

# Annual Report and Accounts 2020–2021

and Strategic Plan

2021–2022

2020  
2021



## **Nursing and Midwifery Council**

### **Annual Report and Accounts 2020–2021 and Strategic Plan 2021–2022**

Annual Report 2020–2021 and Strategic Plan 2021–2022 presented to Parliament pursuant to Article 50(2) of the Nursing and Midwifery Order 2001, as amended by the Nursing and Midwifery (Amendment) Order 2008

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# Foreword

A year originally intended for celebration as the International Year of the Nurse and the Midwife has been one of the most challenging in modern times for nursing and midwifery, with the professionals on our register at the heart of the UK response to the pandemic. We want to thank all those professionals for their incredible service this past year. They have given so much, and some have lost so much.

Here at the NMC, Covid-19 challenged and changed our focus too. The pandemic intensified just as we approved our new strategy for 2020–2025, but we quickly refocused our priorities to respond to Covid-19. We rapidly developed initiatives to expand and support the nursing and midwifery workforce, guided by our three strategic themes of Regulate, Support, and Influence and underpinned by our values to be fair, kind, ambitious and collaborative.

We developed the Covid-19 temporary register, produced emergency and recovery education standards and kept professionals and the public updated through our coronavirus web hub.

The pandemic also exacerbated existing challenges at the NMC. We had already identified and started to address a backlog in our fitness to practise cases when Covid-19 hit. We had to pause some hearings and case work, which increased our backlog further. We know the impact that long investigations have on everyone involved in fitness to practise. That is why reducing the backlog and creating lasting improvements that help us make the right decisions, at the right time, is our top priority in the coming year.

Not surprisingly, much of the work set out in our corporate plan has been delayed or deferred, but we did advance some of our priorities.

In co-production with a wide range of professionals and stakeholders, we developed draft post-registration education standards for consultation, building on ambitions for community and public health nursing. We also made progress in developing our improved ‘test of competence’ for international and returning professionals wanting to join our register. And we improved the structure of our organisation to help us deliver our strategy as effectively as possible, despite everyone working from home.

Our commitment to equality, diversity, and inclusion is threaded throughout all our work, as a regulator, including in how we engage with the public and those who raise concerns with us; as an employer and in everything we do. This year we became the first professional health and care regulator to sign up to the NHS Workforce Race Equality Standard. We also published for the first time our disability and ethnicity pay gap reports alongside the annual gender pay gap report.

We will build on these foundations to promote equality within the NMC and through the next phase of our Ambitious for Change research, which aims to help us better understand the experiences of people with different diversity characteristics involved in our processes.

We want to pay tribute to our former Chair, Philip Graf, who sadly had to step down unexpectedly in December due to serious illness. His leadership, wisdom and warmth have left a lasting impact on the organisation.

Finally, we want to thank our NMC colleagues who have achieved a great deal in such challenging circumstances.

We look to 2021–2022 with a renewed commitment to making progress with our strategic ambitions, building on the successful collaborations of the last year and the learning we’ve gained from new ways of working.

**Sir David Warren**  
Chair  
9 July 2021

**Andrea Sutcliffe**  
Chief Executive and Registrar  
9 July 2021

# 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 overarching aim of the Council is the protection of the public by:

- protecting, promoting and maintaining the health, safety and wellbeing of the public
- promoting and maintaining public confidence in the professions regulated under this Order
- promoting and maintaining 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.

Our vision is safe, effective and kind nursing and midwifery that improves everyone's health and wellbeing. As the professional regulator of nearly 732,000 nursing and midwifery professionals, we have an important role to play in making this a reality.

Our core role is to **regulate**. First, we promote high professional standards for nurses and midwives across the UK, and nursing associates in England. Second, we maintain the register of professionals eligible to practise. Third, we investigate concerns about nurses, midwives and nursing associates – something that affects less than one percent of professionals each year. We believe in taking account of the context in which incidents occur and giving professionals the chance to address concerns, but we will always take action when needed.

To regulate well, we **support** our professions and the public. We create resources and guidance that are useful throughout people's careers, helping them to deliver our standards in practice and address new challenges. We also support people involved in our investigations, and we are increasing our visibility so people feel engaged and empowered to shape our work.

Regulating and supporting our professions allows us to **influence** health and social care. We share intelligence from our regulatory activities and work with our partners to support workforce planning and sector-wide decision making. We use our voice to speak up for a healthy and inclusive working environment for our professions.

Our five strategic themes will guide how we prioritise and phase our work, as well as new investment in people and other resources.

**They are:**

**Improvement and innovation**

**Proactive support for our professions**

**More visible and better informed**

**Engaging and empowering the public, professionals and partners**

**Greater insight and influence**

Underpinning these themes, we aim to align our capabilities, infrastructure and culture to become a fit for the future organisation.

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 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.

Our strategy talks about what we want to achieve and our values tell the story of how we will do this – how people will experience working at and with the NMC.

Andrea Sutcliffe  
Chief Executive and Registrar, NMC

## Our strategy on a page

### Purpose

Promote and uphold high professional standards in nursing and midwifery – protecting the public, inspiring public confidence.

### Vision

Safe, effective and kind nursing and midwifery, improving everyone's health and wellbeing.

### Our role 2020–25

#### Regulate

- An accurate and transparent **register**
- Robust professional and educational **standards**
- Assuring **education programmes**
- Responding fairly to **fitness to practise (FtP) concerns**

#### Support

- Promote **understanding** – our professions and our role
- Provide **practical tools** – help embed standards
- **Emotional/practical support** – people involved in our processes

#### Influence

- Promote positive and inclusive **professional working environments**
- Share **data and insight** to identify risks of harm and address workforce challenges
- Encourage **regulatory innovation**

### Themes 2020–25

Improvement and innovation | Proactive support | Visible and better informed | Engaging and empowering | Insight and influence

### Values

Fair

Kind

Collaborative

Ambitious



# Performance review 2020–2021

## Overview

In March 2020, the Council agreed our 2020–2025 strategy and 2020–2021 corporate plan and budget, following a year of extensive consultation and development work.

At the same time, the Covid-19 pandemic emerged, requiring us to divert focus and resources to help respond to the emergency. This meant that we had to put some of our planned activities on hold, while making sure that we continued to deliver our core regulatory duties and regulate effectively.

Many of our external partners were heavily involved in the response to the Covid-19 pandemic and maintaining vital health and social care services under immense pressure. We needed to make sure that we were minimising burdens on busy professionals while working collaboratively to find the best solutions that supported nursing and midwifery professionals, students, and the public.

### Our priorities in these unprecedented circumstances were:

- maintaining our important role in protecting the public and promoting public confidence in nursing and midwifery
- ensuring we continued to register the right people swiftly – the health and social care system needed nurses, midwives and nursing associates more than ever
- playing our part in the actions needed to respond to the Covid-19 pandemic
- looking after our colleagues to make sure people were safe and we could continue to operate effectively.

### We took the following action in response to Covid-19:

**Regulation:** Our Council approved emergency rules in March 2020, subsequently amended in July 2020, enabling us to:

- set up temporary registration (including a register, practice conditions, policies and legal powers) to support more nurses, nursing associates and midwives to contribute safely and effectively to the pandemic response, with appropriate safeguards



- put in place emergency education standards to enable nursing and midwifery education to continue safely and effectively during the pandemic, while allowing students to contribute to the pandemic response
- extend retention fee and revalidation periods to support professionals to remain on our register
- implement flexibility within our overseas requirements to support professionals who qualified overseas to contribute to the pandemic response
- put in place working arrangements to enable virtual hearings and education programme approvals.

**Support and influence:** We undertook extensive external and internal communications, including a new web hub and UK-wide engagement with sector leaders and relevant government departments of the four UK countries.

**Insight:** We undertook equality, diversity and inclusion research and analysis of our temporary register and equality impact assessments of our Covid-19 response, horizon scanning and generating regular insights, including intelligence on Covid-19 referrals.

**People and infrastructure:** We supported colleagues to work from home and, when appropriate, return to the office. We did continuous risk assessments, implemented safety measures and supported employee wellbeing.

## Our emergency rules

The ways of working enabled by our emergency rules have benefits we want to embed beyond the pandemic. In March 2021, after extensive consultation and listening carefully to the views of the public, professionals on our register, professional bodies and other key stakeholders, the Council agreed that the powers granted under emergency legislation should continue once the emergency period has ended. **This includes:**

- continuing to hold hearings virtually unless there is a good reason not to and where it is fair and practicable to do so

- an agreement that we will not use the power to hold hearings without a registrant panellist being present, outside of a national emergency
- an agreement that we will use panels of two members rather than three in rare and exceptional circumstances only.

The decision to continue to use these powers was informed by careful consideration of relevant factors, including the need to strike the right balance between open justice and public access on the one hand and any risks of unfairness or detriment to registrants on the other. We have committed to reviewing and clearly explaining the continuing use of these powers at the end of the emergency period.

## What we have learnt over the last year

In responding to the pandemic, we have gained valuable insight about our processes and identified new approaches that we want to embed in future.

### We have learnt that:

- Although responding to the pandemic has slowed the pace of delivering our strategy, it has strengthened our conviction that our strategic objectives are sound, and confirmed that our values and desire to integrate equality, diversity and inclusion into our work shaped our response to Covid-19 as well as our strategy delivery.
- Assessing key decisions relating to the pandemic through an organisation-wide [equality impact assessment](#) (EQIA) has been critical in ensuring we monitor the impact of our processes on different groups and ensuring we improve, rather than exacerbate, unacceptable and deep seated inequalities.
- Collaboration and engagement with sector partners to align our support and guidance, such as joint statements regarding safety and consulting on policy changes, has been vitally important.
- We can be adaptable, responsive and flexible. Our stakeholders want more of this from us, while not compromising on safety.

- We can successfully deliver activities at greater pace, such as the technology solution we used to manage emergency registration, and should think about our appetite for doing more of this in the future.
- Although certain activities, notably some fitness to practise hearings, mean that people need to attend offices, we can successfully work remotely across many of our activities, which creates potential opportunities for our future estates planning and NMC colleagues.

We are proud of what our colleagues have achieved over the last year. The following pages of the performance review provide an account of our work against our five strategic themes, as set out in our 2020–2025 strategy, and our annual corporate commitments, as set out in our corporate plan for 2020–2021.

## Strategic theme 1

**Improvement and innovation:** Continuously innovating our regulatory approach to make sure we maximise public benefit and provide good customer service

**Commitment 1:** Continue to provide effective regulation of nurses and midwives across the UK and nursing associates in England

## Our register

Our register is at the core of everything we do. It protects the public by ensuring that only those who meet our standards can practise in the UK. To contribute to the national response to the pandemic and support those on our register, we made a number of changes to the way we worked in 2020–2021.

Using our emergency powers, we identified groups of people we considered to be fit, proper and suitably experienced to support the emergency. Throughout 2020–2021 we enabled a range of different groups to join the temporary register, including nurses and midwives who had previously held registration and certain groups of overseas-trained professionals who were in the process of applying to the permanent register, subject to conditions of practice, as appropriate.

**As at 31 March 2021, the number of professionals on the temporary register was 15,457.**

“We created the Covid-19 temporary register, made up of professionals who had recently left the NMC’s register and professionals from overseas awaiting their final assessment in the UK. We are humbled and exceptionally grateful to everyone who has joined the temporary register.”

Since we introduced temporary registration in March 2020, we have been monitoring the equality impact of our Covid-19 response work. **With our Equality Impact Assessment carried out for the period of March 2020 to April 2021, we concluded that:**

- Decisions to include groups with temporary registration were based on an assessment as to whether the group – not the individuals within it – were considered to be ‘fit, proper and suitably experienced’. These considerations were found not to favour or disadvantage any individual or group over another regarding any protected characteristic.
- There were differences on the basis of age and disability of the people who were invited to have temporary registration. We were mindful of the government guidance in place at the time, designed to protect some people in higher risk groups. Rather than automatically accepting applications for temporary registration from people in certain age groups or who had health-related issues, we processed their applications manually.
- We monitored and reported on removals of temporary registration and complaints raised against those with temporary registration from an equality, diversity and inclusion perspective.
- While we have not identified or received concerns about potential discrimination in our amended processes during this time, we remain mindful and concerned about the long-term impact of the pandemic and the potential for widening disparities, across the sector for both professionals and those accessing care.

