

Nursing and Midwifery Council

**Annual Report and  
Accounts 2019–2020**  
**and Strategic Plan  
2020–2025**

Nursing and Midwifery Council

# **Annual Report and Accounts 2019–2020 and Strategic Plan 2020–2025**

Annual Report 2019–2020 and Strategic Plan 2020–2025  
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Nursing and Midwifery (Amendment) Order 2008

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# Foreword

We concluded the year covered by this annual report just as the scale of the Covid-19 emergency began to unfold. The pandemic poses huge challenges for society, the health and care system, the professionals on our register and the NMC itself. But the significant progress we have made over the past year puts us in a good place to tackle these challenges, for the benefit of everyone we serve.

As an organisation funded by the professionals on our register, it is essential we continue to build on the progress we have made in recent years. At the end of the year, the Council approved our ambitious strategy for 2020–2025. It sets out our vision and purpose, our role and the values that will underpin our work. We would like to thank the thousands of people whose views helped shape this blueprint for our future.

Alongside this work, we made improvements to the way we deliver our core regulatory functions. We are particularly proud of the launch of our transformational new midwifery standards, which were two years in the making. They will help to ensure women, babies and families receive the best and safest care possible.

We streamlined the process for professionals joining our register from overseas, ensuring that for those with the right experience and capabilities, the process is swift, rigorous and efficient. We did more to support those already on our register, establishing an emotional support line for registrants involved in fitness to practise and highlighting the incredible work nurses do as we celebrated 100 years of nursing registration.

Our new Public Support Service continued to go from strength to strength and, by listening to the concerns of people affected by our work, we are taking further action to support witnesses in fitness to practise hearings who may be in particularly vulnerable circumstances.

We have made substantial changes internally. A dramatic reduction in our staff turnover from 21.9 percent two years ago to 13.5 percent suggests that our efforts to make the NMC a great place to work are having a real impact.

We had not known while we were doing all this throughout 2019–2020 that we were preparing for the biggest challenge of our professional lives. As coronavirus hit, and in a matter of weeks, we moved all our colleagues to work at home, established an emergency temporary register, changed our ways of working and strengthened our collaboration with our partners and professionals. That would not have been possible without the groundwork we had laid in the previous 11 months.

The effects of the coronavirus will be felt for a long time. However, our new strategy provides us with a sound foundation through which to manage the challenges ahead. And by working in a way that is kind, fair, collaborative and ambitious, we are confident that we can continue to become a better NMC.

**Philip Graf**  
Chair  
6 July 2020

**Andrea Sutcliffe**  
Chief Executive and Registrar  
6 July 2020

# Our role

We are the professional regulator for nurses and midwives in the UK, and nursing associates in England. Our objectives are set out in the Nursing and Midwifery Order 2001 (as amended).

The over-arching objective of the Council in exercising its functions is the *protection of the public*.

The pursuit by the Council of its over-arching objective involves the pursuit of the following objectives –

- (a) to protect, promote and maintain the health, safety and wellbeing of the public;*
- (b) to promote and maintain public confidence in the professions regulated under this Order; and*
- (c) to promote and maintain proper professional standards and conduct for members of those professions.*

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 the **requirements for the professional education** that supports people to develop the knowledge, skills and behaviours required for entry to, or annotation on, our register
- shape the practice of the professionals on our register by **developing and promoting standards** including our Code, and promoting lifelong learning through revalidation
- **investigate and, if needed, take action** where serious concerns are raised about a nurse, midwife or nursing associate's fitness to practise.

Our governing body is our Council, which is made up of six lay people and six professionals on our register.

Our work is overseen by the Professional Standards Authority for Health and Social Care, which reviews the work of regulators of health and care professions. We are accountable to Parliament through the Privy Council. We are also a registered charity and seek to ensure that all our work delivers public benefit – as set out in this report.

We **regulate** in the public interest, giving people confidence in our professions. We believe that to do this well requires sustained and meaningful public engagement and empowerment.

Our regulatory role is enhanced when we **support** the public, our professions and our partners. Providing emotional and practical support to all those involved in our processes delivers better outcomes for all. Providing useful guidance, in collaboration with employers and educators, helps our professions uphold our high professional standards in practice. It helps rebalance our focus towards good practice from poor practice, preventing – not just responding to – harm.

Sharing intelligence from our work, and collaborating with partners to address mutual concerns, will enable us to positively **influence** the context for learning and care.

We adopted new values in 2020 which underpin everything we do. They shape how we think and act.

### **We are fair**

We treat everyone fairly. Fairness is at the heart of our role as a trusted, transparent regulator and employer.

### **We are kind**

We act with kindness and in a way that values people, their insights, situations and experiences.

### **We are collaborative**

We value our relationships (both within and outside of the NMC) and recognise that we're at our best when we work well with others.

### **We are ambitious**

We take pride in our work. We're open to new ways of working and always aim to do our best for the professionals on our register, the public we serve and each other.

“

We are fair, kind,  
collaborative and  
ambitious

”



# Performance review 2019–2020

Throughout the year we continued to focus on our core regulatory functions – working with educators to ensure the implementation of our new nursing and midwifery standards and to quality assure their programmes; maintaining the register, welcoming new entrants from the UK, Europe and overseas; supporting revalidation; responding to concerns and ensuring nurses, nursing associates and midwives remain fit to practise. Our work to improve our IT infrastructure, our offices and support for colleagues, use our resources wisely, and maintain good governance and communications also continued.

This was the final year of our *Strategy 2015–2020: Dynamic regulation for a changing world*. We took stock of our progress against the objectives we set ourselves in 2015 as we developed our thinking about the next five years. The last five years were a period of significant progress during which we introduced a new Code and developed new standards of proficiency, introduced revalidation and modernised some of our key regulatory approaches, such as overseas registration and fitness to practise. It was a mark of the growing confidence in our performance as a regulator that we were asked to take responsibility for the regulation, in England, of the new profession of nursing associates. While we made significant steps forward in the area of data and intelligence, such as setting up a Regulatory Intelligence Unit and resuming public reporting on our register, we have more to do in this regard. That is why insight remains a theme in our new strategy 2020–2025.

We spent much of 2019–2020 in dialogue with our many stakeholders about what the period ahead will demand of us, and our professions. We heard from members of the public, our professions, employers, educators and national partner organisations, through consultations, events, and visits across the UK. Our new strategy 2020–2025 was published in April 2020.

The end of the year saw us, along with the rest of the UK and the wider world, responding to the Covid-19 pandemic. In the face of this emergency, we responded at pace with a set of measures to enable us to continue to support nurses, midwives and nursing associates to deliver care.

We worked with the government to make emergency changes to our legislation to empower us to regulate differently at this time of urgent need in the health and care sector. This enabled us to grant temporary registration to carefully chosen groups so they could practise alongside our permanent registrants to enhance the capacity of the health and social care workforce during the emergency period.

We also worked with education providers to allow nursing and midwifery students in the last six months of their degrees to opt to spend this time under supervision in extended clinical placements, so that they could be available to support the qualified workforce. We amended our approach to fitness to practise, risk assessing our referrals so we could be sparing in our interaction with employers while they focussed on the Covid-19 crisis and holding selected virtual hearings. We are developing our approach to how we will handle Covid-19 related referrals, sensitive to the extraordinary pressures on many of our registrants and others at this time. We are being responsive to Covid-19 related enquiries and sharing information and supporting material where we believe we can help people on our register to do the right thing in these challenging times.

Our improved technology has enabled the entire organisation to work from home, holding virtual Council meetings and even maintaining our Contact Centre capability at such a busy time. And we are doing our best to fulfil our duty of care as an employer by providing our colleagues with the support and flexibility they need, mindful of their different circumstances.

We continue to keep our students, our professionals, their employers and other stakeholders informed about the measures we have taken through our **Covid-19 hub**.

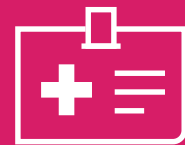
## Our regulatory responsibilities

Our register is at the core of everything we do and the overall size of the register is continuing to grow. The number of nurses, midwives and nursing associates with full registration on our register as at 31 March 2020 was 716,607, an all-time high.

At 31 March 2020 there were:

**669,854**  
nurses

**37,918**  
midwives



**7,142**  
dual registered  
nurses and midwives

**1,693**  
nursing associates

on our register, a total of

**716,607**

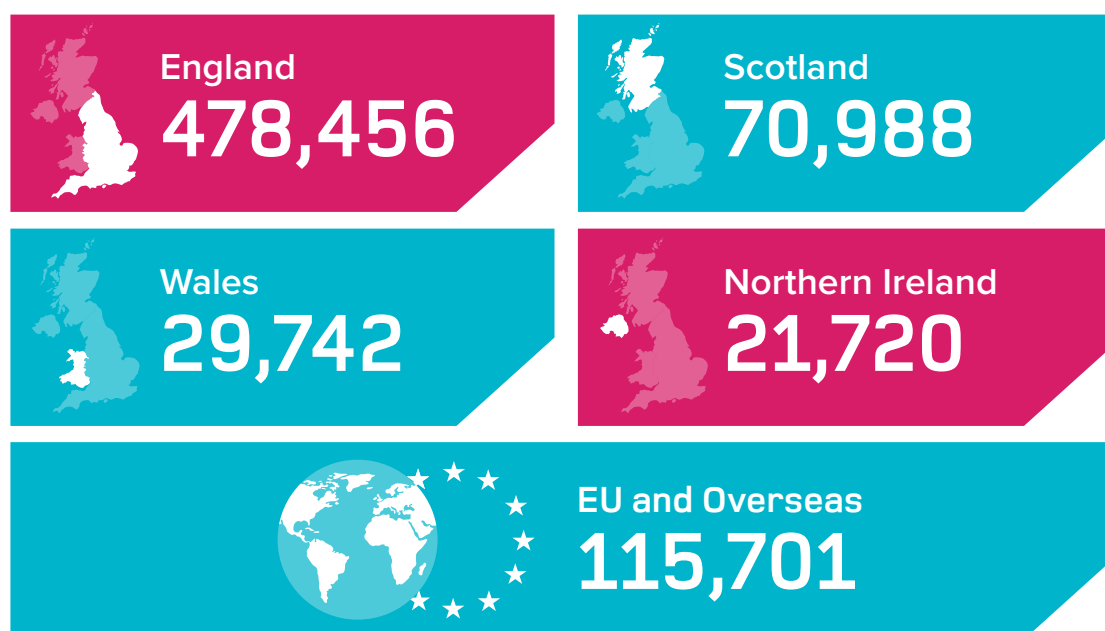
an increase of 18,370 from March 2019  
(2018–2019 figure: 698,237)

In addition, by 31 March 2020 we had granted temporary registration to 8,129 nurses and midwives using our Covid-19 emergency powers.

### Who is on our register?

We hold demographic details and other information about the professionals fully registered with us. This information helps us to regulate and support them and enables us to share insights with others.

Our register at 31 March 2020 by country of training:



**Age:** Between 31 March 2019 and 31 March 2020, we saw a decline in the number and percentages of people in the 41 to 50 and 51 to 55 age ranges (-1.09 percent and -2.48 percent respectively). There was an increase within the older age groups, with an 11.32 percent increase in the 61 to 65 age range and 11.82 percent increase in the 66 to 70 age range. At the other end of the age scale, there was growth in the 21 to 30 and 31 to 40 age groups too, 4.04 percent and 6.19 percent respectively. Overall, these figures might indicate an ageing register.

**Ethnicity:** Adult and general care nursing, and mental health nursing, were the most ethnically diverse areas of practice: for example, while 7 percent of those who revalidated identified as Black African, 16 percent of those who reported practising in mental health identified as Black African. People employed through an agency were more ethnically diverse than people in direct employment: over a third of agency roles were filled by people of Black African ethnicity.

**Gender:** Women make up the majority of our register. As of 31 March 2020, 89 percent of the people on our register were women compared to 11 percent who were men. This proportion has not changed since 2014–2015. Women continued to predominate in certain areas of practice and work settings, including midwifery, health visiting, school nursing, GP practices and the cosmetics or anaesthetic sector. Women did over 95 percent of work in these sectors. Men did higher proportions of jobs (at least one in five) in mental health and learning disabilities nursing, the military, trade unions and professional bodies, the ambulance service, prisons and police services. Men undertook higher proportions of jobs through an agency (19 percent) and in self-employment (17 percent).

**Care homes:** The care home sector was markedly more ethnically diverse than other work settings: less than half (49 percent) of those on our register working in care homes defined themselves as White British. Care homes also rely more on professionals who trained outside the UK: 38 percent of care was provided by registrants who trained outside the UK.

We are taking steps to ensure we also have diversity data about those who hold temporary registration for the purpose of the Covid-19 pandemic.

We are continuing to learn more about the people who hold full registration with us and the impact of our work on them. As mentioned later in this report, in 2019–2020 we began a new piece of equality, diversity and inclusion (EDI) research to give us better information on how nurses, midwives and nursing associates with different protected characteristics move through our processes and to identify if there are disproportionate outcomes for any groups. And as part of our new strategy we are also looking at how we strengthen our overall data, to better address the needs of the health and social care sector.

## Maintaining the register

In 2019–2020 we processed 38,227 applications from people applying to join our register for the first time.

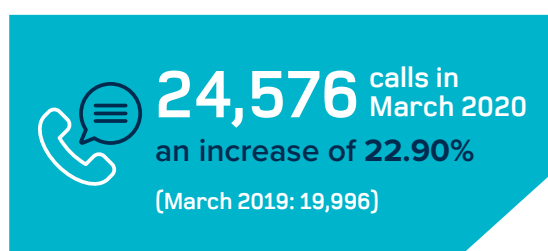
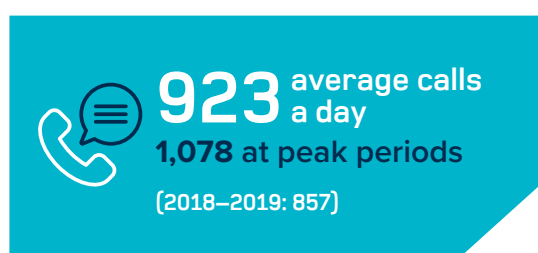


We maintained strong performance throughout the year against our registration key performance indicators.

- The majority (97.1 percent) of UK initial registration applications were completed within one day, meeting our target of 97 percent.
- Some applications take longer to process, if a concern has been identified. 99.7 percent of UK initial registration applications were completed within 60 days, exceeding our target of 95 percent.
- 99.8 percent of EU registration applications were completed within our goal of 30 days, exceeding our target of 90 percent (2018–2019: 100 percent within 60 days).
- 99.9 percent of overseas registration applications were completed within our goal of 60 days, exceeding our target of 90 percent (2018–2019: 100 percent within 60 days).

We continued to improve the experience of those using our registration services. Our new readmission process means UK registrants can now re-join the register within 60 minutes. This has helped both employers and professionals and reduced the number of queries and complaints coming into our Contact Centre.

Our Contact Centre supports nurses, midwives and nursing associates with queries they have about their registration. Over the last 12 months, our performance has improved to 92.5 percent of calls received being answered (2018–2019: 88 percent). This was against a target of 90 percent. In 2019–2020 the Contact Centre answered an average of 923 calls a day (2018–2019: 857), rising to 1,078 at peak registration and renewal periods. The biggest peak in call volumes was in March 2020 when we received 24,576 calls, a rise of 22.90 percent compared to March 2019 when we received 19,996 calls. We received 5,420 emails in March 2020 – an increase of 27.89 percent compared to the March 2019 volume of 4,238 emails. This peak in activity was due to queries relating to the Covid-19 pandemic and in particular, about emergency temporary registration.



“

With an overall increase in demand, and with colleagues from across the organisation supporting the Contact Centre, our performance for March 2020 was 89.5 percent of calls answered, just under our 90 percent target. This was an extraordinary achievement given the Contact Centre was operating from colleagues' homes for the first time in the history of the NMC.

”

### **Publishing data about our register**

During 2019–2020, we published two data reports about nurses, midwives and, for the first time, nursing associates on our register. We also published our most recent data report in July 2020. By sharing data and trends, we aim to support key partners and other interested parties with their workforce planning and research.

In May 2019 we published annual statistics for the 2018–2019 year. The report showed an increase of around 8,000 people on our register between March 2018 and March 2019. We saw larger numbers of UK-trained nurses, midwives and, for England only, nursing associates joining the register, and a smaller number leaving in 2018–2019 compared to 2017–2018. There was a 126 percent leap in overseas trained nurses joining our register, rising from 2,724 during 2017–2018 to 6,157 during 2018–2019. This followed several changes we made to streamline our systems and better support overseas applicants through the registration process.

We published a shorter report in December 2019 on our midyear figures as at 30 September 2019. For the first time, we published figures for people with additional registration entries or recordable qualifications. The two largest groups were 22,967 people with specialist community public health nurse (SCPHN) health visitor qualifications and 15,608 people with specialist district nursing qualifications.

Our most recent data report, published in July 2020, covers the full 2019–2020 financial year. It shows that the total number of professionals on our register grew from 698,237 at the start of the year to 716,607 at the end of the year. That is an increase of 2.6 percent.

This growth was driven mainly by increases in the number of people joining from the UK, and from countries outside the European Economic Area (EEA). The number of registered professionals from the UK grew from 591,894 to 600,906 (1.52 percent). Meanwhile the number of registered professionals from outside the EEA rose from 73,308 to 84,316 (15 percent).

The number of registered professionals from the EEA has decreased steadily since 2016–2017. In 2019–2020 the total number was 31,385, which was 1,650 (5 percent) less than the previous year.



## Overseas registration review

Nurses and midwives on our register who were trained outside the UK make an invaluable contribution to health and care throughout England, Wales, Scotland and Northern Ireland.

We also admitted our first overseas nursing associates onto the register, five in total during 2019–2020.

We continued work started in 2018–2019 to make it as straightforward as possible for applicants trained overseas (outside the EU/EEA) to apply for registration.

In October 2019 we launched our new overseas process. Key improvements include:

- moving to an online application system that provides applicants with a personal account to track their application
- streamlining the evidence we ask for by aligning our requirements to other bodies such as UK visas and immigration, to reduce cost and effort for applicants
- redesigning of our website and guidance, which now includes easy-read guidelines and a pre-application checklist tool for applicants and those supporting their applications.

We have seen both an increase in overseas applicants and a significant reduction in the total application time, and are receiving very positive feedback about the new process.

We have also started to develop a new Test of Competence – currently a computer-based test and an objective structured clinical examination (OSCE) – to align with our new pre-registration standards of proficiency. This work will continue into 2020–2021, though as a result of reprioritisation because of the Covid-19 pandemic, we are currently re-planning when the new test will be introduced.

## UK exit from the European Union

We established an internal working group on the impact of the UK's departure from the European Union (EU) and are in regular contact with the Department of Health and Social Care and the administrations in Northern Ireland, Scotland and Wales to ensure we have a thorough understanding of the implications for our work and the professionals we regulate.

In the lead up to the UK's exit from the EU in January 2020, we contacted those currently on our register from the EU and those with ongoing applications to join our register, providing them with information on how they might be affected. We also updated our website.

We continue to monitor developments and engage closely with the government and other regulators during the transition period up to 31 December 2020, so that we are prepared for any outcome of the current negotiations. We are also monitoring and preparing for the outcome of any other overseas trade deal negotiations which may have an impact on the professionals on our register or our registration processes.

