performance, including the quality of our responses, will improve during 2019–2020.

## Our people and our organisation

Our People Strategy is about making the organisation a trusted employer with the capability and capacity to regulate effectively. Listening to, inspiring and motivating our colleagues is vital to the delivery of our strategic vision.

### Organisational and people development

Following the PSA's *Lessons Learned Review*, we explored with colleagues how we are living the values of the organisation. We covered what we can learn from the past and how we can develop our behaviours to embed those lessons for the future. We plan to do further work on our values and behaviours as part of the development of our 2020–2025 strategy.

Our Employee Forum, which includes representatives from all our functions, is an important way of involving and seeking the views of our colleagues on our work. To ensure colleagues can work at their best we have begun to review our employment policies to make them easy to follow and understand. This work will continue until December 2019.

We used a new staff survey methodology called Peakon in 2018, which enables us to ask more questions and engage with colleagues throughout the year in pulse surveys. We were still able to make a like for like comparison with 2017, which showed an increase in our engagement score from 64 percent (December 2017) to 67 percent (December 2018). From now on, we will be using our new Peakon engagement score of 5.8 (out of a maximum of 10) as our baseline.

We have invested in a leadership development programme for managers to help them improve communications and the performance management of their teams. A new appraisal process was launched in 2018 and we will begin working to develop career pathways in 2019–2020.

Work is also under way on revising our existing pay and grading arrangements, which have been in place since 2014. We will start consulting employees on our proposals during the year ahead.

Our efforts so far have had a marginal impact on reducing our employee turnover, which remains high at 21.6 percent (2017–2018: 21.9 percent). This will continue to be a focus in 2019–2020. However, our efforts to improve induction for new colleagues have had a positive impact and we are pleased that the percentage of new starters leaving within six months reduced to 19.6 percent (2017–2018: 27.8 percent).

## Equality, diversity and inclusion

We want those on our register and our colleagues to flourish in a culture that values equality, diversity and inclusion (EDI). Our EDI Framework seeks to embed EDI activities into business and performance management in the organisation. Progress is monitored against our EDI action plan.

Examples of our progress during 2018–2019 are set out below.

### Diversity

Engaging with our diverse stakeholders to understand their needs and perspectives is essential to inform our work. We have continued to increase our engagement with diverse groups. During 2018–2019 we engaged with: the BME CNO Strategic Advisory Group (England), the Nigerian Nurses Association, Mencap, Challenging Behaviour Foundation and the Young Women's Trust.

We are proud of the work of our internal networks. Our LGBT+ and Cultural networks have been running since early 2018. We have now launched a network for disabled colleagues: the Workaround network. In 2019 the work of our Mental Health First Aid network will increase across the organisation. We will be joining with Mind to respond to the first ever staff survey on mental health in the workplace and committing to the Time to Change pledge.

### Publications

We published and launched our annual EDI report 2017–2018 in October 2018. It described our progress against our strategic EDI aims and presented data about nurses and midwives by seven of the nine protected characteristics in the Equality Act 2010. We also published two reports on the NMC register by the protected characteristics of age and gender. Our annual Revalidation report published in July 2018 included analysis of revalidation outcomes by protected characteristic.

### Recruitment

We undertook a recruitment campaign focused on addressing the underrepresentation of black and minority ethnic people among our fitness to practise panellists. At the outset of the recruitment campaign, 8.2 percent of panellists identified as black and minority ethnic. By comparison, 17.3 percent of nurses and midwives on our register identified as black and minority ethnic. The recruitment campaign emphasised our

values – people, fairness and transparency – and used digital media to reach a wider audience. Of the successful candidates appointed following this campaign, 22.8 percent identify as black and minority ethnic. As a result, the proportion of fitness to practise panellists who identify as black and minority ethnic increased to 10.9 percent.

We have reviewed our corporate approach to employee recruitment practices and identified an action plan to reduce the risk of discrimination in recruitment.

## Assessment

We continued to evaluate and monitor our activities to understand the impact on different groups that share protected characteristics, for example through our equality impact assessments of our new education standards, our fitness to practise strategic direction, the review of our overseas registration processes and our approach to regulating the new nursing associate role.

We have worked with accredited partners such as Stonewall, BITC, Mind and the Disability Forum to inform our practice and conduct baseline assessments across all protected characteristics. Comparing ourselves against best practice criteria has informed the development of a three-year EDI plan that will be agreed in July 2019.

## Council and employee numbers by gender

At 31 March 2019, the gender breakdown of our Council members and employees was as follows:

	Council members	Executive	Other employees
Female	7	4	554
Male	5	4	296

## **Information and Communication Technology (ICT)**

We began a major investment programme in 2018 to modernise our outdated IT systems. When delivered, this should mean a better experience for our colleagues, professionals, the public and partners. Good progress is being made, with the successful opening of the new nursing associates register in January 2019 an example of this. We recognise the risks associated with our IT infrastructure and this work remains a significant focus for us, as discussed in the Governance Statement.

We are also looking at how we can give our colleagues the tools to work in a more agile, flexible and effective way. Our Digital Workplace programme is modernising our telephony, Wi-Fi and internal communications.

## **Accommodation**

The leases on our fitness to practise hearing venue at 61 Aldwych and our fitness to practise offices at 1 Kemble Street expire in September and December 2019 respectively. We have signed a ten-year lease on new offices at 1 Westfield Avenue, Stratford, half a mile from our existing hearing venue at 2 Stratford Place. All our London-based fitness to practise teams will move to Stratford in late August or September 2019 when the fit-out is complete. The move will save over £1 million a year on rent, rates and service charges, and provide an exciting new working environment, helping make the NMC a great place to work. We have engaged colleagues in the design of the new office space, and provided support for those whose journey to work is adversely affected. We will continue to run fitness to practise hearings in London, Edinburgh, Cardiff and Belfast.

## **Finance and procurement**

We are fortunate to be in a strong and privileged financial position with a highly secure source of income from nurses, midwives and nursing associates who are required by law to pay their registration fees to practise their professions. We also have strong reserves, built up through careful financial management since we last increased our fee in 2015.



We have both a responsibility and an opportunity to use these funds well. In March 2019, Council approved a new financial strategy and a new investment policy.

The Financial Strategy seeks to more actively use our strong financial position to invest in modernising our systems, improving services and efficiency; to make financial investments that will protect us from inflation; and to manage financial risks.

It also emphasises the importance of medium and long-term planning, and an enabling and collaborative approach to the use of resources, alongside appropriate financial controls.

The goals of our financial strategy are to achieve sustainability and value for money. This will benefit nurses, midwives and nursing associates by keeping the registration fee at £120 for as long as possible.

We also developed a new procurement policy during the year. Underpinned by supporting processes, it will help to deliver value for money by helping budget holders to buy the right products and services, and through competitive tendering to achieve good prices.

The procurement policy also aims to ensure that our purchasing and our supplier relations reflect our values. This will ensure our environmental impact is minimised, and our suppliers treat their own employees fairly. Where possible, we seek to use public sector framework agreements or dynamic purchasing systems, which will generally offer competitive prices, favourable terms and conditions, suppliers with the capacity to deliver consistent, good quality services, and an efficient and compliant process.

Our policy is to pay our suppliers as soon as practical after budget holders have confirmed satisfactory receipt of the goods or service. During the year we paid 78 percent of invoices within 30 days (2017–2018: 73 percent within 30 days). No interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998 (2017–2018: none).

# Strategic Plan 2019–2020

Our *Strategy 2015–2020: Dynamic regulation for a changing world* challenges us to ensure that our approach to regulation is innovative, forward-looking and able to adapt to changes in healthcare and the demands on midwives, nurses and nursing associates. It sets out four strategic priorities to help guide our work in pursuit of our ambition.

Our corporate plan focuses on the final year of our five-year strategy. It explains our priorities and commitments for 2019–2020.



## An overview of our priorities for 2019–2020

Our priorities for 2019–2020 focus on taking forward major programmes of work, while continuing to deliver our core regulatory functions. Our priorities are:

### 1. Changing our approach

#### Delivering a new approach to fitness to practise

- 1 By the end of quarter 1, we will evaluate the outcomes of the pilots we started in 2018–2019 and make operational changes to deliver the new strategic direction.
- 2 To improve the level of support that we provide for nurses, midwives, and nursing associates who go through our fitness to practise process, we will:
  - provide better information and sign-posting to sources of support by the end of quarter 2
  - launch an emotional support helpline by the end of quarter 3
  - introduce a pro-bono legal advice service for unrepresented registrants, in partnership with a law school, by the end of quarter 2.

#### Embedding the recommendations from Lessons Learned

We will use a transparent, person-centred approach and transform the way we deal with all enquiries and complaints by quarter 4.

#### Reviewing the overseas registration process

We will automate the whole application process by August 2019, continue to improve our support and guidance for applicants, and continue to develop and improve the Test of Competence.

## 2. Core regulatory initiatives

### Delivering our education programme

- 1 Developing our standards
  - **Future nurse:** the implementation of our new education framework and our new standards of proficiency for registered nurses will begin from October 2019.
  - **Future midwife:** we will complete the consultation on our draft standards for registered midwives, approve the final standards in autumn 2019 and launch in January 2020.
  - **Return to practice:** we will publish new return to practice standards for nurses, midwives and nursing associates in May 2019.
  - **Post registration standards:** by the end of quarter 1, we will agree a timescale and work programme to complete our review of post-registration standards.
- 2 We will quality assure all education institutions and programmes against the new standards using our new model of quality assurance.

### Embedding regulation of nursing associates into our core functions

- 1 We will approve nursing associate pre-registration programmes, using our new education framework.
- 2 We will monitor and review our regulatory processes to ensure they work well for nursing associates on an ongoing basis through the year and seek to gain insights from the evaluation being undertaken by the National Institute for Health Research into the introduction of the role.

### 3. Enhancing our capability and infrastructure

#### Modernising our technology

- 1 We will transform our corporate systems to provide greater efficiency and effectiveness, and ensure they are fit for purpose now and in the future. By the end of the year, we will:
  - replace our systems for registration, revalidation, case management and quality assurance of education providers, and take advantage of new Microsoft tools
  - launch a new solution to replace our document management system.
- 2 We will enhance our business intelligence infrastructure, systems and tools that support the Regulatory Intelligence Unit with identifying and addressing potential areas of regulatory risk.

#### Creating a digital workplace

- 1 Phase 1 of the telephony upgrade has already been delivered. Phase 2, which includes upgraded call centre functionality, will be delivered by the end of quarter 4.
- 2 Most employees will be issued with laptops, and new corporate Wi-Fi will be installed across all NMC sites by the end of quarter 2.
- 3 We will implement a new collaboration and communications platform to complement our intranet by the end of quarter 1.

#### Delivering our People Strategy

- 1 New pay and grading system to be consulted upon and implemented by end of quarter 2. Longer term work on future pay scheme design to be concluded by the end of quarter 4.
- 2 Equality and inclusion action plan to be rolled out during quarter 1.
- 3 New values and behaviours framework to be agreed by the end of quarter 4.

#### Moving our fitness to practise teams to new accommodation

Move our fitness to practise teams from locations at 23 Portland Place, 1 Kemble Street, and 61 Aldwych into a single location at Stratford by the end of quarter 2, and without disruption to operations.

### **Delivering proactive strategic communications and engagement**

- 1** By the end of quarter 1, we will coproduce with stakeholders and key audiences the draft themes for the 2020–2025 corporate strategy.
- 2** By the end of quarter 2, we will employ the new operating model for communications and engagement to support the successful roll out of our public policy initiatives, and improve engagement with parliamentary and devolved administrations by establishing and growing our network.
- 3** By the end of quarter 4, we will launch the corporate strategy, achieving widespread third party support and high levels of employee knowledge.

## **4. Developing our new strategy for 2020–2025**

### **Our commitment for 2019–2020**

Working together with our stakeholders, we will deliver a new strategy which inspires our employees, engages our stakeholders, and builds on our progress in promoting better, safer care. The strategy will be approved by Council in March 2020.

# Financial review

## 2018–2019

**£92m**  
income

a 5 percent increase

**£81.6m**  
expenditure

a 7 percent decrease

## Income and expenditure

As set out in the statement of financial activities (SoFA), our total income for 2018–2019 was £92 million (2017–2018: £88 million) and total expenditure was £81.6 million (2017–2018: £87.9 million). This has resulted in net income funds or a surplus of £10.4 million (2017–2018: £79,000). After the revaluation of our defined benefit pension scheme, our total funds increased over the year by £7.1 million (2017–2018: £12,000).

We had planned for a small deficit in 2018–2019. The large surplus is the product of income exceeding budget and expenditure undershooting budget on some key programmes.

Total income increased by £4 million (5 percent) compared to 2017–2018, and was £5.6 million (6 percent) higher than we had budgeted. The biggest single cause of this increase was the one-off £2.1 million refund from HM Revenue and Customs for income tax and National Insurance we had paid on the fees of fitness to practise panellists before 2012. We had previously treated panellists as office holders, who are taxed in the same way as employees. In 2012, HM Revenue and Customs agreed that panellists are self-employed.