## Permanent register

As at 31 March 2021, the number of professionals on the permanent register was 731,918. This represents an increase of 2.1 percent (15,311 registrants) since March 2020, and is the highest number of registrants ever.

Permanent register as at 31 March 2021

**681,527**  
Nurses

**39,070**  
Midwives

**6,968**  
Dual registrants

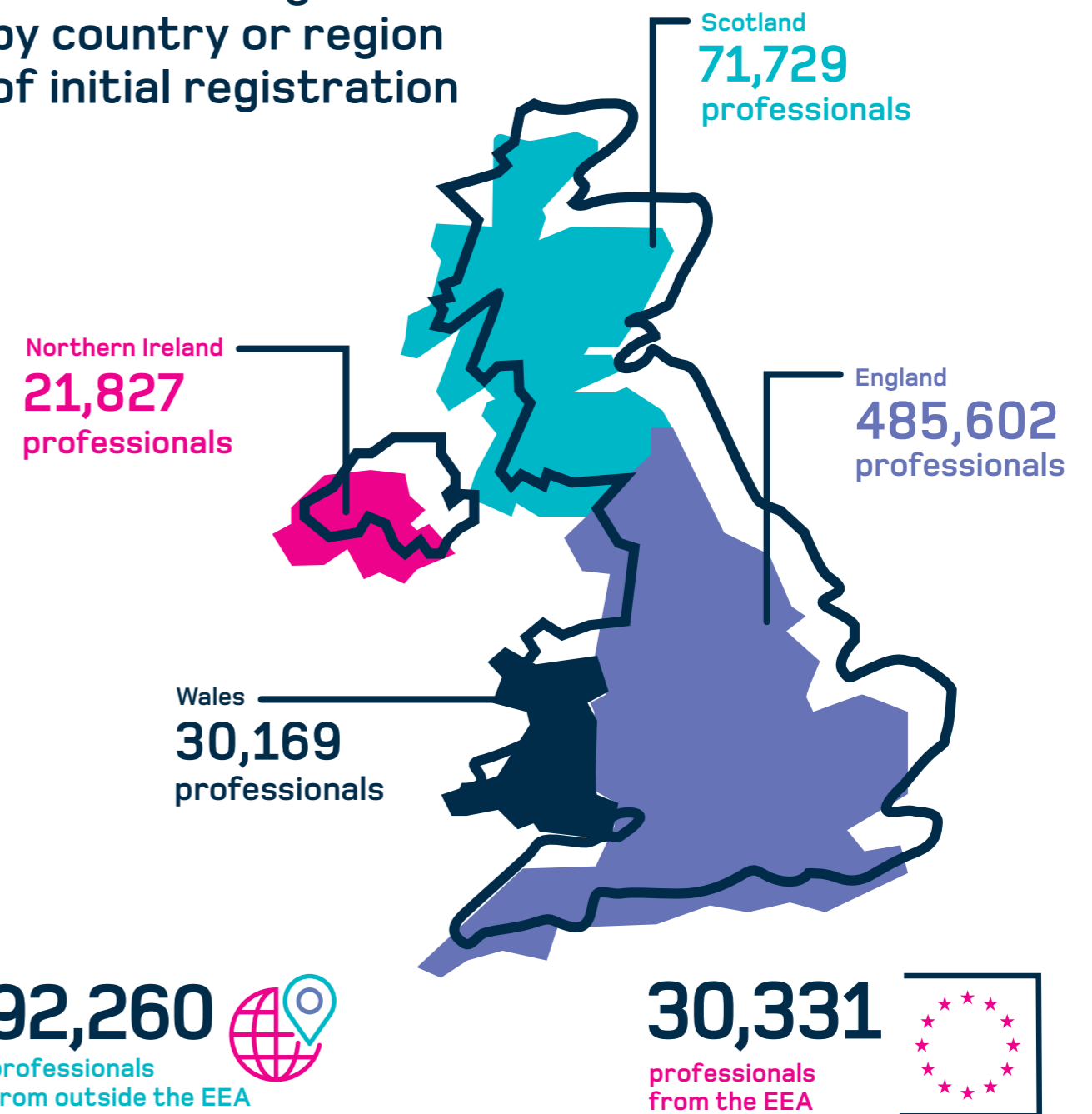
**4,353**  
Nursing Associates



On our register a total of

**731,918**

## Number of registrants by country or region of initial registration



## The impact of Covid-19 on professionals on our register

We know that responding to the Covid-19 pandemic has intensified the demands on nurses and midwives, with professionals caring for people and supporting families in new and difficult circumstances across all health and care settings. As the King's Fund report on The Courage of Compassion highlighted:

*"The impact of the pandemic on the nursing and midwifery workforce has been unprecedented and will be felt for a long time to come."*

We have an important role in helping to foster the culture and environment that supports the mental and physical health of professionals on our register. We have taken steps in 2020-2021 to help support this, for instance, our Covid-19 hub provides resources to support the mental health and wellbeing of professionals. But we know there is much more to do. Our strategy for 2020 - 2025 sets out our own ambitions for this work and we remain committed to working in collaboration with others to achieve those aims.

### This year we welcomed 34,577 new professionals to the permanent register.

- 24,611 trained in the UK (2019-2020: 25,381).
- 810 trained in the European Union/European Economic Area (EU/EEA) (2019-2020: 913).
- 9,156 trained outside the UK or EU/EEA (2019-2020: 11,933).

Our registration processes and requirements ensure that the right professionals are on our register and can provide safe and kind care. These processes must be appropriate, proportionate and operate efficiently to support the workforce and protect the public. The strong registration performance this year, as demonstrated below, supports that aim.

### Despite the challenges faced due to Covid-19, we met our key registration performance indicator targets:

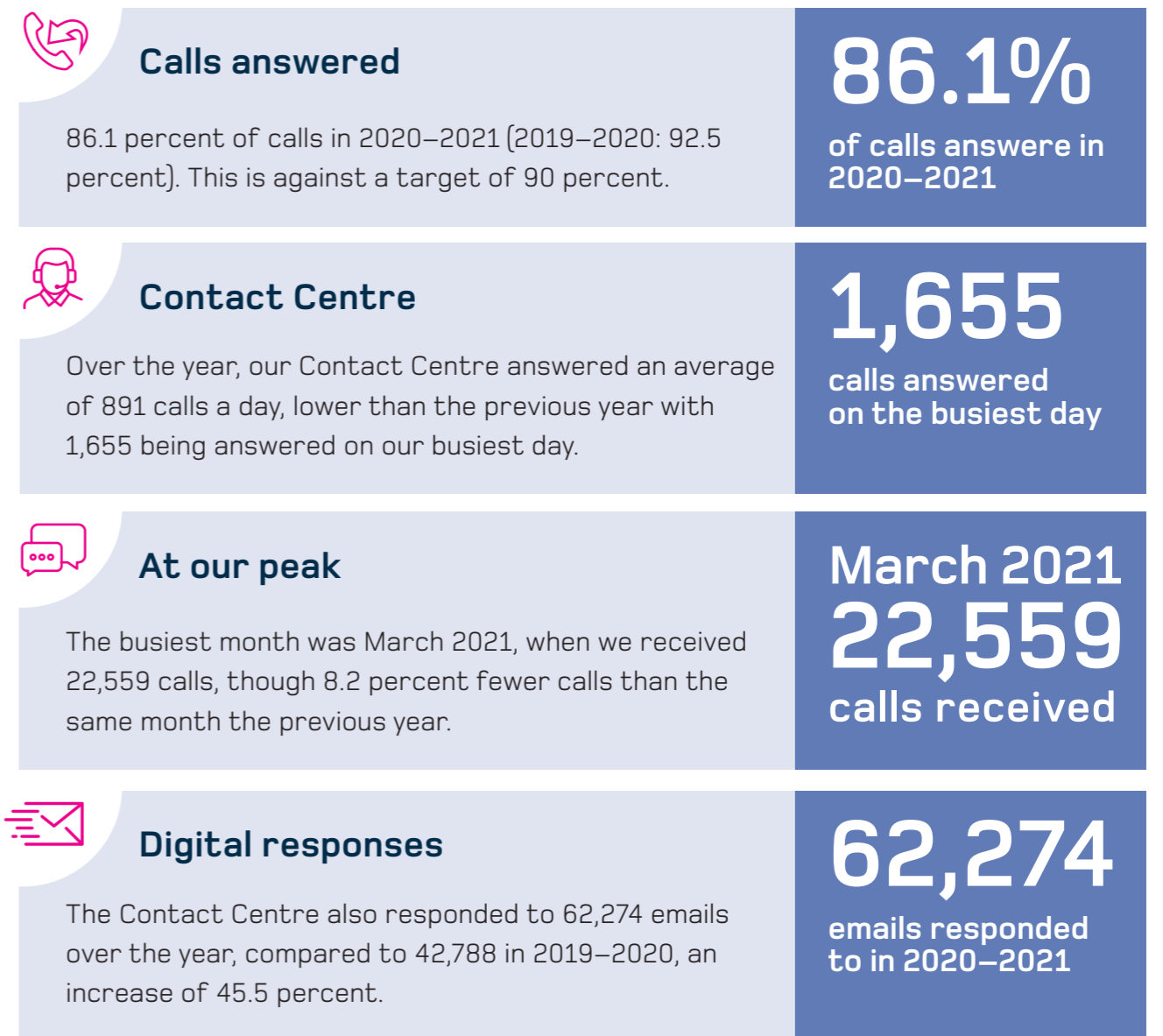
- 99.3 percent (2019-2020: 97.1 percent) of UK initial registration applications were completed within one day, meeting our target of 97 percent
- some applications take longer to process, for instance, if a concern has been identified. 97.7 percent of these UK initial registration applications were completed within 60 days (2019-2020: 99.7 percent), exceeding our target of 95 percent
- 99.7 percent of EU/EEA registration applications were completed within our goal of 30 days (2019-2020: 99.8 percent), exceeding our target of 90 percent

- 99.4 percent of overseas registration applications were completed within our goal of 30 days, exceeding our target of 90 percent. The comparator for 2019-2020 was 99.9 percent in 60 days. The change in the target from 60 days to 30 resulted from the system improvements introduced in October 2019, which streamlined our processing.

**Our Contact Centre** supports nurses, midwives, and nursing associates with queries they have about their registration.

We successfully enabled the Contact Centre to work remotely, but this presented some technical challenges which led to some delays on the line and issues with connecting to our remote systems.

Over the Christmas period and the second wave of the pandemic we also received a higher volume of complex calls. **Despite these factors:**



The increase in email activity was due to queries relating to the Covid-19 pandemic, particularly about emergency temporary registration and revalidation extensions.



## European Union exit

The UK and the European Union (EU) agreed a Trade and Cooperation Agreement on 24 December 2020 and the transition period came to an end on 31 December 2020. We prepared extensively for the end of the transition period and changes to our registration processes were implemented smoothly. We continue to liaise closely with key stakeholders including the Government and our regulatory partners, especially the Nursing and Midwifery Board of Ireland (NMBI), on priority issues such as data-sharing and supporting cross-border care on the island of Ireland. Looking forward, we are continuing to influence a proposed qualification recognition framework being developed by the Department for Business, Energy and Industrial Strategy (BEIS). This will have a bearing on how we treat EU qualifications in the future.

We updated our overseas registration processes and systems to accommodate the assessment of EU/European Economic Area (EEA) trained applicants from 1 January 2021. As at the end of March 2021, 279 EU/EEA-trained professionals had applied to join our register.

The Government has negotiated a so-called 'standstill' period for up to two years, during which time we can continue to recognise qualifications included in the EU Directive. This means that adult nurses and midwives applying to our register who trained in the EU/EEA and who hold a recognised qualification will not be required to take a test of competence. UK-trained professionals who wish to work in the EU will go through the host country's overseas registration route and may not have their UK qualification recognised by that country.

The registration status of EU qualified professionals who were already on our register before the EU exit transition period started did not change. We wrote to those professionals to provide assurance that this was the case.

It was important that we could continue to register professionals trained in the EU after the UK left and that this service was seamless. By taking EU-trained applicants through our existing registration route for professionals trained overseas, there was no break in service.

## 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 2020–2021, many of the professionals on our register were revalidating for the second time.

We recognised that while some would be ready to revalidate in line with their revalidation date, others would have difficulties completing their revalidation during this unprecedented time. To relieve the pressure and reduce worry, we used our emergency powers to extend the time that people had to complete their revalidation during both waves of the pandemic. We also published specific guidance on how to revalidate during the emergency, setting out how we supported people to meet the requirements and providing advice on how to meet the continuing professional development (CPD) reflection and confirmation requirements. We continue to monitor the external situation to ensure our support is tailored and effective.