## Revalidation

Since April 2016, all professionals on our register need to revalidate to renew their registration with us once every three years. Revalidation promotes lifelong learning by requiring nursing and midwifery professionals to reflect on their practice and how the Code applies to their work. In 2019–2020, many of the professionals on our register were revalidating for the second time, embedding the lifelong learning, acting on feedback and regular reflection that revalidation requires.

Revalidation is a key way for us to promote safe and effective practice. We support professionals and those around them through the process with our [suite of guidance, case studies and videos](#) to bring the requirements to life for everyone on our register. Revalidation also provides us with a wealth of data about the professionals on our register, such as the employment and practice information mentioned earlier in the report.

In 2019–2020, 211,588 professionals in the UK revalidated, which at just under 95 percent is similar to previous years and shows that professionals consistently engage with this process. The rates are consistent across each of the four countries of the UK, and across all registration types.

## How revalidation works for different groups

Some key findings from the latest year of revalidation data include:

- **Age:** Up until the age of 60 years, revalidation rates are fairly consistent across age groups, but after this age, rates are lower. Our survey of people who have left our register indicates that retirement is a major reason for the over 50s leaving the register and may explain the lower revalidation rates.
- **Ethnicity:** Revalidation rates are broadly similar across different ethnic groups, with some variation between groups; for example, the Asian/Asian British Indian group had a revalidation rate of 97 percent compared with 90 percent for the Asian/Asian British Chinese group.
- **Gender identity:** Revalidation rates for those whose gender identity matches or does not match the sex they were assigned at birth are very similar (94 and 96 percent respectively).

- **Disability:** Those declaring a disability at the time of revalidation had a slightly lower rate of revalidation (91 percent) than those not declaring a disability (95 percent). We continue to prioritise providing support and reasonable adjustments for people with a disability; further details are in our [updated reasonable adjustment policy](#).

We have also sought independent expert analysis of the impact, processes and requirements of revalidation through a three-year multi-strand piece of research [by Ipsos MORI](#). We continue to act on the findings from this evaluation, for example by providing more guidance to those in isolated settings and strengthening the verification processes. An important focus of our EDI research is exploring further whether some groups find it harder to revalidate and what we can do about this.

## Why people chose not to revalidate

As expected, 23 percent of people practising outside the UK did not revalidate. We believe this is higher than the 4 to 5 percent practising in the UK who choose not to revalidate as some of them may not intend to return to the UK to practise.

Our latest survey of those who have left the register found that, as in previous years, the three most commonly cited reasons for leaving our register were: retirement; too much pressure; and changes in personal circumstances. Concerns about not being able to meet revalidation requirements were cited by 18 percent of people as one of the top three reasons. This was most likely to be cited by people aged 41-50 and those who had trained in the UK or outside the EU.

Our new strategy for 2020–2025 is clear that revalidation remains a priority. We plan to build on the past four successful years so as to continue to refine our approach to support and influence the changing nature of nursing and midwifery practice across the UK.

## Equipping professionals



Our new **Future Midwife** standards were approved in October 2019 and launched in January 2020, encompassing new standards of proficiency for midwives and standards for pre-registration midwifery

programmes. The standards are the product of two years of extensive consultation and engagement with women and their families, midwives, students and partners and a review of contemporary UK and international evidence.

The standards of proficiency specify the knowledge, understanding and skills that midwives must demonstrate at the point of qualification, when caring for women across the maternity journey, newborn infants, partners and families across all care settings. They reflect what the public can expect midwives to know and be able to do to deliver safe, effective, respectful, kind, compassionate, person-centred care. The standards will ensure midwives joining the profession can work in partnership with women and meet the needs, views, preferences and decisions of women and their babies, taking account of individual circumstances and the contexts in which women live.

Launch events took place in the four countries of the UK in early 2020 to celebrate the profession and showcase the impact that good midwifery care has on the women and families they support. We also sponsored our first midwifery award, the Royal College of Midwives Policy into Practice award.

“

These standards open doors for equality in health. They recognise that our population has changed and that being 'high risk' isn't just about medical conditions, it's also about complex social needs.

**A midwife**

”

Professor Mary Renfrew, our independent lead midwifery adviser, worked extensively with the midwifery Thought Leadership Group (TLG). The Group's extensive midwifery expertise included students, advocacy group representatives, midwives, researchers, related disciplines and professional bodies who supported the direction and shape of the new proficiency standards throughout the two years.

Professor Gwendolen Bradshaw led on the development of the programme standards with a delivery group that consisted of students and educators' representatives from both theory and practice.

Vital oversight and assurance was provided by our Midwifery Panel. We are grateful for the dedication and commitment of everyone involved in the development and introduction of our new standards; these co-produced standards will support women, babies and families now and for the next decade. We continue to support the implementation of these new standards through supporting information and engagement activity, including a leaflet to explain the new standards to women and families.

Our **Future Nurse** standards were published in May 2018 and came into force in January 2019, along with our new education standards. Since then, we have continued to support the implementation of these new standards across the UK as education providers and their practice placement partners design new programmes that meet the new standards. The first tranche of pre-registration nursing programmes was approved in time for students to be enrolled in September 2019. Due to the Covid-19 emergency, we have extended the date for all remaining programmes to be approved to September 2021.

“

I am really pleased that I get the opportunity now to demonstrate proficiency and gain a wider scope of skills to meet the needs of people in my care.

**Second year nursing student who has transferred onto the newly approved programme**

”

Our new **Standards for student supervision and assessment** introduce the roles of practice supervisor and assessor.

“

Learning and gaining feedback from a variety of professionals as practice supervisors has been extremely valuable to my learning experience.

**A midwifery student moving into her second year**

”

## **Nursing associates in England**

In England, nursing associates are the newest profession to join our register. Since January 2019, we have been approving providers of foundation degree programmes based on our new standards for pre-registration nursing associate programmes. There are currently 46 education institutions approved to provide nursing associate programmes. The role is developing and becoming more embedded in teams across England.

“

Regulation makes it a professional role, and I am so excited to be accountable and responsible for meeting a set of standards that will make our role unique.

**A trainee nursing associate**

”

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

“

I think it's great that we're registered with the NMC, it helps keep us accountable not only to ourselves, but to all those we care for as well.

**A nursing associate**

”

## **Return to practice**

Our new standards for returning to practice were published in May 2019. These standards set out how nurses, midwives and nursing associates can re-join our register if they have been away from practice. The new standards allow people to either successfully complete an outcome-based return to practice course or pass an NMC Test of Competence to allow them to re-join our register. We continue to support the implementation of the return to practice standards across the UK as education providers and their practice placement partners design new programmes within the standards for education framework. We are developing a new Test of Competence to align with our new pre-registration standards of proficiency. This work will continue into 2020–2021, though as a result of delays because of the Covid-19 pandemic, we are currently re-planning when the new test will be introduced.

## **Post-registration standards**

In preparation for a review of our involvement in post-registration standards, we published an independent evaluation of our specialist community public health nursing and specialist practice qualification standards in May 2019. We have established a UK-wide post-registration steering group that is supporting the future direction of our work in this area, chaired by Dr David Foster OBE.

The post-registration steering group has carefully considered evidence gathered so far from across the UK, to enable it to discuss and make recommendations on the future direction of travel. The group reached consensus on the need to develop new draft standards for Specialist Community Public Health Nursing (SCPHN) in the fields of health visiting, school nursing and occupational health nursing. Scoping out the content of new draft standards in community nursing will enable an evidence informed view to be taken later in the project on the future of specialist practice qualifications (SPQs).

“

While we still have a long road ahead of us, I am delighted at the progress we've made so far. It's important we take our time to get this right, so that nurses working in communities across the four countries can continue to provide the best and safest care for everyone.

**Dr David Foster OBE**  
**Chair, Post-registration Standards Steering Group**

”

“

Throughout the country, district and community nurses are providing highly skilled and often complex care in people's homes, often leading integrated teams and at the forefront of developing advanced practice with primary care GP colleagues.... NMC standards of proficiency are an essential foundation for providing safe and effective care for people in the community.

**Dr Bob Brown**  
**Executive Director of Nursing, Western Health and Social Care Trust, Northern Ireland**

”

## **Quality assurance of education**

In 2018–2019 we introduced new outcome focused standards for education institutions and their practice placement partners alongside a new Quality Assurance Framework. Since then we have been approving education institutions against these new standards. A more detailed review of our quality assurance activity is provided in our [Quality Assurance Annual Update](#) published on our website.

## Approval

The number of approved education institutions (AEIs) has increased from 83 to 86 as at 31 March 2020, delivering 1,087 approved programmes. We have refused approval of two programmes against our new standards, one pre-registration nursing and one nursing associate programme.



## Monitoring

Once programmes are approved, we monitor them to ensure that they continue to meet our standards.

AEIs are required to submit an annual self-assessment and self-declaration in relation to their NMC approved programme(s). All 82 AEIs that had been approved for more than a year, and were therefore required to undertake annual self-reporting at the time, submitted their self-assessment reports for the 2018–2019 academic year. Of these, 21 AEIs (26 percent) did not provide assurance in their self-assessment report that key risks were controlled or managed. These institutions were required to re-submit their reports, which have been reviewed and assurance has now been provided.

We continue to develop our new data-driven approach to monitoring institutions, so we can take appropriate targeted action where concerns are raised, or where there are risks that our standards are not being met. This involves working closely with other education and health and social care regulators to share intelligence and requiring institutions to report any concerns proactively.

We have introduced a period of new programme monitoring for all new AEIs, or existing AEIs running a new pre-registration programme for the first time. In the 2018–2019 academic year, 36 institutions were placed under new programme monitoring.





## Working collaboratively

We can only do our job well by working collaboratively with our stakeholders and partners across the UK to understand better the context in which our professionals are working.

Building on the findings from our 2019 independent perceptions audit, we have started to adopt a co-production approach to our work with the public, the professionals on our register and partners across the health and care sector.



We are collaborative: we value our relationships and recognise that we're at our best when we work well with others



This builds on the success of our work to co-produce the Future Nurse and Future Midwife standards, as well as our strategy for 2020–2025.

Adopting this approach has meant that people are involved in the early stages of key projects, are able to influence decision making and ensure that we are confident in our decision making.

To build stronger relationships with partners across the four nations of the UK, we appointed four of our existing directors as 'country leads'. We have developed a joined-up and consistent approach to our engagement across the UK, led by the country directors, which has enabled us to increase our contact with governments, elected representatives and health and care bodies to understand better the specific and unique context in which they are operating.



## Promoting public confidence in the professions

Developing positive relationships with the professionals on our register is crucial to our ability to promote confidence in their work and helps us to be an effective and trusted regulator.

In November 2019, we issued a statement recognising the important contribution nurses working in adult social care make to the lives of millions of people across the UK. The statement addressed concerns that nurses working in adult social care were seen as somehow less skilled than others on our register. We emphasised that this was not the case and that the standards, behaviours and skills we expect nurses to uphold are the same wherever they work.



Nurses working in social care should never be made to feel disregarded or second best. As their professional regulator, we hold social care nurses in high esteem and know the difference they make for people living in the most vulnerable of circumstances.

**Andrea Sutcliffe**  
Chief Executive and  
Registrar, NMC



In December 2019, we celebrated 100 years of professional nursing regulation and pride to mark the anniversary of the Nurses Registration Act 1919. This was an opportunity for us to strengthen our connection with the nursing workforce, recognising their professionalism and contribution to health and care across the UK.

We held a celebratory event at St Thomas' Hospital which saw over 150 registrants and partners coming together. Following a competition run in partnership with the *Nursing Times*, we launched a commemorative badge which over 10,000 people received. Our social media activity surrounding the celebration was our most successful to date.



*Chosen from over 100 entries, the winning design was by Karen May Mojica, Nurse*

*Team Leader at East and North Hertfordshire NHS Trust.*

2020 marks the World Health Organization (WHO) Year of the Nurse and Midwife. The Covid-19 pandemic has meant that we, along with our partners, have had to suspend a lot of our planned events. We are, however, using social media and virtual opportunities to celebrate the nursing and midwifery workforce and promote the vital role of the professions.

## Fitness to practise

### A new strategic direction

As set out in the section on our role and later in the Annual governance statement, the Professional Standards Authority for Health and Social Care reviews our performance annually. In their review for 2018–2019, published in April 2020, the Authority found that we met all the Standards of Good Regulation, apart from two which relate to fitness to practise. Our work to implement our new strategic direction seeks to address the Authority’s findings. We made good progress throughout 2019–2020 and will continue this work in 2020–2021.

We continue to encourage people to try to resolve concerns about someone’s fitness to practise at a local level in the first instance, reducing the need for regulatory action to only the most serious concerns. We have worked closely with employers to develop new guidance to help them understand when to refer matters to us.

Where people who use services or members of the public come to us direct with concerns about a professional, we encourage the employer of that professional to undertake a local investigation if that has not already happened.

We are also continuing to develop our intelligence capability to assist us with risk assessment and decision making when cases first come to us.

We consider it important to take account of the context in which incidents occur as part of our fitness to practise processes. We have developed new guidance for our fitness to practise teams setting out the importance of context. We tested 76 cases at our screening stage against this new guidance, and started the second stage of testing in November 2019 across the entire fitness to practise process. Testing will continue into 2020–2021 and will include consideration of context in response to the Covid-19 pandemic.

“

We’re working on getting better at taking account of context...we want to understand the whole story, not just a part of it.

**Matthew McClelland**  
Director of Fitness to Practise, NMC

”

We have helped nurses, midwives and nursing associates remediate concerns about their practice as early as possible by:

- designing an information pack to help people understand what remediation is and how to provide us with information
- developing a reflective account form to help people with the structure and content of their reflections on their practice and what went wrong

- providing case studies demonstrating how this information can help our decision makers.

We tested our remediation advice throughout 2018–2019 and officially launched it in December 2019. As part of our initial enquiries we now send our remediation guidance to all nurses, midwives and nursing associates who have been referred to us.

Hearings can be stressful experiences for all those involved: which is why we want to move to holding a hearing only where the facts of the case are in dispute. We have worked to improve how we engage with nurses, midwives and nursing associates on how we view their case, what the allegations are and which witnesses and evidence we are relying on to help them respond fully, including telling us how they have remediated the concerns about their practice. When someone does engage with us, and there is no dispute over the facts of the case, then we hold a meeting rather than a full hearing. We have delivered training to panel members and will continue to do so throughout 2020–2021 so they can resolve more cases at meetings rather than hearings. Panel members are independently appointed to make decisions at fitness to practise meetings and hearings. Our website provides more information on [how our panels work](#).

We are working with an external partner to help us implement these changes effectively. We will be delivering targeted coaching and training to our teams to help reinforce the positive behaviours that will support our new strategic direction. We will continue to engage with our external stakeholders such as employers, nurses, midwives and nursing associates and professional bodies to encourage interaction with us in a way that supports the new ways of working throughout the fitness to practise process.

## Person-centred approach

Becoming a kinder, more person-centred regulator has been at the heart of all our work this year, as we continue to take forward the recommendations of the Professional Standards Authority's *Lessons Learned Review* of our handling of the Morecambe Bay fitness to practise cases. We have also been working to implement the recommendations of the Verita report, which is referred to in more detail in the section of this report on 'Being a learning organisation'.

- The NMC should ensure that Panel Chairs are fully briefed about the importance of showing respect to bereaved relatives.
- The NMC should make it a priority to ensure that it treats families and patients with respect and is honest and open with them.

In fitness to practise we have focused on giving a voice to members of the public, people using services and family members involved in our cases, as well as ensuring that anyone involved in our cases has access to the right support at the right time.

In 2019–2020 we have looked to help strengthen the voice of people using services and their families in the fitness to practise process in various ways including: helping them give the best evidence in their case by providing more clarity to people involved; resolving cases earlier; and making our process more open and transparent.

Our Public Support Steering Group has continued to meet throughout 2019–2020 and we have engaged with it on plans, ideas and initiatives for the Public Support Service. The Steering Group contributed to the development of our new strategy for 2020–2025 and a research project we commissioned on the voice of people who use services.

We are piloting a new public support pathway which offers tailored support to people who use services and family members who raise concerns with us from the initial enquiries stage through to the conclusion of a case. We launched this in October 2019 and will review the service after 12 months.

Last year we launched an emotional support helpline for members of the public, people who use services and their families who were part of our process.



**In 2019–2020, 880 calls were received by our emotional support helpline from members of the public involved in our fitness to practise processes**

We have also introduced a free to access careline which provides nurses, midwives and nursing associates involved in fitness to practise cases with emotional support and practical help. We launched this on World Mental Health Day on 10 October 2019 on a 12-month pilot, after which we will review and fully implement into our processes.



**Between October 2019 and March 2020, 280 calls were received by our careline from nurses, midwives and nursing associates involved in our fitness to practise processes**

## **Fitness to Practise performance**

In 2019–2020 we received 5,704 new concerns, which is an increase of 6 percent on concerns raised with us in 2018–2019.

We met our two fitness to practise performance targets.

- We imposed 81 percent of interim orders within 28 days of concerns being raised with us (2018–2019: 84 percent). An interim order is a temporary restriction placed on a nurse, midwife or nursing associate's practice while we investigate concerns.
- We concluded 81 percent of our cases within 15 months (2018–2019: 86 percent).

We imposed

**81 percent**  
of interim orders

within **28 days** of  
concerns being raised with us  
(2018–2019: 84 percent)

We concluded

**81 percent**  
of our cases

within **15 months**  
(2018–2019: 86 percent)

Performance at our screening stage has fluctuated this year. This has resulted in the reduction in our performance against the interim order target, and seen our caseload rise above our predicted numbers due to delays in the decision-making process. We put in place a number of plans to improve timeliness in this area. At the start of 2020 we recruited a number of additional decision makers. However, we have not yet seen the benefits due to the impact of the Covid-19 pandemic on our operations.

We have seen an increase in the number of requests for reconsideration of decisions to close cases at screening and have established a new structure for the team managing these requests, including recruiting a number of case assessor roles. We are also reviewing how we can improve the quality of our decision making at the screening stage.

We also saw a reduced number of decisions made by our Case Examiners throughout the year – 1,405 in total (1,638 in 2018–2019) which has resulted in fewer cases progressing through to adjudication. We have therefore seen fewer outcomes at the final stage of our process. In 58 percent of decisions, the Case Examiners decided to take no further action.

These factors have resulted in a reduction in the proportion of cases concluded in 15 months. We expect our performance in this area to reduce further in 2020–2021 given delays resulting from the Covid-19 pandemic but we will keep our caseloads under constant review.

In March 2020, we took urgent steps to reprioritise our work in light of the Covid-19 pandemic. Our main objective was to maintain our important role in protecting the public while minimising the regulatory burden on healthcare professionals and employers. We identified four essential services within fitness to practise that we must keep running throughout the pandemic:

- assessing the level of risk as a result of new concerns and information
- applying for and reviewing interim orders in cases where there was an immediate concern for public safety, or a change in risk
- reviewing substantive orders that were due to lapse to maintain public protection
- applying to the high court/court of sessions to extend any interim orders that were due to expire to maintain public protection.

While we are seeking to progress as much other casework as we can, Covid-19 will have a significant and prolonged effect on our operational performance and the implementation of our strategic approach to fitness to practise.

## Fitness to practise in numbers 2019–2020

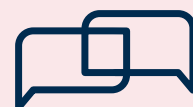
2018–2019 figures for comparison in brackets.