Our income from registrants' fees was £85.2 million, a £1 million increase on 2017–2018, and £0.9 million more than we had budgeted. We had budgeted on the basis that the number of people on the register would fall slightly, as it had done in 2016–2017, but in fact the total number of nurses, midwives and nursing associates increased during 2018–2019 by 1 percent, to 698,237 on 31 March 2019.

Income also includes £2.3 million (2017–2018: £2.3 million) from the Department of Health and Social Care (DHSC) for the work on adding nursing associates to the register. The new register opened on 28 January 2019, as planned.

Our expenditure reduced by £6.3 million (7 percent) compared to 2017–2018, and was £9 million (10 percent) below budget.

Notes 4 and 5 set out the fully allocated costs for each charitable activity as per the SORP FRS 102 requirement. This separates out the direct costs of each activity alongside the associated support costs which have been allocated using headcount or overhead usage. The commentary that follows is based on the direct cost column, before allocation of support costs.

Less than 1 percent of nurses and midwives are referred to the NMC each year, and only 10 percent of those referrals lead to a hearing, but fitness to practise costs remain the largest part of our budget.

Expenditure fell in 2018–2019: direct costs of fitness to practise were £39.1 million, down from £43.9 million in 2017–2018, a reduction of 11 percent. This is primarily due to a lower number of hearings and reduced costs in the adjudication and case preparation areas. This is partially offset by increased external investigations and programme costs associated with our new strategic approach to fitness to practise.

The direct cost of maintaining the register was £8.1 million in 2018–2019 (2017–2018: £7.9 million). Costs have broadly been maintained with the continuation of the programme to bring nursing associates onto the register (funded by the DHSC), and our overseas registration programme.

Support costs (Facilities, Finance, HR, ICT, Governance, Legal, depreciation and the FRS 102 defined benefit pension cost) were £27.7 million (2017–2018: £30.3 million). The decrease is primarily due to ICT programme costs being lower this year.

Our corporate plan for 2018–2019 included five key change programmes and projects to deliver our strategy for 2015–2020: the education programme, the nursing associate programme, our new strategic approach to fitness to practise, the overseas registration programme, and the People Strategy. During the year, we added three more: the modernisation of technology services programme (MOTS), the accommodation project, and the Lessons Learned programme.

The aggregate revenue costs of these programmes was £5.9 million, and a further £3.6 million has been capitalised, so total programme costs were £9.5 million. In 2017–2018 we spent £8.1 million of revenue costs on programmes and projects. Programmes are inherently more difficult to budget for than ‘business as usual’ expenditure and in aggregate, we underspent our revenue budget for programmes and projects by £3.1 million. Most of the underspend is slippage against the original planned timelines, so that the costs will now be incurred in 2019–2020. The £9.5 million total includes £2.3 million on the programme to open the register to nursing associates, which has been funded by the DHSC.

At every year end, the actuaries of our defined benefit pension scheme update their estimate of the value of our obligation to meet the pension costs of members of the scheme. They do this by reviewing the expected return on investments and the value of future obligations using a number of assumptions. These include expected mortality rates, inflation and yields on corporate bonds over a number of years into the future. Their calculation as at 31 March 2019 resulted in a loss of £3.3 million, shown in the Statement of Financial Activities as ‘Actuarial losses on defined benefit pension scheme’ (2017–2018: £0.1 million). The increase in the expected cost of future obligations is due mainly to forecast inflation rates, reducing the expected returns on scheme assets and increasing the cost of expected future payments to scheme members. A full revaluation of the scheme is conducted every three years, and the next triennial revaluation, as at 31 March 2019, is expected to be completed by March 2020.

## Reserves

Our reserves policy is to maintain free reserves within a target range. Free reserves are funds that are freely available to spend, so do not include restricted funds, tangible fixed assets and amounts designated for essential future spending. We also set a minimum level for the aggregate forecast cash and investments balance in the course of the coming financial year. The Council reviews the target range of free reserves and the minimum cash and investments balance at least annually.

The target minimum level of free reserves is set to ensure our sustainability, taking account of the security of our income stream, our cash and investment balances, and an assessment of the potential financial impact of risks faced by the NMC. The target maximum level of free reserves is set to ensure our resources are applied effectively, balancing the interests of the people on our register who finance us through the fees that they pay, and the public who benefit from our work.

Nurses, midwives and nursing associates are required to pay our registration fees in order to practise. They can do so either quarterly or annually in advance. We have, therefore, a highly secure income stream and we hold large cash balances, over and above our free reserves. As a result, our need for free reserves is much lower than many other charities or public bodies.

The extent to which our cash and investment balances exceed our free reserves balance is dependent on the proportion of registrants paying by quarterly direct debit and the level of the pension deficit. Setting a minimum level for the aggregate forecast cash and investments acts as a further safety net to ensure that we maintain liquidity without the need for borrowing facilities.

In March 2019 the Council reviewed the latest position regarding the reserves policy and agreed that the target range of free reserves should be zero to £25 million. This represents a change from the target range set for 2018–2019 and earlier financial years, where the lower limit of the range was £10 million. The change is based on a re-evaluation of the financial benefit conferred by our income stream and our cash balances. The Council also set a minimum aggregate forecast cash and investments balance of £20 million.

Total reserves as at 31 March 2019 were £48.3 million (2018: £41.2 million), and free reserves were £28.6 million (2018: £22.3 million). Although free reserves are now above the upper level in our target range, our budget for 2019–2020 implies free reserves will fall back to £24.8 million at 31 March 2020.



## Investment policy

As discussed previously, nurses, midwives and nursing associates pay their registration fee either annually or quarterly in advance. Together with our free reserves, this means that we hold significant cash balances. During 2018–2019 surplus funds were held in interest bearing deposit accounts spread across five UK high street banks. The interest earned in 2018–2019 was £0.6 million (2017–2018: £0.3 million).

Council approved a new investment policy in 2019. Under the new policy, during 2019–2020 we will begin to invest cash that is not required for working capital in a range of equities, funds and bonds. Our investments will be professionally managed, with appropriate risk and ethical parameters. By investing in equities and funds, we will now be exposed to the risk of capital losses, and we will see short term volatility in the value of our assets, as most organisations with investments will have done during 2018–2019. But over the long term, stock market based investments have proven to be the best performing type of investment. Our aim in investing is to achieve an above inflation return over the long term, preserving the real terms value of the funds paid in by nurses, midwives and nursing associates, and helping to keep the registration fee low.

**Philip Graf**

Chair

**4 July 2019**

**Andrea Sutcliffe**

Chief Executive and Registrar

**4 July 2019**

# Remuneration report

The financial aspects of this report are audited by the external auditors, Haysmacintyre and the National Audit Office (NAO).

## Council members' allowances and expenses

The Council is the governing body of the NMC and has ultimate decision-making authority as described in the annual governance statement. The members of the Council are the trustees of the NMC.

Under the Nursing and Midwifery Order 2001, the Council is responsible for determining the allowances to be paid to Council members. Council members receive an annual allowance based on the requirement for members to spend an average of three days a month on NMC business. In practice, Council members dedicate more time than this.

To remove conflicts of interest, the Council has put in place arrangements for an Independent Panel made up of external experts to assess the appropriate level of allowances. The Council has agreed that it will either accept or reduce the level of allowance recommended by the Panel but will not increase it. Council member allowances were last increased from £13,250 to £14,724 as recommended by the Independent Panel on 1 April 2017. There was no increase in 2018–2019.

In advance of recruiting and selecting a new Chair to take up office from 1 May 2018, the Council agreed a new role description for the Chair with an increased time commitment of three days a week. The Independent Panel was asked to review and propose an appropriate level of allowance. The Panel recommended an annual allowance of £78,000, which was agreed by the Council. Before taking up office on 1 May, the new Chair undertook considerable induction and preparation activity amounting to 20 days for which a daily equivalent allowance was paid in total amounting to £10,000 with the approval of the Council Vice-Chairs and the Chair of the Remuneration Committee.

Allowances paid to Council members in 2018–2019 amounted to £243,810 (2017–2018: £222,560). Full details of the amounts paid are set out in table 1. No extra contractual payments were made to any Council member in 2018–2019.

Allowances payments to Council and committee members are made through payroll with deductions for income tax and National Insurance. Expenses directly incurred in the performance of duties are reimbursed in accordance with the NMC's travel and subsistence policy for Council members.

Expenses are made up of travel, accommodation, meals and subsistence and are incurred when members are carrying out their duties. All expenses incurred by members are included in table 1. The expenses received by members vary widely due to the costs of travel and accommodation for attending meetings from home locations across the UK, including travel from Wales, Scotland and Northern Ireland which necessitates overnight stays.

Where meetings are held in London, expenses are considered to be a taxable benefit in kind. The NMC pays the income tax and National Insurance arising through a PAYE settlement agreement with HMRC.

Partner members, that is, members of committees who are not members of the Council, receive a daily allowance of £286 for time spent on NMC business and reimbursement of reasonable travel expenses.

## **Methods used to assess members' performance**

The Council has an agreed policy and process in place for reviewing and enhancing the effectiveness of both the Council itself and its members. The Vice-Chairs undertake the Chair of the Council's performance review. The review takes a structured and evidence-based approach. It includes a self-assessment by the Chair and peer assessment by members of the Council. The outcomes are used to agree objectives and ascertain development needs for the coming year. A similar process is in place for individual Council members led by the Chair. Annual reviews took place in 2018–2019.

**Table 1: Council members' allowances and expenses**

	2018–19			2017–18		
	Allowance £'000	Total expenses £'000	Total remuneration £'000	Allowance £'000	Total expenses £'000	Total remuneration £'000
Philip Graf CBE – Chair (from 1 May 2018) <sup>1</sup>	81.5	2.7	84.2	0	0	0
Professor Dame Janet Finch – Chair (until 30 April 2018)	5.3	4.4	9.7	63.1	14.4	77.5
Dr Anne Wright CBE	14.7	0.3	15.0	14.7	0.1	14.8
Claire Johnston (from 1 September 2018)	8.6	0.3	8.9	0	0	0
Derek Pretty	14.7	4.0	18.7	14.7	4.9	19.6
Sir Hugh Bayley (from 1 May 2017)	14.7	2.0	16.7	13.5	1.5	15.0
Professor Karen Cox	14.7	1.5	16.2	14.7	2.5	17.2
Lorna Tinsley	14.7	3.8	18.5	14.7	3.8	18.5
Marta Phillips OBE (from 1 May 2017)	14.7	0.2	14.9	13.5	1.2	14.7
Maura Devlin MBE	14.7	9.5	24.2	14.7	12.5	27.2
Maureen Morgan OBE (until 30 April 2018)	1.2	0.6	1.8	14.7	3.1	17.8
Robert Parry	14.7	5.6	20.3	14.7	5.5	20.2
Ruth Walker	14.7	4.6	19.3	14.7	3.4	18.1
Stephen Thornton CBE	14.7	2.4	17.1	14.7	2.6	17.3

<sup>1</sup>The allowance for the new Chair includes £10,000 for induction activities undertaken before taking office on 1 May 2018.

## Senior management team remuneration and performance assessment

The senior management team (called the Executive) comprises the Chief Executive and Registrar (Chief Executive) and Executive directors. During 2018–2019 all directors reported directly to the Chief Executive. No Executive Directors are members of the Council or trustees of the NMC. Remuneration details are disclosed in full for all these individuals in tables 2 and 3.

The Chief Executive is the only employee appointed directly by and accountable to the Council. The Council has delegated authority to the Chief Executive to the extent described in the annual governance statement.

### Executive performance assessment

The Remuneration Committee undertakes an annual review of the Executive's performance. The Committee reviews reports from the Chair on the performance of the Chief Executive. The Committee also reviews reports from the Chief Executive on the performance of the directors.

### Executive remuneration

The remuneration of the Executive is approved by the Remuneration Committee annually in line with the principles of the Executive pay framework approved in 2016.

The Remuneration Committee reviewed the Executive's remuneration for 2018–2019 in February 2018. The review evaluated Executive pay against comparators in healthcare regulation as well as benchmarking more widely with public and private sector comparators. The review also took account of an independent review of all NMC executive roles previously undertaken by external pay specialists. The Remuneration Committee concluded that for 2018–2019 the Executive should receive the same cost of living award as agreed by the Council for other employees (2 percent). It also agreed that one director should continue to receive an additional responsibility allowance to reflect the absorption of additional responsibilities into their portfolio.

Jackie Smith was Chief Executive of the NMC from October 2012. Her salary in 2018–2019 was £200,641 (2017–2018: £196,707). As agreed with Council, her last day in post was 31 July 2018. She was paid the balance of her six month notice period from 1 August to 10 November 2018. She was also paid for nine days holiday accrued but not taken. As a member of the NMC's defined benefit pension scheme (see below) the NMC made the same employer contributions to the pension scheme at 39.3 percent of salary, as for all employees in this scheme. She received no other severance pay or additional pension benefits when she left the NMC.