For the full year of 2020–2021, 179,361 professionals revalidated by the time of their original revalidation date. This revalidation rate of 80.7 percent is lower than previous years (where it has ranged from 92 percent – 94 percent).

The lower reported rate for the full year is due to the pandemic and the blanket extensions that we applied to ease the pressure for the workforce. In previous years, we have only reported the number of professionals who revalidated by their original due dates and not included those who revalidated during any extension period allowed.

We made system changes in September 2020 which altered the way we capture and report on our revalidation data, which means we can also now report on how many professionals revalidate by an extended deadline, so gaining an overall picture.

Revalidation extensions stretched beyond the end of this reporting period into the new financial year. So, it will be some time before we will know how many professionals revalidated in total, including those who did so after their original due date.

As we only started capturing the additional data on extensions from September 2020 onwards, we will not have any comparative previous full year data and it will only relate to the last half of the year.

Revalidation is a key regulatory tool to enable professionals to demonstrate their competence continually. By allowing extensions to the timeframes for the submission of their revalidation, we supported significant numbers of nurses and midwives to continue working through the pandemic and to complete their revalidation when they were more able to do so. We believe this was an effective and balanced use of this important requirement.

## How revalidation works for different groups

An important focus of our equality, diversity and inclusion research is exploring why some groups find it harder to revalidate and what we can do about this. Our data shows:

**Ethnicity:** Although most ethnic groups have a revalidation rate (within the original revalidation period) between 75 percent and 85 percent, there are some groups outside this range. People who are Asian/Asian British Indian have the highest revalidation rate (87.6 percent, 6,774 of 7,731) and people who are 'Any other mixed background' have the lowest (58 percent, 105 of 181). The ethnic groups of those due to revalidate vary in size, so this should be noted when making comparisons.

**Disability:** Those declaring a disability at the time of revalidation had a lower rate of revalidation (70 percent) than those not declaring a disability (81 percent). We continue to prioritise providing support and reasonable adjustments for people with a disability; further details can be found in our [reasonable adjustment policy](#).

As mentioned above, while the reported figures will be understated due to revalidation extensions, the disparities between groups is real and we will continue to work to ensure that any differences do not arise due to barriers within our processes.

## Quality assuring nursing and midwifery education

As the regulator for nursing and midwifery professionals, our role is to quality assure nursing and midwifery education. We do this by approving education programmes and monitoring the delivery of those programmes in Approved Education Institutions (AEIs).

### Education emergency and recovery standards

In response to the pandemic, and working closely with the Chief Nursing Officers, Chief Midwifery Officers, Council of Deans of Health, Royal Colleges, and representative bodies, we introduced a set of emergency standards in March 2020. These standards enabled final year nursing and midwifery students to complete their programmes in extended placements to support the workforce. Second year students were also enabled to undertake extended placements, while first year students could complete their year in theoretical learning to reduce any pressure on the workforce. We removed the requirement for students on extended clinical placements to be supernumerary but required them to have protected learning time. Consequently, the four country governments decided to remunerate these students during that period. Under these arrangements, more than 35,000 student nurses and midwives further supported the workforce as part of their programmes.

These emergency arrangements were replaced with a set of recovery standards in September 2020. The standards sought to increase flexibility during the pandemic, with a view to returning students to as normal an education as possible.

In January 2021, with the pandemic intensifying and increasing pressure on the workforce, the Secretary of State for Health and Social Care asked us to reinstate emergency standards for final year nursing students to again allow them to undertake extended clinical placements and support the workforce as part of their programmes. We also provided further flexibility to AEIs around student supervision and assessment, and the use of simulated practice.

### Quality assurance of emergency standards

When AEs and their practice learning partners adopted the emergency standards in 2020, we required them to submit a report to us outlining the changes they had made to their programmes and assurance that they continued to meet our standards overall.

All 87 AEs that were required to submit reports, did so. Of those, 22 (25 percent) did not provide adequate assurance initially and were required to re-submit their reports. We have reviewed the re-submitted reports and the AEs have now provided adequate assurance.

*We applaud the response from nursing and midwifery students who played a vital role throughout the pandemic and coped with so much disruption.*

### Approving education programmes in 2020–2021

Due to social distancing guidelines, we introduced virtual visits to enable programme approval activity to continue during the pandemic. The 169 visits that were conducted remotely were well received, and we are currently exploring where these types of visits could be used more routinely as part of our normal quality assurance activity.

The number of AEs has increased from 86 in 2019–2020 to 88 in 2020–2021, delivering 2,235 approved programmes.

In 2018, we launched ambitious new standards which set out the skills and knowledge needed by the next generation of nurses to deliver world class care. AEs began training against the new standards in 2019. Registered nurses play a vital role in providing, leading and coordinating care that is compassionate, evidence-based, and person-centred. These new standards take account of the changing needs of people, including caring for those with complex needs and in promoting public health agendas and priorities. In 2020–2021, 83 AEs that had been approved against our old standards, were reapproved against our new standards, ensuring we met our key performance indicator. We refused approval of one programme relating to a return to practice programme.

All AEs in the UK will be educating nurses using our new standards by September 2021, following the Council's agreement in March 2020 to extend the deadline from 2020 to 2021 in light of the pandemic's impact.

In 2020, we launched our new standards for midwifery, which set out the skills and knowledge needed by the midwives of the future to provide world class midwifery care. AEs began education programmes using these standards in 2020, and in 2020–2021, 19 AEs were approved against the standards. All AEs in the UK will be educating midwives using our new standards by 2022, following the agreement by the Council in July 2020 to extend the deadline from 2021 to 2022 due to the pandemic.

### Monitoring education programmes in 2020–2021

AEs are required to submit an annual self-assessment and self-declaration regarding their NMC approved programme(s). All 87 AEs (one AEI was approved after the annual self-assessment submission deadline) that had been approved and were required to do annual self-reporting at the time, submitted their self-assessment reports for the 2019–2020 academic year. Of these, 21 (24 percent) did not initially provide adequate assurance. These institutions were required to re-submit their reports, which have been reviewed and assurance has now been provided.

We have 53 institutions currently under new programme monitoring where they are running a new pre-registration programme for the first time. New programme monitoring offers additional scrutiny and requires AEs to provide extra information on new programmes, up until the first cohort of students complete their programme and join the register. We also have one programme under enhanced scrutiny, having carried out an extraordinary review in 2020 and found that our standards were not met. That institution has subsequently completed its agreed action plan.

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



We were also asked to support, and provide advice on, the Health Education England (HEE) blended learning project. The project aims to help address national shortages in clinical expertise by developing training that blends online learning with practical, hands on learning. Advice was given around the requirements to meet our standards and the need to gain approval or modification to programmes within a specific timeframe. This led to six AEs being selected to deliver a blended learning programme; these programmes being fully approved for delivery from January 2021.

## Fitness to practise

As the regulator for nursing and midwifery, it is our role to respond fairly and effectively to concerns about nurses, midwives and nursing associates through our fitness to practise processes. We encourage people to speak first to the employer about their concerns to see if they can be resolved at a local level. Where this is not possible, or if someone believes them to be serious enough to require immediate regulatory action and the concerns are referred to us, then we determine if we need to take action to protect the public.

We believe in giving professionals the chance to address concerns through strengthening their practice however, where someone registered with us presents a risk to people who use services, the public, or their colleagues, we take action to protect the public by restricting their practice or removing their right to work as a nurse, midwife or nursing associate.

Although the number of concerns being raised with us has been broadly stable (we received 5,547 new concerns in 2020–2021 compared to 5,704 the previous year), our caseload where we had not made a final decision was already beginning to increase towards the end of 2019–2020. This was partly due to the impact of our new person-centred ways of working, and vacancies in key teams particularly those involved in the first parts of our decision making and investigation process. Although recruitment plans to address the situation were under way, these were initially curtailed by the onset of the pandemic.

### Our caseload continued to increase in 2020–2021 due to our response to the Covid-19 pandemic:

- While we implemented a move to virtual hearings, we had to pause all but the most serious and urgent hearing activity.

- During the first wave, where there was no immediate risk to the public, we suspended fitness to practise investigations. Although this increased our caseload, we took the view that it was right to not pursue any enquiry that could hamper the national response to the pandemic by diverting healthcare professionals and employers from focusing on the Covid-19 emergency.

### Throughout the year, we have worked to reduce delays:

- From July 2020, we resumed full investigations and recruited additional team members to support our performance.
- From September 2020, alongside continuing virtual hearings, we resumed Covid-safe physical hearings.
- In January 2021, we launched our Fitness to Practise Improvement programme. It focuses on changes to our processes and decision making which will ensure that final case decisions can be taken at the earliest possible stage. This will help reduce the caseload, without compromising quality, and will also result in lasting improvement to our fitness to practise approach.

Despite this work, we ended the year with a high fitness to practise caseload and we did not meet our target of closing 80 percent of our cases in 15 months. In 2020–2021 we closed 72 percent of cases within 15 months, compared to 81 percent in 2019–2020. We recognise it will be some time before we return to our service standard in this area. As an additional interim measure to assess our progress, we will monitor how many decisions are taken at each stage in our process each month to ensure that sustained progress is being made. We will continue to prioritise cases where there is an immediate risk of harm while we recover our caseload position.

Our performance against our target of issuing interim orders within 28 days of receipt in 80 percent of cases has also been impacted as a result of the general rise in caseload. We ended the year slightly below target, with 78 percent of interim orders imposed within 28 days (target 80 percent), which is down from 81 percent in 2019–2020.

A detailed statistical analysis of our performance in 2020–2021 is published in our Annual Fitness to Practise Report.

## Fitness to practise in numbers 2020–2021

### 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  
**5,547**  
new concerns  
(2019-2020: 5,704)

We reached decisions on  
**4,123**  
cases  
(2019-2020: 4,650)

We decided  
**1,335**  
cases required  
a full investigation  
(2019-2020: 1,669)

We decided  
**2,788**  
cases did not require  
a full investigation  
(2019-2020: 2,981)

### Interim orders

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

Fitness to practise panels imposed:

Interim suspension orders in

**240**  
cases  
(2019-2020: 245)

Interim conditions of practice orders in  
**309**  
cases  
(2019-2020: 316)

### Case Examiners

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  
**1,083**  
investigations  
(2019-2020: 1,405)  
  
Our Case Examiners decided to:

Take no further action in  
**575**  
cases  
(2019-2020: 812)

Give advice, issue a warning, or agree undertakings in  
**73**  
cases  
(2019-2020: 59 cases)

Refer  
**435**  
cases  
for adjudication  
(2019-2020: 534)

### Adjudication

Where needed, cases are heard by fitness to practise panels.

Panels decide whether regulatory action is needed 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.

Fitness to practise panels made  
**208**  
decisions  
(2019-2020: 452)  
  
where they decided to:

Remove the person from the register in  
**56**  
cases  
(2019-2020: 127)

Suspend the person from the register temporarily in  
**86** cases  
(2019-2020: 142)  
  
Impose conditions of practice orders in  
**27** cases  
(2019-2020: 69)

Issue cautions in  
**14** cases  
(2019-2020: 42)  
  
Take no further action in  
**25** cases  
(2019-2020: 72)

**Commitment 2:** Continue to implement our new strategic approach to fitness to practise to improve our approach to investigations and to improve the experience and support for those involved, whether professionals or the public

Since May 2018 we have been developing and implementing our new strategic approach to fitness to practise. It is focused on how we can move away from a culture of blame when things go wrong in health and social care, and instead develop a culture of openness, honesty and learning.

Although implementation has been delayed by the pandemic and our work to respond to the emergency, we have progressed our preparatory and development work and have launched several elements of our new approach.

## Guidance and support for employers

As employers are closer and better placed to manage sources of risk, they should act first to deal with concerns about a registrant's practice, unless the risk to patients or the public is so serious that we need to take immediate action. It is a core part of our approach to support employers to do this.

In January 2021, we published a [new resource](#) to support employers to take effective action when concerns are raised about a nurse, midwife or nursing associate's practice. The resource was developed in collaboration with employers, professionals, regulatory partners, and representatives of people who use services across the UK.