### Screening

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

**5,704**



**new concerns**

(2018–2019: 5,373)

### 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:**

### 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

**1,405**

**investigations**

**Our Case Examiners decided to:**

(2018–2019: 1,638)

### 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**

**452 cases**

**and decided to:**

(2018–2019: 661)

We reached decisions on **4,650 cases**  
[2018–2019: 5,379]

We decided **1,669** cases required **full investigation**  
[2018–2019: 1,990]



We decided **2,981** cases did not require a **full investigation**  
[2018–2019: 3,389]

Interim suspension orders in



[2018–2019: 238]

**245 cases**

Interim conditions of practice orders in

**316 cases**

[2018–2019: 268]

Take **no further action** in **812 cases**

[2018–2019: 963]

Give advice, issue a warning, or agree undertakings in

**59 cases**

[2018–2019: 155]



**Refer**

**534 cases**

**for adjudication**

[2018–2019: 520]

Remove the person from the register in

**127 cases**

[2018–2019: 162]

Suspend the person from the register temporarily in

**142 cases**

[2018–2019: 231]

Impose conditions of practice orders in

**69 cases**

[2018–2019: 99]

Issue cautions in **42 cases**



[2018–2019: 57]

Take no further action in **72 cases**

[2018–2019: 112]





## Employer Link Service and Regulatory Intelligence

### Employer Link Service

Our Employer Link Service (ELS) continues to engage locally with a Regulation Adviser linked to each of the English seven NHS regions, Scotland, Northern Ireland and Wales.

The ELS provides an advice line to employers to support a fair and consistent approach to any fitness to practise concerns. In 2019–2020 the ELS responded to 686 advice line calls, of which 295 calls were advised to make a referral to our fitness to practise teams.

In addition, the Regulation Advisers delivered 101 learning sets this year, tailored to different organisations and audiences. This included learning sessions delivered with the General Medical Council on Professional Behaviours and Patient Safety. The ELS is currently developing ways to support and understand better the environments for registrants in complex and diverse sectors, such as adult social care, across the UK.

### Regulatory Intelligence Unit

We continued to develop our analytical capability, producing a range of insight reports to aid decision making and gain insight into our regulatory processes.

We introduced data science tools and capabilities and have started experimenting with machine learning techniques to build models to support

our core functions. The new capability and tools enable us to develop algorithms and systems to extract previously inaccessible knowledge and insights from our structured and unstructured data.

We undertook a review of our Intelligence Coordination Group which was established to coordinate actions across the organisation relating to regulatory risks identified through different intelligence sources. As a result, the group's membership and role was revised to consider all regulatory risks, whatever their source, to determine the best route and actions for addressing them, across our regulatory responsibilities. The group also considers emerging themes and trends highlighted by our regulatory risk management activity, identifying and disseminating the lessons learned in managing regulatory risk.

We established memoranda of understanding and data sharing agreements with regulators and other organisations across the UK.

We worked with other regulators to review and improve the **Emerging concerns protocol** in England and have used this process to start discussions with other regulators and organisations around emerging issues we have identified. We are also working in collaboration with others to develop an equivalent protocol in Scotland.

## Whistleblowing to the NMC 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.

In 2019–2020 we received 107 disclosures that met our criteria for disclosures we reasonably believe to be instances of whistleblowing (2018–2019: 34). Of the 107, 23 were received through our whistleblowing mailbox and 84 were disclosures made during fitness to practise cases.

Some of the most common topics raised with us by whistleblowers this year were: patient safety and care; leadership and management; and behaviour (including bullying, intimidation or harassment of colleagues).

Each year we publish a joint report with other health and social care regulators on how we handled whistleblowing disclosures. The joint Whistleblowing disclosures report 2018–2019 can be found [on our website](#). The joint report for 2019–2020 will be published later this year.

## Being a learning organisation

We have an important role as a regulator to understand how we can learn when things go wrong in health and care services and with our own processes. We are committed to working collaboratively with other regulators and employers to help foster a culture of openness and learning to bring about change and improvement. We review the learning from all major inquiries and investigations.

We know we let many people down in our response to failings in care at Gosport War Memorial Hospital – but we have made some important changes since those tragic events occurred. We have identified key themes from the Gosport Independent Panel's report that we think are helpful for nursing and midwifery professionals to consider. Using these themes, we created a resource for nurses, midwives and nursing associates. More information can be found [on our website](#).

The Professional Standards Authority's *Lessons Learned Review*, published in 2018, into our handling of the Morecambe Bay fitness to practise cases identified some outstanding questions around what happened to a piece of evidence in one of the cases. As a result of those questions, we asked an independent organisation, Verita, to look at what happened and how our communications came to be inconsistent. It is clear from the [investigation](#) that we got a number of significant things wrong in our handling of this evidence, the way we reacted

when concerns were raised with us and our subsequent communications. We have taken forward the recommendations made by the independent investigators and have carried out other work to understand how we can better ensure that witnesses, particularly those in vulnerable circumstances, can give evidence in a way that causes as little distress as possible. We remain committed to learning the lessons of the past, taking forward the recommendations of this investigation and building on recent improvements as we look to develop a just, learning culture, both within the NMC and the wider health and care system.

In February 2020, an independent inquiry report was published into the practices surrounding the malpractice of breast surgeon Ian Paterson which had a devastating impact on a large number of patients. We gave evidence to the inquiry on our handling of a number of fitness to practise cases and carefully reviewed the recommendations of the inquiry's report when it was published to understand what more we could do to enable better, safer care to be provided. As a next step we have agreed with the General Medical Council and others that we will work together to agree a collective approach to how we respond.

## Learning from complaints about our work

Complaints matter to us. We recognise that every concern raised by someone using our services is an opportunity to improve. Complaints highlight problems to us and provide a valuable opportunity to learn from where things have gone wrong.

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. We have identified 203 learning points in 2019–2020 and have ensured that this learning has been used to improve our services. We provide regular reports to colleagues on key learning from complaints and work with teams to ensure feedback is acted upon.

### Complaints

During the year we launched our new Enquiries and Complaints function to improve the way we handle complaints; ensuring we understand fully what has caused the complaint and resolve matters as quickly as we can.

In 2019–2020, we received 888 (2018–2019: 759) formal complaints. We responded to 94 percent of these within 20 working days (2018–2019: 86 percent within 20 working days).

Following our response, 19 people remained unhappy (2018–2019: 94). We therefore reviewed our handling of their complaint and we responded to these in an average of 20 working days (2018–2019: 13.5 working days).

We received

**888** formal  
complaints  
(2018–2019: 759)

we responded to 94% of these  
within 20 working days  
(2018–2019: 86%)

In line with our person-centred approach we met with eight people with complex and longstanding complaints and agreed an action plan and way forward to resolve the issues.

## Feedback from people using our services

During 2019–2020, we developed a new approach to collecting feedback from those using our services – including from nurses, midwives, nursing associates and members of the public that have contacted us. This approach is central to being a learning organisation with an open culture that welcomes, values and acts on the insight gained from people who use our services.

Our new approach is based on three main elements:

- rolling out our new standardised survey questions across all of our main operational areas
- mapping the service user journey across all of our main operational areas
- engaging with our key service user groups through a programme of focus groups around our key functions.

We have started to use a new feedback survey in the Contact Centre and during the course of 2020–2021 we will implement the survey across the rest of the organisation. We will ask specific questions for every externally facing process across the organisation so we can capture feedback at key points.

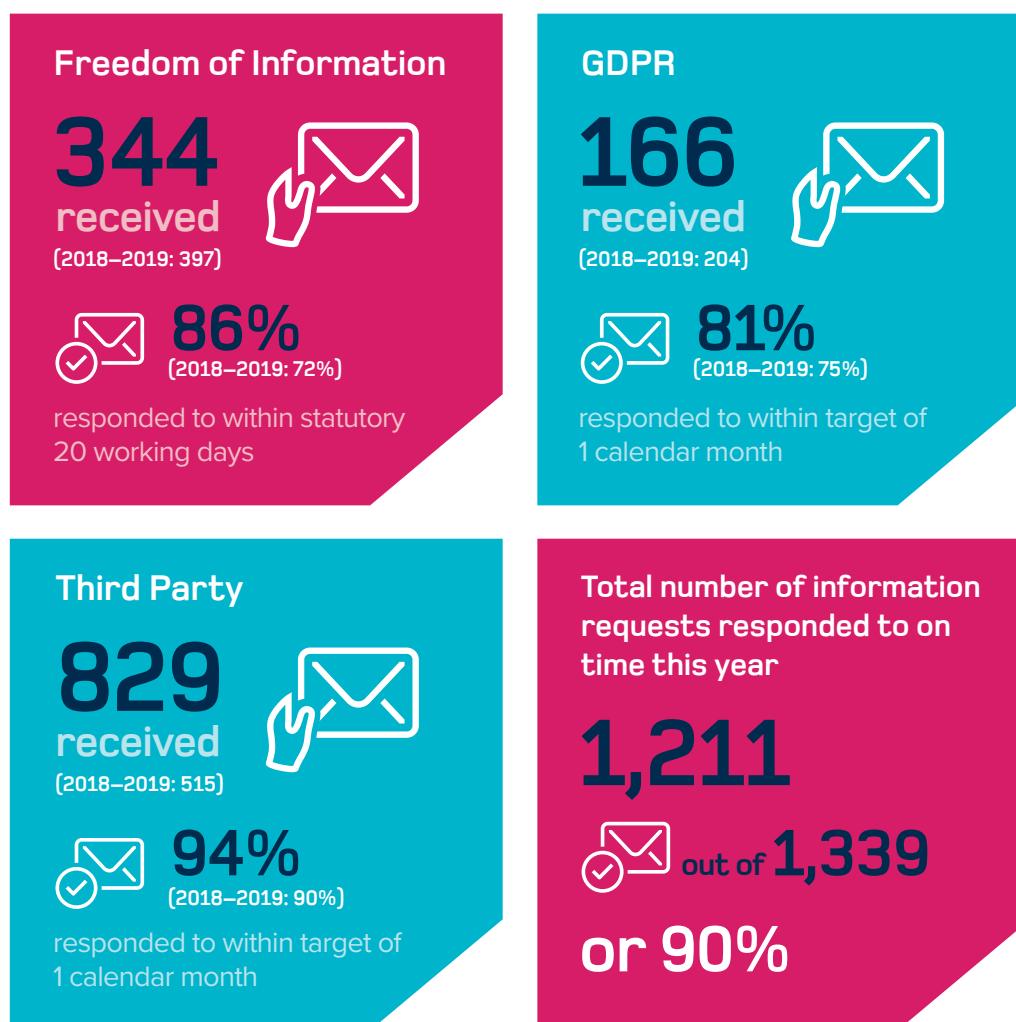
If people are unhappy with our services, we contact them directly and then arrange to investigate any concerns raised through our complaints process.

## Freedom of Information and other information requests

We are committed to being open and transparent and have sought to improve how we respond to requests made to us, including Freedom of Information and data protection requests. These include people's right to access their own personal information, as well as the right to challenge the way we use and process their personal data.

We also respond to disclosure requests from organisations such as the police and the Disclosure and Barring Service and Disclosure Scotland, with whom we can share personal information if there is a legitimate basis for disclosure.

In 2019–2020, we made significant changes to our internal processes to improve our timeliness and ensure we are offering a person-centred service to our customers, being as transparent as possible within the parameters of the law. We only withhold information when necessary and we work with those who make requests to ensure they receive the information they are seeking.



If someone is unhappy with how their request for information has been handled, they have the right to request an internal review. We received a total of 16 requests for internal reviews during 2019–2020, which is proportionately low, only 1.2 percent of cases.

Two people who remained dissatisfied following the outcome of their internal review referred us to the Information Commissioner’s Office (ICO). In the first case, the ICO agreed with our decision and chose not to pursue any further investigation. In the second case, the ICO accepted (following investigation) the reasons why we were unable to provide the requested information.

We want to increase the amount of information which is actively published on our website as part of our commitment to being a transparent regulator. Each quarter, we undertake a trend analysis of Freedom of Information requests where we have released information. Throughout 2020–2021, we will continue to develop our analysis to inform those areas where we will publish more information on our website.

## Equality, diversity and inclusion

Our equality, diversity and inclusion (EDI) team was delighted to be shortlisted for the Employers Network for Equality & Inclusion (ENEI) Team of the Year Award 2019. We were recognised among other things for introducing an **EDI Framework**, establishing senior diversity champions, and the creation of an Equality Impact Assessment (EQIA) toolkit. This toolkit has been invaluable in ensuring we regulate fairly and carry out EQIAs when planning and managing change.

Data and intelligence are integral to our work and this year we have updated our diversity monitoring questionnaire to include caring responsibilities, types of disability and an open-text box for gender identity to give us a richer picture of the demographics of the people on our register. As mentioned earlier, we also began a new piece of **EDI research**, to give us better information on how nurses, midwives and nursing associates with different protected characteristics move through our processes and to identify if there are disproportionate outcomes for any groups. We intend to publish this research later in 2020.

We updated our **reasonable adjustment policy for people using our services** and created supporting operational guidance for our employees. Other examples of improving accessibility are the development of easy-read complaints leaflets offered by our Public Support Service and Corporate Complaints team.

EDI is embedded at all levels of the organisation. As well as our senior diversity champions, we have an EDI senior leadership group which monitors progress on all EDI matters. All staff have mandatory EDI training and we provide supplementary training and engagement to improve our colleagues' understanding of and competence in EDI topics (for example, gender identity and making reasonable adjustments for customers). We also held health inequalities awareness-raising events on the different outcomes for LGBT people, ethnic minorities and people with learning disabilities. In July 2019, we were the first professional healthcare regulator to sign up to the NHS England **'Ask Listen Do'** campaign. This campaign aims to make it easier for people with learning disabilities and/or autism to have their voices heard and improve the way we listen and act on complaints.

Engagement with diverse groups is a key part of our approach. Last year we held focus groups with people with long-term health conditions, mental health conditions, learning disabilities and young people with autism. When we developed our new Future Midwife standards we held focus groups with people from ethnic minorities, asylum seekers, refugees, women living with HIV, people with learning difficulties, people from the Gypsy, Roma and Traveller community, women with cancer and women who had suffered from post-natal illness.

This engagement is reflected in **requirements** that midwives must provide culturally sensitive and individualised care for all women. We maintain good relationships with equalities organisations such as the Chief Nursing Officer for England's BME Strategic Advisory Group, MINT (Men Into Nursing Together), Business Disability Forum, Mind, and Mencap.

We aim to use our influence to create better outcomes for people with protected characteristics. Last year we responded to the Department of Health and Social Care's **consultation on proposals to introduce mandatory learning disability and autism training for healthcare staff**, the Scottish government's consultation on legal gender recognition, and the Women and Equalities Select Committee's **inquiry into Health and Social Care and LGBT communities**.

As we look to the future, it is important to honour and celebrate pioneering figures from the past. In June 2019, the Chair's office was officially named the Mary Seacole Room. Representatives of the Mary Seacole Trust joined us for a celebratory event, together with members of the Chief Nursing Officer for England's BME Strategic Advisory Group, the Royal College of Nursing, the Nurses Association of Jamaica and Black Cultural Archives, in addition to Martin Jennings, the sculptor of the Mary Seacole statue at St Thomas' Hospital.

Information on equality, diversity and inclusion in our work place can be found in the section below on 'Our people and our organisation'.

## **Our people and our organisation**

Our People Strategy 2017–2020 was about making the organisation a trusted employer with the capability and capacity to regulate effectively. Listening to, motivating and co-producing with our colleagues is vital to creating a positive working environment. 2019–2020 was the final year of our People Strategy and we are reviewing progress and setting our next goals.

### **Organisational and people development**

In 2019–2020, we focused on people initiatives and projects with the aim of making our organisation a great place to work. Our work has achieved results, improving both our employee turnover and engagement. Our overall employee turnover trend has consistently reduced across the year and as at 31 March 2020 was 13.5 percent in comparison to 21.6 percent at 31 March 2019. We have improved the way we communicate and engage with new starters and our corporate induction day. These improvements are reflected in the reduction of new starters leaving within six months to 12.7 percent at 31 March 2020 in comparison to 19.6 percent at 31 March 2019.



We survey colleagues regularly to understand and improve our employee engagement levels. We have identified consistent challenges and pockets of concern and continue to improve our engagement initiatives. Our employee engagement trend has consistently been improving and our March 2020 survey produced a score of 6.6 (out of 10) in comparison to 5.8 in 2018–2019. Colleagues have asked us to improve the way we pay and reward them for the work they do, the accommodation we work in, and the technology we use to do our jobs.

Following consultation, we introduced a new grading and pay structure to bring our pay ranges in line with comparable organisations.

As mentioned previously, along with our new strategy for 2020–2025, we adopted a new set of values and behaviours that underpin all we do. We will be providing further material and activity to embed the values and behaviours during 2020–2021.

We continue to focus on leadership development. In 2019 we launched a coaching skills programme for our managers to help improve conversations about performance.

An internal audit report in September 2019 made a number of recommendations to strengthen our recruitment process. Recommendations related to the completion and retention of recruitment paperwork, the reporting of management information on the effectiveness of the recruitment process and arrangements for the recruitment and hiring of temporary and contractor staff. Work was undertaken to address these and in February 2020 a follow-up audit review found progress in six of the eleven identified areas for improvement. The remaining areas related to the introduction of a managed service provider, which has subsequently been completed, and the agreement of a revised hiring policy and key performance indicators, where work is ongoing.

In line with our Safeguarding and Protecting People from Harm policy, we have consulted on new safeguarding and vetting requirements which will give us assurance about current and new staff. This is now being implemented and means a small number of roles require a security check.

We have taken steps to support colleagues to manage sickness absence. Our initial results show a slight reduction in sickness absence from 3.0 percent to 2.7 percent in 2019–2020.

## **Equality, diversity and inclusion in our work place**

We are committed to developing a working environment where our people can thrive and feel able to bring their whole self to work. In 2019–2020 we implemented an EDI people plan that had three themes: workforce diversity; workplace inclusion; and a sustainable and accountable approach.

Our Chief Executive and Registrar and Executive Directors have received EDI leadership training and have adopted roles championing EDI and specific protected characteristics. We have developed and started to roll out training for managers on building inclusive teams, supporting them to create environments where people's diverse backgrounds, skills and experience are welcomed.

A goal for this year was to introduce measures that would help to ensure our workforce is diverse and reflects our customers and stakeholders. To this end, we have:

- changed the way we recruit, building in anonymity for applicants through our applicant tracking system to mitigate unconscious bias
- strengthened our Network Groups ensuring that they are supported to influence our work and promote awareness in relation to different protected characteristics. Some examples are set out below
- developed a new suite of EDI policies that will be launched in 2020–2021, designed to complement our revised HR policies
- actively sought different means of assuring ourselves that our work is having an impact in creating a diverse and inclusive culture, including using external accreditation assessments.

### Some examples of our work and the actions and resulting outcomes

Our LGBT+ Network has undertaken a wide range of activities to promote LGBT+ awareness. These included taking part in Pride in London and promoting LGBT History Month with a series of talks and events raising awareness of trans issues, the work of HIV nurses, LGBT health inequalities and the actions being taken to address these.

#### Outcome

Our work on LGBT+ inclusion has seen us improve by another 251 places in this year's Stonewall Workplace Equality Index (WEI). The WEI is an annual audit of LGBT+ inclusion within organisations across the UK. We have moved to 106 (from 357 in 2018) out of over 500 organisations this year.