Sue Killen was appointed Interim Chief Executive and served from 23 July 2018 to 16 January 2019. She was paid £102,000. Her full year equivalent salary, had she been a permanent, full time employee, would have been £220,000. She did not receive any pension or other benefits.

Andrea Sutcliffe was appointed Chief Executive on 14 January 2019 on a permanent basis on an annual salary of £175,000. The pro-rated salary paid to her in 2018–2019 was £37,634. She joined the NMC's defined contribution pension scheme on 14 April 2019.

The remuneration of the Executive team is set out in table 2. In total, the Executive team (including interim directors) was paid £1.267 million in 2018–2019 (2017–2018 £1.794 million). The breakdown of this is provided in table 2. As required by HM Treasury's financial reporting manual, table 3 provides further detail about the pension benefits for those current and former members of the Executive who are members of the defined benefit pension scheme.

None of the Executive receive any performance bonuses or taxable benefits in kind.

Andrea Sutcliffe's employment contract requires notice of six months to be given by either party to terminate the contract. For directors the period is three months.

The Executive's expenses are also shown in table 2. None of these expenses are taxable benefits in kind.

For 2019–2020, the Remuneration Committee again concluded that the Executive should receive the same cost of living award as agreed by the Council for other employees (2.5 percent). The Chief Executive and Registrar asked not to receive the increase for 2019–2020.

**Table 2: Executive team remuneration<sup>1</sup>**

	2018-19				2017-18			
	Salary (bands of £5,000) £'000	Pension benefits <sup>2</sup> (bands of £5,000) £'000	Total (bands of £5,000) £'000	Expenses £'000	Salary (bands of £5,000) £'000	Pension benefits <sup>2</sup> (bands of £5,000) £'000	Total (bands of £5,000) £'000	Expenses £'000
Andrea Sutcliffe Chief Executive and Registrar From 14 January 2019	35-40 FYE* 170-175	0	35-40	2.2	0	0	0	0.0
Sue Killen Interim Chief Executive and Registrar From 23 July 2018 to 16 January 2019	100-105 FYE 215-220	0	100-105	0.3	0	0	0	0.0
Jackie Smith Chief Executive and Registrar To 31 July 2018	125-130 FYE 200-205	10-15	140-145	2.4	195-200	40-45	235-240	9.1
Emma Broadbent Director of Registration and Revalidation	125-130	10-15	140-145	1.9	120-125	10-15	135-140	1.7
Sarah Daniels Director of People and Organisational Development	120-125	10-15	135-140	0.0	55-60 FYE 115-120	5-10	60-65	0.1
Andrew Gillies Interim Director of Resources From 26 July 2018	75-80 FYE 110-115	5-10	85-90	0.0	0	0	0	0.0
Matthew McClelland Director of Fitness to Practise	130-135	30-35	165-170	3.1	105-110 FYE 125-130	60-65	170-175	3.2
Richard Sheldon Interim Director of Technology and Business Innovation From 3 September 2018	65-70 FYE 110-115	5-10	70-75	1.3	0	0	0	0.0
Gary Walker Interim Director of Resources From 2 February 2018 to 31 July 2018	50-55 FYE 160-165	0	50-55	0.0	20-25 FYE 160-165	0	20-25	0.0

	2018–19				2017–18			
	Salary (bands of £5,000) £'000	Pension benefits <sup>2</sup> (bands of £5,000) £'000	Total (bands of £5,000) £'000	Expenses £'000	Salary (bands of £5,000) £'000	Pension benefits <sup>2</sup> (bands of £5,000) £'000	Total (bands of £5,000) £'000	Expenses £'000
Geraldine Walters Director of Education, Standards and Policy	155-160	10-15	165-170	4.5	150-155	10-15	160-165	2.9
Edward Welsh Director of External Affairs From 21 May 2018	120-125 FYE 135-140	10-15	135-140	1.8	0	0	0	0.0
Sarah Page Director of Fitness to Practise To 31 December 2017	0	0	0	0.0	125-130 FYE 140-145	40-45	165-170	0.4
Alison Sansome Chief Operating Officer To 7 April 2017	0	0	0	0.0	85-90 FYE 140-145	110-115	200-205	0.0
Adam Broome Director of Resources To 9 February 2018	0	0	0	0.0	135-140 FYE 125-130	10-15	150-155	0.1
Judith Toland Director of Transformation To 31 October 2017	0	0	0	0.0	100-105 FYE 130-135	5-10	110-115	0.8

<sup>1</sup> The disclosures in Table 2 have been updated since 2017–2018 to comply more closely with the Government Financial Reporting Manual 2019–20 paragraph 5.3.21. The changes have been applied to the current and previous years.

<sup>2</sup> Jackie Smith and Matthew McClelland are members of the defined benefit scheme, and details of the value of their pension benefits are shown in table 3. Their pension benefits shown above have been calculated as the real increase in their pension in the year multiplied by 20 less the value of employee contributions made. The other directors, except for Sue Killen and Gary Walker, are members of the defined contribution scheme, and the value of their pension benefits is the employer contributions made by the NMC into their pension funds. Sue Killen and Gary Walker were not members of either pension scheme.

\*Full year equivalent



**Table 3: Executive team defined benefit pension information**

	Real increase in pension at age 60 (bands of £2,500) £'000	Accrued pension at age 60 at 31 Mar 2019 (bands of £5,000) £'000	Cash equivalent transfer value at 1 Apr 2018 £'000	Cash equivalent transfer value at 31 Mar 2019 £'000	Real increase in cash equivalent transfer value £'000
	£'000	£'000	£'000	£'000	£'000
Matthew McClelland <i>Director of Fitness to Practise</i>	0-2.5	10-15	289	356	49
Jackie Smith <i>Chief Executive and Registrar To 31 July 2018</i>	0-2.5	20-25	684	759	22

## Remuneration and performance assessment of other employees

All employees have a six-month probation period on commencing employment and a notice period of one to three months depending on their grade.

The remuneration of all employees is reviewed annually taking into account a range of information including employee turnover, recruitment activity and retention trends, benchmarking data and overall affordability. The Council approved a flat rate increase in pay for all employees of two percent with effect from 1 April 2018.

We made a commitment in our People Strategy 2017–2020 to develop a new reward strategy for employees. During the year we have worked on proposals for the introduction of a new pay and grading scheme, which we will consult upon with employees in summer 2019. Council approved a 2.5 percent cost of living award for all eligible employees which will be paid with effect from April 2019. The next phase of this work will review the wider range of benefits available to employees and consider how to align career development and contribution to reward. A key consideration of the development of our reward strategy will be to determine what mechanisms we will use to ensure that pay rates remain fair, current and competitive, and what approaches we will use beyond basic pay to build the whole reward package that helps us to describe our ambition to be a fair and inclusive employer.

Our performance and development review process operated normally throughout the year. It is not linked to pay.

## Pension arrangements

Our main pension scheme is a defined contribution pension scheme. Employees contribute one percent of salary and the NMC contributes eight percent (2017–2018: seven percent). The NMC matches additional employee contributions up to a maximum of 12 percent employer contributions. At 31 March 2019, 604 employees (80 percent) were members of the defined contribution scheme (31 March 2018: 477, 67 percent).

Employees who joined the NMC before November 2013 were able to join a defined benefit pension scheme. The scheme was closed to employees joining after 1 November 2013. Members of the defined benefit scheme make a contribution of six percent of salary. The employer's contribution during 2018–2019 was 39.3 percent (2017–2018: 39.3 percent), as set by the scheme actuary. At 31 March 2019, 105 employees (14 percent) were members of the defined benefit scheme (31 March 2018: 106, 17 percent).

Further information about remuneration and pensions is contained in notes 8 and 17 to the accounts.

## NMC pay differentials

The highest paid permanent employee in the NMC at 31 March 2019 is Andrea Sutcliffe and we have used her salary as the comparator when calculating the differential to the median remuneration of NMC employees. Andrea Sutcliffe's remuneration was 5.57 times the median remuneration of NMC employees, which was £31,424. In 2017–2018, Jackie Smith's remuneration was 6.26 times the median remuneration of NMC employees, which was £31,426. Remuneration in this calculation is based on annualised salary. It does not include paid annual leave, employer pension contributions or the cash equivalent transfer value of pensions.

The range of remuneration between the highest paid and the lowest paid employee as at 31 March 2019 was £156,000 (31 March 2018: £182,000).

## Gender pay gap

As required, we published our second annual Gender Pay report in March 2019 reflecting the situation at 5 April 2018.

Our median pay gap for 2018 was 4.77 percent (2017: 3.73 percent) and the mean pay gap was 1.6 percent. (2017: 1.9 percent)

The negative change in our median is the result of a change in our employee demographics: there were proportionally more females in the lowest two pay grades than in 2017. This resulted in a slight increase in the median pay gap. The male and female comparator 'median employee' in 2018 are situated within the same pay grade, however they have different roles within the organisation.

There was a positive impact on the mean pay gap in 2018 because the gap between the average pay of male and female employees reduced by 0.3 percent between 2017 and 2018. In 2018 the proportion of female employees in our four highest paid grades increased by 0.4 percent, whereas the proportion of male employees in the same group reduced by one percent.

Despite this slight increase in the median pay gap, these results mean our gender pay gap is significantly smaller than nationally reported trends: the NMC's mean gender pay gap is smaller than 90 percent of employers and our median gender pay gap is smaller than 70 percent of employers.

We are pleased with this result but continue to work to reduce our gap as we review our Reward Strategy 2019–2021.

**Philip Graf**

Chair

**4 July 2019**

**Andrea Sutcliffe**

Chief Executive and Registrar

**4 July 2019**

# Statement of the responsibilities of the Council and of the Chief Executive and Registrar in respect of the accounts

The Nursing and Midwifery Order 2001 requires that annual accounts are prepared and audited. The Council and its Chief Executive and Registrar (as Accounting Officer) are responsible for the preparation and approval of the accounts.

The accounts are prepared in accordance with the determination received from the Privy Council which requires the accounts to be prepared in accordance with the Charities Statement of Recommended Practice Accounting and Reporting (SoRP) revised 2015 and that the accounts also comply with the applicable law and Accounting Standards issued (Appendix 1).

The law applicable to charities registered in England and Wales and Scotland requires the Council to prepare financial statements for each financial year which give a true and fair view of the state of the charity's affairs and of its net movement in funds for that period. In preparing these accounts the Council is required to:

- observe the applicable accounts determination issued by the Privy Council
- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SoRP
- make judgments and estimates on a reasonable basis
- prepare the accounts on a going concern basis unless it is inappropriate to presume the Council will continue in operation
- state whether applicable accounting standards have been followed, and
- disclose and explain any material departures in the financial statements.

The Council and its Chief Executive and Registrar are responsible for the keeping of proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Council and enable them to ensure that the accounts comply with the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the Nursing and Midwifery Order 2001. They are also responsible for safeguarding the assets of the Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Privy Council has appointed the Chief Executive and Registrar as Accounting Officer for the Nursing and Midwifery Council. In her capacity as Accounting Officer she is responsible for the execution of the Council's obligations under section 52 of the Nursing and Midwifery Order (as amended). In doing so, she is asked to take into account the principles set out in Chapter 3 relating to the responsibilities of Accounting Officers and wider guidance contained in Managing Public Money (HM Treasury, 2013, with annexes revised March 2018).

So far as we know, there is no relevant audit information of which the NMC's auditors are unaware. We have taken all steps that we ought to have taken to make ourselves aware of any relevant audit information and to establish that the NMC's auditors are aware of that information. The Accounting Officer confirms that the annual report and accounts as a whole is fair, balanced and understandable and takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

## Principal place of business

The NMC works across England, Northern Ireland, Scotland, and Wales. Its principal place of business is:

23 Portland Place  
London  
W1B 1PZ

## Advisers

### Independent External Auditor

Haysmacintyre LLP  
Chartered Accountants  
10 Queen Street Place  
London  
EC4R 1AG

### Bankers

HSBC Bank Plc  
Space One, Floor 2  
1 Beadon Road  
London  
W6 0EA

### Internal Auditor

RSM Risk Assurance Services LLP  
25 Farringdon Street  
London  
EC4A 4AB

### Statutory Auditor

Comptroller and Auditor General  
National Audit Office  
157–197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

### Solicitors

Blake Morgan LLP  
Harbour Court  
Compass Road  
North Harbour  
Portsmouth  
PO6 4ST

Capsticks Solicitors LLP  
1 St Georges Road  
London  
SW19 4DR

Field Fisher Waterhouse LLP  
Riverbank House  
2 Swan Lane  
London  
EC4R 3TT

# Annual governance statement

We are an independent statutory body. Our powers and responsibilities are set out in legislation.<sup>1</sup> We are also a registered charity.<sup>2</sup> Our charitable object is to protect and safeguard the health and wellbeing of the public. The Council takes account of Charity Commission and Office of the Scottish Charity Regulator (OSCR) guidance in making decisions and throughout this report we explain how our work demonstrates public benefit.