## Enabling nursing and midwifery professionals to put things right as part of our proceedings

As part of developing a culture of openness and learning, we want professionals on our register to have the chance to remedy and address any concerns that have been raised with us.

This year, we recognised that the impact of Covid-19 would make evidencing strengthening practice more difficult, so in June 2020 we published additional Covid-19 tailored guidance on strengthening practice to allow some flexibility for nurses, midwives and nursing associates during the pandemic.

## Taking account of the context in which incidents occur

It is important that we consider the context in which incidents occur, because we know that nurses, midwives and nursing associates face complex issues and pressures every day.

In October 2019, we began to pilot a new approach to the use of context. We concluded the pilot early as we recognised that, as the pandemic developed, context would become increasingly important in our considerations and our registered professionals would expect that we would take it into account consistently in our processes.

Instead, we concentrated our efforts on training our teams on how to consider context and preparing a number of commitments which we will adhere to when assessing context. We went live with our approach in late March 2021. In developing these commitments, we sought a range of views, including from patient experience forums, and professional representative bodies, unions and other professional leaders, such as lead midwives for education.

Further information on our new approach to fitness to practise is published in our Annual Fitness to Practise Report.

## Whistleblowing to the NMC as a prescribed person

The NMC is a 'prescribed person' in UK whistleblowing legislation. That means there are protections in law for professionals on our register, people studying towards NMC-approved qualifications, and other healthcare professionals who raise concerns with us. We have [a policy](#) that explains how we handle concerns that are raised with us and the criteria we use to decide whether they meet the legal definition of whistleblowing.

In 2020–2021, we received 192 concerns that met our criteria for disclosures we reasonably believe to be instances of whistleblowing (2019–2020: 107). Of the 192, 45 were received through our whistleblowing mailbox (2019–2020: 23) and 147 were disclosures made during fitness to practise cases (2019–2020: 84). The most common themes in disclosures made this year were: management issues, patient care, behaviour and violence, and prescribing and medicines management.

Each year we publish a joint report with other health and social care regulators on how we handled whistleblowing disclosures. The joint report for 2019–2020 can be found on [our website](#). The joint report for 2020–2021 will be published later this year.

## Case study 1

A nurse working at a trust in England contacted us with concerns about Covid-19 working practices. The nurse had recently been redeployed to work in cancer treatment and had concerns that while the site had strict access procedures, workers were still being redeployed to other areas on a daily basis. They were concerned that this breached Covid-19 isolation procedures as workers could potentially be working with known or potential coronavirus patients one day, then cancer patients that are immuno-compromised the next day. The nurse was also concerned about the impact on workers' morale and wellbeing as they were often told at short notice which teams they would be working with, and often in areas in which they had no experience.

**Outcome:** Concerns were shared with Care Quality Commission, Public Health England and NHS England and Improvement.

## Case study 2

In December 2020, a disclosure was made regarding bullying and management concerns at a residential care home in Northern Ireland, which were putting the dignity and safety of staff and residents at risk. Concerns included bullying, unprofessional behaviour and Covid-19 infection control.

**Outcome:** We opened a fitness to practise case and shared information with the Regulation and Quality Improvement Authority (RQIA).



### Commitment 3: Deliver the next stage of improvements for registration of overseas applicants

Recognising that overseas-trained professionals who were applying to join our register were dealing with the impact of the pandemic both professionally and personally, we introduced temporary measures to provide additional support during this difficult time. For example, while our test centres were closed, we allowed those whose English language evidence was due to expire to provide additional evidence to demonstrate that their language continued to meet our standards.

Some of these applicants were eligible to join our temporary register and they supported the emergency response while completing their application to the permanent register.

Our test centres closed in March 2020 and reopened in July 2020 with robust social distancing measures in place. The safety of candidates attending the test centres and our staff was and remains of the utmost importance to us. The focus of the test centres when they reopened was to support those who had been on the temporary register to complete their permanent registration applications.

By 31 March 2021, 3,313 (78.9 percent) of the overseas-trained applicants who joined the temporary register in the first wave of the pandemic had joined the permanent register. In addition, the pass rate for this cohort was 83 percent compared to the previous average of 81 percent. Feedback from all stakeholders was that this group both contributed to our pandemic response and accelerated and deepened their understanding of the health and social care settings they ultimately joined through full registration.

## Test of competence

The test of competence ensures professionals who trained overseas and those who want to re-join the register after time away from practice have the right skills and knowledge to practise safely.

We had intended to launch a new test of competence during the summer of 2020. We know that preparing for the test is key to candidates' success and we recognised that the pandemic had severely interrupted this preparation. We initially decided to postpone implementation to March 2021, and when the second wave emerged, we postponed implementation once more to August 2021.

In March 2021 we launched a dedicated information hub with everything candidates, recruiters and employers need to know about the new test of competence ahead of the launch in August 2021. The hub provides support for those preparing for the test and includes mock exams and handbooks.

## Workforce

The Department of Health and Social Care (DHSC) and National Health Service England and NHS Improvement (NHSE&I) continued to introduce initiatives to increase the nursing workforce in England as outlined in their People Plan. This included supporting trusts in England in their international recruitment planning. We worked closely with them to understand the demands on our registration services and test of competence, so that we could respond to demand. We also shared our data so they could better inform their assessments of the initiatives. Work is under way to secure additional capacity in the examination centres delivering the practical element of the test of competence. This initiative will benefit and be available to those returning to our register after a long period being out of practice and overseas-trained professionals applying to our register who will be working across the health and social care sector in the UK.

## Strategic theme 2

**Proactive support for our professionals:** Enabling our professions to uphold our standards today and tomorrow, anticipating and shaping future nursing and midwifery practice

### Commitment 4: Deliver a new set of ambitious post-registration standards of proficiency which focus on community practice

In 2019–2020, we took initial steps in developing new post-registration standards of proficiency for specialist community public health nursing (SCPHN), including health visiting, occupational health nursing, school nursing, and a specialist practice qualification for community nursing. This work included establishing a steering group and appointing independent chairs to lead on the different sets of standards.

In 2020–2021, in response to the impact of Covid-19, we adapted our existing standards development methodology to enable us to progress this important piece of work in a virtual way.

**This has enabled us to:**

- produce draft core proficiencies for SCPHN and field-specific proficiencies for the three SCPHN fields of health visiting, occupational health nursing and school nursing
- outline the content and draft a set of proficiencies that apply to all the existing community specialist practice qualifications, with programme standards that ensure programmes are organised to deliver qualifications leading to separate annotations for the existing individual community specialties
- propose an additional annotation of community specialist practitioner with no field of practice specified. This is in recognition of nurses working in other community settings now and in the future, for example nurses working in the social care sector, charitable sector or in prison settings. These nurses would be able to undertake this qualification for the benefit of the people in their care in those other care settings

- produce a single set of draft programme standards that are ambitious, agile, outcome focused and aligned to our previously published education framework and standards for student supervision and assessment. The programme standards meet the requirements of both SCPHN and specialist practice qualification programmes, providing opportunities for shared learning and implementation.

The pandemic meant we could not complete our public consultation and user testing before the end of 2020–2021 as planned. The decision to push consultation to April 2021 was based on the recommendation of the post-registration strategic steering group and other four country stakeholders. However, our commitment to withdraw the existing standards no later than 2023 remains on track.

Although we could not complete our consultation and user testing, we have undertaken extensive pre-consultation work and prepared the consultation process and materials. We conducted all our pre-consultation engagement activity online, which enabled us to widen our reach. We have also increased the consultation period from the usual 12 weeks to 16 weeks, recognising the current pressures on the health and social care system and government public health guidelines. We kept our timeline for the project under review to enable stakeholder participation.

Due to the lockdown and restrictions on travel and meeting in person, our stakeholder engagement activity was entirely conducted online using different platforms and included webinars, stakeholder group meetings and one to one meetings. Despite the challenges of the pandemic, there was excellent participation in these engagements from over 2,000 stakeholders across the UK. The virtual nature of the activity helped to widen participation, particularly to frontline practitioners who otherwise may not have been able to give up their time to attend one of our events. We published two reports on our website, one on the engagement activity and an independent report on the themes that emerged in relation to the new standards. This, along with our evidence review, enabled us to build a robust evidence base to shape the drafting of the new standards for SCPHN and Specialist Practitioner Qualification (SPQ), in co-production with our stakeholders.

## Commitment 5: Explore a new method for ensuring that we take a dynamic approach to developing professional standards, in order to respond rapidly to new professional challenges

As a result of Covid-19 and the need to reprioritise our activity, we decided to delay activity in this area.

### We did make the following progress:

- We began to define our approach to developing a forward programme of work for updating our standards, including forming internal working groups.
- Initial high-level principles for our standards development were identified, including being evidence based and co-produced.
- Key phases of a new standards development cycle were also identified including project initiation, standards development, implementation, and evaluation.
- We formed internal working groups to further develop how these phases of standards development would operate, including where more urgent changes to our standards might be needed, for example our current work to review our standards now that the EU Directive no longer applies.

## Midwifery at the NMC

During 2020–2021 we co-produced, with external stakeholders, a live action plan entitled 'Midwifery at the NMC', which interprets our 2020–2025 strategy from a midwifery perspective. The plan will ensure that midwifery continues to influence and be considered in all our work. Development of this work will continue and we will publish the plan in 2021–2022.

## Future Midwife standards

Following the launch of our Future Midwife standards in January 2020, we have continued to use our extensive networks across the UK to promote and encourage the adoption of our evidence-based standards in both education and practice.

We have presented and raised awareness of the standards at various virtual events and worked with the Future Midwife Boards in England, Wales, Northern Ireland and Scotland, and several expert reference groups. As part of our work with the public, who were very involved in commenting on and contributing to the development of our standards, we developed and then published in May 2021 an animation that highlights our standards of proficiency and the care that women, partners and their families can expect from midwives.

## The Code in Action: bitesize animations

We know that nurses, midwives and nursing associates faced difficult decisions in unprecedented circumstances during 2020–2021. As part of our support to the professions, we developed a series of bite-sized animations called *Caring with Confidence: The Code in Action*. These animations focus on key themes about nursing and midwifery professionals' roles, and how the Code can support them to uphold high standards, especially in difficult situations.

The animations had more than 700,000 views, and we received positive responses from our feedback survey, with 92 percent of respondents (427 people) saying the animation they watched made them feel more confident about the topic and how it relates to their work as a registered professional; and 92 percent (424 respondents) saying this type of resource helps them to uphold high standards during challenging circumstances.

**Comments we received included:** Thank you for producing these videos. I have found them very useful and they have reminded me of my passion for nursing.

**We also received feedback from educators, including:** We have sessions on the NMC Code in every year of our pre-reg courses. The students have been given the link to the animations. The animations are bright and interesting.



We also published two animations to help everyone using health and social care services to understand what to expect from their nurses and midwives. The animations help explain the standards we have introduced over the last two years to support UK nurses and midwives to provide kind, safe and effective care.

*"I hope our animations will help ensure even more people understand our standards and build further awareness of the fantastic care nurses and midwives provide every day."*

**Geraldine Walters, Executive Director, Professional Practice, NMC**



**Strategic theme 3**

**More visible and better informed:** 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.

**Commitment 6:** Review and develop our presence in local areas across the English regions and in Scotland, Wales, and Northern Ireland, maintaining a focus on providers and further extending our place-based networks

During 2020–2021, we undertook a strategic review of our Employer Link Service (ELS), taking account of our strategic goals and our understanding of the external context. The review concluded that we should extend this aspect of our work to offer a more comprehensive outreach service to the nations and regions of the UK, working with a wider range of partners, and engaging on all aspects of our remit.

Covid-19 meant that we delayed implementation of our review's findings and focused on supporting employers. As face-to-face visits were not possible for most of 2020–2021, our Regulation Advisers engaged virtually with employers of nurses, midwives, and nursing associates across the UK. **Areas of focus for the year included:**

- providing information and support for employers on our approach to regulating during the pandemic
- publishing a resource for employers to support them to respond effectively to concerns about a professional's practice
- encouraging employers to contact our advice line before making a fitness to practise referral, leading to a 50 percent increase in calls; 48 percent of calls resulted in alternatives to a referral at the time of the call
- strengthening relationships with regional chief midwives and perinatal safety surveillance groups in response to the national maternity review in England.