The Cultural Network, now renamed BMe, organised a range of events including a celebration of the life and legacy of Mary Seacole, and a series of 'lunch and learn' events during Black History month, a Black history walk and a Black leadership event.

### Action

In 2019, we signed up to the Workplace Race Equality Standards (WRES). WRES has been developed by the NHS, as a tool to measure improvements in the workforce experience of Black and Minority Ethnic (BME) staff with many of the methods being transferable to focusing on other groups. We will submit our first set of data to WRES in 2020.

The Workaround Network, our newest network which represents colleagues with disabilities, marked the International Day of the Disabled Person, with a disability market place in collaboration with the Helen Arkell Dyslexia Centre, Disability Rights UK and Business Disability Forum.

### Action

We have undertaken an external assessment with the Business Disability Forum to inform our actions and activities.

We have taken steps to ensure the wellbeing of our colleagues at work. Our mental health first aiders continued to provide support where needed.

### Action

We have undertaken an external assessment with Mind - the mental health charity - to help us identify areas for improvement and steer our action plan.

## Information and Communication Technology (ICT)

Our programme to modernise our IT systems continues and has brought real benefits to nurses, midwives and nursing associates as well as people applying to join our register. Our new overseas process and our new readmissions process have both been built with improved flexibility and efficiency, including reducing the time it takes to readmit to the register to as little as 60 minutes. In March 2020, using our new Microsoft Dynamics 365 platform, we were able to develop and launch our temporary register for nurses and midwives returning to practise to respond to the Covid-19 emergency in just three weeks.

However, the programme is behind schedule and over budget. The next milestone in the programme is the transition of the core register to Dynamics 365. That was originally scheduled for November 2019, but we now expect to complete the transition by the end of 2020. Further detail on the management of our ICT risks can be found in the Annual Governance Statement.

We issued laptops to almost all colleagues during 2019–2020, as part of our shift to agile working, and the benefits of that were unexpectedly tested, and proven, when we shut our offices in response to the Covid-19 emergency. Almost all of our services, including our Contact Centre, were able to continue as normal with colleagues working from home. We have used videoconferencing technology to hold the initial hearings in the fitness to practise process virtually, enabling registrants to return to work as soon as possible where appropriate. These solutions will also have positive impacts on how we can operate in the future.

## **Accommodation**

During the year, we completed the move of our fitness to practise teams from two buildings in central London into a new office in East London. This has saved us over £1m per annum in rent and service charges. The move was a success, allowing colleagues to work in a new environment, incorporating new ways of working in line with our strategic approach to fitness to practise. We continue to undertake business continuity planning, training and exercises across our sites each year and this has helped with our response to the Covid-19 pandemic.

## **Finance and procurement**

We are fortunate to be in a strong financial position and we have a responsibility to use our funds well. Our financial strategy seeks to 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. This is reflected in the budgets and indicative spend for the next three years.

The goals of our financial strategy are to enable the investment we need to deliver our new strategy, while also achieving 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.

To meet our sustainability and value for money objectives, we have also developed and implemented a comprehensive procurement policy. Our tendering activities are conducted in line with public sector procurement rules and in most circumstances, we use public sector framework agreements. These give us access to a good range of suppliers, competitive market rates and robust terms and conditions. We take steps to ensure our suppliers align with our values and our policies on important subjects such as equality, diversity and inclusion and modern slavery.

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 Covid-19 emergency, we have shortened our standard payment terms for all suppliers, where we are seeking to ensure cash flows quickly through the supply chain supporting business continuity and helping protect jobs.

During the year, we paid 82 percent of invoices within 30 days (2018–2019: 78 percent within 30 days). No interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998 (2018–2019: none).

## Looking to the future

### Development of our Strategy 2020–2025

We started work on our new strategy in April 2019 and spent the year working intensively with people, inside and outside the organisation, to co-produce strategic priorities for the five years ahead.

The first phase of our work (April–June) involved a desk-based evidence review, including recent stakeholder perceptions research. We had preliminary discussion with government, regulators and other partners across the UK. We took some initial soundings from stakeholders that informed our subsequent engagement.

During the second phase (July–October) we undertook a national consultation based on the emerging themes, gathering online responses and holding a range of events across the four countries of the UK. We worked with and through the Chief Nursing Officer in each country of the UK to reach key stakeholders and supplemented our engagement with focus groups to make sure we heard from groups such as adults with learning disabilities, and young people with autism. Overall, more than 4,000 people engaged with us.

During the final phase (November 2019 to March 2020) we synthesised the feedback we received. We worked with colleagues, internally and externally, to finalise our strategic vision and priorities, and ensured that these were reflected in our corporate plan.

Our **strategy** sets out three inter-dependent themes that encompass our work: **Regulate, Support** and **Influence**. We are clear that our statutory regulatory functions remain at the heart of our work and provide us with wider opportunities to influence the rapidly changing and challenging environment in which nurses, midwives and nursing associates work, helping to tackle workforce challenges, inequalities and safety risks. We support people affected by our work so that we contribute to a more positive culture around speaking up and learning. We support our registrants by providing materials and opportunities that help them to maintain our standards. And we can enable a diverse range of people to understand and shape what we do. Finally, by regulating well, we maximise opportunities to influence, through collaboration with others, and better use of research and intelligence. We seek to anticipate and shape the future of regulation, and of education and practice in our professions.

Like many others – not least the professionals on our register – our focus shifted in March 2020 to responding to the Covid-19 pandemic and supporting the professionals on our register to deliver the safe effective care the nation needs. This meant that although we published our strategy in April 2020, we were not able to launch it in the way we had planned and we have had to postpone a number of programmes of work.

We will be revisiting our plans to implement the vision and ambition for change set out in our new strategy when the time is right. In the meantime, its three core pillars – **Regulate, Support** and **Influence** – continue to guide our work.

# Strategic plan 2020–2025

We co-produced our strategy with nursing and midwifery professionals, our partners, the public and our NMC colleagues. We heard thousands of views and five strategic themes emerged.

Our focus shifted in March 2020 to responding to the Covid-19 pandemic which meant that although we published our strategy in April 2020, we have had to postpone a number of programmes of work. We will be revisiting our plans to implement the vision and ambition for change set out in our new strategy when the time is right.

The strategic themes will guide how we plan our work, and our investment in people and resources between 2020 and 2025. They are:

- 1 Improvement and innovation
- 2 Proactive support for our professions
- 3 More visible and informed
- 4 Engaging and empowering the public, professionals and partners
- 5 Insight and influence.

## Improvement and innovation

To improve and innovate across all our regulatory functions, providing better customer service, and maximising the public benefit from what we do.

### Why this is important

Our statutory regulatory responsibilities are unique to us, and are the bedrock of all that we do. Doing them well was a top priority for those we engaged with.

### Where we expect to be by 2025

- We will have easily accessible processes, support and advice available for those interacting with us.
- The movement of suitably qualified overseas applicants into the UK nursing and midwifery workforce will be more straightforward, while still ensuring safe and effective practice.
- Learning about the impact of contextual factors will be identified and shared.
- The value of our register to the public, registrants and employers will be enhanced, with more accessible, accurate and useful information.

## Proactive support for our professions

Enabling our professions to uphold our standards today and tomorrow, anticipating and shaping future nursing and midwifery practice.

### Why this is important

Our standards need to respond to the rapidly changing and challenging environment in which our registrants are working. People have more complex clinical needs and our registrants need to be equipped to better meet those needs. Complex care pathways need more clinical decision making by teams of workers with a mix of skills.

### Where we expect to be by 2025

- Our regulatory standards, education and process of revalidation support our professionals to better meet and adapt to the changing needs of people using health and social care services.
- Our professionals can access resources and guidance that are useful throughout their career, helping them to deliver our standards in practice and address new challenges, for example from new and emerging technologies.

## A more visible and informed regulator

In closer contact with our professions, their employers and their educators so we can regulate with a deeper understanding of the learning and care environment in each country of the UK.

### Why this is important

To make good, informed decisions, we need to better understand the breadth of practice – three professions, multiple roles, four countries, and many settings. Some registrants have viewed us as ‘remote’ and ‘inaccessible’. They feel that we have talked at too high a level about our professions and do not always reflect their experiences of practice.

### Where we expect to be by 2025

- A valued and constructive contributor to local/regional/national health and care policy and practice development.
- We will be able to evaluate the impact of our regulatory work on different groups of registrants, supported by a greater understanding of the range of environments in which they work.
- Those using our services will receive more timely responses, sensitive to their individual needs.

## Engaging and empowering the public, professionals and partners

Actively engaging with and empowering the public, our professions and partners. An NMC that is trusted and responsive, actively building an understanding of what we and our professionals do for people.

### Why this is important

People told us they want to be involved in our work more regularly and from an earlier stage. We need to empower people to take part meaningfully and influence outcomes. We must hear from diverse groups, including those who traditionally may not have been engaged in our work.

### Where we expect to be by 2025

- Stronger and more meaningful relationships with our partners across all four countries.
- We have articulated clearly what a person-centred approach means, in a way that the public, our professions, our colleagues and others can use to hold us to account.
- The public, our professions and our partners experience co-production as our habitual approach to the development of standards and policy.
- Better public understanding of our professions and of our role.

## Insight and influence

Learning from data and research to improve what we do and working collaboratively to share insights responsibly to help improve the wider health and care system.

### Why this is important

The insights from our work will help us to improve how we regulate, and highlight issues that are affecting professionals' ability to practise safely and effectively. It is important to our partners that we are not only committed to joint working, but also skilled and equipped to play a positive role and add value in collaborative activity.

### Where we expect to be by 2025

- Accessible, accurate, useful and more relevant information on our register.
- Our partners see us as a leading voice and benefit from the useful insights and ideas we bring to the table on issues such as career profiles and contextual risk factors.
- We will have a track record of speaking up for a healthy, inclusive and positive working environment for our professions.



# Financial review

## Income and expenditure

As set out in our statement of financial activities (SoFA), our total income for 2019–2020 was £89.8 million (2018–2019: £92 million) and total expenditure was £82.3 million (2018–2019: £81.6 million). This has resulted in a net surplus of income over expenditure of £7.5 million (2018–19: £10.4 million) before the actuarial gain on the defined benefit pension scheme. After the revaluation of the defined benefit pension scheme, our total funds increased over the year by £9.2 million (2018–2019: £7.1 million).



We had planned for a small deficit in 2019–2020. The net surplus is due to higher income than anticipated as well as lower expenditure across both our core business and some of our projects when compared to budget.

Total income was £3.3 million (3 percent) higher than budgeted but decreased by £2.2 million when compared to 2018–2019. The reduction in income compared to 2018–2019 is due to one-off items within income last year. Reimbursements from the Department of Health and Social Care (DHSC) were £2.3 million in 2018–2019 but only £0.3 million in 2019–2020 as the Nursing Associate programme was delivered; and in 2018–2019 we received a one-off £2.1 million refund from HM Revenue for income tax and National Insurance we had paid on the fees of fitness to practise panellists in previous years.

Income from registrants’ fees was £88.5 million, 6 percent higher than budgeted and an increase of £3.2 million on the previous year (2018–2019: £85.2 million). The number of nurses, midwives and nursing associates on our register grew faster than we had expected, by 2.6 percent, to 716,607. We also received a higher number of applications from overseas trained nurses and midwives due in part, we believe, to the streamlining of our application processes. The temporary Covid-19 emergency register is not part of the increase in income because people on the emergency register do not pay a fee.

Our expenditure was £7.2 million (8 percent) lower than we had budgeted for but increased by £0.8 million compared to 2018–2019.

Note 4 in the accounts sets out our fully allocated costs for each charitable activity as required by the SORP. 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.

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

Direct costs of fitness to practise were £37.9 million, down from £39.1 million in 2018–2019, a reduction of 3 percent. This is deferred expenditure rather than permanent savings: we held fewer hearings in 2019–2020 because fewer cases flowed through from investigations.

The direct costs of maintaining the register were £6.4 million in 2019–2020 (2018–2019: £8.1 million). The fall in costs compared to the previous year is because the nursing associates programme completed during 2019–2020.

Support costs (Facilities, Finance, HR, ICT, Governance, Legal, depreciation and the FRS 102 defined benefit pension cost) were £30.3 million (2018–2019: £27.7 million). The increase/decrease is primarily due to higher spend on ICT to help improve our delivery.

Our 2019–2020 corporate plan included eight programmes and projects to deliver our strategy for 2015–2020. They were the Accommodation project, Modernisation of Technology Services, the Education programme, the Fitness to Practise strategic direction programme, the People Strategy, the Overseas programme, Digital Workplace and the Nursing Associates programme. The Accommodation project, Digital Workplace and the Nursing Associates programme were completed during the year: the other programmes continue into 2020–2021.

The aggregate revenue cost of these programmes was £3.6 million with a further £8.7 million as capital expenditure, bringing the total programme costs to £12.3 million. Compared to budget, we underspent our revenue budgets by £3.1 million. This includes savings made compared to budget on the Education programme and the Digital Workplace programme, and slippage on the People Strategy and the Fitness to Practise strategic direction programme. Spending on the Modernisation of Technology Services programme was less than budgeted for the year, but slippage on delivery was proportionately greater, and the programme is actually over budget for the stage of delivery that has been reached.

The net deficit on our defined benefit pension scheme is the difference between the value of the scheme assets and the value of the pension liability, which is the discounted present value of the pension benefits earned by members of the scheme. At each year end, the scheme assets are revalued to market value, and the scheme actuaries update their estimate of the value of the liability. The estimate of the liability depends on a number of assumptions including expected mortality rates, inflation and yields on corporate bonds over a number of years into the future.

At 31 March 2020, the scheme deficit reduced to £11.6 million, resulting in a gain of £1.7 million, shown in the Statement of Financial Activities as 'Actuarial gain on defined benefit pension scheme' (2018–2019: a loss of £3.3m). The market value of the scheme assets fell by £13.8 million relative to expected growth as a result of the worldwide falls in equity markets in February and March 2020 in response to the Covid-19 pandemic. However, the pension liability reduced by £15.5 million mainly due to the reduction in the expected rate of inflation since the previous year's valuation.

## 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 2020 the Council reviewed the latest position regarding the reserves policy and agreed that the target range of free reserves should remain zero to £25 million, and the minimum aggregate cash and investments balance should remain £20 million.

Total reserves as at 31 March 2020 were £57.5 million (2019: £48.3 million), and free reserves were £31 million (2019: £28.6 million). Although free reserves are now above the upper level in our target range, our strategy implementation plans, including significant capital investment in our infrastructure, are expected to bring our free reserves down towards the lower end of the target range by the end of the strategy period.

## Investment policy

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 2019–2020 surplus funds were held in interest bearing deposit accounts spread across five UK high street banks. The interest earned in 2019–2020 was £1.0 million (2018–2019: £0.6 million).

Council approved a new investment policy in May 2019, which identifies a fund of £30 million to invest in equities for the long term. We have appointed Sarasin & Partners as the investment managers for that £30 million fund. Since April 2020, we have begun to invest the fund in a range of equities, funds and bonds. We are proceeding very cautiously, given the continuing volatility in financial markets, and we think our investment strategy is still appropriate for the long term. We will now be exposed to the risk of capital losses, and we will see short term volatility in the value of our assets. But over the long term, equities have proven to be the best performing type of investment, and we expect that will continue to be true. 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  
6 July 2020

**Andrea Sutcliffe**  
Chief Executive and Registrar  
6 July 2020

# 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 charity trustees.

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 per month on NMC business. In practice, Council members dedicate considerably more time than this.

In order 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 annual allowances were last increased from £13,250 to £14,724 as recommended by the Independent Panel on 1 April 2017. There has been no subsequent increase. The annual allowance for the Chair of Council remains at £78,000. The allowance paid to the Chair in 2018–2019 includes an amount of £10,000 which was paid at an equivalent daily rate for 20 days of induction and preparation activity undertaken by the Chair prior to his taking up office on 1 May 2019, with the approval of the Council Vice-Chairs and the Chair of the Remuneration Committee.

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. The Partner member daily allowance was last increased from £260 to £286 from 1 April 2017.

In accordance with the arrangements described above, an Independent Panel convened in February 2020 to undertake a 'light touch' review of Council and Partner member allowances. The Panel's findings and recommendations were due to be considered by the Council in March 2020, but owing to the Covid-19 pandemic, this was deferred to 2020–2021.

Allowances paid to Council members in 2019–2020 amounted to £239,964 (2018–2019: £243,810). No extra contractual payments were made to any Council member in 2019–2020.

Allowance payments to Council and Partner 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. The expenses received by members vary widely due to the costs of travel and accommodation for attending meetings from home locations across the UK. This is particularly so for those members who have to travel from Northern Ireland, Wales and Scotland which necessitates overnight stays. In addition, members travel to Council meetings and events held outside London; for example, we held Council meetings in Manchester and Scotland in 2019. Members also travel to events in all four countries to engage with stakeholders, for example, at workshops and consultation events, or to visit the places where nurses, nursing associates and midwives work and students are educated and trained.

All allowances and expenses paid to Council members are set out in table 1. This differentiates between taxable expenses and other expenses. When meetings are held in London, the related expenses are considered to be a taxable benefit in kind, and are therefore part of members’ total remuneration. The NMC pays the income tax arising through a PAYE settlement agreement with HMRC, and the value of the benefit is shown gross including the attributable income tax.

When meetings are in London, Council members and the Executive team are provided with an evening meal in the canteen at 23 Portland Place. The cost of those meals is now considered part of the taxable benefit in kind, and is included in the taxable expenses column of table 1 and in the PAYE settlement agreement with HMRC. Where meetings and events are held outside London, the travel, accommodation and meal expenses are not taxable.

The expenses for 2018–2019 were previously disclosed in a single column, without making the distinction between taxable expenses and other expenses, and without including the evening meals in London or grossing up the taxable expenses related to London meetings. They have now been split between taxable expenses and other expenses and the taxable expenses have been restated, including the evening meals and at the gross value including income tax.

### **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 performance review of the Chair of the Council is undertaken by the Vice-Chairs. 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 performance reviews took place in 2019–2020.

### **Council and Partner members by gender**

The gender of Council and Partner members as at 31 March 2020 is shown below.