## The Council

The Council is our governing body and the Council members are the charity trustees. Members of the Council are collectively responsible for ensuring that the NMC is solvent, well-run and delivers public benefit.

The Council's remit is to (a) set our strategic direction and corporate objectives, in line with our core purpose; (b) ensure effective systems are in place for managing performance and risk; and (c) maintain probity in, and public accountability for, the exercise of our functions and the use of funds. Our Scheme of Delegation sets out which matters can only be decided by the Council.

The Council is made up of 12 members of which half must be professionals on our register and half are lay members.<sup>3</sup> Lay members are those who have never been a registered nurse, midwife or nursing associate. As a UK-wide regulator, the Council's membership includes at least one member who lives or works wholly or mainly in each of England, Wales, Scotland and Northern Ireland.

The Chair and members of the Council are appointed by the Privy Council, following open and competitive recruitment processes. The Privy Council receives assurance from the Professional Standards Authority for Health and Social Care (PSA) on the robustness of our appointment or reappointment process.

Philip Graf took office as Chair of the Council from 1 May 2018, after Dame Janet Finch's term of office came to an end on 30 April 2018.

Claire Johnston took office as a registrant Council member from 1 September 2018, replacing Maureen Morgan, a registrant member whose second term of office ended on 30 April 2018.

Professor Karen Cox (registrant Council member) has been reappointed for a second term from 1 May 2019. Dr Anne Wright and Stephen Thornton (lay Council members) have both been reappointed for a third term from 1 May 2019 for one year.

1 SI 2002/253 The Nursing and Midwifery Order 2001 (as amended) (the Order).

2 Registered in England and Wales (number 1091434) and in Scotland (number SC038362).

3 SI 2012/2745 Nursing and Midwifery Council (Constitution) (Amendment) Order 2012.

Council membership and attendance during 2018–2019 are set out below.

## Council membership and attendance 1 April 2018 to 31 March 2019

Member	Number of sessions attended*	Number of sessions held*	% of sessions attended
Professor Dame Janet Finch (Chair to 30 April 2018)	0	0	N/A
Philip Graf CBE (Chair from 1 May 2018)	12	12	100%
Sir Hugh Bayley	12	12	100%
Professor Karen Cox	7	12	58%
Maura Devlin MBE	10	12	83%
Claire Johnston (appointed 1 September 2018)	8	8	100%
Maureen Morgan OBE (to 30 April 2018)	0	0	N/A
Robert Parry	12	12	100%
Stephen Thornton CBE	12	12	100%
Lorna Tinsley	10	12	83%
Dr Anne Wright CBE	10	12	83%
Ruth Walker	11	12	92%
Derek Pretty	10	12	83%
Marta Phillips OBE	10	12	83%

\* Includes public and confidential sessions

Council meetings comprise both a public and confidential session. In addition to formal meetings, Council members also attend monthly seminars, hold teleconferences, and participate in a wide range of other activities. In some instances attendance was affected owing to us changing the configuration of Council meetings, as a result of which not all members were able to attend both public and confidential sessions. Attendance was also affected owing to two meetings being moved at short notice.

## Effectiveness of governance

We are committed to high standards of governance. Our practice complies with the Cabinet Office Corporate Governance Code of Good Practice for central government departments to the extent that it is applicable. We also strive to meet the principles and recommended practice contained in the Charity Governance Code and the NCVO Charity Ethical Principles. The Council conducts its business in accordance with the seven principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

Council members receive a full induction on appointment and undertake individual appraisals annually. These inform future individual and collective development, as well as consideration of reappointments.

During the year, Council members continued to undertake a range of development activities. These activities included external visits to hear about the experiences of students, educators, registrants and employers.

The Council undertakes regular reviews of its own effectiveness. The most recent review was in early 2018. The focus of actions arising from the review has been improving transparency and embedding our values across our organisation, including how the Council receives assurance on engagement with patients and the public and strengthening our approach to continuous improvement and organisational learning.

An external independent review of effectiveness is taking place during 2019–2020 to ensure that our arrangements reflect good practice and are agile and fit for the future.

## Council committees

The Council continues to have an Audit Committee and a Remuneration Committee. In September 2018, the Council established an Investment Committee.

Appointment of Council members to the Audit, Remuneration and Investment Committees is governed by the Council's standing orders and scheme of delegation, together with a set of principles adopted by the Council in 2015. Council committee membership is reviewed annually.

The remit, membership and attendance record for each Committee is set out on the following pages.



## Audit Committee

The remit of the Audit Committee is to support the Council and management by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report. The membership of the Committee and attendance for the period 1 April 2018 to 31 March 2019 is shown below.

Member	Number of sessions attended	Number of sessions held	% of sessions attended
Marta Phillips OBE (Chair)	4	4	100%
Maureen Morgan OBE (to 30 April 2018)	1	1	100%
Robert Parry	4	4	100%
Derek Pretty	4	4	100%

## Remuneration Committee

The remit of the Remuneration Committee is to ensure that there are appropriate systems in place for remuneration and succession planning. The membership of the Committee and attendance for the period 1 April 2018 to 31 March 2019 is shown below.

Member	Number of sessions attended	Number of sessions held	% of sessions attended
Professor Karen Cox (Chair)	3	3	100%
Sir Hugh Bayley	3	3	100%
Maura Devlin MBE	2	3	67%

The Committee also held a number of discussions by teleconference and made decisions by correspondence. The Committee members all also participated in the selection and appointment of the new Chief Executive and Registrar.

## Investment Committee

The remit of the Investment Committee is to oversee implementation of the Council's investment strategy and monitor the Council's investment portfolio.

The membership of the Committee and attendance from the first meeting in October 2018 to 31 March 2019 is shown below.

Member	Number of sessions attended*	Number of sessions held*	% of sessions attended
Derek Pretty (Chair)	2	2	100%
Stephen Thornton CBE	2	2	100%
Claire Johnston	1	2	50%

\* Includes one meeting by teleconference

Two new independent members were appointed to the Committee to take office from 15 April 2019 – Thomasina Findlay and Nick McLeod-Clarke.

## Appointments Board

The Appointments Board is made up entirely of non-Council (partner) members, appointed following open competitive recruitment processes. A new Chair of the Committee, Jane Slatter, was appointed and took office from 6 August 2018. A new member, Robert Allan, was appointed and took office from 1 October 2018. The remit of the Appointments Board is to assist the Council in connection with the exercise of any function relating to the appointment of Panel Members and Legal Assessors.

The membership of the Committee and attendance for the period 1 April 2018 to 31 March 2019 is shown below.

Member	Number of sessions attended*	Number of sessions held*	% of sessions attended
Belinda Phipps (Chair to 3 August 2018)	1	1	100%
Jane Slatter (Chair – appointed 6 August 2018)	3	3	100%
Robert Allan (appointed 1 October 2018)	2	2	100%
Angie Loveless	4	4	100%
Frederick Psyk	4	4	100%
Clare Salters	4	4	100%
Fiona Whiting (to 3 August 2018)	1	1	100%

\* Includes one meeting by teleconference

## Role of the Executive

The Chief Executive and Registrar is appointed by, and accountable to, the Council. The remit of the Chief Executive and Registrar is to direct our affairs and manage our resources within the strategic framework established by the Council.

A new Chief Executive and Registrar, Andrea Sutcliffe, was appointed following open competition and took up post in January 2019. The previous Chief Executive and Registrar, Jackie Smith, who had been in post for the preceding six years, left in July 2018. The Council appointed an interim Chief Executive and Registrar, Sue Killen, who directed matters from the end of July 2018 to January 2019.

As the Accounting Officer, the Chief Executive and Registrar has personal responsibility for matters relating to financial propriety and regularity; keeping proper account of financial affairs; avoidance of waste and extravagance; and the effective use of resources.

The Executive Board is the key internal governance decision-making body. The Board's membership comprises the Chief Executive and Registrar and all directors. General Counsel also attends. Its remit is to work with the Chief Executive and Registrar and provide assurance to the Council through: developing and implementing strategies, policies, business plans, and budgets; ensuring effective and efficient use of resources, finance and people; and identifying and managing risk.

## Professional Standards Authority (PSA) oversight

The PSA oversees and reports to Parliament on our work, as well as other health and care professional regulators.

In May 2018 the PSA published its *Lessons Learned Review* into our handling of concerns about midwives' fitness to practise at Furness General Hospital. The report concluded that there were significant areas where we needed to improve including: how we treat people who come into contact with us and engage with our processes; our approach to transparency; and making sure we are open with people when things go wrong. We accepted all the report's recommendations and began a wide-ranging programme of work to address them. Our work is described in the performance review section of this report.

The PSA's annual review of our performance for 2016–2017 was delayed until the completion of the *Lessons Learned Review*. The PSA published its report in June 2018, which found that we had met 23 of the 24 Standards of Good Regulation.

In April 2019, the PSA published its annual review of our performance for 2017–2018. It found that we met 22 out of 24 Standards of Good Regulation. The standards that we failed to meet are two of the ten fitness to practise standards. We take the PSA's findings seriously and the progress we have made in these areas is explained in the performance review section of this report.

The PSA will be piloting five new general Standards of Good Regulation between April and September 2019 to test the suitability of the evidence framework required to meet them. We are pleased to be taking part in the pilot regarding the standard relating to Equality and Diversity. The new standards will apply from 2020.

## NMC Strategy 2015–2020

Our five-year strategy – Dynamic regulation for a changing world 2015–2020 – set out our ambition to be an intelligent, forward-looking and dynamic regulator. Implementation of the strategy continues to be taken forward through annual corporate plans and budgets, underpinned by directorate business plans.

During 2019–2020, we will engage with the public, registrants and our partners, as well as colleagues across the organisation, to co-produce our strategy and priorities for 2020–2025.

## Performance monitoring and data quality

The Council regularly monitors progress against our corporate plan and budget through key performance indicators, financial reports and risk updates at every public meeting. In collaboration with the Executive, the Council decides what performance information and data it wants to review so it can make effective decisions about our performance and risk exposure. Our performance reporting is kept under constant review and we have made a number of improvements over the past year to the data we monitor and how we report it.

We recognise that effective regulation and decision-making rely on relevant, accurate and timely information. We are continuing to invest in our data management, data analysis and data governance capabilities.

## Risk management and internal control

The Council is responsible for establishing and maintaining a sound system of risk management and internal control. The system of internal control is designed to manage, rather than to eliminate, risk and to provide reasonable, but not absolute, assurance of effectiveness. The Audit Committee provides assurance to the Council about the operation of the system of internal control and risk management.

The Council discussed the principal risks facing the NMC at each of its meetings during the year. In January 2019, the Council decided that the full risk register would be discussed in public session to improve clarity and transparency. Confidential issues relating to specific individual risks may still be discussed in closed session where necessary.

The Chief Executive and Registrar is responsible for ensuring the effectiveness of the system of risk management and internal control and, together with directors, for ensuring this system is being implemented. She is responsible, through the directors, for identifying and evaluating risks, putting in place appropriate mitigations and monitoring and reporting progress. The Executive has reviewed our risk profile regularly.

We annually review the effectiveness of our risk management processes and procedures. Comprehensive assurance reviews are undertaken by the Executive Board and Audit Committee, as appropriate.

An internal audit of our risk management arrangements in 2018 concluded that we can take reasonable assurance that controls in place are suitably designed and consistently applied. The report identified opportunities for improvements, which will be taken forward in 2019–2020. These included:

- updating our risk management policy and framework
- reviewing roles and responsibilities to manage and treat risks
- setting corporate risk appetite
- aligning our internal quality assurance and risk management processes.

## Assurance

Our system of internal control includes:

- recruitment and training processes that are designed to ensure our colleagues have the right skills, values and experience for their roles
- plans that flow from the objectives outlined in our strategy and our annual corporate plans through directorate and team plans to individual colleagues' objectives. Progress against those plans is managed at the individual level through one to one meetings and appraisals, and at directorate and corporate level through management information which is reported to the Executive Board and Council
- budgets that are set in order to deliver the plans for the year ahead, and longer term indicative budgets, which are monitored through monthly management accounts
- policies, processes and guidance for colleagues and suppliers setting out how we operate, including authorisation controls over individual financial and non-financial transactions.

The Executive Board is responsible for:

- approving the annual quality assurance work plan for our internal quality improvement team, reviewing the outcomes of quality assurance reviews, and agreeing and overseeing recommendations to improve quality assurance
- assuring that the annual internal audit work plan and annual quality assurance work plan are complementary and focused on areas of potential internal control weakness
- reviewing the performance of our strategic change portfolio alongside our corporate risk register at every meeting
- undertaking an annual assessment of the effectiveness of risk management and internal control arrangements, based on self-assessments completed by each director for their respective directorates.