### Collaboration with GMC and CQC on maternity services

During the year we discussed with the General Medical Council (GMC) and the Care Quality Commission (CQC) how we could work together better to use our collective insight to improve services. We agreed to start a collaborative project focusing on maternity services in England because of current concerns in some maternity units. These have many causes and, while good midwifery practice is one part of the solution, there are also multi-disciplinary team and system issues to tackle. We are collaborating with the GMC and the CQC to ensure good alignment between our expectations of midwives, obstetricians and gynaecologists, and the maternity services in which they work – and to ensure there is a better mechanism for sharing insight.

In November 2020, we held a roundtable event with key stakeholders to discuss how we can work together to address some of these concerns. **Three key areas of potential collaboration were identified:**

- to explore how we can use our collective data to identify concerns, provide actionable intelligence and support the wider safety system
- to progress work on a shared expectation from professional and system regulators on leadership
- to consider what support would then be available to a service provider as part of contributing to a collaborative intervention when risks are identified.

We are continuing to work with the GMC and CQC, and other partners in England, to progress this initiative and hope to be able to apply the learning across the UK.

## Case study 1

### How ELS supports employers with the regulatory process

An ELS Regulation Adviser was contacted by the NMC fitness to practise team following a pattern of referrals from an ambulance trust that were lacking in information or not meeting our seriousness thresholds for referring concerns to us.

The Regulation Adviser contacted the senior team at the ambulance trust who were keen to work with ELS to support a review of internal processes and provide information to support greater openness and transparency within the workplace.

The outcome has been an increase in requests for advice at an early stage when concerns are identified. This has resulted in increased confidence to manage concerns locally where appropriate, and a better understanding of the information needed if a referral is needed to enable us to reach a decision as quickly as possible.

## Case study 2

### How the employer resource is being used to support a small independent provider

A senior nurse contacted us for advice because there were different approaches to managing concerns in their organisation between the nursing team and the human resources team. An ELS Regulation Adviser delivered a learning and engagement session for senior nursing and HR colleagues, based on our resource for employers.

As a result, the senior nursing team reported feeling better supported and more confident in their approach and decision making. HR colleagues were positive about the availability of tools to inform their future discussions.

## Case study 3

### Support for adult social care nursing homes

Our Regulation Adviser identified a number of care homes in their region had been rated as 'inadequate' or 'requires improvement' by the Care Quality Commission. We contacted the relevant providers through the Clinical Commissioning Group. We met with them to provide information and guidance on our processes, including support and advice about managing concerns locally where appropriate.

The providers now have an established NMC contact for when they need further advice and are more confident about engaging with us and our processes.

### Strategic theme 4

**Empowering and engaging 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.

## Commitment 7: Formulate and agree an organisation-wide approach that ensures people are at the heart of what we do, and principles for co-production of our services and educational standards

We have made positive progress against this commitment in 2020–2021, despite some delays due to prioritisation of urgent Covid-19 work.

We defined our vision and developed a series of simple commitments to deliver that vision, which will enable us to build effective and meaningful engagement with the public into all our work.

This year, this included building public engagement into priority projects such as the development of new standards for community and public health nursing. We continue to develop our communications with the public, such as through a dedicated newsletter and improvements to our online communications. We are building our support for those who work with us, to ensure we hear from as diverse a group of people and communities as possible.

**Vision:** An NMC that is actively engaging with and empowering the public. We will be trusted and responsive, building an understanding of what we and our professionals do, developing strong and purposeful relationships, and enabling people to shape what we do.

In tandem, we have reviewed how we can embed co-production with the public and other stakeholders into our work more consistently. This led to the development of co-production principles, which we will embed across our policy and standards development. As part of this, we are establishing a new strategic public group to help guide our work in this area.

## Commitment 8: Develop a more systematic and targeted approach to stakeholder engagement across the four countries of the UK

We have made good progress embedding a consistent approach to our engagement with stakeholders in the devolved nations.

When the pandemic presented barriers to engagement, we moved from face-to-face to digital engagement. We built on changes implemented in 2019–2020, including further establishing the roles of lead directors for each country, and made significant progress in building relationships with regulatory partners in Scotland, Northern Ireland, and Wales. We worked collaboratively with partners in the devolved nations in our parliamentary engagement, including on a number of focused policy issues.

This close engagement has strengthened relationships, improved information sharing and supported every stage of decision making by the NMC in response to the pandemic.

**Strategic theme 5**

**Greater 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

### **Commitment 9:** Work with the Department of Health and Social Care (DHSC) and others on a substantial programme of reform to shape improvements to our legislative framework across the UK

In 2020–2021, we engaged with the DHSC, regulators, and other partners to inform the development of the DHSC's proposals for regulatory reform. We are continuing to work collaboratively with other regulators to develop consistent model rules. We have established an expert advisory group, which includes patient groups and professional partners, to inform our approach. The DHSC's timetable and approach to reform has evolved during the year. At present, our plans assume that April 2023 is the soonest any new legislation would come into force.

### **Commitment 10:** Start to improve the way we use and publish data and insight to add value for our stakeholders and help shape the sector

## **Equality, diversity and inclusion insight**

In 2020–2021 we continued to collect and share our equality, diversity, and inclusion (EDI) data to provide insight about the nursing and midwifery professions. We value the diversity of the people on our register, and all those we work with, and remain committed to understanding and improving their experiences with us.

In October 2020, we shared our updated EDI priorities, which include improving our EDI evidence base and extending our insight. This is part of our refreshed [EDI framework](#), which forms our delivery plan to support our strategic objectives.

Our EDI data collection has enabled us to undertake research into different people's experiences and outcomes when they interact with our regulatory processes. More detail can be found in our EDI data tables on our website. In October 2020, we also shared the first report in our [Ambitious for change](#) research project. This looked at the impact of our regulatory processes on professionals with different protected characteristics. We found that sometimes people can receive different outcomes from our processes based on who they are. This includes our education, overseas registration, revalidation, and fitness to practise processes.

### **Working with our partners, we have identified key areas for follow-up work as part of phase two, starting in May 2021, including:**

- qualitative research to understand the reasons for differences in our revalidation rates and referrals to fitness to practise
- an independent review of registration and fitness to practise processes to see how we can improve consistency and fairness
- identifying and working with employers where certain groups of professionals may be over-represented in their referrals
- improving what we know about the diversity of people on our register.



We have also been using our data and intelligence to share insight about the impact of Covid-19 on different groups. In April 2020 we produced an organisation-wide [equality impact assessment](#) (EQIA) of key decisions relating to the pandemic which impact on nursing and midwifery professionals, including temporary registration, our emergency standards, changes to fitness to practise, revalidation and our communication and engagement. The EQIA remains under continuous review and is updated regularly. We have used it to share our data and insight with partners across the sector, as well as the Equality and Human Rights Commission for its evidence gathering.

In December 2020, we wrote to half a million nurses and midwives to invite them to take part in the UK REACH study, which is being undertaken by a partnership of leading researchers and clinicians with national organisations such as the NMC, General Medical Council, Royal Colleges and ethnic minority healthcare worker associations. The study is investigating if, how and why ethnicity impacts on Covid-19 clinical outcomes for people working in health and social care. We continue to share our data and use our position to seek better support for Black and minority ethnic nursing and midwifery professionals.

Our EDI work has focused on several key areas in the last year. One focus has been on disability – with recent feedback from the Business Disability Forum on our Disability Standard audit showing a marked increase (65 percent) from our previous score (48 percent) in 2019. We made significant strides in areas such as our approach to adjustments and communication, and we are focused on areas requiring further improvement.

We have also identified leads for our work embedding the principles of NHS England's Ask Listen Do campaign for customers with learning disabilities and/or autism, making progress on better collection of feedback and ensuring information is accessible and available in a range of formats. We have worked with partners to highlight the experiences of disabled professionals, in light of low numbers telling us about their disability (only four percent of professionals, compared to 18 percent of the overall working population). For example, we interviewed a student nurse on neurodiversity for our newsletters to highlight diversity among our professions.

Over the last year we have been developing our policy on the way we hold and keep information about customers' gender on our systems. We have been developing our policy in collaboration with trans and non-binary professionals, who are more likely to be impacted negatively by any inappropriate disclosures relating to gender. We have committed to removing the routine collection of gender markers in any area where it is not necessary, while retaining our anonymous diversity data monitoring, and are continuing to update our systems ahead of launching the policy.

We were delighted that our Chief Executive and Registrar and Executive Director of Professional Regulation won the Equality and Inclusion Senior Champion Award 2020 at the annual Employers Network for Equality and Inclusion (enei) Awards for their work on challenging discrimination and celebrating diversity. We are ambitious about what we can continue to achieve as a leading healthcare regulator over the next year.

## Developing an insight programme

During the year, we started scoping a new Insight programme which will support our ambitions to use our insight and influence better. As a result of the pandemic, we rescheduled our plans. We now plan to conclude the programme set up and undertake a capability review in 2021–2022 and are working towards publishing an initial annual report on the state of our professions in 2022–2023.

**Fit for the future organisation:** Our strategic aims have significant implications for how we operate as an organisation. We will align our culture, capabilities and infrastructure to our new strategic aims.

**Commitment 11:** Make sure that we have the right capabilities, processes and resources to fulfil our ambitions for the strategic period ahead

## Organisational design

The first stage of our organisational design was completed in April 2020, with the implementation of a new six directorate structure to support the delivery of our strategy.

The new design was intended to facilitate new ways of working to deliver our strategy; to reduce silo working and encourage a 'one NMC' approach; to move corporate functions out of operational directorates; and to support us to be more effective in our work, internally and externally.

Covid-19 has affected timelines for the next stage of this work. However, we have implemented the outcomes of a targeted equality, diversity and inclusion capability review and agreed next steps following reviews in six other priority areas.

## New values and behaviours

Following the launch of our new values and behaviours in April 2020, we began a programme of activity to ensure these were embedded and applied consistently across the organisation. This included the introduction of e-learning for all colleagues from August 2020 and a series of virtual events for managers. Our redesigned leadership development programme launched in November 2020, focusing on embedding the values and behaviours across five performance management modules.

## Organisational and people development

In 2020–2021, our overall employee turnover continued to reduce, falling to 5.6 percent at 31 March 2021 (against a target of 15 percent) in comparison with 13.5 percent at 31 March 2020. Turnover of new starters leaving within six months of joining the NMC was 6.8 percent at 31 March 2021 (against a target of 15 percent) in comparison with 12.7 percent at 31 March 2020. Job and financial security during Covid-19 was a key driver for retention during 2020–2021, along with our values and behaviours, job flexibility, support for wellbeing and our benefits and reward package. Along with other organisations, we expect to see turnover increase in 2021–2022 as pandemic restrictions ease.

Our sickness absence has also reduced in 2020–2021, falling from 2.7 percent in 2019–2020 to 1.9 percent in 2020–2021. Social distancing and working from home helped drive absence levels down and we expect absence to increase as restrictions ease.

In the year to 31 March 2021, headcount has grown by 17.7 percent (164). This figure includes agency and contractor workers. There are three principal reasons for the growth: additional roles to support the case backlog in Professional Regulation, support for the MOTS programme and new roles agreed as part of our new organisation structure to deliver our corporate strategy

In February 2021, 844 colleagues attended *Together for better*, our virtual employee conference. The event gave colleagues the chance to come together to reflect on what we have learned in the last year, and to promote equality, celebrate diversity and tackle discrimination. The event included a conversation with a member of the public who spoke about the nurses who cared for her husband in an Intensive Therapy Unit (ITU) in the first wave of the pandemic, and a panel discussion with students and nursing and midwifery professionals on our register about their work.

## Workforce Race Equality Standard (WRES) commitment

In 2019, we made a commitment to sign up to the NHS Workforce Race Equality Standard (WRES) and in 2020, we submitted NMC data in line with our pledge. We committed to doing so to enable us to benchmark our performance more effectively and to target areas for improvement.

We are pleased to share that of the 89 percent of colleagues who disclosed their ethnicity to us last year, 39 percent have declared they are from Black and minority ethnic backgrounds. However, the WRES data shows there is poor representation of such colleagues in senior roles. The starkest finding is that of the 37.9 percent of colleagues who participated in our staff survey, 17.9 percent of colleagues from Black and minority ethnic backgrounds believe the NMC provides equal opportunities for career progression or promotion compared to 98.4 percent of white staff.

The underrepresentation of Black and minority ethnic colleagues in senior roles is further demonstrated by the NMC's ethnicity pay gap. It shows on average there was a 23.7 percent (2020: 28.7 percent) difference between the hourly pay of colleagues from Black and minority ethnic backgrounds and white colleagues. Further detail can be found in the Remuneration Report section of this report.