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

|  | 2019–2020                         |                                     |  |                                   | 2018–2019                         |  |   |                                   |
|--|-----------------------------------|-------------------------------------|--|-----------------------------------|-----------------------------------|--|---|-----------------------------------|
|  | Allowance (bands of £5,000) £'000 | Taxable expenses (to nearest £'100) | Total remuneration (bands of £5,000) £'000 | Other expenses (to nearest £'100) | Allowance (bands of £5,000) £'000 | Taxable expenses (restated) (to nearest £'100) | Total remuneration (restated) (bands of £5,000) £'000 | Other expenses (to nearest £'100) |
| Philip Graf CBE – Chair (from 1 May 2018)                | 75-80                             | 2,500                               | 80-85                                      | 0                                 | 80-85                             | 700  | 80-85   | 2,500                             |
| Professor Dame Janet Finch – Chair (until 30 April 2018) | 0                                 | 0                                   | 0  | 0                                 | 5-10                              | 7,200  | 10-15   | 100                               |
| Dr Anne Wright CBE                                       | 10-15                             | 1,000                               | 15-20                                      | 0                                 | 10-15                             | 900  | 15-20   | 0                                 |
| Claire Johnstone (from 01 September 2018)                | 10-15                             | 1,800                               | 15-20                                      | 0                                 | 5-10                              | 500  | 5-10  | 0                                 |
| Derek Pretty   | 10-15                             | 4,200                               | 15-20                                      | 800                               | 10-15                             | 5,200  | 15-20   | 0                                 |
| Sir Hugh Bayley  | 10-15                             | 1,700                               | 15-20                                      | 0                                 | 10-15                             | 3,800  | 15-20   | 0                                 |
| Professor Karen Cox                                      | 10-15                             | 2,100                               | 15-20                                      | 600                               | 10-15                             | 2,900  | 15-20   | 0                                 |
| Lorna Tinsley  | 10-15                             | 3,000                               | 15-20                                      | 300                               | 10-15                             | 5,000  | 15-20   | 100                               |
| Marta Phillips OBE                                       | 10-15                             | 1,400                               | 15-20                                      | 0                                 | 10-15                             | 400  | 15-20   | 0                                 |
| Maura Devlin MBE   | 10-15                             | 13,700                              | 25-30                                      | 400                               | 10-15                             | 11,800   | 25-30   | 300                               |
| Maureen Morgan OBE (until 30 April 2018)                 | 0                                 | 0                                   | 0  | 0                                 | 0-5                               | 1,000  | 0-5   | 0                                 |
| Robert Parry   | 10-15                             | 4,900                               | 15-20                                      | 200                               | 10-15                             | 7,300  | 20-25   | 100                               |
| Ruth Walker MBE  | 10-15                             | 5,200                               | 15-20                                      | 400                               | 10-15                             | 6,100  | 15-20   | 0                                 |
| Stephen Thornton CBE                                     | 10-15                             | 4,500                               | 15-20                                      | 1,000                             | 10-15                             | 4,400  | 15-20   | 0                                 |
| <b>Totals</b>  | <b>240.0</b>                      | <b>46,000</b>                       | <b>286.0</b>                               | <b>3,700</b>                      | <b>244.0</b>                      | <b>57,200</b>                                  | <b>301.0</b>  | <b>3,100</b>                      |



## 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 2019–2020 all directors reported directly to the Chief Executive. No Executive Directors are members of the Council or trustees of the charity. 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. Andrea Sutcliffe was appointed Chief Executive and Registrar of the NMC on 14 January 2019.

### 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 Executive pay framework principles approved in 2016.

The Remuneration Committee reviewed the Executive's remuneration for 2019–2020 in February 2019. The Remuneration Committee concluded that for 2019–2020 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 cost of living increase.

The Chief Executive's remuneration package for 2019–2020 included a base salary of £175,000 (2018–2019: £175,000) and benefits in kind of £163. In addition, Andrea Sutcliffe joined the NMC's defined contribution pension scheme on 14 April 2019 and the total employer contributions paid in 2019–2020 was £14,000, giving rise to a single total figure of remuneration of £189,163. In 2018–2019, her salary from her start date of 14 January 2019 was £37,634 with benefits in kind of £110 and no pension benefits, giving rise to a single total figure of remuneration of £37,744.

The remuneration of the Executive team is set out in table 2. In total the Executive team (including interim directors) were paid £1.268 million in 2019–2020 (2018–2019: £1.245 million).

As noted above, when Council meetings are in London, members of the Executive team attend evening meals with Council and those meals are now considered to be a taxable benefit in kind. The NMC pays the income tax arising through a PAYE settlement agreement with HMRC, and the value of the benefit is shown gross including the attributable income tax. The Executive team remuneration for 2018–2019 has been restated to include the gross value of this benefit in kind within their total remuneration. The Executive team does not receive any other taxable benefits. The Executive's expenses which are not taxable are also shown in table 2.

As required by HM Treasury's financial reporting manual, table 3 provides further detail about the pension benefits for the current member of the Executive who is a member of the defined benefit pension scheme.

The NMC does not operate any performance related pay or bonus arrangements. None of the Executive therefore received any performance bonuses.

The Chief Executive and Registrar'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 Remuneration Committee considered Executive remuneration for 2020–2021 in February and March 2020. In doing, so, the Committee took account of changes to director roles resulting from an organisational redesign. The Committee's consideration was informed by external benchmarking evidence and the results of job evaluation of the new/revised Executive Director roles. The Committee approved proposals for a revision to the Executive remuneration framework to include a market range and maximum pay level.

The Committee approved remuneration levels for each of the Executive Director roles, which in each case encompassed a 2 percent cost of living increase as approved by the Council for other staff for 2020–2021. The Committee also agreed the proposed remuneration level for recruitment to a new Executive Director role of People and Organisational Effectiveness.

The Committee agreed to a request by the Chief Executive and Registrar not to receive a pay increase.

The Committee intends to undertake a more strategic review of Executive Reward and what it is designed to achieve during 2020–2021.

**Table 2: Executive team remuneration**

|   | 2019–2020                                   |                                    |                                     |  |                            | 2018–2019                                   |                                    |                                     |  |                            |
|---|---|------------------------------------|-------------------------------------|--|----------------------------|---|------------------------------------|-------------------------------------|--|----------------------------|
|   | Salary (bands of £5,000) £'000              | Benefits in kind (to nearest £100) | Pension benefits (to nearest £'000) | Total remuneration (bands of £5,000) £'000 | Expenses (to nearest £100) | Salary (bands of £5,000) £'000              | Benefits in kind (to nearest £100) | Pension benefits (to nearest £'000) | Total remuneration (bands of £5,000) £'000 | Expenses (to nearest £100) |
| Andrea Sutcliffe<br>Chief Executive and Registrar from 14 January 2019  | 170-175                                     | 200                                | 14,000                              | 185-190                                    | 5,400                      | 35-40<br>Full year equivalent (FYE) 170-175 | 100                                | 0                                   | 35-40                                      | 2,200                      |
| Emma Broadbent<br>Director of Registration and Revalidation   | 130-135                                     | 100                                | 15,000                              | 145-150                                    | 1,800                      | 125-130                                     | 300                                | 15,000                              | 145-150                                    | 1,900                      |
| Sarah Daniels<br>Director of People and Organisational Development  | 125-130                                     | 100                                | 15,000                              | 140-145                                    | 700                        | 120-125                                     | 200                                | 15,000                              | 135-140                                    | 0                          |
| Andrew Gillies<br>Interim Director of Resources from 26 July 2018; Director of Resources and TBI from 1 August 2019 | 120-125                                     | 100                                | 15,000                              | 135-140                                    | 1,500                      | 75-80<br>FYE 110-115                        | 200                                | 9,000                               | 85-90                                      | 0                          |
| Matthew McClelland <sup>1</sup><br>Director of Fitness to Practise  | 135-140                                     | 100                                | 39,000                              | 175-180                                    | 3,800                      | 130-135                                     | 300                                | 35,000                              | 165-170                                    | 3,100                      |
| Richard Sheldon<br>Interim Director of Technology and Business Innovation from 3 September 2018 to 2 September 2019 | 55-60<br>FYE 115-120                        | 0                                  | 4,000                               | 55-60                                      | 100                        | 65-70<br>FYE 110-115                        | 200                                | 5,000                               | 70-75                                      | 1,300                      |
| Geraldine Walters<br>Director of Education, Standards and Policy  | 155-160                                     | 200                                | 13,000                              | 170-175                                    | 3,900                      | 155-160                                     | 300                                | 12,000                              | 165-170                                    | 4,500                      |
| Edward Welsh<br>Director of External Affairs from 21 May 2018   | 140-145                                     | 100                                | 17,000                              | 160-165                                    | 2,700                      | 120-125<br>FYE 135-140                      | 300                                | 14,000                              | 135-140                                    | 1,800                      |
| Candace Imison<br>Director of Strategy Development from 8 April 2019, 3 days per week                               | 70-75<br>Full time equivalent (FTE) 115-120 | 100                                | 8,000                               | 80-85                                      | 1,800                      | 0   | 0                                  | 0                                   | 0  | 0                          |

|  | 2019–2020                               |   |  |  |                                  | 2018–2019                               |   |  |  |                                  |
|--|---|---|--|--|----------------------------------|---|---|--|--|----------------------------------|
|  | Salary<br>(bands of<br>£5,000)<br>£'000 | Benefits in<br>kind<br>(to nearest<br>£100) | Pension<br>benefits (to<br>nearest<br>£'000) | Total<br>remuneration<br>(bands of<br>£5,000)<br>£'000 | Expenses<br>(to nearest<br>£100) | Salary<br>(bands of<br>£5,000)<br>£'000 | Benefits in<br>kind<br>(to nearest<br>£100) | Pension<br>benefits (to<br>nearest<br>£'000) | Total<br>remuneration<br>(bands of<br>£5,000)<br>£'000 | Expenses<br>(to nearest<br>£100) |
| Sue Killen<br>Interim Chief Executive and<br>Registrar from 23 July 2018 to<br>16 January 2019 | 0                                       | 0   | 0  | 0  | 0                                | 100-105<br>FYE 215-<br>220              | 100   | 0  | 100-105  | 300                              |
| Jackie Smith <sup>2</sup><br>Chief Executive and Registrar to<br>31 July 2018                  | 0                                       | 0   | 0  | 0  | 0                                | 125-130<br>FYE 200-<br>205              | 200   | 11,000                                       | 140-145  | 2,400                            |
| Gary Walker<br>Interim Director of Resources<br>from 2 February 2018 to<br>31 July 2018        | 0                                       | 0   | 0  | 0  | 0                                | 50-55<br>FYE 160-<br>165                | 0   | 0  | 50-55  | 0                                |
| <b>Totals</b>  | <b>1,126.8</b>                          | <b>1,000</b>                                | <b>140,000</b>                               | <b>1,268.3</b>   | <b>21,700</b>                    | <b>1,126.8</b>                          | <b>2,200</b>                                | <b>116,000</b>                               | <b>1,245.1</b>   | <b>17,500</b>                    |

<sup>1</sup> Matthew McClelland is a member of the defined benefit scheme, and details of the value of his pension benefits in 2019–2020 are shown in table 3. His pension benefits shown above have been calculated as the real increase in his pension in the year multiplied by 20 less the value of employee contributions made. The other current directors 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.

<sup>2</sup> Jackie Smith was Chief Executive of the NMC from October 2012. Her salary in 2018–2019 was £200,641. 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. Jackie Smith was a member of the defined benefit scheme, and her pension benefits in 2018–2019 were calculated as the real increase in her pension in the year multiplied by 20 less the value of employee contributions made.

**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 2020 (bands of £5,000) £'000 | Cash equivalent transfer value at 1 Apr 2019 £'000 | Cash equivalent transfer value at 31 Mar 2020 £'000 | Real increase in cash equivalent transfer value £'000 |
|---|--|--|--|---|---|
| Matthew McClelland<br>Director of Fitness to Practise | 0-2.5  | 15-20  | 356  | 467   | 61  |

## Off payroll engagements and exit packages

In line with HM Treasury requirements, information must be published on highly paid and/or senior off payroll engagements at the year end, and the number and cost of exit packages agreed and paid during the year and the prior year. None of the Council or the Executive team are engaged off payroll. All off payroll engagements are assessed using the government employment status calculator to identify the correct method of engagement.

**Table 4: Off payroll engagements**

| <b>Off payroll engagements as of 31 March 2020, for more than £245 per day and that last for longer than six months</b>   |   |
|---|---|
| <b>Number of existing engagements as of 31 March 2020</b>   | 4 |
| Of which:   |   |
| Number that have existed for less than one year at time of reporting  | 1 |
| Number that have existed for between one and two years at time of reporting   | 0 |
| Number that have existed for between two and three years at time of reporting   | 2 |
| Number that have existed for between three and four years at time of reporting  | 1 |
| <b>For all new off payroll engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020, for more than £245 per day and that last for longer than six months</b> |   |
| Number of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020   | 3 |
| Of which:   |   |
| Number assessed as within IR35  | 3 |
| Number assessed as outside IR35   | 0 |
| Number engaged directly and are on the payroll  | 3 |
| Number of engagements reassessed for consistency/assurance purposes during the year   | 1 |
| Number of engagements that saw a change to IR35 status following the consistency review   | 1 |

**Table 5: Exit packages**

| Year ended 31 March 2020             |                                   |                                   |  |  |
|--------------------------------------|-----------------------------------|-----------------------------------|--|--|
| Exit package cost band               | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band | Number of departures where special payments have been made |
| Less than £10,000                    | -                                 | 8                                 | 8  | -  |
| £10,001 - £25,000                    | 1                                 | 1                                 | 2  | -  |
| £25,001 - £50,000                    | -                                 | 1                                 | 1  | -  |
| <b>Total number of exit packages</b> | <b>1</b>                          | <b>10</b>                         | <b>11</b>                                  | <b>-</b>   |
| <b>Total cost £</b>                  | <b>14,915</b>                     | <b>87,071</b>                     | <b>101,986</b>                             | <b>-</b>   |

| Year ended 31 March 2019             |                                   |                                   |  |  |
|--------------------------------------|-----------------------------------|-----------------------------------|--|--|
| Exit package cost band               | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band | Number of departures where special payments have been made |
| Less than £10,000                    | -                                 | 8                                 | 8  | -  |
| £10,001 - £25,000                    | -                                 | 4                                 | 4  | 1  |
| £25,001 - £50,000                    | 1                                 | 1                                 | 2  | -  |
| £50,001 - £100,000                   | -                                 | 1                                 | 1  | -  |
| <b>Total number of exit packages</b> | <b>1</b>                          | <b>14</b>                         | <b>15</b>                                  | <b>1</b>   |
| <b>Total cost £</b>                  | <b>43,327</b>                     | <b>214,511</b>                    | <b>257,838</b>                             | <b>22,785</b>  |

## Remuneration and performance assessment of employees other than the Executive

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. Based on this information, the Council approved a standard rate increase in pay for all eligible employees of 2.5 percent with effect from 1 April 2019.

We made a commitment in our People Strategy 2017–2020 to review our reward for employees. High employee turnover, evidence of colleagues' dissatisfaction with pay through employee surveys and exit interviews, and evidence from benchmarking had confirmed that our pay rates had fallen behind comparator organisations. During summer 2019, a formal consultation was completed to introduce a new grading and pay scheme, which resulted in the revision of pay grades and associated salaries according to employment market benchmarking. The revised scheme was implemented in October 2019. Alongside the new pay ranges, we applied further salary increases to move colleagues closer to the middle of their new pay bands, focusing on the lower paid grades. These increases were effective from 1 April 2019.

For 2020–2021, the Council approved a standard rate increase in pay for all eligible employees of 2 percent with effect from 1 April 2020. The 2 percent increase has also been applied to the minimum and maximum values of each of the staff pay grades introduced in October 2019. We also implemented a second stage of salary increases to move colleagues towards the middle of their pay bands, again focusing on the lower paid grades, also effective from 1 April 2020.

Our performance and development review process operated as in previous years with annual objectives set for the coming year in April and reviewed in October. This process is not linked to pay.

### Pension arrangements

Our main pension scheme is a defined contribution pension scheme. The minimum contribution level is that employees contribute one percent of their salary and the NMC contributes eight percent (2018–2019: eight percent). The NMC matches additional employee contributions up to a maximum of twelve percent employer contributions. At 31 March 2020, 719 employees (84.5 percent) were members of the defined contribution scheme (31 March 2019: 604, 77.5 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 the NMC after 1 November 2013. Members of the defined benefit scheme make a contribution of six percent of salary. The employer's contribution during 2019–2020 was 39.3 percent (2018–2019: 39.3 percent), as set by the Scheme Actuary. At 31 March 2020, 94 employees (11.0 percent) were members of the defined benefit scheme (31 March 2019: 105, 13.5 percent).

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

## NMC grading structure and pay differentials

**Table 6: Employees by grade and gender at 31 March 2020**

| Pay level              | Male       | Female     | Total      |
|------------------------|------------|------------|------------|
| 1-4                    | 142        | 286        | 428        |
| 5-7                    | 116        | 198        | 314        |
| 8-11                   | 37         | 64         | 101        |
| Director               | 3          | 4          | 7          |
| CEO                    | -          | 1          | 1          |
| <b>Total employees</b> | <b>298</b> | <b>553</b> | <b>851</b> |

The highest paid permanent employee in the NMC at 31 March 2020 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 4.86 times the median remuneration of NMC employees, which was £35,983. In 2018–2019, Andrea Sutcliffe's remuneration was 5.57 times the median remuneration of NMC employees, which was £31,424. Remuneration in this calculation is based on annualised, full-time equivalent remuneration of all staff (not including contractor and agency staff) as at the reporting date. It does not include paid annual leave, employer pension contributions or the cash equivalent transfer value of pensions.



## Gender pay gap

We published our third annual Gender Pay report in April 2020 reflecting the situation at 5 April 2019.

Our median pay gap for 2019 was 12.6 percent (2018: 4.8 percent) and the mean pay gap was 3.9 percent in 2019 (2018: 1.6 percent). The change in our median is the result of a change in our employee demographics: there were proportionally more females in the lowest grades compared to 2018. This resulted in an increase in the median pay gap. The male and female comparator “median employee” in 2019 are situated within the same pay grade. However they have different roles within the organisation.

The mean pay gap has also been negatively impacted in 2019 resulting in the gap increasing by 2.3 percent compared to 2018. In 2019 the proportion of male employees in our highest paid grades increased by 2 percent, whereas the proportion of female employees in the same group only increased by 1 percent.

We also continue to monitor equal pay. Our audits show that we are confident we are paying people of different genders equally. Any difference found in 2019–2020 was very low and continues to reduce year on year.

Despite the increase in the median gender pay gap, our gender pay gap is significantly smaller than reported UK trends: the NMC’s mean gender pay gap is smaller than 90 percent of employers and our median gender pay gap is smaller than 69 percent of employers.

We are disappointed that the gender pay gap worsened over this period. We continue to explore ways to tackle this issue as we review our overall approach to reward, including looking at ways to minimise any possible barriers to progression, such as further unconscious bias training, reverse mentoring schemes and other strategies such as shadowing and mentoring.

## Employee sickness and turnover

Employee sickness and turnover is reported in the “our people and our organisation” section of the performance review. Sickness absence was 2.7 percent in 2019–2020 (2018–2019: 3.0 percent), and employee turnover as at 31 March 2020 was 13.5 percent (31 March 2019: 21.6 percent). We are pleased to note that both indicators have improved over the year, particularly turnover, through the successful implementation of our People Strategy to make the NMC a great place to work.