Our annual assessment of the effectiveness of risk management and internal control for 2018–2019 gave us reasonable assurance that our internal control environment operates adequately at corporate and directorate level. There are some gaps within corporate teams where new directorates have been established during the year. These will be strengthened during 2019–2020.

## Public interest disclosures (whistleblowing)

We regularly review our Whistleblowing policy, which encourages colleagues and others who work for, or with us, to speak up if they see something wrong. We made improvements to the clarity of our policy in 2018 based on suggestions from colleagues. We updated our guidance to help those who raise a concern or may be involved in an investigation. We also updated our guidance for managers to help them better understand what to do if a colleague approaches them with a concern.

We have continued to raise awareness of the policy by promoting it through internal communications and at our employee conference in 2018. We also provided tailored training for managers and the corporate leadership team.

The Audit Committee receives a report on whistleblowing at every meeting. There were no instances of whistleblowing to report in the year to 31 March 2019 (2017–2018: none).

## Learning from complaints and incidents

We want to learn from our mistakes and apply that learning to improve the way we work. We aim to handle any complaints about the service we have provided in a fair and timely way, treating those who raise complaints with respect and listening to their concerns.

### Complaints

During the year we undertook work to set up a new Enquiries and Complaints function to improve the way in which we handle complaints. We are making changes to our processes to ensure we better understand the root causes of issues and can provide earlier resolution and greater transparency. We also aim to improve how we gather and share learning from complaints and other customer feedback.

In 2018–2019 we received 759 (2017–2018: 938) formal complaints from people outside our organisation. We responded to 86 percent of these within 20 working days (2017–2018: 80 percent within 20 working days). For 94 of these complaints the complainant asked for a review of our handling of their complaint (2017–2018: 107) and we responded to these in an average of 13.5 working days (2017–2018: 15.5 working days).

### Incidents

Internally, we report any incidents or near misses where things have gone wrong. These are investigated under our serious events review (SER) process to identify learning and to put in place measures to prevent recurrence. Themes and learning from SERs are reported to the Audit Committee at every meeting.

During 2018–2019, a total of 184 corporate incidents and near misses were reported, mainly in relation to our Registration and Revalidation and Fitness to Practise functions. These are the two areas of the organisation with the highest volumes of transactions and interactions with registrants and other stakeholders.

Under our incident reporting process we distinguish between Adverse Incidents (AIs) and Serious Events (SEs) on the basis of the severity of the incident. Of the 184 corporate incidents reported in 2018–2019, 46 were classified as SEs (2017–2018: 68), while the remaining 138 were AIs. As a result of serious events, our processes were reviewed and strengthened, particularly in relation to information security and external and internal communication, internal guidance documents were updated, and refresher and additional training was provided to staff. We have no evidence of actual harm arising from SERs raised during the year.

## Information governance and lapses in protective security

In May 2018 new data protection legislation was introduced in the UK: the General Data Protection Regulation (GDPR) and the Data Protection Act 2018.

We established a formal project to prepare for the new legislation. Our preparations included a review of all our relevant policies, processes and documentation.

The table below provides a breakdown of the number of information security incidents in 2018–2019, with 2017–2018 figures shown for comparative purposes. These incidents are reported, managed and investigated under the SER process, described above, under which learning and recommendations for improvement are identified.

Information security incidents	2018–2019	2017–2018
Critical	0	0
Major	0	6
Moderate	27	36
Minor	74	73
Insignificant	20	9
<b>Total incidents</b>	<b>121</b>	<b>124</b>

In 2018–2019 we reported five personal data breaches to the Information Commissioner's Office (ICO). The ICO has not taken any regulatory action against us regarding any of the breaches.

## Anti-fraud, bribery and corruption

No instances of actual or suspected fraud, bribery or corruption were detected in 2018–2019 (2017–2018: none). Anti-fraud and bribery training is mandatory for all new employees and refresher training is undertaken every other year.

A Gifts and Hospitality policy is in place for Council members, partner members and colleagues which supports good practice in this area. Regular reminders are issued about the importance of adhering to the policy. A register of all gifts and hospitality accepted or declined is maintained.

## Safeguarding and protecting people

We take seriously our responsibilities to safeguard and protect from harm all who come into contact with us and ensure a safe environment and culture for all who work with and for us.



In November 2018 the Council adopted a policy on Safeguarding and Protecting People from harm, taking account of the most recent guidance from the Charity Commission and OSCR. The policy focuses both on the role of our colleagues in terms of external concerns that they may become aware of and, internally, on protecting colleagues from abuse or harassment.

The Director of Registration and Revalidation has been confirmed as our safeguarding lead. An implementation plan is being taken forward to develop the operational guidance, processes and training for staff and others who work with us. The Council will review the policy annually and monitor its impact.

## Modern slavery

We believe modern slavery has no place in society and we are committed to a zero-tolerance approach to slavery and human trafficking.

This year we have implemented a number of improvements to our business practices and processes to help ensure there are no modern slavery offences in our supply chain. Improvements include: modern slavery training for our procurement team; new procurement processes and procedures which prompt us to consider modern slavery at different stages; and updating our standard contract terms and conditions to include modern slavery.

In accordance with the requirements of the Modern Slavery Act 2015, we updated and published our Modern Slavery Statement in March 2019. We did not identify any possible modern slavery issues during the year.

## Key issues and risks addressed during the year

We have acted to address risk and control weaknesses in key areas as outlined below.

### Leadership and capacity to deliver

In the first half of the year, changes in senior leadership, including the departure of the, then, Chief Executive and Registrar in July 2018, increased risks around the leadership of the organisation and the delivery of our corporate priorities and commitments. This was mitigated by the appointment of an interim Chief Executive and Registrar in July 2018 and the appointment of a new Chief Executive and Registrar who joined in January 2019. Robust transitional arrangements and comprehensive assurance handovers took place in both July 2018 and January 2019 to ensure continuity.

As mentioned previously, we started a major programme of work to put in place the changes required to implement the PSA's *Lessons Learned Review* recommendations. Our progress against this programme of work is described in the performance review section of this report.

Alongside this important work, we undertook a thorough review of our corporate priorities and our capacity and capability to deliver them. We took a realistic pragmatic approach, which included pausing or deferring non-business-critical programmes and projects as appropriate.

The Executive team is now stabilised, although two director positions are filled by interim post holders. We plan to address this in 2019–2020. Over the year, staff turnover has reduced but remains high. While good progress has been made on our corporate commitments, we acknowledge that we have an ambitious programme of work in 2019–2020 which will increase pressure on the Executive team.

## **Public trust and confidence**

We recognise that public trust and confidence in us was affected by the PSA's *Lessons Learned Review* and the report of the Gosport Independent Panel. We have demonstrated our commitment to learning in our work to address the PSA's recommendations. The Council has received a report on progress at every meeting.

Since May 2018, the role of the Chair of Council has had an increased focus on working in partnership with the Chief Executive and Registrar to lead our external relationships to ensure that the confidence of the public and of stakeholders is strengthened and maintained. We are committed to co-producing our future strategy for 2020–2025 with the public, professionals and partners. We have appointed a new Director of Strategy Development to lead this work. We also appointed a new Director of External Affairs to lead our work to develop a stronger and leading voice in health and social care, building trust and confidence in professional regulation.

We commissioned research in 2018 to better understand the perceptions and expectations of people using services, families, registrants and our partners. This work will inform the development of our future Strategy 2020–2025.

## **Information and Communication Technology (ICT) infrastructure**

The most significant corporate risk on our risk register for some years has been outdated ICT systems. In March and July 2018, the Council agreed a significant programme of investment and we initiated work to modernise and replace our legacy systems. A new Interim Director of Technology Business Innovation was appointed to lead this work. Good progress has been made, including the successful opening of the new nursing associates register in January 2019, but significant ICT risks will remain until the programme of replacing legacy systems is complete.

We carried out an ICT disaster recovery exercise in July 2018. We learned from that exercise and a further test took place in May 2019.

We delivered a significant telephony update to stabilise the technical issues and service interruptions we experienced on our telephony system which affected the availability of our contact centre for 6.5 days across September and October 2019. We issued an apology and explanation to registrants for the impact on our service provision.

## Other infrastructure risks

Low water mains pressure in parts of central London during the summer of 2018 meant that we lost water supply to our Portland Place office on three occasions between April and July, which meant we had to close the office. On those days we moved our contact centre to an alternative site to limit disruption to our customers. We have since installed secondary pumps and a reservoir tank in the basement at Portland Place to prevent a recurrence of this issue.

## Finance and procurement

Our internal auditors reviewed directorate financial management, and core financial systems including payroll. Both reviews gave substantial assurance. The audits found that financial planning and monitoring within directorates were operating as intended and the underlying quality of financial and payroll data was sound.

Our internal auditors also reviewed procurement. The review gave partial assurance, finding that processes and controls had improved, but that further improvements were required including updating of guidance on procurement, and training for budget holders, and more consistent application of processes. The guidance has now been updated and training will be delivered from autumn 2019. A further internal audit review of procurement is planned in 2019–2020.

## Audit Committee

Throughout the year, the Audit Committee has advised the Council on the strength of assurance available. Matters addressed by the Committee included:

- reviewing the Annual Report and Accounts and the Annual Fitness to Practise Report, and recommending to the Council the approval of those reports. The Committee also reviewed the reports from the external auditors and National Audit Office, and the Executive's responses to recommendations made by the auditors
- reviewing the accounting policies for the year to 31 March 2019
- reviewing risk management and assurance arrangements, including a risk management improvement plan to address key actions recommended within the risk management internal audit conducted during summer 2018. The Committee also reviews risks, mitigations and sources of assurance in relation to the work of each directorate on a rotational basis
- reviewing the adequacy of internal controls and related assurance, including maintaining close oversight of GDPR compliance, IT business resilience, and cybersecurity

- approving the internal audit work plan for 2018–2019, reviewing internal audit report outcomes and overseeing action to progress closure of outstanding internal audit recommendations
- reviewing serious events and data breaches, to ensure organisational sharing and implementation of learning to prevent recurrence
- reviewing cumulative single tender actions to assure itself that proper procurement processes are being adhered to by the Executive and that any single tender actions are justifiable
- monitoring the implementation and use of the internal Whistleblowing and Anti-fraud, bribery and corruption policies. This is to assure itself that any issues raised are comprehensively investigated and any action and learning is taken forward.

## Internal audit annual opinion 2018–2019

Ten internal audit assignments, including those previously referenced, were conducted during the year in accordance with the programme agreed by the Audit Committee. All internal audit recommendations were accepted and have either been addressed or are being implemented, with regular updates to the Audit Committee. Internal audit also assured the implementation of recommendations from audits conducted in the previous financial year.

The Head of Internal Audit's annual opinion is that:

*"The organisation has an adequate and effective framework for risk management, governance and internal control.*

*However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective."*

The Head of Internal Audit's annual report recognised work underway on improving the risk and control environment and frameworks affecting key areas of activity. It noted that good progress had been made on the implementation of internal audit recommendations.

Key challenges highlighted for the future were: the delivery of the procurement improvement plan; the modernisation of our ageing IT infrastructure; working towards implementation of the Cyber Essentials framework and maintaining our focus on our programme of work to address the PSA's *Lessons Learned Review*.

## Key issues and risks going forward

The external environment and political landscape in which we work continues to be challenging:

- **Rising economic, workforce and performance pressures on the health and social care sectors.** Challenges of recruitment and retention prevail across all four countries. We need to ensure that our standards and processes enable and encourage safe and effective nurses, midwives and nursing associates to join and remain in the workforce.
- **Changes in the need for care, and how and where care is delivered.** We need to ensure the education of nurses, midwives and nursing associates adapts to meet these challenges. For example, increased numbers of people living with dementia, greater demands for social care and the impact of the growth in inequalities.
- **Continuing political uncertainty and impact of Brexit.** We continue to monitor closely the implications for healthcare regulation and the NMC stemming from Brexit. A senior leader steering group has considered a number of potential outcomes, the implications for registration requirements of people from the EU on our register, and the resources required. A programme of communications to support people from the EU on our register about registration during the transition period is in place. We continue to plan for different scenarios and to work closely with the UK government to minimise any disruption to the UK workforce after we leave the EU.

Issues and risks which we will continue to focus on internally include:

- ensuring we meet external expectations and building trust and confidence in our regulatory work
- delivering our Modernisation of Technology Services programme to replace outdated IT systems and deliver solutions that improve the use of intelligence and provide an improved experience for our staff and stakeholders
- building on and embedding improvements to our procurement processes and controls
- continuing to deliver our People Strategy, to ensure that we: attract, develop and retain highly skilled and engaged employees to deliver our ambitious programme of work; and reduce our staff turnover which remains high at 21.6 percent
- continuing to maintain performance and delivery while moving our fitness to practise teams in central London to new offices in Stratford.