The issues raised by the WRES data are deeply concerning and we recognise the need to develop, at pace, actions that are both meaningful and sustainable. **The key actions and outcomes we have put in place over the past year are set out below.**

- We launched an inclusive mentoring scheme, called *Rising Together*, aimed at addressing the lack of progression for Black and minority ethnic colleagues into more senior roles, retaining talent, building our inclusive leadership approach, and addressing unconscious bias.
- We carried out a review of our internal leadership and resourcing for EDI and have formed a better resourced team. The team will be fully in place by the end of April 2021 and led by a newly created Head of EDI role.

- We have appointed a race equality consultant to work alongside our senior leaders to help increase their cultural intelligence so they can lead from the top, role model and champion race equality and help plan additional interventions.

These actions are already making a difference, although we recognise they will need more time to further embed and for us to gain a fuller understanding of the impact they have made.

We are pleased to share that early indicators show a quarter of the mentees who have taken part in *Rising Together* have already progressed into more senior roles.

We will continue to build on the work we have done to ensure we have sustainable outcomes for the professionals we regulate and all our internal workforce.

## Welsh language

In October 2020, we shared our Welsh Language Scheme [Annual Monitoring Report](#) with the Welsh Language Commissioner, and responded to the consultation on proposed new Welsh language standards for healthcare regulators. Our response included a comprehensive regulatory impact assessment. We engaged closely with other regulators and, in collaboration with them, welcomed the direction of the new standards. We look forward to hearing from the Welsh Government on further detail and a timeline for the proposed legislation.



## Freedom of Information and other information requests

We are committed to being as open and transparent as possible, while adhering to our legal obligations under Freedom of Information and data protection legislation. This includes people's right to access their personal information, and the right to challenge the way we use and process their personal data.

We also respond to third party 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.

### Freedom of Information

353 received (2019–2020: 344) 88 percent (2019–20: 86 percent) responded to within statutory 20 working days

### GDPR

205 received (2019–2020: 166) 88 percent (2019–2020: 81 percent) responded to within statutory one calendar month

### Third party

867 received (2019–20: 829) 94 percent (2019–2020: 94 percent) responded to within statutory one calendar month

### Total number of information requests responded to on time this year

1,301 out of 1,425 (2019–2020: 1,211 out of 1,339) 91 percent (2019–2020: 90 percent)

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 34 requests for internal reviews during 2020–2021 (2019–2020: 16), which is proportionately low, only 2.4 percent of cases.

Of the people who remained dissatisfied following the outcome of their internal review and referred us to the Information Commissioner's Office (ICO), there were only three cases that the ICO chose to investigate beyond initial enquiries. In all three of these, we achieved resolution without any formal action being taken.

## Learning from complaints about our work

Complaints are important to us. Every concern raised by someone using our services provides us with an important opportunity to improve.

In 2020–2021, we received 1,227 formal complaints (2019–2020: 888). We responded to 1,134 (92 percent) of these within 20 working days (2019–2020: 94 percent within 20 working days).

Of the overall 1,227 complaints, 236 were about our response to the Covid-19 pandemic. This has contributed to the overall increase in complaints during the 2020–2021 financial year.

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.

Following our response, 29 people remained unhappy (2019–2020: 19). We therefore reviewed our handling of their complaint and responded to these in an average of 20 working days (2019–2020: 20 working days).

We have identified 414 learning points in 2020–2021 (2019–2020: 203) and used this learning to improve our services. Key learning from complaints is shared to ensure feedback is acted upon. **For example:**

**Timeliness** Fitness to practise referrers have advised that they are not always being kept updated with delays following the re-allocation of cases. Professional Regulation colleagues are working to address the resourcing issues.

**Technical issues** – Some applicants have experienced delays in joining our register due to technical issues with uploading documents or progressing with the application. We have been working to address these issues.

**Adjustments** – Some customers have advised that we have not followed up on requests for reasonable adjustments, so we have reminded colleagues to update records with any adjustments.

During the year we have continued to improve the way we handle complaints; ensuring we understand fully what has caused the complaint and resolve matters as quickly as we can.

## Technology

With our offices closed for most of 2020–2021, most of our work has been done from home. We moved fitness to practise hearings and all of our internal meetings onto videoconference, as well as moving our Contact Centre to remote working. We held stakeholder engagement events virtually, including pre-consultation events for post-registration standards that were attended by more than 2,000 people.

Working from home has accelerated our move to paperless working, which has had an environmental and a financial benefit – we have used around 88,000 fewer kilos of A4 paper and saved around £75,000 – and a data security benefit. The risk of data losses is less with paperless processes, which has contributed to our information security incidents falling from 98 in 2019–2020 to 57 in 2020–2021.

We launched our Covid-19 emergency register on 27 March 2020, having designed the process and built the register on our new Microsoft Dynamics 365 platform in just three weeks. Over the rest of the year, we used our technical expertise to develop, monitor and report on the temporary register.

## Modernisation of Technology Services

Our programme to modernise our IT systems continues. Most of our registration processes that were on our legacy system WISER have now been moved on to Dynamics 365. We have seen improvements for the customer, with professionals now able to readmit to the register in 60 minutes. We have also made our payment processes quicker, and more flexible and user friendly. Although the timetable that was agreed by Council in the corporate plan for 2020–2021 has slipped, the remaining registration processes on WISER will be moved onto Microsoft Dynamics 365 during 2021–2022.

**We agreed a new vision for the programme:** “A big step forward in our digital technology to make it easier for people to connect with us and NMC colleagues to do their jobs. This will create the foundations to transform the experience of those who interact with us and help us deliver safe, effective and kind nursing and midwifery practice, improving everyone’s health and wellbeing.”

## Office accommodation

Although our offices were closed for much of the year, we prepared a Covid-secure environment to meet Government guidelines, enabling the restarting of physical hearings across the four countries from September 2020, and preparing for the general reopening of our offices in line with the UK Government’s roadmap out of lockdown in England and the equivalent roadmaps of the Scottish, Welsh and Northern Ireland administrations.

Covid-19 changed the way we work during 2020–2021 and we expect there to be a lasting impact. We updated our Accommodation plan to include an expectation of increased working from home over the long term, with less space required, and more emphasis on the office as a place for collaboration and engagement.

We have two accommodation projects under way through which we will develop our approach and realise the benefits of the new ways of working: our new offices and hearings rooms in Edinburgh, and the refurbishment of 23 Portland Place. The lease on our previous Edinburgh offices ends in April 2021. We have secured new space which is now being fitted out and is scheduled to open in September 2021. The refurbishment of 23 Portland Place is overdue and the majority of the plant and mechanical and electrical services are reaching the end of their economic and serviceable life. The project will move into the design and planning stage in the coming year, with construction expected to start in 2023–2024, subject to Council approval.

## Environmental sustainability

Our strategy for 2020–2025 includes a commitment to corporate social responsibility and the sustainability of our estate. How we operate within the wider environment is a vital part of that. We minimise our environmental impact and support sustainability in a number of practical ways. For example, any new building is assessed for sustainability, and our new offices in Edinburgh have a Building Research Establishment Environmental Assessment Method rating of Very Good, excellent public transport links and 80 cycle racks. We incorporate sustainability in our procurement and investment policies, and as noted in our financial review, we have amended our [investment policy](#) to restrict investment in fossil fuel extraction.

Covid-19 has had a positive impact on the sustainability of our operations through accelerating our move to paperless working, as described earlier, and in prompting us to introduce virtual hearings.

Most of our travel is associated with fitness to practise hearings, and the environmental benefit of virtual hearings instead of in-person hearings is that travel is avoided. The table below shows our CO<sub>2</sub> emissions from travel and hotel accommodation over the past three years, demonstrating the reductions in CO<sub>2</sub> emissions that virtual hearings have enabled. However, we have resumed some in-person hearings, and while we expect to see some continued reduction we do not expect travel and CO<sub>2</sub> emissions to stay at the very low level seen in 2020–2021.

CO <sub>2</sub> *	2018–2019	2019–2020	2020–2021
Flights	424	415	8
Rail	128	128	2
Hotels	331	275	8
<b>Total</b>	<b>883</b>	<b>818</b>	<b>18</b>

\* CO<sub>2</sub> units are expressed in kilograms (Kg) of CO<sub>2</sub>e (CO<sub>2</sub>e = Carbon Dioxide Equivalent. CO<sub>2</sub>e is a standardised unit of measurement which allows other greenhouse gas emissions to be expressed in terms of CO<sub>2</sub> based on their relative global warming potential).

# Strategic plan 2021–2022

An overview of our  
commitments for 2021–2022

## Our corporate commitments support us to deliver our core purpose

For 2021–2022 we will make progress on our 2020–2025 strategy and strengthen our core role to regulate, support, and influence. As described in our performance review, our plans for 2020–2021 were significantly disrupted by Covid-19, so our commitments for 2021–2022 include work that was originally planned for last year and had to be reprioritised.

## I Innovation and improvement

**Commitment 1:** Reduce the fitness to practise caseload and make sustainable improvements to the way we regulate

We will commit additional resources to our new fitness to practise recovery programme so that we significantly reduce the fitness to practise caseload and deliver significant improvements across our processes for the future.

**Commitment 2:** Deliver our new test of competence for overseas applicants

We will launch our new test of competence for overseas applicants, which reflects our new standards for nursing and midwifery.

## I Proactive support for professionals

**Commitment 3:** Deliver a new set of ambitious post-registration standards focusing on community nursing practice

Last year we spoke to stakeholders about what is important for the new post-registration standards of proficiency. This year we will proceed with a full public consultation on the new draft standards during 2021 with an aim to publish the new standards in 2022.

**Commitment 4:** Using evidence and research, determine whether we should propose changes to our programme standards for pre-registration education in the UK

Following the UK's departure from the EU in 2020, the EU Directive 'on the mutual recognition of professional qualifications' no longer applies, so we will review evidence to determine whether we should propose changes to the minimum standards for education and training of nurses responsible for general care, and midwives.

### More visible and better informed

We will proactively communicate and engage with the professionals on our register, our partners and the public, using a mix of two-way channels. Importantly, we will review and develop our presence across the four nations of the UK, with a more systematic and targeted approach to stakeholder engagement. This will enable the regional and devolved delivery of our strategy. Guided by the 2020 review of the employer link service, we will also develop a new approach for our outreach service ready for implementation in 2022–2023.

### Empowering and engaging

#### Commitment 5: Build trust in professional regulation

We want to support professionals, students, stakeholders and the public to understand what we do, what we do not do, and where we are going, so we can better collaborate with them on the things that matter to them.

### Greater insight and influence

#### Commitment 6: Deliver a substantial programme of regulatory reform to shape improvements to our legislative framework

We will continue our work with the Department of Health and Social Care (DHSC) and other regulators to shape improvements to our legislative framework. We will develop our policy so that we can influence the content of the legislation and be ready to consult on our proposed rules in 2022 (timescales subject to the wider DHSC timetable).

#### Commitment 7: Improve our data and insights

We want to advance our learning from data, insights and research to improve what we do now and in the future. This year we will put in place the foundations to improve our data and insights, and we will build relationships so that we can work collaboratively to share our insights for the benefit of the wider health and social care system.

### Fit for the future organisation

#### Commitment 8: Deliver the next phase of our organisational design and People plan to support us to deliver our strategy

We want to make sure that we are organised in a more efficient and effective way to deliver our corporate strategy. With people and our colleague experience at the heart of this work, we will develop our plans to make the most of individual potential and organisational performance, and improve our organisational capability, structure, and processes. We will become a more inclusive employer in which all our colleagues can develop, progress and contribute to their full potential.

#### Commitment 9: Improve our IT to deliver a safe, secure, and reliable ICT infrastructure that supports new ways of working

We will continue our programme to modernise the systems that support our regulatory work, which will enable us to provide better customer service, and allow us to store and use our data to provide insights. We will also continue our investment to improve our technology services and our infrastructure so that our colleagues have the tools they need to work efficiently both now and in the future.

#### Commitment 10: Deliver fit-for-purpose workspaces for our colleagues at 23 Portland Place and in Edinburgh

We will continue to deliver our accommodation plans, which will provide modern working environments that support collaboration, new ways of working, and take account of the lessons we have learned from the success of home working during the coronavirus pandemic.