**Philip Graf**  
Chair  
6 July 2020

**Andrea Sutcliffe**  
Chief Executive and Registrar  
6 July 2020

# 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 they are 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

#### Statutory Auditor

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

#### Internal Auditor

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

#### Solicitors

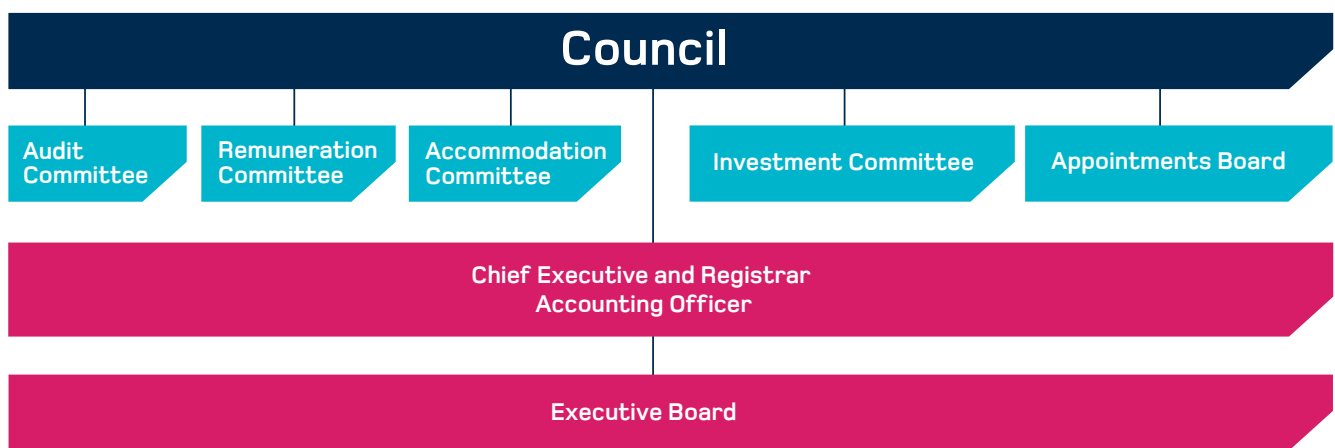
Blake Morgan LLP  
Harbour Court  
Compass Road  
North Harbour  
Portsmouth  
PO6 4ST

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>3</sup> We are also a registered charity.<sup>4</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>5</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.

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

4 Registered in England and Wales (number 1091434) and in Scotland (number SC038362)

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

The Chair and members of the Council are appointed by the Privy Council, following open and competitive selection 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.

We carried out a selection process in 2019–2020 for four new Council members. The new members were originally intended to start their terms on 1 May 2020 to replace four Council members whose terms were due to end on 30 April 2020. Owing to the Covid-19 pandemic, the Privy Council, on our recommendation, deferred the appointment of the four new Council members to take effect on 1 October 2020. The designate Council members are:

- Eileen McEneaney (registrant)
- Lynne Wigans (registrant)
- Anna Walker (lay)
- Sue Whelan Tracy (lay)

To provide consistency during the interim period, the Privy Council extended the terms of the following Council members who were due to depart the Council at the end of April 2020 to 30 September 2020.

- Maura Devlin (registrant)
- Lorna Tinsley (registrant)
- Stephen Thornton (lay)
- Dr Anne Wright (lay)

The following Council members have been reappointed for a second term from 1 May 2020:

- Ruth Walker (registrant – term ends 30 April 2024)
- Sir Hugh Bayley (lay – term ends 30 April 2023)
- Derek Pretty (lay – term ends 30 April 2024)
- Marta Phillips (lay – terms ends 30 April 2023)

## Council membership and attendance 1 April 2019 to 31 March 2020

| Member                  | Number of sessions attended* | Number of sessions held* | % of sessions attended |
|-------------------------|------------------------------|--------------------------|------------------------|
| Philip Graf CBE (Chair) | 13                           | 13                       | 100%                   |
| Sir Hugh Bayley         | 11                           | 13                       | 85%                    |
| Professor Karen Cox     | 11                           | 13                       | 85%                    |
| Maura Devlin MBE        | 13                           | 13                       | 100%                   |
| Claire Johnston         | 12                           | 13                       | 92%                    |
| Robert Parry            | 13                           | 13                       | 100%                   |
| Stephen Thornton CBE    | 13                           | 13                       | 100%                   |
| Lorna Tinsley           | 10                           | 13                       | 77%                    |
| Dr Anne Wright CBE      | 11                           | 13                       | 85%                    |
| Ruth Walker MBE         | 9                            | 13                       | 69%                    |
| Derek Pretty            | 12                           | 13                       | 92%                    |
| Marta Phillips OBE      | 11                           | 13                       | 85%                    |

\* 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. These include attending consultation workshops and events with public, patients, professionals and other stakeholders as well as visits to places where nurses, nursing associates and midwives work and to educational institutions. Due to the Covid-19 pandemic, Council seminars and meetings have been held virtually, as allowed for within Standing Orders, since March 2020.

## 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. In accordance with good governance, an external independent review of effectiveness and governance took place in 2019 to ensure that our arrangements reflect good practice and are agile and fit for the future. The review found that our approach to governance is robust and detailed, with a number of aspects of good governance in evidence. Some practical and logistical suggestions for strengthening current arrangements were made and are being implemented incrementally, including moving to electronic Council and Committee papers, rebalancing the work of the Council and Executive and moving to quarterly performance and risk reporting.

## Council committees

The Council continues to have an Audit Committee, a Remuneration Committee, an Investment Committee and an Appointments Board.

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 regularly.

The remit, membership and attendance record for each Committee is set out below.

## 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 2019 to 31 March 2020 were as follows.

| Member                     | Number of sessions attended | Number of sessions held | % of sessions attended |
|----------------------------|-----------------------------|-------------------------|------------------------|
| Marta Phillips OBE (Chair) | 4                           | 4                       | 100%                   |
| Robert Parry               | 3                           | 4                       | 75%                    |
| 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 2019 to 31 March 2020 are shown below.

| Member                      | Number of sessions attended* | Number of sessions held* | % of sessions attended |
|-----------------------------|------------------------------|--------------------------|------------------------|
| Professor Karen Cox (Chair) | 4                            | 4                        | 100%                   |
| Sir Hugh Bayley             | 4                            | 4                        | 100%                   |
| Maura Devlin MBE            | 4                            | 4                        | 100%                   |

\* Includes two meetings held by teleconference

The Committee also held an informal workshop in October 2019 and made a number of decisions by correspondence.



## 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 for the period 1 April 2019 to 31 March 2020 were as follows, including two independent members appointed to take office from 15 April 2019.

| Member  | Number of sessions attended* | Number of sessions held* | % of sessions attended |
|---|------------------------------|--------------------------|------------------------|
| Derek Pretty (Chair)                            | 5                            | 5                        | 100%                   |
| Thomasina Findlay<br>(appointed 15 April 2019)  | 5                            | 5                        | 100%                   |
| Nick McLeod-Clarke<br>(appointed 15 April 2019) | 5                            | 5                        | 100%                   |
| Stephen Thornton CBE                            | 5                            | 5                        | 100%                   |
| Claire Johnston                                 | 4                            | 5                        | 80%                    |

\* Includes one meeting held by teleconference

The Committee also undertook considerable activity during the year on the procurement and appointment of a fund manager for our long term investments and made decisions by correspondence.

## Appointments Board

The Appointments Board is made up entirely of non-Council (partner) members, appointed following open competitive recruitment processes. Frederick Psyk was reappointed to serve a second term from 1 September 2019.

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 2019 to 31 March 2020 are shown below.

| Member               | Number of sessions attended | Number of sessions held | % of sessions attended |
|----------------------|-----------------------------|-------------------------|------------------------|
| Jane Slatter (Chair) | 4                           | 4                       | 100%                   |
| Robert Allan         | 4                           | 4                       | 100%                   |
| Angie Loveless       | 4                           | 4                       | 100%                   |
| Frederick Psyk       | 4                           | 4                       | 100%                   |
| Clare Salters        | 4                           | 4                       | 100%                   |

## Role of the Executive

The Chief Executive and Registrar is appointed by, and accountable to, the Council. The Chief Executive and Registrar's role is to lead and manage the NMC's regulatory, professional, business and financial affairs within the strategic framework established by the Council.

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 management decision-making body. The Board's membership comprises the Chief Executive and Registrar and all directors. General Counsel also attends. The Board works with the Chief Executive and Registrar and provides assurances 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 April 2020 the Professional Standards Authority (PSA) published its annual review of our performance for 2018–2019. The PSA found that we had met 22 of the 24 Standards of Good Regulation. The two we did not meet were in relation to Fitness to Practise Standards:

- 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).

The PSA recognised the extensive work we have carried out in response to the findings of the *Lessons Learned Review*, published in May 2018, into our handling of the Morecambe Bay fitness to practise cases.

The PSA has revised the Standards of Good Regulation used to assess regulators' performance annually, including introducing a new set of General Standards. The PSA piloted the five new General Standards of Good Regulation between April and September 2019. We were pleased to take part in the pilot for Standard 3, relating to Equality and Diversity, and we met this Standard. The new Standards will apply to the 2019–2020 performance review, currently underway.

## Performance monitoring and data quality

The Council regularly monitors progress against our corporate plan and budget through performance reports, key performance indicators (KPIs), financial reports and risk updates at public meetings. 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.

During 2020–2021, the Council and Executive plan a fundamental review of our corporate performance measures to ensure that they are aligned to the ambitions of our new strategy for 2020–2025. In co-production with delivery teams, we will continue to improve reports over time to ensure that we have the right balance of measures which track our current performance against our corporate plan and our strategy.

To support this work we continue 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 public meetings during the year. Confidential issues relating to specific individual risks may be discussed in closed session where necessary. This has been limited to two areas during 2019–2020 covering the Modernising of Technology Services programme (MOTS) and the Covid-19 pandemic which were discussed in private as well as public session.

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 implemented. She is responsible, with 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 Audit Committee, as appropriate.

An internal audit of our risk management maturity conducted in February 2020 concluded that we continue to maintain reasonable levels of assurance that controls are suitably designed and consistently applied. While some improvements have been made, we recognise that we have not been able to make as much progress as we would have liked in relation to our risk management arrangements during 2019–2020. This is reflected in the internal audit assessment of our risk management maturity as ‘Developing’. We will refocus our work in 2020–2021 on moving our risk management to ‘Maturing’. Opportunities include:

- strengthening the risk management approach across all levels of the organisation including within the new directorates established in our new organisational design
- risk education and training for colleagues across the organisation
- reviewing and aligning risk appetite to our new strategy
- enhancing how we identify risks and opportunities within our business planning framework
- designing a framework of risk assurance which draws together insights from across all our sources of assurance (both internal and external sources).

## **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
- schemes of delegation which clearly articulate the authority levels for decision making.

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 every month
- 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.

An annual assessment of risk management effectiveness and internal control is usually undertaken based on self-assessment by each director of the risks and controls within their respective areas. In 2019–2020, owing to the Covid-19 pandemic and the need to prioritise our response to the emergency, the corporate risk team prepared assessments for each director who approved the contents. This assessment concluded that, overall, we have reasonable assurance that our internal control environment operates adequately at corporate and directorate level. During 2020–2021 we will ensure that new directorates resulting from our organisational restructure put in place an appropriate control environment.

## Serious incident/notifiable event reporting

In common with a large number of charities, we received a letter from the Charity Commission in 2019 reminding the trustees of their responsibility to report serious incidents. This followed the safeguarding issues identified at an international aid charity in early 2018.

The Audit Committee reviewed our processes for reporting incidents to the Charity Commission and OSCR and provided assurance to the Council that they remain appropriate. Issues which require reporting to the Charity Commission/OSCR are identified through a number of routes: primarily the Serious Event Review policy and process, but also through the Whistleblowing; Anti-Fraud, Bribery and Corruption; and Safeguarding policies and processes. In accordance with Charity Commission/OSCR guidance, where we identify an issue that should be reported, this would be reported promptly to the Council, as trustees, and permission sought to report to the Charity Commission/OSCR.

In 2019–2020 we reported one serious incident to the Charity Commission, who were satisfied that the Council was dealing with the matter appropriately and responsibly. This matter arose as a safeguarding concern and is referred to in the relevant section below.

## Public interest disclosures (whistleblowing)

Our Whistleblowing policy encourages colleagues and others who work for, or with, us to speak up if they see something wrong. We review the policy regularly and have continued to raise awareness of the policy by promoting it through managers' guidance, internal communications and through a number of 'lunch and learn' briefings open to all staff.

The Audit Committee receives a report on whistleblowing at every meeting. There were five occasions when people used the whistleblowing policy to raise concerns in 2019–2020 (2018–2019: none).

The increase in the number of concerns raised is thought to reflect a positive shift in the NMC's culture towards one in which staff feel encouraged to speak up. The majority of the issues raised were a mixture of internal complaints, potential grievance matters and wider concerns about HR/people related issues. These included issues about resourcing levels in teams, management arrangements, culture and behaviours, inconsistent application of policies relating to promotion and development, how colleagues are supported on return to work after a prolonged absence, and the proportionality of action being taken in relation to allegations against staff. Various approaches were taken to the concerns raised including a mix of internal reviews and external assessments. In each case, the individuals raising the concerns were kept informed of the action being taken and the outcomes.

Key actions identified from some of the concerns raised included:

- Ensuring that any external review is conducted in line with the NMC's values and behaviours and building this into our procurement approach.
- Putting in place guidance and dedicated support for colleagues dealing with cases which are difficult and stressful, including effective debriefing arrangements.
- Clarifying our processes for individuals wishing to raise formal concerns outside of the grievance and whistleblowing process to encourage people to speak up and share concerns but also to be clear about what will be done to address concerns.

An action plan is in place to take forward these and other recommendations, with progress monitored by the Executive.

One whistleblowing concern raised in February 2020 about potential inconsistent application of requirements for admission to the register is currently being investigated and the outcomes will be reported once complete.

## Safeguarding and protecting people

We have a Safeguarding and Protecting People from Harm policy in place which reflects how seriously we take our responsibilities to safeguard and protect from harm all who come into contact with us and those who work with and for us. A designated director was appointed as the corporate safeguarding lead in March 2019. We reviewed our policy to ensure it remains up to date and effective. The policy focuses both on the role of colleagues in identifying and managing external concerns they may become aware of and, internally, on protecting colleagues from abuse and harassment. Our review found some areas for improvement, such as needing more employee awareness of our operational safeguarding processes and strengthening how we record concerns so that we have a clearer picture across the organisation. We developed an action plan to address these improvement areas and the Council approved updates to the policy in January 2020.

As at 31 March 2020, 299 employees had completed our safeguarding e-learning course and 67 employees from key teams had participated in a full day training session facilitated by a member of the Social Care Institute for Excellence. In 2020–2021 we will continue to encourage more colleagues to complete the e-learning and also provide training to address support needs for particular teams, so that colleagues know what their safeguarding responsibilities are and are confident in how to carry these out.

We were aware of 14 safeguarding concerns during 2019–2020. These were handled appropriately, with five referred to an external safeguarding body or the police. In one case, we reported a safeguarding concern to the Charity Commission as mentioned above.



## Learning from complaints and incidents

During the year we launched our new Enquiries and Complaints function to improve how we handle complaints. Further detail is available in the performance review section of this report.

### Internal incident reporting

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 Executive Board and Audit Committee meetings quarterly.

During 2019–2020, a total of 179 corporate incidents and near misses were reported (2018–2019: 184).

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 179 corporate incidents reported in 2019–2020, 49 were classified as SEs (2018–2019: 46), while the remaining 130 were AIs (2018–2019: 138). As a result of serious events, our processes were reviewed and strengthened, particularly in relation to information security and external and internal communication. The changes included updates to internal guidance, and refresher and additional training have been provided to employees. We have no evidence of actual harm arising from SERs raised during the year. Safeguarding concerns are handled separately, as described above.



During  
2019–2020  
a total of

**179**

**corporate incidents and  
near misses were reported**  
(2018–2019: 184)

## Information governance and lapses in protective security

We continue to align our information security management to ISO 27001, the international information security standard.

Incidents are reported, managed and investigated in line with our Serious Event Reporting (SER) process through which learning and recommendations for improvement are identified.

The table below provides a breakdown of the number of information security incidents in 2019–2020, with 2018–2019 figures shown for comparative purposes. We no longer include insignificant incidents in the total. Of the 98 information security incidents recorded in 2019–2020, 61 were unauthorised disclosure of data (data breaches).

In 2019–2020 we reported two personal data breaches to the Information Commissioner’s Office (ICO) (2018–2019: five). The ICO has not taken any regulatory action in relation to these breaches.

|              | Information security incidents |            |
|--------------|--------------------------------|------------|
|              | 2019–20                        | 2018–19    |
| Critical     | 0                              | 0          |
| Major        | 2                              | 0          |
| Moderate     | 31                             | 27         |
| Minor        | 65                             | 74         |
| <b>Total</b> | <b>98</b>                      | <b>101</b> |

## Anti-fraud, bribery and corruption

No instances of actual or suspected fraud, bribery or corruption were detected in 2019–2020 (2018–2019: none). Anti-fraud and bribery training is mandatory for all new employees. Refresher training is undertaken every other year and new guidance was developed regarding procurement highlighting key messages and safeguards to avoid fraud, bribery and corruption.

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.

During 2020–2021 we will implement additional recruitment vetting processes for key roles where the risk of fraud, bribery and corruption are potentially higher, for example, within the finance team.

## **Modern slavery**

Modern slavery has no place in society and we are committed to ensuring that there are no modern slavery offences existing within our supply chain.

This year we continued to refine our business practices and processes to help raise awareness and ensure there are no modern slavery offences in our supply chain. Improvements include: developing a modern slavery e-learning module which is available for all colleagues; building modern slavery into our standard supplier assurance and contract management procedures; and working with our business travel supplier to review the main hotels we use.

In accordance with the requirements of the Modern Slavery Act 2015, we updated and published our Modern Slavery Statement in March 2020. We did not identify any possible modern slavery issues during the year.

## **Welsh language**

We will be submitting our annual monitoring report on services we have offered to Welsh language speakers to the Welsh Language Commission in the autumn as usual. This report is made under the obligations contained within our Welsh Language Scheme. We have been engaging closely with the Welsh government and other regulators to prepare for the introduction of new Welsh language legislation, which the Welsh government is consulting on. This legislation is expected to come into force in 2021. We have been undertaking internal analysis to estimate the work that will be required to comply with the new standards. We are pleased to be able to work with the Welsh government and other stakeholders to provide services for speakers of the Welsh language.

## Key issues and risks addressed during the year

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

### Covid-19 pandemic

With the largest register of health care professionals in the UK, it was essential that we acted swiftly to support our professions through guidance, provide clear advice to partners, and tailor how we work to ensure that we could continue to regulate in an effective way.

Key to this was proactive collaboration with our partners in the sector. This included: joint regulator statements about how we intended to regulate and take account of context during the pandemic; reviewing and aligning our temporary regulatory powers with other regulators so that we could learn lessons from others; engaging with stakeholders from across the four countries to understand how each country intended to respond and how we could work together; regular and continued contact with Chief Nursing Officers to understand workforce requirements on the ground, and working closely with the four administrations to build capacity through temporary registration.

Internally, we used our business continuity plans to take a range of actions which minimised the disruption to our own operations during the emergency. These included: senior management meeting daily to discuss and resolve Covid-19 issues; quickly setting up our Contact Centre to operate remotely; supporting NMC colleagues to work from home and in a flexible way; undertaking organisation-wide re-prioritisation to ensure that we focused our available workforce capacity on delivering core regulatory activities; and strong internal and external engagement and communications to provide clear and concise advice.

The emergency response will continue into 2020–2021 and we retain this as a serious live risk on our corporate risk register. We expect Covid-19 will delay progress against our corporate plan and budget for 2020–2021 and the Council and Executive have committed to review the impact in the latter part of the year.

### ICT risks

A significant ongoing corporate risk on our risk register continues to be our outdated core ICT systems. As described in the performance review section, progress has been made on our programme to modernise our ICT systems. During 2020–2021 we will complete phase 1 of the programme, the implementation of the new register on Microsoft Dynamics 365, which will significantly reduce our ICT risk. However, the programme is behind schedule and over budget.

At the beginning of the year, there was a change in leadership for the programme, and programme governance and management were strengthened. A revised delivery plan and budget was approved by Council in November, but we have also fallen behind that plan.