## Overall assessment of effectiveness of governance and assurance

As Chair of the Council and Accounting Officer, we have reviewed the effectiveness of governance and internal controls.

As part of a comprehensive assurance handover, the Chief Executive and Registrar received a statement of assurance from the outgoing Interim Accounting Officer in January 2019 on the management of the organisation's resources for the period July 2018 to January 2019. This included the Interim Accounting Officer's view on the overall assessment of governance, risk management and control. The statement was supported by a range of evidence, which included a statement of assurance from the former Accounting Officer, covering the period 1 April 2018 to July 2018.

In reaching our assessment, we have relied upon a range of evidence, including the opinion and report of the Head of Internal Audit; the assessments by directors of the quality of controls and assurance in place in the directorates for which they are responsible; and the annual review of the effectiveness of risk management. We have also relied upon the Opinion and Management Letter of our external auditors; and the Audit Completion Report and Management Letter of the National Audit Office.

Overall, we consider that there is reasonable assurance that there are adequate arrangements in place for governance, risk management and control.

**Philip Graf**

Chair

**4 July 2019**

**Andrea Sutcliffe**

Chief Executive and Registrar

**4 July 2019**

# Independent auditor's report to the trustees of the Nursing and Midwifery Council

## Opinion

We have audited the financial statements of the Nursing and Midwifery Council for the year ended 31 March 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flow, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2019 and of the charity's net movement in funds for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

## Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011, and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of trustees (Council) for the financial statements

As explained more fully in the Statement of the responsibilities of the Council, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



## Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts and Strategic Plan. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charity, or returns adequate for our audit have not been received from branches not visited by us; or
- sufficient and proper accounting records have not been kept; or
- the charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

## Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act, and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity's trustees as a body for our audit work, for this report, or for the opinions we have formed.

### **Haysmacintyre LLP**

Statutory Auditors

**4 July 2019**

10 Queen Street Place

London

EC4R 1AG

Haysmacintyre LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

## Opinion on financial statements

I certify that I have audited the financial statements of the Nursing and Midwifery Council for the year ended 31 March 2019 under Article 52 of the Nursing and Midwifery Order 2001. The financial statements comprise: the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as adopted by the European Union. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### In my opinion:

- the financial statements give a true and fair view of the state of the Nursing and Midwifery Council's affairs as at 31 March 2019 and of its net income for the year then ended; and
- the financial statements have been properly prepared in accordance with the Nursing and Midwifery Order 2001 and the determination of the Privy Council issued thereunder.

## Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Nursing and Midwifery Council in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nursing and Midwifery Council's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

## Responsibilities of the Council and of the Chief Executive and Registrar

As explained more fully in the Statement of the responsibilities of the Council and of the Chief Executive and Registrar in respect of the accounts, the Council and its Chief Executive and Registrar are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Nursing and Midwifery Order 2001.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- I identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Nursing and Midwifery Council's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

## Other Information

The Council and Chief Executive and Registrar are responsible for the other information. The other information comprises information included in the Annual report, other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the determination made by the Privy Council under the Nursing and Midwifery Order 2001;
- in the light of the knowledge and understanding of the Nursing and Midwifery Council and its environment obtained in the course of the audit, I have not identified any material misstatements in the Annual Report; and
- the information given in the Annual Report which I provide a positive consistency opinion on for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

**Gareth Davies**

Comptroller and Auditor General

**Date**

12 July 2019

National Audit Office  
157–197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

# Statement of financial activities for the year ended 31 March 2019

		2018–19	2017–18
	Note	£'000	£'000
<b>Income from:</b>			
Charitable activities:			
Fees	2	85,244	84,257
Investments	3	607	258
Other Income	3	6,134	3,454
<b>Total</b>		<b>91,985</b>	<b>87,969</b>
<b>Expenditure on:</b>			
Charitable activities	4	(81,558)	(87,890)
<b>Net income</b>		<b>10,427</b>	<b>79</b>
<b>Other recognised losses:</b>			
Actuarial losses on defined benefit pension scheme	17	(3,282)	(67)
<b>Net movement in funds</b>		<b>7,145</b>	<b>12</b>
<b>Reconciliation of funds:</b>			
Total funds brought forward		41,187	41,175
<b>Total funds carried forward</b>		<b>48,332</b>	<b>41,187</b>

All funds are unrestricted in the current and previous financial years. All activities reflected in the above two financial years were derived from continuing operations. All recognised gains and losses are included in the above statement.

The notes on pages 81 to 105 form part of these accounts.

Notes 4, 5, 7 and 8 contain restatements of the comparatives for 2017–2018. Information on these restatements is given in Note 21.

# Balance sheet as at 31 March 2019

		2018–19	2017–18
	Note	£'000	£'000
<b>Tangible fixed assets</b>	10	19,685	18,932
<b>Current assets</b>			
Debtors	13	4,335	4,083
Investments	12	65,998	65,511
Cash at bank and in hand		28,790	16,665
<b>Total current assets</b>		<b>99,123</b>	<b>86,259</b>
<b>Liabilities</b>			
<b>Creditors:</b> amounts falling due within one year	14	(52,729)	(50,380)
<b>Total current liabilities</b>		<b>(52,729)</b>	<b>(50,380)</b>
<b>Net current assets</b>		<b>46,394</b>	<b>35,879</b>
<b>Total assets less current liabilities</b>		<b>66,079</b>	<b>54,811</b>
<b>Creditors:</b> amounts falling due after more than one year	15	(293)	(485)
<b>Provisions for liabilities</b>	16	(3,215)	(1,439)
<b>Net assets excluding pension liability</b>		<b>62,571</b>	<b>52,887</b>
<b>Defined benefit pension scheme liability</b>	17	(14,238)	(11,700)
<b>Total net assets</b>		<b>48,332</b>	<b>41,187</b>
<b>The funds of the NMC</b>			
<b>Unrestricted funds</b>		<b>48,332</b>	<b>41,187</b>
<b>Total funds</b>		<b>48,332</b>	<b>41,187</b>

**Philip Graf**  
Chair  
4 July 2019

**Andrea Sutcliffe**  
Chief Executive and Registrar  
4 July 2019



# Statement of cash flow for the year ended 31 March 2019

	Note	2018–19		2017–18	
		£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Net cash provided by operating activities			15,555		155
<b>Cash flows from investing activities</b>					
Interest from investments	3	607		258	
Cash investment – long term deposit	12	(20,093)		-	
Purchase of property, plant and equipment	10	(3,550)		(487)	
<b>Net cash used in investing activities</b>			<b>(23,036)</b>		<b>(229)</b>
<b>Change in cash and cash equivalents in the reporting period</b>			<b>(7,481)</b>		<b>(74)</b>
<b>Cash and cash equivalents at the beginning of the year</b>			<b>82,176</b>		<b>82,250</b>
<b>Cash and cash equivalents at the end of the year</b>			<b>74,695</b>		<b>82,176</b>

## Reconciliation of net income to net cash flow from operating activities

	2018–19	2017–18
	£'000	£'000
Net income from the reporting period (as per the statement of financial activities)	10,427	79
Interest from investments	(607)	(258)
Depreciation charges	2,797	3,300
Increase in debtors	(252)	(164)
Increase/(decrease) in creditors and provisions	3,933	(2,247)
Movements in pensions	(743)	(555)
Net cash inflow from operating activities	15,555	155

## Analysis of cash and cash equivalents

	2018–19	2017–18
	£'000	£'000
Cash at bank and in hand	28,790	16,665
Short-term Investments <sup>4</sup>	45,905	65,511
<b>Total</b>	<b>74,695</b>	<b>82,176</b>

In accordance with the Charities SORP, FRS 102, investments with maturities of three months or less at 31 March 2019 have been classified as cash equivalents. Investments with maturities of between three months and twelve months have been described as 'long term investments' in note 12 and classified as current assets in the balance sheet.

4 See note 12 investments.

# Notes to the accounts

## 1. Basis of preparation and accounting policies

We prepare our accounts in accordance with the Charities SORP (FRS 102). As set out in our Accounts Direction from the Privy Council, which is reproduced at Appendix 1, we also have regard to the Government Financial Reporting Manual (FRoM), to the extent that the requirements of the FRoM clarify or build on the requirements of the Charities SORP.

We meet the definition of a public benefit entity under FRS 102.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are as follows:

### a) Going concern

The accounts are prepared on the going concern basis.

Our objective is to protect the public by regulating nurses and midwives in England, Wales, Scotland and Northern Ireland, and nursing associates in England. We are funded by the registration fees paid by nurses, midwives and nursing associates. The Council has reviewed our circumstances and considers that adequate resources continue to be available to fund our activities for the foreseeable future. The Council is of the view that there are no material uncertainties about the NMC's ability to continue as a going concern.

### b) Accounting convention

We prepare our accounts under the historical cost convention. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated on the relevant accounting policy notes.

### c) Critical accounting judgements and estimates and key sources of estimation uncertainty

In the application of these accounting policies, we are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources.

Estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may ultimately differ from those estimates. The significant areas subject to estimation and judgement are:

- **Depreciation**

The useful economic lives of tangible fixed assets are based on management's judgement and experience.

- **Pensions**

The principal assumptions used to calculate the liabilities in the defined benefit pension scheme are set out in note 17.

## **d) Income**

All income is recognised once the NMC has entitlement to the income, it is probable that the income will be received and the amount can be reliably measured.

- **Income from charitable activities**

Nurses, midwives and nursing associates must pay an annual registration fee to be registered with the NMC and able to practise. Registration fees are paid either annually in advance or quarterly in advance. We recognise the fees as income on a monthly basis across the year to which the registration fee applies. The deferred income amount within our creditors is the value of fees that we have received at each balance sheet date that relate to a future financial year. Other fees including verification fees are credited to income on the day of receipt.

- **Investment income**

Investment income is accounted for when receivable.

## **e) Expenditure**

- **Charitable activities**

Expenditure on charitable activities includes all expenditure related to the objects of the charity, which comprise: standards promotion and policy development, education, maintaining the register, fitness to practise, and communication and public engagement. See note 4.

- **Support costs**

Support costs are the costs of our corporate functions including premises, IT, finance and human resources. They are apportioned to the regulatory functions on the basis of the employee numbers in the regulatory functions.

## **f) Development costs**

Internal costs incurred on software development are written off in the year in which they are incurred.

## **g) Fund accounting**

All funds are currently unrestricted and reported as such in the financial statements. They are available for use at the discretion of the Council to support the general objectives of the NMC.

If we received restricted funds these would be used in accordance with specific restrictions imposed by donors.

## **h) Leased assets**

Rentals applicable to operating leases, where substantially all the benefits and risks of ownership remain with the lessor, are charged to the statement of financial activities in equal amounts over the periods of the leases.

## **i) Employee benefits**

- **Holiday pay**

Holiday pay is recognised as an expense in the period in which the service is received.

- **Pension costs**

Retirement benefits are provided by a defined benefit scheme and a defined contribution scheme. Both schemes are funded by contributions from the NMC and employees. Payments are made to pension trusts, which are financially separate from the NMC.

Payments to the defined benefit scheme are made in accordance with periodic calculations by professionally qualified actuaries, and the pension costs for the defined benefit scheme are accounted for on a basis of charging the expected cost of providing pensions over the period during which the NMC benefits from the employees' services. The effect of variations from regular costs is spread over a time period set by the pension trust.

Payments to the defined contribution scheme are made on the basis of set percentage contributions by the NMC and employees, and the costs are charged to the Statement of Financial Activities (SoFA) as incurred.

## j) Fixed assets

Tangible fixed assets costing over £5,000 are capitalised. Depreciation is provided on tangible fixed assets to write them down to a nominal value of £1 over their estimated useful lives in equal instalments as follows:

Equipment	3-5 years
Furniture	10 years
IT projects	3-5 years
Refurbishment – 23 Portland Place	10 years
Long-leasehold premises – 23 Portland Place <sup>5</sup>	50 years

We revalued 23 Portland Place during 2013–2014 and on first adoption of FRS 102 opted to use this valuation as deemed cost going forward.

## k) Debtors

Debtors and accrued income are recognised at the amount due at year end. Prepayments are valued at the amount prepaid.

## l) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

## m) Creditors and provisions

Creditors and provisions are recognised where we have a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

## n) Financial instruments

We only have financial assets and liabilities that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost. Financial assets held at amortised cost consist of cash balances, short-term deposits, trade and other debtors. Financial liabilities held at amortised cost comprise trade creditors, other creditors and accruals.

<sup>5</sup> See Note 10.1.

## 2. Fee income

	2018–19	2017–18
	£'000	£'000
Registration fees	82,990	82,807
Other fees paid by registrants	2,254	1,450
<b>Total</b>	<b>85,244</b>	<b>84,257</b>

## 3. Investment and other income

	2018–19	2017–18
	£'000	£'000
Interest earned from bank deposits	607	258
Other income	6,134	3,454
<b>Total</b>	<b>6,741</b>	<b>3,712</b>

Other income includes:

£2.259 million under a contract with the Department of Health and Social Care for work undertaken by the NMC to bring nursing associates onto the register (2017–2018: £2.279 million).