# Financial review

## Income and expenditure

As set out in our statement of financial activities, our total income for 2020–2021 was £92.0 million (2019–2020: £89.8 million) and total expenditure was £81.6 million (2019–2020: £82.3 million). This has resulted in a net surplus of income over expenditure of £10.4 million (2019–2020: £7.5 million) before the gain on revaluation of our investments and the actuarial gain on the defined benefit pension scheme. After those gains, our total funds increased over the year by £11.7 million (2019–2020: £9.2 million).

We had planned for a small deficit in 2020–2021. The net surplus is due to lower expenditure across both our core business and some of our projects when compared to budget. A key driver was the impact of the Covid-19 pandemic reducing fitness to practise activity in the first part of the year.

Income from registrants' fees was £90.8 million, in line with our budget and an increase on the previous year (2019–2020: £88.5 million). The number of nurses, midwives and nursing associates on our register grew by 2.1 percent, to 731,918. The Covid-19 temporary register does not contribute to our income because people on the temporary register do not pay a fee. Our 'other income' line includes £0.7 million from the DHSC, reimbursing us for the costs of setting up and maintaining the temporary register.

Our total expenditure of £81.6 million was £10.4 million (11 percent) lower than we had budgeted for and decreased by £0.7 million compared to 2019–2020.

Note 5 sets out our fully allocated costs for each charitable activity as required by the Charities Statement of Recommended Practice (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.

Direct costs of fitness to practise were £36.9 million, down from £37.9 million in 2019–2020, a reduction of two percent. As described in the performance review section of this report, in our response to the Covid-19 pandemic we paused most of our fitness to practise casework and physical hearings in March 2020.

While we continued to run hearings virtually and resumed investigations in July 2020 and physical hearings in September 2020, as a consequence of Covid-19 we made 208 panel decisions in 2020–2021, down from 452 the year before, and our total fitness to practise caseload increased to 6,357. The fall in our fitness to practise costs is therefore due to deferred expenditure rather than permanent savings, and we have budgeted for deficits in 2021–2022 and 2022–2023 as we work to reduce the caseload again.

The direct costs of maintaining the register were £5.6 million in 2020–2021 (2019–2020: £6.4 million). The fall in costs compared to the previous year is because of some deferred activities due to the Covid-19 pandemic. The completion of the Overseas programme, which had added to the costs in 2019–2020, is also a contributing factor.

Support costs (including Facilities, Finance, HR and ICT) were £31.5 million (2019–2020: £30.3 million).

## Pensions

We operate two pension schemes for employees: a defined benefit scheme, which was closed to new entrants in November 2013, and a defined contribution scheme, into which all new employees are auto-enrolled. In March 2021, the Council agreed to close the defined benefit scheme to future accrual of benefits with effect from 1 July 2021.

The net deficit on our defined benefit pension scheme shown in our balance sheet 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. We make payments to the scheme under a recovery plan which aims to eliminate the deficit by March 2026. During the year, an updated recovery plan was agreed with the pension scheme trustees, under which we now pay £1.8 million a year, plus a one off lump sum of £6.3 million paid in October 2020. 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.

During the year, the market value of the defined benefit scheme assets rose by £20.1 million more than the expected return on assets at the assumed long term growth rate. This reflects the rebound in equity markets from the sharp falls in February and March 2020 at the start of the Covid-19 pandemic, and more than reverses the £13.8 million fall in the value of scheme assets at the end of the previous year. The pension liability increased by £19.9 million mainly due to a reduction in the assumed discount rate, in line with reductions in bond yields, and increases in the assumed inflation rates. The net effect is a gain of £0.2 million, shown in the statement of financial activities as 'Actuarial gains on defined benefit pension scheme' (2019–2020: a gain of £1.7 million).

## Investments

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 2020–2021 most surplus funds were held in interest bearing deposit accounts spread across five UK high street banks. The interest earned on those bank deposits during the year was £0.4 million (2019–2020: £1.0 million). The fall compared to the previous year is because interest rates were reduced further in March 2020 in response to Covid-19, and because we moved £30 million into stock market investments during the year, as described below.

During 2020–2021 we moved to implement Council's investment policy, which identified a fund of £30 million to invest in stock markets for the long term and sets a target rate of return for the long term fund of three percent above the Consumer Price Index (CPI) rate of inflation, net of investment management costs. We appointed Sarasin & Partners as the investment managers for that fund. Since July 2020, we have invested £30 million, previously held in cash deposits, in a range of equities, funds and bonds. We proceeded cautiously, given the volatility in financial markets, providing tranches of £10 million to our investment managers in each of July 2020, October 2020 and January 2021.

Dividend and interest income from the portfolio, which is reinvested, was £0.2 million in 2020–2021, with gains on investments being £1.1 million at the year end. The statement of financial activities shows investment management costs of £0.04 million. The net annual rate of return on our investment portfolio after investment management costs is 8.5 percent. The total value of the investment fund at the year-end is £31.3 million.

The investment policy we operated during 2020–2021 was approved by the Council in May 2019. Council has since approved an updated policy at its May 2021 meeting. In particular, this reflected an extension of our ethical policy to restrict investment in fossil fuel extraction. Our current investment policy, along with an analysis of our investment holdings at the year end, can be found on our [website](#).

## 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.

In March 2021 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 2021 were £69.3 million (2020: £57.5 million), and free reserves were £41.5 million (2020: £31 million). As noted above, we have budgeted for deficits in 2021–2022 and 2022–2023 as we work to reduce the fitness to practise caseload. Also, our strategy implementation plans include significant capital investment in our infrastructure. Therefore, we expect our free reserves will reduce towards the lower end of the target range by the end of the strategy period.

**Sir David Warren**

Chair  
9 July 2021

**Andrea Sutcliffe**

Chief Executive and Registrar  
9 July 2021

# Remuneration report

**Our people are our most valuable asset; we can only achieve what we do through and with them**

The Remuneration Committee has responsibility for ensuring there are appropriate systems in place for remuneration and succession planning at the NMC. This report sets out the key areas of focus for the Committee and includes an account of allowances and expenses paid to Council members, remuneration made to senior management and employee pay. In reaching decisions on remuneration, the Committee takes into account a range of factors, including sector benchmarking and social and economic conditions. Fair remuneration is supported and enabled by effective performance assessment processes and the report also covers our approach to this for both Council and colleagues. Other areas of priority focus for the Committee in the year included reviewing our pay gap reports and the development of more effective policies articulating our duty of care to colleagues. The financial aspects of this report are audited by the external auditors, haysmacintyre, and the National Audit Office (NAO).



## Council members' allowances and expenses

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

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

To manage conflicts of interest, the Council has put in place arrangements for an Independent Panel made up of external experts to assess the appropriate level of allowances. The Council has agreed that it will either accept or reduce the level of allowance recommended by the Panel but will not increase it. Council member allowances were last increased from £13,250 to £14,724 as recommended by the Independent Panel on 1 April 2017. There has been no subsequent increase. The annual allowance for the Chair of Council remains at £78,000 for a commitment of three days a week or £52,000 for a commitment of two days per week.

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 July 2020, the Council established an Associate scheme and the first two Associates were appointed from 1 January 2021 for a two-year period. Associates receive an allowance of £10,296 based on a daily rate of £286 for a time commitment of three days a month.

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 the Council decided that it did not wish to take forward consideration of the Panel’s recommendations at that time due to various factors, including the unprecedented circumstances of the Covid-19 pandemic. The Council has agreed that a full independent review be undertaken in 2021–2022.

Allowances paid to Council members and Associates in 2020–2021 amounted to £239,258 (2019–2020: £239,964). As explained in the footnote to [table 1](#) below, the 2020–2021 total includes allowances paid to new Council members and Associates before beginning their formal terms of office, and to one Council member after their formal term ended. No extra contractual payments were made to any Council member in 2020–2021.

Allowance payments to Council members, Associates 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 Council Travel, Accommodation and Expenses policy.

Expenses are made up of travel, accommodation, meals and subsistence and are incurred when members are carrying out their duties. Where any meetings are held in London, expenses are considered to be a taxable benefit in kind. The NMC pays the income tax and National Insurance arising through a PAYE settlement agreement with HMRC.

All meetings and events were held virtually in 2020–2021 due to the Covid-19 pandemic; no expenses were therefore incurred for Council meetings and events. The expenses listed for 2020–2021 were incurred in 2019–2020 but not reimbursed until 2020–2021. All expenses incurred by members are included in [table 1](#).

### Method 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 remotely in 2020–2021.

### Diversity of our Council members, Associates and Partner members

Diversity data, as at 31 March 2021, for our Council members, Associates and Partner members is shown below. In total there were 11 Council members (1 vacancy), 2 Associates and 7 Partner members (31 March 2020: 12 Council Members, 7 Partner members).

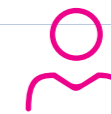
#### Gender



**14 Female | 6 Male**

(2019–2020: 11 Female, 8 Male)

#### Ethnicity



**16 White British | 2 Black African  
1 Black Caribbean | 1 White British/  
Irish**

(2019–2020: 17 White British, 1 White British/Irish, 1 Black Caribbean)

#### Disability



**18 No disability | 1 declared a disability  
1 prefer not to answer**

(2019–2020: 16 No disability, 2 Yes, 1 Prefer not to answer)



**Table 1:  
Council  
allowances  
and expenses**

	2020-2021				2019-2020			
	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 (to nearest £100)	Total remuneration (bands of £5,000) £'000	Other expenses (to nearest £100)
Philip Graf CBE – Chair (until 31 December 2020)	55-60	0	55-60	0	75-80	2,500	80-85	0
Professor Karen Cox (Deputy (Acting) Chair from 5 October 2020)	10-15	0	10-15	0	10-15	2,100	15-20	600
Sir Hugh Bayley	10-15	0	10-15	0	10-15	1,700	15-20	0
Justine Craig (designate Council member)	0-5	0	0-5	0	0	0	0	0
Maura Devlin MBE (until 30 September 2020)	5-10	200	5-10	0	10-15	13,700	25-30	400
Claire Johnston	10-15	0	10-15	0	10-15	1,800	15-20	0
Eileen McEaney MBE (from 1 October 2020)	5-10	0	5-10	0	0	0	0	0
Robert Parry	10-15	0	10-15	0	10-15	4,900	15-20	200
Marta Phillips OBE	10-15	0	10-15	100	10-15	1,400	15-20	0
Derek Pretty	10-15	0	10-15	0	10-15	4,200	15-20	800
Stephen Thornton CBE (until 30 September 2020)	5-10	0	5-10	0	10-15	4,500	15-20	1,000
Lorna Tinsley (until 30 September 2020)	10-15	0	10-15	200	10-15	3,000	15-20	300
Anna Walker CB (from 1 October 2020)	5-10	0	5-10	0	0	0	0	0

	2020-2021				2019-2020			
	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 (to nearest £100)	Total remuneration (bands of £5,000) £'000	Other expenses (to nearest £100)
Ruth Walker MBE	10-15	0	10-15	0	10-15	5,200	15-23	400
Sue Whelan Tracy (from 1 October 2020)	10-15	0	10-15	0	0	0	0	0
Dr Lynne Wiggins OBE (from 1 October 2020)	5-10	0	5-10	0	0	0	0	0
Dr Anne Wright CBE (until 30 September 2020)	5-10	0	5-10	0	10-15	1,000	15-20	0
<b>Associates</b>								
Tracey MacCormack (from 1 January 2021)	0-5	0	0-5	0	0	0	0	0
Dr Gloria Rowland MBE (from 1 January 2021)	0-5	0	0-5	0	0	0	0	0
<b>Totals</b>	<b>239.3</b>	<b>200</b>	<b>239.5</b>	<b>300</b>	<b>240.0</b>	<b>46,000</b>	<b>286.0</b>	<b>3,700</b>

In 2020-2021, new Council members and Associates were reimbursed for time spent engaging in induction and other NMC activities before their formal terms of office began. One former Council member was reimbursed for time spent serving on a selection panel for Council recruitment after their term of appointment had ended. These payments have been included in the allowances totals for those individuals. Payments were made using equivalent daily rates of £409 for Council members and £286 for Associates. Justine Craig, designate Council member (Scotland) was reimbursed for £1,943 for time spent on induction and other NMC activities.

## 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 2020–2021 all directors reported directly to the Chief Executive. No Executive Directors are members of the Council or trustees of the NMC. Remuneration details are disclosed in full for all these individuals in [tables 2 and 3](#).