The issues that we have experienced are common across ICT development programmes, including difficulties in controlling the scope, managing dependencies, and maintaining the pace. We have commissioned an independent external review of the programme to identify where we can improve our management of the programme and to inform our approach to the next phase.

Our annual disaster recovery test was completed successfully in February 2020. As described above and in the performance review section of the report, because we had issued laptops to almost all colleagues, we have been able to continue working remotely during the Covid-19 lockdown. This has given us confidence that our technology would continue to support our corporate priorities in the event of a further major disaster.

To support this more agile way of working we continue to review our security measures to ensure that we protect NMC data. This has included mobile device management and multifactor authentication where possible, with further security related rollouts scheduled in the coming months.

## **Capacity to deliver our priorities**

A key concern for us at the beginning of the year was our capacity to deliver our core regulatory duties as well a number of critical delivery priorities. We mitigated this risk during the year by significantly reducing employee turnover, successfully managing the move of our Fitness to Practise colleagues into new offices, phasing activities, and regular surveying of our colleagues to understand any key concerns.

This remains a serious live risk on our corporate risk register to reflect the likely reduced capacity and expected delays as a result of the Covid-19 pandemic.

## **Audit Committee**

Throughout the year, the Audit Committee has advised the Council on the strength of assurance available. The Committee has welcomed the attendance of the Internal Auditors, the External Auditors and the National Audit Office (NAO) at its meetings, and in keeping with good practice, has held private meetings with each at appropriate junctures during the year.

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 2020
- reviewing risk management and assurance arrangements, including progress against the risk management improvement plan to address key actions recommended within the risk management internal audit conducted during summer 2018
- undertaking comprehensive reviews of the risks, mitigations and sources of assurance in relation to: the work of the External Affairs directorate; the move to our new offices and related people issues; and the People and Organisational Development directorate, including organisational culture
- reviewing the adequacy of internal controls and related assurance. The Committee has maintained close oversight of IT business resilience and increased its focus on the Modernisation of Technology Services programme, given the issues encountered
- reviewing work undertaken on assurance mapping our fitness to practise processes against the PSA's Standards of Good Regulation and the recommendations of the PSA's *Lessons Learned Review*
- considering proposed revisions to the Financial Regulations for approval by the Council
- reviewing the updated Modern Slavery Statement
- approving the internal audit work plan for 2019–2020, 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 single tender actions and seeking assurance 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 to be assured that any issues raised are comprehensively investigated and any action and learning is taken forward.

## Internal audit annual opinion 2019–2020

Nine 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. Other than eight medium and low priority actions, for which deadlines have been extended, all recommendations from 2018–2019 audits have been implemented.

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 that real improvements have been made in the previous 12 months both to the general risk framework and to working practices in some areas of NMC. However, a number of the planned improvements have been delayed and there are still improvements required to address longer-standing weaknesses.

Key challenges highlighted for the future were: ensuring effective programme and project governance and controls are robustly adopted in relation to the MOTs programme; addressing control weaknesses within our people processes; maximising the benefits from our new organisational design; maturing our risk management framework; and managing operations within the Covid-19 pandemic environment.

## Key issues and risks going forward

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

- **Covid-19 pandemic:** As the emergency progresses, we will be in a better position to evaluate the full extent of the impact on the regulation of health and social care professionals and wider society as we adjust to the societal, political and financial implications as a result of the pandemic. This includes planning our exit from the emergency, utilising lessons we have learned to inform how we deliver regulation in the future, and adjusting our delivery priorities for the year.
- **Fitness to Practise performance:** The Covid-19 pandemic will have a significant and prolonged effect on our operational performance and the implementation of our strategic approach to fitness to practise. We will continue to prioritise our essential services to protect the public while we

resume more of our operations, including further implementation of our strategic approach. We know that delays to our cases will have a considerable impact on the parties involved. We remain committed to ensuring everyone receives a kind and person-centred approach from us.

- **Regulatory reform:** We welcome the government's signalled move toward a more responsive and accountable form of regulation. We are committed to working with the government and other stakeholders to help modernise the legislative framework for professional regulation in health and social care.
- **Exit from the European Union:** There is uncertainty about arrangements for when the transition period ends on 31 December 2020. We are continuing to follow the government's negotiations with the EU Council and also on trade deals, and will plan any necessary changes and clear communications on how these will affect the people we regulate. However we have already undertaken a lot of work to identify actions for different scenarios and many of these will be applicable for whichever outcome is reached by the government.
- **Replacing legacy IT systems:** We will continue delivering our Modernisation of Technology Services programme to replace outdated IT systems with a specific focus on completing the work on replacement of the register during 2020–2021. We will start work on the next phase, which includes the replacement of our case management system.

## Overall assessment of effectiveness of governance and assurance

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

In reaching our assessment, we have relied upon a range of evidence, including the opinion and report of the Head of Internal Audit; the internal audit assessment of our risk maturity; the corporate assessment of the quality of controls and assurance in place in directorates and the annual review of the effectiveness of risk management. We have also relied on the Opinion and Audit Findings Report 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. We recognise the need to address and strengthen our controls in relation to programme management and our recruitment processes, as well as focusing on delivering planned improvements to our risk management framework.

**Philip Graf**  
Chair  
6 July 2020

**Andrea Sutcliffe**  
Chief Executive and Registrar  
6 July 2020



# 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 2020 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 2020 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  
**6 July 2020**

10 Queen Street Place  
London  
EC4R 1AG

Haysmacintyre LLP 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 2020 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 2020 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 Standards.

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

- the Nursing and Midwifery Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Nursing and Midwifery Council have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Nursing and Midwifery Council'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.

## 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:

- 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- conclude on the appropriateness of the Nursing and Midwifery Council'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. If I conclude that a material uncertainty exists, I am required to draw attention in my 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 report. However, future events or conditions may cause the Nursing and Midwifery Council to cease to continue as a going concern.

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 the Chief Executive and Registrar are responsible for the other information. The other information comprises information included in the Annual Report but does not include 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 parts of the Remuneration Report to be audited have 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 parts of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- the information given in the Annual Report is inconsistent in any material respect with the financial statements; 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

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

### **Date**

8 July 2020

# Statement of financial activities for the year ended 31 March 2020

|   | Note | Year ended<br>31 March<br>2020<br>£'000 | Year ended<br>31 March<br>2019<br>£'000 |
|---|------|---|---|
| <b>Income from:</b>                                     |      |   |   |
| Charitable activities:                                  |      |   |   |
| Fees  | 2    | 88,450                                  | 85,244                                  |
| Investments   | 3    | 953                                     | 607                                     |
| Other Income  | 3    | 436                                     | 6,134                                   |
| <b>Total</b>  |      | <b>89,839</b>                           | <b>91,985</b>                           |
| <b>Expenditure on:</b>                                  |      |   |   |
| Charitable activities                                   | 4    | (82,349)                                | (81,558)                                |
| <b>Net income</b>                                       |      | <b>7,490</b>                            | <b>10,427</b>                           |
| <b>Other recognised gains/(losses):</b>                 |      |   |   |
| Actuarial gain/(loss) on defined benefit pension scheme | 17   | 1,705                                   | (3,282)                                 |
| <b>Net movement in funds</b>                            |      | <b>9,195</b>                            | <b>7,145</b>                            |
| <b>Reconciliation of funds:</b>                         |      |   |   |
| Total funds brought forward                             |      | 48,332                                  | 41,187                                  |
| <b>Total funds carried forward</b>                      |      | <b>57,527</b>                           | <b>48,332</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 102-126 form part of these accounts.

# Balance sheet as at 31 March 2020

|  |      | As at<br>31 March<br>2020 | As at<br>31 March<br>2019 |
|--|------|---------------------------|---------------------------|
|  | Note | £'000                     | £'000                     |
| <b>Tangible fixed assets</b>                                   | 10   | 26,541                    | 19,685                    |
| <b>Current assets</b>  |      |                           |                           |
| Debtors  | 13   | 2,744                     | 4,335                     |
| Investments  | 12   | 63,915                    | 65,998                    |
| Cash at bank and in hand                                       |      | 33,067                    | 28,790                    |
| <b>Total current assets</b>                                    |      | <b>99,726</b>             | <b>99,123</b>             |
| <b>Liabilities:</b>  |      |                           |                           |
| <b>Creditors:</b> amounts falling due within one year          | 14   | (54,365)                  | (52,729)                  |
| <b>Total current liabilities</b>                               |      | <b>(54,365)</b>           | <b>(52,729)</b>           |
| <b>Net current assets</b>                                      |      | <b>45,361</b>             | <b>46,394</b>             |
| <b>Total assets less current liabilities</b>                   |      | <b>71,902</b>             | <b>66,079</b>             |
| <b>Creditors:</b> amounts falling due after more than one year | 15   | (299)                     | (293)                     |
| <b>Provisions for liabilities</b>                              | 16   | (2,454)                   | (3,215)                   |
| <b>Net assets excluding pension liability</b>                  |      | <b>69,149</b>             | <b>62,571</b>             |
| <b>Defined benefit pension scheme liability</b>                | 17   | (11,622)                  | (14,238)                  |
| <b>Total net assets</b>  |      | <b>57,527</b>             | <b>48,332</b>             |
| <b>The funds of the NMC</b>                                    |      |                           |                           |
| <b>Unrestricted funds</b>                                      |      | <b>57,527</b>             | <b>48,332</b>             |
| <b>Total funds</b>   |      | <b>57,527</b>             | <b>48,332</b>             |

**Philip Graf**  
Chair  
6 July 2020

**Andrea Sutcliffe**  
Chief Executive and Registrar  
6 July 2020

The notes on pages 102-126 form part of these accounts.

# Statement of cash flow for the year ended 31 March 2020

|  | Note | Year ended<br>31 March 2020 |                | Year ended<br>31 March 2019 |                 |
|--|------|-----------------------------|----------------|-----------------------------|-----------------|
|  |      | £'000                       | £'000          | £'000                       | £'000           |
| <b>Cash flows from operating activities</b>                        |      |                             |                |                             |                 |
| Net cash provided by operating activities                          |      |                             | 9,972          |                             | 15,555          |
| <b>Cash flows from investing activities</b>                        |      |                             |                |                             |                 |
| Interest from investments  | 3    | 953                         |                | 607                         |                 |
| Cash investment – long term deposit                                | 12   | (343)                       |                | (20,093)                    |                 |
| Purchase of property, plant and equipment                          | 10   | (8,731)                     |                | (3,550)                     |                 |
| <b>Net cash used in investing activities</b>                       |      |                             | <b>(8,121)</b> |                             | <b>(23,036)</b> |
| <b>Change in cash and cash equivalents in the reporting period</b> |      |                             | <b>1,851</b>   |                             | <b>(7,481)</b>  |
| <b>Cash and cash equivalents at the beginning of the year</b>      |      |                             | <b>74,695</b>  |                             | <b>82,176</b>   |
| <b>Cash and cash equivalents at the end of the year</b>            |      |                             | <b>76,546</b>  |                             | <b>74,695</b>   |

The notes on pages 102-126 form part of these accounts.

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

|   | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|---|-----------------------------|-----------------------------|
|   | £'000                       | £'000                       |
| Net income from the reporting period (as per the statement of financial activities) | 7,490                       | 10,427                      |
| Interest from investments   | (953)                       | (607)                       |
| Depreciation charges  | 1,564                       | 2,797                       |
| Write off building refurbishments   | 311                         | -                           |
| (Increase)/decrease in debtors  | 1,591                       | (252)                       |
| Increase/(decrease) in creditors and provisions                                     | 880                         | 3,933                       |
| Movements in pensions   | (911)                       | (743)                       |
| <b>Net cash inflow from operating activities</b>                                    | <b>9,972</b>                | <b>15,555</b>               |

# Analysis of cash and cash equivalents

|                                     | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|-------------------------------------|-----------------------------|-----------------------------|
|                                     | £'000                       | £'000                       |
| Cash at bank and in hand            | 33,067                      | 28,790                      |
| Short term investments <sup>6</sup> | 43,479                      | 45,905                      |
|                                     | <b>76,546</b>               | <b>74,695</b>               |

In accordance with the Charities SORP, FRS 102, investments with maturities of three months or less at 31 March 2020 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.

In these accounts, cash at bank and in hand means bank accounts with instant access. The NMC does not hold any physical cash.

Short term investments include bank deposits with a maturity of three months or less from the balance sheet date.

For the purpose of cash flow statement, cash at bank and in hand and short term investments are both treated as cash and cash equivalents.

For the purpose of the balance sheet, current asset investments include deposits with maturity of 12 months or less from the balance sheet date.

6 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 with particular attention in the context of the current Covid-19 pandemic and assessed our ability to fund our activities for the foreseeable future. It has reviewed our cash flow forecasts and our current reserves level, alongside our work plans. A key consideration has been the relatively very secure nature of our funding. Following this assessment 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 in 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 those as 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 |
| Office fit out and refurbishment                         | 10 years  |
| Long leasehold premises – 23 Portland Place <sup>7</sup> | 50 years  |

We revalued 23 Portland Place during 2013–14 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 instant access accounts.

## 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 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, investments, trade and other debtors. Financial liabilities held at amortised cost comprise trade creditors, other creditors and accruals.

7 See Note 10.1

## 2. Fee income

|   | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|---|-----------------------------|-----------------------------|
|   | £'000                       | £'000                       |
| Registration fees                             | 83,572                      | 82,990                      |
| Other fees paid by applicants and registrants | 4,878                       | 2,254                       |
| <b>Total</b>                                  | <b>88,450</b>               | <b>85,244</b>               |

## 3. Investment and other income

|                                    | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|------------------------------------|-----------------------------|-----------------------------|
|                                    | £'000                       | £'000                       |
| Interest earned from bank deposits | 953                         | 607                         |
| Other income                       | 436                         | 6,134                       |
| <b>Total</b>                       | <b>1,389</b>                | <b>6,741</b>                |

Other income includes:

£0.308 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 (2018-2019: £2.259 million).

A refund from HMRC of £0.010 million in respect of prior years' Income tax and National insurance payments for Panellists (2018-2019: £2.119 million).

## 4. Analysis of expenditure on charitable activities

|  | Activities undertaken directly |               | Support costs  |               | Total<br>2019–2020<br>£'000 |
|--|--------------------------------|---------------|----------------|---------------|-----------------------------|
|  | Employee costs                 | Other costs   | Employee costs | Other costs   |                             |
|  | £'000                          | £'000         | £'000          | £'000         |                             |
| Year ended 31 March 2020                   |                                |               |                |               |                             |
| <b>Charitable activities:</b>              |                                |               |                |               |                             |
| Standards promotion and policy development | 1,671                          | 93            | 426            | 483           | 2,673                       |
| Education                                  | 960                            | 2,345         | 213            | 242           | 3,760                       |
| Maintaining the Register                   | 5,925                          | 515           | 2,518          | 2,857         | 11,815                      |
| Fitness to practise                        | 22,448                         | 15,475        | 8,431          | 13,766        | 60,120                      |
| Communications and public engagement       | 1,902                          | 742           | 626            | 711           | 3,981                       |
| <b>Total</b>                               | <b>32,906</b>                  | <b>19,170</b> | <b>12,214</b>  | <b>18,059</b> | <b>82,349</b>               |

|  | Activities undertaken directly |               | Support costs  |               | Total<br>2018–2019<br>£'000 |
|--|--------------------------------|---------------|----------------|---------------|-----------------------------|
|  | Employee costs                 | Other costs   | Employee costs | Other costs   |                             |
|  | £'000                          | £'000         | £'000          | £'000         |                             |
| Year ended 31 March 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>               |

Note 5 below analyses support costs between the costs of the different corporate functions, and shows the allocation of those costs to charitable activities.

## 5. Analysis of support costs

|                          | Standards promotion and policy development | Education  | Maintaining the register | Fitness to practise | Communications and public engagement | Total 2019–2020 |
|--------------------------|--|------------|--------------------------|---------------------|--------------------------------------|-----------------|
| Year ended 31 March 2020 | £'000                                      | £'000      | £'000                    | £'000               | £'000                                | £'000           |
| Facilities               | 70   | 35         | 414                      | 5,585               | 103                                  | 6,207           |
| Finance and procurement  | 106  | 53         | 628                      | 2,105               | 156                                  | 3,048           |
| HR                       | 148  | 74         | 874                      | 2,927               | 217                                  | 4,240           |
| ICT                      | 339  | 170        | 2,006                    | 6,716               | 499                                  | 9,730           |
| Governance               | 143  | 71         | 844                      | 2,825               | 210                                  | 4,093           |
| Legal                    | 40   | 20         | 234                      | 785                 | 58                                   | 1,137           |
| Depreciation             | 65   | 33         | 387                      | 1,294               | 96                                   | 1,875           |
| Pension adjustment       | (2)  | (1)        | (12)                     | (39)                | (3)                                  | (57)            |
| <b>Total</b>             | <b>909</b>                                 | <b>455</b> | <b>5,375</b>             | <b>22,198</b>       | <b>1,336</b>                         | <b>30,273</b>   |

| Year ended 31 March 2019 | Standards promotion and policy development | Education  | Maintaining the register | Fitness to practise | Communications and public engagement | Total 2018–2019 |
|--------------------------|--|------------|--------------------------|---------------------|--------------------------------------|-----------------|
|                          | £'000                                      | £'000      | £'000                    | £'000               | £'000                                | £'000           |
| 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>   |

## 6. Governance costs

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

|   | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|---|-----------------------------|-----------------------------|
|   | £'000                       | £'000                       |
| Council members' allowances, national insurance, travel and subsistence | 351                         | 373                         |
| Auditors' remuneration: Haysmacintyre                                   | 30                          | 21                          |
| Auditors' remuneration: NAO   | 7                           | 6                           |
| Professional Standards Authority annual fee                             | 1,884                       | 1,775                       |
| Operating costs (including salaries)                                    | 1,821                       | 1,472                       |
| <b>Total</b>  | <b>4,093</b>                | <b>3,648</b>                |

## 7. Total resources expended by cost category

|  | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|--|-----------------------------|-----------------------------|
|  | £'000                       | £'000                       |
| Salaries and associated costs            | 45,121                      | 40,089                      |
| Fitness to practise related costs        | 14,342                      | 17,424                      |
| IT development and support               | 5,014                       | 3,818                       |
| Professional fees                        | 4,531                       | 6,802                       |
| Other premises costs                     | 2,441                       | 3,100                       |
| Rent payable on office leases            | 2,716                       | 2,542                       |
| Other employee related costs             | 2,303                       | 2,096                       |
| Quality assurance of education           | 2,202                       | 1,284                       |
| Depreciation                             | 1,875                       | 2,797                       |
| Finance and insurance <sup>8</sup> costs | 802                         | 677                         |
| Printing, postage and stationery         | 551                         | 478                         |
| Council and committee costs              | 451                         | 450                         |
| <b>Total</b>                             | <b>82,349</b>               | <b>81,558</b>               |

8 Includes trustees' indemnity insurance



## Expenditure on consultancy

The definition of consultancy is the provision to management of objective advice relating to strategy, structure, management or operations of an organisation, in pursuit of its purposes and objectives. Such advice will be provided outside the 'business-as-usual' environment when in-house skills are not available and will be time-limited. Consultancy may include the identification of options with recommendations, or assistance with (but not the delivery of) the implementation of solutions. On this basis consultancy costs have been identified as below. These costs are included mainly in the Professional fees category, and also in the IT development and support category.

|             | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|-------------|-----------------------------|-----------------------------|
|             | £'000                       | £'000                       |
| Consultancy | 902                         | 783                         |

## 8. Information regarding employees

|   | Executive    | Other employees | Total year ended<br>31 March 2020 | Total year ended<br>31 March 2019 |
|---|--------------|-----------------|-----------------------------------|-----------------------------------|
|   | £'000        | £'000           | £'000                             | £'000                             |
| Salaries and associated costs   |              |                 |                                   |                                   |
| Wages and salaries  | 1,126        | 32,806          | 33,932                            | 29,483                            |
| Social security costs<br>(Employer's NI contributions and<br>Apprenticeship levy) | 151          | 3,589           | 3,740                             | 3,240                             |
| Defined benefit pension costs –<br>present employees <sup>9</sup>                 | 53           | 1,658           | 1,711                             | 2,197                             |
| Defined contribution pension<br>costs – present employees                         | 102          | 2,367           | 2,469                             | 2,020                             |
| Temporary and contract workers  | 0            | 3,167           | 3,167                             | 2,868                             |
| Termination payments <sup>10</sup>  | 0            | 102             | 102                               | 281                               |
| <b>Total</b>  | <b>1,432</b> | <b>43,689</b>   | <b>45,121</b>                     | <b>40,089</b>                     |

<sup>9</sup> Further information about the NMC's employee pension schemes can be found in Note 17.