A refund from HMRC of £2.119 million in respect of prior years' income tax and National Insurance payments for panellists.

## 4. Analysis of expenditure on charitable activities

	Activities undertaken directly		Support costs		Total 2018–19 £'000
	Employee costs	Other costs	Employee costs	Other costs	
	£'000	£'000	£'000	£'000	
2018–2019					
<b>Charitable activities:</b>					
Standards promotion and policy development	1,454	275	417	527	2,673
Education	1,275	1,947	224	283	3,729
Maintaining the register	5,877	2,228	2,066	2,611	12,782
Fitness to practise	19,978	19,072	7,075	13,360	59,485
Communications and public engagement	1,238	553	485	613	2,889
<b>Total</b>	<b>29,822</b>	<b>24,075</b>	<b>10,267</b>	<b>17,394</b>	<b>81,558</b>



2017–2018 Restated	Activities undertaken directly		Support costs		Total 2017–18 £'000
	Employee costs £'000	Other costs £'000	Employee costs £'000	Other costs £'000	
<b>Charitable activities:</b>					
Standards promotion and policy development	1,229	307	261	308	2,105
Education	1,400	1,417	410	484	3,711
Maintaining the register	5,481	2,437	2,552	3,013	13,483
Fitness to practise	21,767	22,089	8,670	13,624	66,150
Communications and public engagement	1,148	289	460	544	2,441
<b>Total</b>	<b>31,025</b>	<b>26,539</b>	<b>12,353</b>	<b>17,973</b>	<b>87,890</b>

Note 5 below analyses support costs between the costs of the different corporate functions, and shows the allocation of those costs to charitable activities. Further information on the restatement of the comparatives for 2017–2018 is given in Note 21.

## 5. Analysis of support costs

	Standards promotion and policy development	Education	Maintaining the register	Fitness to practise	Communications and public engagement	Total 2018–19
	£'000	£'000	£'000	£'000	£'000	£'000
2018–2019						
Facilities	84	45	414	5,832	97	6,472
Finance and Procurement	131	71	658	2,261	156	3,277
HR	139	75	689	2,359	162	3,424
ICT	277	148	1,371	4,690	320	6,806
Governance	149	80	732	2,514	173	3,648
Legal	38	21	191	650	45	945
Depreciation	114	61	563	1,927	132	2,797
Pension adjustment	12	6	59	202	13	292
<b>Total</b>	<b>944</b>	<b>507</b>	<b>4,677</b>	<b>20,435</b>	<b>1,098</b>	<b>27,661</b>

	Standards promotion and policy development	Education	Maintaining the register	Fitness to practise	Communications and public engagement	Total 2017–18
	£'000	£'000	£'000	£'000	£'000	£'000
<b>2017–2018 Restated</b>						
Facilities	52	82	508	5,114	92	5,848
Finance and Procurement	72	112	694	2,356	125	3,359
HR	62	98	608	2,066	110	2,944
ICT	212	333	2,075	7,052	374	10,046
Governance	85	134	836	2,841	151	4,047
Legal	10	16	102	346	19	493
Depreciation	70	109	682	2,316	123	3,300
Pension adjustment	6	10	60	203	10	289
<b>Total</b>	<b>569</b>	<b>894</b>	<b>5,565</b>	<b>22,294</b>	<b>1,004</b>	<b>30,326</b>

## 6. Governance costs

The breakdown of governance costs (included within support costs) is:

	2018–19	2017–18
	£'000	£'000
Council members' allowances, national insurance, travel and subsistence	374	366
Auditors' remuneration: Haysmacintyre	21	21
Auditors' remuneration: NAO	6	6
Professional Standards Authority annual fee	1,775	1,762
Operating costs (including salaries)	1,472	1,892
<b>Total</b>	<b>3,648</b>	<b>4,047</b>

## 7. Total resources expended by cost category

	2018–19	2017–18 Restated
	£'000	£'000
Salaries and associated costs	40,089	40,627
Fitness to practise related costs	17,424	22,579
Professional fees	6,802	8,850
IT development and support	3,818	3,034
Rent payable on office leases	2,542	2,320
Other premises costs	3,100	2,648
Depreciation	2,797	3,300
Other employee related costs	2,096	1,891
Quality assurance of education	1,284	1,014
Finance and insurance <sup>6</sup> costs	678	512
Printing, postage and stationery	478	646
Council and committee costs	450	469
<b>Total</b>	<b>81,558</b>	<b>87,890</b>

6 Includes trustees' indemnity insurance.

## 8. Information regarding employees

	Executive	Other employees	Total 2018–19	Total 2017–18 Restated
Salaries and associated costs	£'000	£'000	£'000	£'000
Wages and salaries:	905	28,578	29,483	27,044
Social security costs (Employer's NI contributions and apprenticeship levy)	132	3,108	3,240	2,998
Defined benefit pension costs – present employees <sup>7</sup>	69	2,128	2,197	2,728
Defined contribution pension costs – present employees	71	1,949	2,020	1,563
Pension costs – retired employee of previous organisations	-	-	-	22
Temporary and contractor workers	175	2,693	2,868	6,057
Termination payments <sup>8</sup>	56	225	281	215
<b>Total</b>	<b>1,408</b>	<b>38,681</b>	<b>40,089</b>	<b>40,627</b>

Further information about the restatement of the comparatives can be found in Note 21.

### Information relating to higher paid employees (including the Executive)

There were 87 (2017–2018: 68) employees (including interim members of Executive for the period) whose remuneration fell in the following bands:

Remuneration bands (£)	2018–19	2017–18
	Number of employees	Number of employees
60,001 - 70,000	46	33
70,001 - 80,000	12	11
80,001 - 90,000	15	10
90,001 - 100,000	2	5

<sup>7</sup> Further information about the NMC's employee pension schemes can be found in Note 17.

<sup>8</sup> This includes extra contractual payments of £23,000, redundancy payments of £87,000 and payments in lieu of notice of £171,000 (2017–18: extra contractual payments of £27,000, redundancy payments of £43,000 and payments in lieu of notice of £145,000).

Remuneration bands (£)	2018–19	2017–18
	Number of employees	Number of employees
100,001 - 110,000	2	2
120,001 - 130,000	6	3
130,001 - 140,000	1	1
150,001 - 160,000	1	1
190,001 - 200,000	-	1

The above table includes 9 Executive members who received more than £60,000 in the year. There were a further two Executive members in post for part of the year whose earnings fell in the bands £30,001– £40,000 and £50,001– £60,000. For more information on Executive remuneration in the year see the Remuneration report.

The increase in higher paid employee numbers between the years is due to changes in Fitness to Practise and Education and Standards to implement the changes in regulatory approach arising from the *Lessons Learned* review.

The average number of employees in the year was 798 (Executive 8 and other employees 790) and in the previous year was 712 (Executive 7 and other employees 705).

During the year, season ticket loans made to members of the Executive were as follows:

	2018–19	2017–18
	£	£
R Sheldon	6,001-7,000	-
S Page	-	501-1,000

## 9. Charitable status

We are registered as a charity in England and Wales with the Charity Commission (charity no. 1091434) and in Scotland with the Office of the Scottish Charity Regulator (charity no. SC038362).

Due to our charitable status we are not liable to corporation tax on our charitable activities. We also receive charitable rate relief from the City of Westminster, London Borough of Newham and Edinburgh City Council.

## 10. Tangible fixed assets for use by the charity

	Furniture £'000	Equipment £'000	23PP Long leasehold premises <sup>9</sup> £'000	Buildings refurbishment £'000	IT Projects £'000	Capital work-in- progress <sup>10</sup> £'000	Total £'000
<b>Cost:</b>							
1 April 2018	555	10,334	15,448	12,198	1,812	718	<b>41,065</b>
Additions	-	-	-	-	-	3,550	<b>3,550</b>
Transfers	-	-	-	-	1,174	(1,174)	-
31 March 2019	555	10,334	15,448	12,198	2,986	3,094	<b>44,615</b>
<b>Depreciation:</b>							
1 April 2018	369	8,661	1,361	9,930	1,812	-	<b>22,133</b>
Charge for year	26	1,446	354	711	260	-	<b>2,797</b>
31 March 2019	395	10,107	1,715	10,641	2,072	-	<b>24,930</b>
Net book value 31 March 2018	186	1,673	14,087	2,268	-	718	<b>18,932</b>
<b>Net book value 31 March 2019</b>	<b>160</b>	<b>227</b>	<b>13,733</b>	<b>1,557</b>	<b>914</b>	<b>3,094</b>	<b>19,685</b>

Capital work-in-progress projects are added to the fixed asset register and depreciated when brought into use.

Buildings refurbishment, above, includes two refurbishments which were previously disclosed separately: 23 Portland Place (23 PP) (2018: net book value £0.126 million) and Fitness to Practise buildings (2018: net book value £2.142 million).

9 See Note 101.

10 See Note 102.

## 10.1 Long leasehold premises

The UKCC (the NMC's predecessor body) acquired the leasehold interest in 23 Portland Place, London W1B 1PZ from the General Nursing Council for England and Wales at nil cost. The lease has a peppercorn rent of £250 a year and expires in the year 2933. The lease was valued as at 31 March 2014 on an existing use basis, by external valuers Carter Jonas, at £17.185 million. There is a restrictive covenant on the lease which restricts the use and occupation of the property to the NMC.

## 10.2 Capital work in progress

These are projects to create capital assets for use in the business where expenditure has been incurred at the period end but the assets have not yet been completed or brought into use. These include the Dynamics 365 IT suite of programs, the update of the Registry database to incorporate nursing associates and new office accommodation for our fitness to practise teams in Stratford, East London.

## 11. Related party transactions

We are accountable to Parliament through the Privy Council. The Nursing and Midwifery Order 2001 sets out the nature of our relationship with the Privy Council and the reporting mechanisms required. While not accountable to the Department of Health and Social Care, we have regular contact with the Department on policy and other matters.

During the period 1 April 2018 to 31 March 2019, the total allowances paid to the current and previous Chair were £86,754 (2017–2018: £63,050), and allowances, travel and subsistence and training expenses paid to, or incurred in relation to, members of the Council were £294,464 (2017–2018: £365,828). Council members are paid directly via the NMC payroll. Details of amounts paid to individual Council and Executive members are set out in the remuneration report.

An accrual of £46,251 (2017–2018: £41,731) has been made for income tax and National Insurance liabilities on members' travel and subsistence expenses.

## 12. Investments

	2018–19	2017–18
	£'000	£'000
Short-term deposits (maturity of 3 months or less)	45,905	65,511
Long-term deposits (maturity of more than 3 months but less than 12 months)	20,093	-
<b>Total</b>	<b>65,998</b>	<b>65,511</b>



## 13. Debtors

	2018–19	2017–18
	£'000	£'000
Debtors	518	542
Prepayments and accrued income	3,817	3,541
<b>Total</b>	<b>4,335</b>	<b>4,083</b>

## 14. Creditors

	2018–19	2017–18
	£'000	£'000
Amounts falling due within one year		
Creditors and accruals	9,235	6,370
Other taxes and social security	1,074	862
Deferred income	42,420	43,148
<b>Total</b>	<b>52,729</b>	<b>50,380</b>

The increase in creditors includes a £1.6 million accrual for the cost of additional outsourced fitness to practise investigations work carried out around the year end.

## 15. Creditors

	2018–19	2017–18
	£'000	£'000
Amounts falling due after more than one year		
Deferred income	42	117
Lease premium	251	368
<b>Total</b>	<b>293</b>	<b>485</b>

## 16. Provisions

	Software £'000	Dilapidations £'000	Pension – Early retirement £'000	VAT <sup>11</sup> £'000	Panellists <sup>12</sup> £'000	Total 2018–19 £'000
At 1 April 2018	416	733	290	-	-	1,439
Utilised in the year	-	-	(67)	-	-	(67)
Additions	-	259	-	500	1,500	2,259
Releases	(416)	-	-	-	-	(416)
<b>At 31 March 2019</b>	<b>-</b>	<b>992</b>	<b>223</b>	<b>500</b>	<b>1,500</b>	<b>3,215</b>

11 A VAT liability has arisen as a result of an HMRC review. The value of the liability is uncertain until work has been completed addressing HMRC queries on our output VAT.

12 The provision for potential additional panellist costs reflects our prudent estimate of the possible wider impact of a single claim to an employment tribunal for additional sums by a fitness to practise panellist. Panellists are independent contractors who sit on our fitness to practise panels. This is a novel claim relating to whether the panellist is a worker and, therefore, entitled to holiday pay. We are contesting the claim in order to clarify what is an uncertain legal position. Depending on the outcome we may need to reflect the judgement in our arrangements with other panellists, with the provision being made to cover the potential costs in such a situation.

## 17. Pension commitments

We operate two pension schemes: a defined benefit scheme and a defined contribution scheme.

### The defined benefit scheme

We participate in a defined benefit multi-employer scheme with the Department of Health and Social Care (The Nursing and Midwifery Council and Associated Employers pension scheme, scheme registration number 101652586) administered by Premier Pensions Management Limited. The National Assembly for Wales and NHS Education for Scotland, previous participants, withdrew from the scheme during 2013 and 2015 respectively. The scheme, to which approximately 14 percent of the NMC's employees belong as at 31 March 2019, is a funded, defined benefit scheme.

Contributions to the scheme are charged to the Statement of Financial Activities (SoFA) so as to spread the cost of pensions over employees' working lives. Contributions are determined by a qualified actuary on the basis of triennial valuations.

The latest completed valuation of the scheme was carried out on behalf of the pension trustees by Premier Pensions Management Limited as at 31 March 2016, using the projected unit method of valuation. At the date of the valuation, the value of the scheme assets was £106.9 million (including annuities held for insured pensioners). The value of the assets represented 88 percent of the value of the benefits, which had accrued to members after allowing for expected future increases in earnings and pensions. The past service shortfall of assets is being amortised over the period to 31 March 2026. The main assumptions used in the valuation were a real return on investments above salary increases of 0.65 percent per annum and above pension increases of -0.15 percent and -0.20 percent for non-pensioners and pensioners respectively per annum.

If the scheme had been wound up on the valuation date (31 March 2016), the assets would have been approximately 72 percent of the amount necessary to purchase insurance contracts to meet the accrued benefits for active members and past leavers and the current benefits for pensioners. The estimated deficit would have been £42.8 million.

The next triennial valuation, as at 31 March 2019, is currently in preparation.

There is a Recovery Plan in place to ensure that the scheme funding level will reach 100 percent based on current actuarial assumptions, by 31 March 2026. We will make good the deficit over the period to 31 March 2026 by making Recovery Plan payments of £983,000 per annum with increases of 3.65 percent each April (the first such increase made in April 2015). The value of Recovery Plan payments in the year ended 31 March 2019 was £1,134,348 (31 March 2018: £1,091,188).

The FRS 102 valuation has been based on a full assessment of the liabilities of the scheme as at 31 March 2019.

Actuarial gains and losses have been recognised in the period in which they occur.

	2018–19	2017–18
Amounts recognised in Balance Sheet	£'000	£'000
Assets at fair value	76,862	72,414
Present value of defined benefit obligation	(91,100)	(84,114)
<b>Deficit</b>	<b>(14,238)</b>	<b>(11,700)</b>
<b>Net liability</b>	<b>(14,238)</b>	<b>(11,700)</b>

	2018–19	2017–18
Amounts recognised in SoFA	£'000	£'000
Current service cost	(2,223)	(2,575)
Past service cost	(82)	-
Expected return on plan assets	1,866	1,769
Interest on pension obligation	(2,152)	(2,109)
<b>Net amount recognised in SoFA</b>	<b>(2,591)</b>	<b>(2,915)</b>

	2018–19	2017–18
Reconciliation of present value defined benefit obligation	£'000	£'000
<b>Opening balance at 31 March 2018</b>	<b>84,114</b>	<b>80,467</b>
Current service cost	2,223	2,575
Past service cost	82	-
Interest cost	2,152	2,109
Employee contribution	311	341
Actuarial losses	4,180	18
Benefits paid	(1,962)	(1,396)
<b>Closing balance at 31 March 2019</b>	<b>91,100</b>	<b>84,114</b>

	2018–19	2017–18
Reconciliation of fair value of plan assets	£'000	£'000
<b>Opening balance at 31 March 2018</b>	<b>72,414</b>	<b>68,279</b>
Expected return on assets	1,866	1,769
Actuarial gain/(loss)	898	(49)
Employer contribution	3,335	3,470
Employee contribution	311	341
Benefits paid	(1,962)	(1,396)
<b>Closing balance at 31 March 2019</b>	<b>76,862</b>	<b>72,414</b>

	2018–19	2017–18
Reconciliation of change in funded status	£'000	£'000
<b>Opening balance at 31 March 2018</b>	<b>(11,700)</b>	<b>(12,188)</b>
Pension expense	(2,591)	(2,915)
Employer contribution	3,335	3,470
Actuarial losses	(3,282)	(67)
<b>Closing balance at 31 March 2019</b>	<b>(14,238)</b>	<b>(11,700)</b>
<b>Actual return on plan assets</b>	<b>2,764</b>	<b>1,720</b>

History of experience adjustments	2018-19	2017-18	2016-17	2015-16
	£'000	£'000	£'000	£'000
Defined benefit obligation	(91,100)	(84,114)	(80,467)	(71,980)
Plan assets	76,862	72,414	68,279	59,355
<b>Deficit</b>	<b>(14,238)</b>	<b>(11,700)</b>	<b>(12,188)</b>	<b>(12,625)</b>
Experience adjustments on scheme liability	(695)	(2,795)	2,238	1,152
Experience adjustments on scheme assets	898	(49)	4,839	2,408

	At 31 March 2019
Expected contribution in following year	£'000
Employer	3,223
Employee	283
<b>Total</b>	<b>3,506</b>

The principal assumptions used by the independent qualified actuaries to calculate the liabilities under FRS 102 are set out below.

	2019	2018
Principal assumptions	per annum	per annum
Discount rate	2.60%	2.55%
Retail price inflation	3.45%	3.25%
Consumer price inflation	2.45%	2.25%
Pension increases	3.40%	3.15%
Expected return on assets	2.60%	2.55%
Life expectancy at age 60	Years	Years
Males born 1959 / 1958	26.9	26.8
Females born 1959 / 1958	28.9	28.8
Males born 1979 / 1978	28.8	28.7
Females born 1979 / 1978	30.9	30.8

	2018–19	2017–18
Scheme assets	£'000	£'000
Growth funds	36,549	39,131
Bonds	1,990	14,838
Gilts	4,263	4,717
Cash	7,028	2,215
Insured annuities	27,032	11,513
<b>Total</b>	<b>76,862</b>	<b>72,414</b>

## The defined contribution scheme

We introduced a defined contribution pension scheme which employees could join on a voluntary basis from 1 November 2013 operated by The People's Pension. We contributed at a basic rate of 8 percent of pensionable salary during 2018–2019 (2017–2018: 7 percent) and the employee's basic contribution rate was 1 percent. Employees may make additional contributions which are matched by the NMC up to a maximum employer contribution of 12 percent. This scheme has been adopted as the auto-enrolment scheme for the NMC from 1 April 2014.

	2018–19	2017–18
	£'000	£'000
NMC's (employer's) defined contribution scheme contributions made in year	2,020	1,555
	<b>2,020</b>	<b>1,555</b>
NMC's (employer's) contribution defined benefit scheme	39.3%	39.3%
Employees' contribution defined benefit scheme	6%	6%
NMC's (employer's) basic contribution defined contribution scheme	8%	7%
Employees' basic contribution defined contribution scheme	1%	1%

We have in the past met the cost of unfunded pension increases provided to pensioners of predecessor organisations who were not members of the NMC pension scheme. These costs have been met on a pay-as-you-go basis and were charged to the SoFA as they arose. This obligation ceased in 2017–2018 on the death of the sole remaining pensioner. Therefore, in 2018–2019 this expenditure amounted to £0 (2017–2018: £3,001).



## 18. Capital commitments

At 31 March 2019, there was no capital expenditure that had been contracted for that had not been provided for in the financial statements.

The following capital expenditure had been approved but not contracted for (2017–2018: Nil):

	2018–19	2017–18
	£'000	£'000
Modernisation of technology services	2,300	-
Alternative London accommodation	2,900	-
<b>Total</b>	<b>5,200</b>	<b>-</b>

## 19. Operating lease commitments

At 31 March 2019 we had the following future minimum operating lease payments:

	Land and buildings	
	2018–19	2017–18
	£'000	£'000
Within one year	2,388	2,367
Between 1 and 5 years	7,163	4,449
More than five years	3,481	198
<b>Total</b>	<b>13,032</b>	<b>7,014</b>

We lease premises at 61 Aldwych, London, for the period until 10 September 2019; Clarendon House (ground and first floor), 114-116 George Street, Edinburgh, for the period until 24 April 2021; 1 Kemble Street, London, for the period until 21 December 2019; 2 Stratford Place for the period until 21 July 2024; and 1 Westfield Avenue, Stratford, for the period until 6 February 2029.

## 20. Financial instruments

Financial instruments play a more limited role in creating and managing risk than would apply to a commercial organisation.

	2018–19	2017–18
	£'000	£'000
Financial assets measured at amortised cost	99,123	86,259
Financial liabilities measured at amortised cost	(10,309)	(7,232)

## 21. Prior year restatements

### Allocation between Facilities and Fitness to Practise costs

**Notes 4 and 5:** Premises-related costs, previously treated as direct charitable costs of Fitness to Practise, are now treated as facilities costs, part of Support costs, prior to reallocation to core functions as shown in Note 4 above. These costs amounted to £4.417m in 2018–2019 and £3.388m in 2017–2018. The comparatives for 2017–2018 have been restated to reflect this change in treatment. This change was made to facilitate more meaningful comparisons between the core costs of Fitness to Practise and of total facilities costs year-on-year.

**Notes 7 and 8:** In 2017–2018, Apprenticeship levy costs of £0.138m were included within Other Operating Expenditure. In 2018–2019, £0.151m Apprenticeship levy costs were included in Staff Costs, in line with generally accepted accounting practise and the comparatives restated.

**Note 7:** Analysis of total charitable expenditure by expenditure type. The number of expenditure categories in this note has been reduced to facilitate understanding of the key areas of spend.

**Note 8:** Table of higher paid staff in bands of £5,000 – in prior years, two separate tables for the Executive and other staff were given. For 2018–2019 these have been combined into a single table and the comparatives for 2017–2018 restated accordingly. This is to provide a more succinct and directly comparable analysis between the years.

## **22. Comparative statement of financial activities**

In the year ended 31 March 2018 all income and expenditure was unrestricted with no brought forward restricted balance.

## **23. Extra-contractual payments**

There was one extra contractual payment in the period to 31 March 2019 totalling £0.23 million being compensation for loss of office paid to a member of staff (year ended 31 March 2018: £0.27 million – compensation for loss of office.)

## **24. Contingent assets and contingent liabilities**

At 31 March 2019 there were no contingent assets or liabilities.

## **25. Post balance sheet events**

There have been no events after the balance sheet date requiring adjustment or disclosure in these financial statements.

The annual report and accounts have been authorised for issue on the date the accounts were certified by the Comptroller and Auditor General.



# Appendix 1



## **The Nursing and Midwifery Order 2001 (Form of Accounts) Determination 2010**

Their Lordships make the following determination in exercise of powers conferred by article 52(1) of the Nursing and Midwifery Order 2001.<sup>1</sup>

This determination has effect from 23rd February 2010.

### **Interpretation**

#### 1. In this Determination-

“the accounts” means the accounts which it is the Council’s duty to keep and prepare under article 52(1) of the Nursing and Midwifery Order 2001 in respect of the financial year ending on 31st March 2010 and subsequent financial years;

“the Charities’ SoRP” means the “Accounting and Reporting by Charities: Statement of Recommended Practice 2005 prepared by the Charities Commission or any updated edition in force for the relevant financial year.

“the Council” means the Nursing and Midwifery Council;

“the FReM” means the Government Financial Reporting Manual issued by HM Treasury which is in force for the relevant financial year.

### **Determination**

#### 2. The accounts must-

(a) be prepared so as to give a true and fair view of the Council’s state of affairs as at 31st March of the financial year in question and of the incoming resources and application of resources of the Council for that financial year; and

(b) disclose any material incoming or outgoing resources that have not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.

<sup>1</sup> S.I. 2002/253.

3. Subject to paragraph 4, in order to comply with paragraph 2(a), the accounts must be prepared-
  - (a) in compliance with the accounting principles and disclosure requirements contained in the Charities' SoRP; and
  - (b) having regard to the requirements of the FReM to the extent that those requirements clarify, or build on, the requirements of the Charities' SORP.
4. Where the presence of exceptional circumstances means that compliance with the requirements of the Charities SORP or the FReM would give rise to the preparation of accounts which were inconsistent with the requirement in paragraph 2(b), those requirements should be departed from only to the extent necessary to give a true and fair view of that state of affairs.
5. In cases referred to in paragraph 4, informed and unbiased judgement should be used to devise an appropriate alternative treatment which is consistent with both the economic characteristics of the circumstances concerned and the spirit of the Charities' SORP and the FReM.
6. This determination shall be reproduced as an appendix to the published accounts.

Signed by the authority of the Privy Council

Dated: 18th July 2011