<sup>10</sup> This includes £nil extra contractual payments, redundancy payments of £47,000 and payments in lieu of notice of £55,000 (2018-19: extra contractual payments of £23,000, redundancy payments of £87,000 and payments in lieu of notice of £171,000).

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

There were 101 (2018-2019: 87) employees (including members of Executive for the period) whose remuneration fell in the following bands:

| Remuneration bands (£) | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|------------------------|-----------------------------|-----------------------------|
|                        | Number of<br>employees      | Number of<br>employees      |
| 60,001 - 70,000        | 46                          | 46                          |
| 70,001 - 80,000        | 25                          | 12                          |
| 80,001 - 90,000        | 19                          | 15                          |
| 90,001 - 100,000       | 2                           | 2                           |
| 100,001 - 110,000      | -                           | 2                           |
| 120,001 - 130,000      | 4                           | 6                           |
| 130,001 - 140,000      | 2                           | 1                           |
| 140,001 - 150,000      | 1                           | -                           |
| 150,001 - 160,000      | 1                           | 1                           |
| 170,001 - 180,000      | 1                           | -                           |

The above table includes eight Executive members who received more than £60,000 in the year. There was a further Executive member in post for part of the year whose earnings fell in the band £50,001-£60,000. For more information on Executive remuneration in the year see the remuneration report.

The increase in higher paid employee numbers is due to a mixture of employees being promoted, new roles in higher grades being introduced into the NMC, the general headcount growth in the NMC and grading and pay increases (employee earning £67,000 plus moving into £70,000 plus bracket).

|   | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|---|-----------------------------|-----------------------------|
|   | Number of<br>employees      | Number of<br>employees      |
| Average number of permanent and fixed term contract employees during the year |                             |                             |
| Executive   | 9                           | 8                           |
| Other employees   | 787                         | 716                         |
| Average number of agency temporary staff and contractors during the year      | 83                          | 74                          |
| <b>Total</b>  | <b>879</b>                  | <b>798</b>                  |

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

|           | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|-----------|-----------------------------|-----------------------------|
|           | £                           | £                           |
| R Sheldon | -                           | 6,001 - 7,000               |

## 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

|                                  | 23 PP long leasehold premises <sup>11</sup> | Office fit out and refurbishment | IT projects | Furniture  | Equipment | Capital work in progress <sup>12</sup> | Total 2019–2020 |
|----------------------------------|---|----------------------------------|-------------|------------|-----------|--|-----------------|
|                                  | £'000                                       | £'000                            | £'000       | £'000      | £'000     | £'000                                  | £'000           |
| <b>Cost:</b>                     |   |                                  |             |            |           |  |                 |
| 01 April 2019                    | 15,448                                      | 12,198                           | 2,986       | 555        | 10,334    | 3,094                                  | <b>44,615</b>   |
| Additions                        | -   | -                                | -           | -          | -         | 8,731                                  | <b>8,731</b>    |
| Disposals                        | -   | (2,014)                          | -           | -          | -         | -                                      | <b>(2,014)</b>  |
| Transfers                        | -   | 3,467                            | 162         | -          | -         | (3,629)                                | -               |
| 31 March 2020                    | 15,448                                      | 13,651                           | 3,148       | 555        | 10,334    | 8,196                                  | <b>51,332</b>   |
| <b>Depreciation:</b>             |   |                                  |             |            |           |  |                 |
| 01 April 2019                    | 1,715                                       | 10,641                           | 2,072       | 395        | 10,107    | -                                      | <b>24,930</b>   |
| Depreciation charge for the year | 354   | 550                              | 414         | 26         | 220       | -                                      | <b>1,564</b>    |
| Disposals                        | -   | (1,703)                          | -           | -          | -         | -                                      | <b>(1,703)</b>  |
| 31 March 2020                    | 2,069                                       | 9,488                            | 2,486       | 421        | 10,327    | -                                      | <b>24,791</b>   |
| <b>Net Book Value:</b>           |   |                                  |             |            |           |  |                 |
| 01 April 2019                    | 13,733                                      | 1,557                            | 914         | 160        | 227       | 3,094                                  | 19,686          |
| <b>31 March 2020</b>             | <b>13,379</b>                               | <b>4,163</b>                     | <b>662</b>  | <b>134</b> | <b>7</b>  | <b>8,196</b>                           | <b>26,541</b>   |

<sup>11</sup> See Note 10.1

<sup>12</sup> See Note 10.2

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

During the year, our leases ended on the offices of our fitness to practise teams at Kemble Street and Aldwych, London WC2, and we moved those teams to new offices at One Westfield Avenue, Stratford, London E20. The disposal of office fit out and refurbishment costs represents the previously capitalised costs of the fit out of Kemble Street and Aldwych, and the transfer of £3.467 million from work in progress represents the cost of the fit out of One Westfield Avenue.

### **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 programme to modernise our IT systems.

## **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.

Under The Nursing and Midwifery Order 2001, the Council has the authority to make provision for the payment of fees and allowances to its members, including the Chair, and members of its committees (partner members).

During the year, the NMC engaged facilitation and coaching services from Aim Higher Leadership Ltd. John Welsh, the brother of Edward Welsh, Director of External Affairs, is an external associate sub-contractor of Aim Higher Leadership. The NMC paid Aim Higher Leadership a total of £22,487 during the year and John Welsh received £600 from Aim Higher Leadership as an introduction fee.

During the period 1 April 2019 to 31 March 2020, the allowance paid to the Chair was £78,000 (2018-2019: £81,500, plus £5,300 paid to the previous Chair). The total allowances, travel and subsistence and training expenses paid to, or incurred in relation to, all members of the Council including the Chair were £289,692 (2018-2019: £304,027). Those totals include the tax payable on expenses related to meetings in London, which are treated as a taxable benefit in kind. Council members are paid directly via the NMC payroll. Details of amounts paid to individual Council members are set out in the remuneration report.

## 12. Investments

|   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
|   | £'000                  | £'000                  |
| Short-term deposits (maturity of 3 months or less)                          | 43,479                 | 45,905                 |
| Long-term deposits (maturity of more than 3 months but less than 12 months) | 20,436                 | 20,093                 |
| <b>Total</b>  | <b>63,915</b>          | <b>65,998</b>          |

## 13. Debtors

|                                | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--------------------------------|------------------------|------------------------|
|                                | £'000                  | £'000                  |
| Debtors                        | 170                    | 518                    |
| Prepayments and accrued income | 2,574                  | 3,817                  |
| <b>Total</b>                   | <b>2,744</b>           | <b>4,335</b>           |

## 14. Creditors

|                                     | As at<br>31 March 2020 | As at<br>31 March 2019 |
|-------------------------------------|------------------------|------------------------|
| Amounts falling due within one year | £'000                  | £'000                  |
| Creditors and accruals              | 9,403                  | 9,235                  |
| Other taxes and social security     | 1,270                  | 1,074                  |
| Deferred income                     | 43,692                 | 42,420                 |
| <b>Total</b>                        | <b>54,365</b>          | <b>52,729</b>          |

## 15. Creditors

|  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| Amounts falling due after more than one year | £'000                  | £'000                  |
| Deferred income                              | 106                    | 42                     |
| Lease premium                                | 193                    | 251                    |
| <b>Total</b>                                 | <b>299</b>             | <b>293</b>             |

## 16. Provisions

|                         | Dilapidations | Pension – early retirement | VAT <sup>1</sup> | Panellists <sup>2</sup> | Total              |
|-------------------------|---------------|----------------------------|------------------|-------------------------|--------------------|
|                         | £'000         | £'000                      | £'000            | £'000                   | 2019–2020<br>£'000 |
| At 1 April 2019         | 992           | 223                        | 500              | 1,500                   | 3,215              |
| Utilised in the year    | (36)          | (67)                       | (228)            | -                       | (331)              |
| Additions               | 126           | -                          | -                | -                       | 126                |
| Releases                | (284)         | -                          | (272)            | -                       | (556)              |
| <b>At 31 March 2020</b> | <b>798</b>    | <b>156</b>                 | <b>-</b>         | <b>1,500</b>            | <b>2,454</b>       |

1. A VAT liability has arisen as a result of an HMRC review which is now completed. The liability assessed and the unused balance have been released from the provision in the year, as HMRC have finalised their audit and confirmed all liabilities due.

2. 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 have contested the claim in order to clarify what is an uncertain legal position. The case has been heard but judgement is still outstanding. 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 contribution scheme and a defined benefit scheme.

### The defined contribution scheme

Our main pension scheme is a defined contribution pension scheme operated by The People's Pension. The minimum contribution level is that employees contribute 1 percent of their pensionable salary and the NMC contributes 8 percent (2018-2019: 8 percent). Employees may make additional contributions which are matched by the NMC up to a maximum employer contribution of 12 percent. As at 31 March 2020, 85 percent of employees were members of the defined contribution pension scheme.

|   | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|---|-----------------------------|-----------------------------|
|   | £'000                       | £'000                       |
| NMC's (employer's) defined contribution scheme contributions made in year | 2,468                       | 2,020                       |
|   | %                           | %                           |
| NMC's (employer's) basic contribution defined contribution scheme         | 8.00%                       | 8.00%                       |
| Employees' basic contribution defined contribution scheme                 | 1.00%                       | 1.00%                       |

### The defined benefit scheme

Employees who joined the NMC before November 2013 were able to join our defined benefit pension scheme, The Nursing and Midwifery Council and Associated Employers Pension Scheme, scheme registration number 101652586. It is a funded, multi-employer scheme with the Department of Health and Social Care, 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. As at 31 March 2020, 11 percent of the NMC's employees belong to the 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.

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 2020 was £1,172,309 (31 March 2019: £1,134,348).

The next triennial valuation, as at 31 March 2019, is currently in progress with the initial results and various proposals being discussed with the Trustees of the Scheme.

The FRS 102 valuation has been based on a full assessment of the liabilities of the scheme as at 31 March 2020.

|   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
|   | £'000                  | £'000                  |
| <b>Amounts recognised in Balance Sheet</b>  |                        |                        |
| Assets at fair value                        | 67,004                 | 76,862                 |
| Present value of defined benefit obligation | (78,626)               | (91,100)               |
| <b>Deficit</b>                              | <b>(11,622)</b>        | <b>(14,238)</b>        |
| <b>Net liability</b>                        | <b>(11,622)</b>        | <b>(14,238)</b>        |

|  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
|  | £'000                  | £'000                  |
| <b>Amounts recognised in SoFA</b>                      |                        |                        |
| Current service cost                                   | (2,014)                | (2,223)                |
| Past service cost                                      | 0                      | (82)                   |
| Expected return on plan assets                         | 2,021                  | 1,866                  |
| Interest on pension obligation                         | (2,377)                | (2,152)                |
| <b>Net amount recognised in SoFA</b>                   | <b>(2,370)</b>         | <b>(2,591)</b>         |
|  | %                      | %                      |
| NMC's (employer's) defined contribution benefit scheme | 39.30%                 | 39.30%                 |
| Employees' contribution defined benefit scheme         | 6.00%                  | 6.00%                  |

|  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
|  | £'000                  | £'000                  |
| <b>Reconciliation of present value of defined benefit obligation</b> |                        |                        |
| <b>Opening balance at 31 March 2019</b>                              | <b>91,100</b>          | <b>84,114</b>          |
| Current service cost   | 2,014                  | 2,223                  |
| Past service cost  | 0                      | 82                     |
| Interest cost  | 2,377                  | 2,152                  |
| Employee contribution  | 282                    | 311                    |
| Actuarial (gain)/losses  | (15,494)               | 4,180                  |
| Benefits paid  | (1,653)                | (1,962)                |
| <b>Closing balance at 31 March 2020</b>                              | <b>78,626</b>          | <b>91,100</b>          |

|   | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|---|-----------------------------|-----------------------------|
| Reconciliation of fair value of plan assets | £'000                       | £'000                       |
| <b>Opening balance at 31 March 2019</b>     | <b>76,862</b>               | <b>72,414</b>               |
| Expected return on assets                   | 2,021                       | 1,866                       |
| Actuarial gain/(losses)                     | (13,789)                    | 898                         |
| Employer contribution                       | 3,281                       | 3,335                       |
| Employee contribution                       | 282                         | 311                         |
| Benefits paid                               | (1,653)                     | (1,962)                     |
| <b>Closing balance at 31 March 2020</b>     | <b>67,004</b>               | <b>76,862</b>               |

|   | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|---|-----------------------------|-----------------------------|
| Reconciliation of change in funded status | £'000                       | £'000                       |
| <b>Opening balance at 31 March 2019</b>   | <b>(14,238)</b>             | <b>(11,700)</b>             |
| Pension expense                           | (2,370)                     | (2,591)                     |
| Actuarial gain/(losses)                   | 1,705                       | (3,282)                     |
| Employer contribution                     | 3,281                       | 3,335                       |
| <b>Closing balance at 31 March 2020</b>   | <b>(11,622)</b>             | <b>(14,238)</b>             |
| <b>Actual return on plan assets</b>       | <b>(11,768)</b>             | <b>2,764</b>                |

|   | Year ended<br>31 March<br>2020 | Year ended<br>31 March<br>2019 | Year ended<br>31 March<br>2018 | Year ended<br>31 March<br>2017 |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| History of<br>experience adjustments                        | £'000                          | £'000                          | £'000                          | £'000                          |
| Defined benefit obligation                                  | (78,626)                       | (91,100)                       | (84,114)                       | (80,467)                       |
| Plan assets   | 67,004                         | 76,862                         | 72,414                         | 68,279                         |
| <b>Deficit</b>  | <b>(11,622)</b>                | <b>(14,238)</b>                | <b>(11,700)</b>                | <b>(12,188)</b>                |
| Experience adjustments on<br>scheme liability – gain/(loss) | 5,226                          | (695)                          | (2,795)                        | 2,238                          |
| Experience adjustments on<br>scheme assets                  | (13,789)                       | 898                            | (49)                           | 4,839                          |

|   | <b>As at<br/>31 March 2020</b> |
|---|--------------------------------|
| Expected contribution in following year | <b>£'000</b>                   |
| Employer                                | 3,183                          |
| Employee                                | 265                            |
| <b>Total</b>                            | <b>3,448</b>                   |

|                           | <b>2020</b>      | <b>2019</b>      |
|---------------------------|------------------|------------------|
| Principal assumptions     | <b>per annum</b> | <b>per annum</b> |
| Discount rate             | 2.45%            | 2.60%            |
| Retail price inflation    | 2.75%            | 3.45%            |
| Consumer price inflation  | 1.75%            | 2.45%            |
| Pension increases         | 2.75%            | 3.40%            |
| Expected return on assets | 2.45%            | 2.60%            |
| Life expectancy at age 60 | <b>Years</b>     | <b>Years</b>     |
| Males born 1960           | 26.5             | 26.9             |
| Females born 1960         | 29.0             | 28.9             |
| Males born 1980           | 28.0             | 28.8             |
| Females born 1980         | 30.5             | 30.9             |

|                              | <b>As at<br/>31 March 2020</b> | <b>As at<br/>31 March 2019</b> |
|------------------------------|--------------------------------|--------------------------------|
| Scheme assets                | <b>£'000</b>                   | <b>£'000</b>                   |
| Growth funds                 | 37,128                         | 36,549                         |
| Bonds                        | 1,656                          | 1,990                          |
| Liability driven investments | 4,646                          | 0                              |
| Gilts                        | 0                              | 4,263                          |
| Cash                         | 2,354                          | 7,028                          |
| Insured annuities            | 21,220                         | 27,032                         |
| <b>Total</b>                 | <b>67,004</b>                  | <b>76,832</b>                  |

## 18. Capital commitments

At 31 March 2020, £0.5 million for Registration test of competence capital expenditure has been contracted for but has not been provided for in the financial statements.

The following capital expenditure had been approved but not contracted for:

|                                      | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--------------------------------------|------------------------|------------------------|
|                                      | £'000                  | £'000                  |
| Modernisation of technology services | 6,700                  | 2,300                  |
| Accommodation programme              | 3,500                  | 2,900                  |
| <b>Total</b>                         | <b>10,200</b>          | <b>5,200</b>           |

## 19. Operating lease commitments

At 31 March 2020 we had the following future minimum operating lease payments:

|                            | Land and buildings     |                        |
|----------------------------|------------------------|------------------------|
|                            | As at<br>31 March 2020 | As at<br>31 March 2019 |
|                            | £'000                  | £'000                  |
| Leases which expire:       |                        |                        |
| Within one year            | 1,630                  | 2,388                  |
| Between one and five years | 5,534                  | 7,163                  |
| More than five years       | 3,481                  | 3,481                  |
| <b>Total</b>               | <b>10,645</b>          | <b>13,032</b>          |

We lease premises at Clarendon House (ground and first floor), 114-116 George Street, Edinburgh, for the period until 24 April 2021; 2 Stratford Place, London for the period until 21 July 2024; and 1 Westfield Avenue, London, 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.

|  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
|  | £'000                  | £'000                  |
| Financial assets measured at amortised cost      | 99,726                 | 99,123                 |
| Financial liabilities measured at amortised cost | (10,673)               | (10,309)               |

Financial assets held at amortised cost consist of cash balances £33.067 million (2018-2019: £28.790 million), investments in fixed term bank deposits £63.915 million (2018-2019: £65.998 million), debtors £2.744 million (2018-2019: £4.335 million). Financial liabilities held at amortised cost comprise creditors and accruals £9.403 million (2018-2019: £9.235 million) and other taxes and social security £1.270 million (2018-2019: £1.074 million).

## 21. Comparative statement of financial activities

In the year ended 31 March 2020 all income and expenditure was unrestricted with no brought forward restricted balance.

## 22. Extra-contractual payments

There were no extra-contractual payments in the year ended 31 March 2020. In the year ended 31 March 2019, there was one extra contractual payment of £0.023 million to a member of staff as compensation for loss of office.

## 23. Contingent assets and contingent liabilities

At 31 March 2020 there were no contingent assets or liabilities.

## 24. 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.

As a professional regulator, we responded to the government's emergency legislation which allowed us to create a Covid-19 temporary register. This is a separate register, which only remains in place during the emergency.

# 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.

### 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