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

### Executive performance assessment

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

### Executive remuneration

The remuneration of the Executive is approved by the Remuneration Committee annually in line with the Executive pay framework approved in 2016 and updated in 2020 to reflect the new organisational structure and Executive Director roles within this.

The Remuneration Committee reviewed the Executive's remuneration for 2020–2021 in February 2020. The Remuneration Committee concluded that for 2020–2021 the Executive should receive the same cost of living award as agreed by the Council for other employees (two percent). The Committee agreed the Chief Executive and Registrar's request not to receive the cost of living increase.

Andrea Sutcliffe was appointed Chief Executive and Registrar of the NMC on 14 January 2019. Her remuneration package for 2020–2021 included a base salary of £175,000.

Andrea is a member of the NMC's defined contribution pension scheme and the total employer contributions paid in 2020–2021 was £14,000 giving rise to a total figure of remuneration of £189,000. In 2019–2020, her salary was £175,000 with benefits in kind of £163 and a pension benefit of £14,000 giving rise to a single total figure of remuneration of £189,163.

The remuneration of the Executive team is set out in [table 2](#). In total the Executive team (including interim Executive Directors) were paid £1.302 million in 2020–2021 (2019–2020: £1.268 million). The breakdown of this is provided in [table 2](#).

When Council meetings are in London, members of the Executive team attend evening meals with Council and those meals are 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. During 2020–2021, all Council meetings were held virtually, so there were no evening meals and no taxable benefits in kind. The Executive team do not receive any other taxable benefits.

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.

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

The Remuneration Committee considered Executive remuneration for 2021–2022 in February 2021. The Committee's consideration was informed by an external benchmarking evidence. The Committee approved proposals for a slight revision to the Executive remuneration framework to include a market range.

The Committee approved a one percent cost of living increase for each Executive Director with effect from 1 April 2021, in line with the increase approved by the Council for other employees.

The Committee agreed to a request by the Chief Executive and Registrar not to receive a pay increase for 2021–2022 but expects the incoming Chair will wish to keep this under review for future years.

**Table 2:  
Executive  
team  
remuneration**

	2020–2021				2019–2020					
	Salary (bands of £5,000) £'000	Benefits in kind £'000	Pension benefits (to nearest £'000)	Total remuneration (bands of £5,000) £'000	Expenses £'000	Salary (bands of £5,000) £'000	Benefits in kind £'000	Pension benefits (to nearest £'000)	Total remuneration (bands of £5,000) £'000	Expenses £'000
Andrea Sutcliffe Chief Executive and Registrar	170–175	0	14,000	185–190	200	170–175	200	14,000	185–190	5,400
Emma Broadbent <sup>1</sup> Director of Registration and Revalidation 2019–2020; Executive Director of Professional Regulation 2020–2021	145–150	0	18,000	160–165	0	130–135	100	15,000	145–150	1,800
Sarah Daniels <sup>2</sup> Director of People and Organisational Development. Member of Executive Board until 19 October 2020	165–170	0	12,000	175–180	0	125–130	100	15,000	140–145	700
Andrew Gillies Interim Director of Resources until 1 August 2019; Executive Director of Resources and Technology Services from 1 August 2019	130–135	0	16,000	145–150	400	120–125	1,500	15,000	135–140	1,500
Candace Imison Director of Strategy Development from 8 April 2019 to 30 April 2020, 3 days per week	5–10	0	1,000	5–10	0	70–75 FTE*	100	8,000	80–85	1,800
Matthew McClelland <sup>3</sup> Director of Fitness to Practise 2019–2020; Executive Director of Strategy and Insight 2020–2021	135–140	0	54,000	190–195	0	135–140	100	39,000	175–180	0

Ngozika Francesca Okosi Executive Director of People and Organisational Effectiveness from 19 October 2020	60–65 FYE** 130–135	0	3,000	60–65	0	0	0	0	0	0
Richard Sheldon Interim Director of Technology and Business Innovation To 2 September 2019	0	0	0	0	0	55–60 FYE 115–120	0	4,000	55–60	100
Tom Scott <sup>1</sup> Interim Executive Director of Professional Regulation From 8 February 2021	15–20 FYE 130–135	0	2,000	20–25	0	0	0	0	0	0
Geraldine Walters Director of Education, Standards and Policy 2019–2020; Executive Director of Professional Practice 2020–2021	160–165	0	13,000	175–180	100	155–160	200	13,000	170–175	3,900
Edward Welsh Director of External Affairs 2019–2020; Executive Director of Communications and Engagement 2020–2021	145–150	0	18,000	160–165	200	140–145	100	17,000	160–165	2,700
<b>Totals<sup>4</sup></b>	<b>1,152</b>	<b>0</b>	<b>150,000</b>	<b>1,302</b>	<b>900</b>	<b>1,126.8</b>	<b>1,000</b>	<b>140,000</b>	<b>1,268.3</b>	<b>21,700</b>

<sup>1</sup>Emma Broadbent was on leave due to ill health from 11 January 2021. Tom Scott was engaged as interim Executive Director of Professional Regulation to cover Emma Broadbent's absence.

<sup>2</sup>Sarah Daniels was a member of the Executive team until 19 October 2020. Her post as Director of People and Organisational Development was made redundant as a result of the new NMC directorate structure, and she left the NMC on 22 January 2021. Her salary of £165–170k disclosed in table 2 includes salary of £100–£105k for the period to 22 January 2021 (a full year equivalent of £125–130k) and her exit package of £60–65k. Her exit package is also disclosed in table 5.

<sup>3</sup>Matthew McClelland is a member of the defined benefit scheme, and details of the value of his pension benefits in 2020–2021 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, the value of their pension benefits are the employer contributions made by the NMC into their pension funds. \*Full Time Equivalent (FTE) \*\*Full Year Equivalent (FYE)

<sup>4</sup>Totals subject to rounding.

**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 2020 £'000	Cash equivalent transfer value at 31 Mar 2021 £'000	Real increase in cash equivalent transfer value £'000
<b>Matthew McClelland</b> Director of Fitness to Practise 2019–2020; Executive Director of Strategy and Insight 2020–2021	0–2.5	15–20	467	543	66

## 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**

**Off payroll engagements as of 31 March 2021, for more than £245 per day and that last for longer than six months**

Number of existing engagements as of 31 March 2021	3
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	2
Number that have existed for between two and three years at time of reporting	0
Number that have existed for between three and four years at time of reporting	0

**For all new off payroll engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021, for more than £245 per day and that last for longer than six months**

Number of new engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021	1
Of which:	
Number assessed as within IR35	1
Number assessed as outside IR35	0
Number engaged directly and are on the payroll	0
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	0



**Table 5: Exit packages**

Year ended 31 March 2021				
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	–	4	4	–
£10,001 – £25,000	1	–	1	–
£25,001 – £50,000	–	–	–	–
£50,001 – £100,000	1	–	1	–
<b>Total number of exit packages</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>–</b>
<b>Total cost £</b>	<b>85,590</b>	<b>4,461</b>	<b>90,051</b>	<b>–</b>

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>

## Remuneration and performance assessment of other employees

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

The remuneration of all employees is reviewed annually taking into account a range of information including employee turnover, recruitment activity and retention trends, benchmarking data and overall affordability. Based on this information, the Council approved a standard rate increase in pay for all eligible employees of two percent with effect from 1 April 2020.

In 2019, the Council approved a three-year investment in grading and pay, including a new simplified grading structure. Evidence from benchmarking and high turnover rates had confirmed that our pay rates had fallen behind comparator organisations. The aim of the investment was to move colleagues towards the mid-point of their grade within three years, weighted most heavily to lower paid grades. For 2020–2021 we implemented a second stage of salary increases to move colleagues closer to the middle of their pay bands, effective from 1 April 2020.

For 2021–2022, the Council approved a standard rate increase in pay for all eligible employees of one percent with effect from 1 April 2021. The one percent increase has also been applied to the minimum and maximum values of each of the staff pay grades introduced in October 2019. The rate of increase took into account the current rate of inflation, expectations around the future rate of inflation, as well as benchmarking against market conditions in both the private and public sector.

We also implemented a third and final 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 2021.

Our performance and development review process operated as in previous years with annual objectives set for the coming year in May and reviewed in October and November. 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 (2019–2020: eight percent). The NMC matches additional employee contributions up to a maximum of 12 percent employer contributions. From 1 April 2021 this will be increased to a maximum of 14 percent employer contributions. We are also introducing the opportunity for employees to contribute to the defined contribution pension scheme by salary sacrifice as of 1 April 2021. At 31 March 2021, 833 employees (84.3 percent) were members of the defined contribution scheme (31 March 2020: 719, 84.5 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 2020–2021 was 37.9 percent (2019–2020: 39.3 percent), as set by the Scheme Actuary. At 31 March 2021, 89 employees (nine percent) were members of the defined benefit scheme (31 March 2020: 94, 11 percent).



On 23 March 2021, following a consultation, the Council agreed to close the defined benefit pension scheme to future accrual with effect from 1 July 2021. The Council made the decision to achieve the objectives of harmonisation of benefits for all colleagues, reducing the NMC's exposure to financial risk and being able to redirect costs to other expenditure.

Further information about remuneration and pensions is contained in [notes 9 and 18 to the accounts](#).

## NMC grading structure and pay differentials

**Table 6: Employees by grade and gender at 31 March 2021**

Pay level	Male		Female	
	% of colleagues	No of colleagues	% of colleagues	No of colleagues
1-4	14.6%	144	32.7%	323
5-7	15.1%	149	25.2%	249
8-11	4.0%	40	7.6%	75
Executive Director	0.4%	4	0.3%	3
CEO	0.0%	0	0.1%	1
<b>Total employees</b>	<b>34.1%</b>	<b>337</b>	<b>65.9%</b>	<b>651</b>

**Table 7: Employees by grade and ethnicity at 31 March 2021**

Pay level	White		BME		Unknown	
	% of colleagues	No of colleagues	% of colleagues	No of colleagues	% of colleagues	No of colleagues
1-4	18.0%	178	24.7%	244	4.6%	45
5-7	22.6%	223	12.3%	122	5.4%	53
8-11	8.3%	82	2.2%	22	1.1%	11
Executive Director	0.6%	6	0.1%	1	0.0%	0
CEO	0.1%	1	0.0%	0	0.0%	0
<b>Total employees</b>	<b>49.6%</b>	<b>490</b>	<b>39.4%</b>	<b>389</b>	<b>11.0%</b>	<b>109</b>

The highest paid permanent employee in the NMC at 31 March 2021 is Andrea Sutcliffe, Chief Executive and Registrar 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 4.61 times the median remuneration of NMC employees, which was £38,000.

In 2019-2020, Andrea Sutcliffe's remuneration was 4.86 times the median remuneration of NMC employees, which was £35,983. 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

Our median pay gap for 2021 was 8.3 percent (2020: nine percent) and the mean pay gap was 4.9 percent. (2020: 3.4 percent)

The negative change in our mean pay gap is due to a three percent increase in female employees working in lower middle pay grades. The median pay gap has been positively impacted, reducing by 0.7 percent. This decrease has been driven by the progress on our reward strategy.

Despite the slight increase in the mean pay gap, our gender pay gaps are still significantly smaller than the national averages (NMC mean: 4.9 percent, national mean: 16.6 percent; NMC median: 8.3 percent, national median: 16.5 percent). We will actively work to reduce our gap as we implement our People plan.

Further detail will be published later this year in our fifth annual Gender Pay report.

## Ethnicity pay gap

We are reporting on our ethnicity pay gap for the second time in 2021.

Our mean pay gap for 2021 was 23.7 percent (2020: 28.7 percent) and the median pay gap was 27.1 percent. (2020: 27.1 percent)

Our analysis is that this pay gap is not due to unequal pay for similar roles. Overall, 39 percent of employees in the NMC are from Black and minority ethnic backgrounds. Our pay gaps are caused by the fact that many colleagues from Black and minority ethnic backgrounds are in junior grades in the organisation and are under-represented in senior roles. However, we did increase Black and minority ethnic representation in our upper quartile pay grades by three percent in 2020-2021.

We are committed to addressing representation of Black and minority ethnic employees in senior roles in the organisation. We are committed to taking meaningful action and have already taken some important steps based on what we have learned. This includes reviewing our EDI priorities, recruiting additional resource into our EDI function and ensuring accountability for race equality is embedded across all the NMC's work areas. We have a specific action plan in development to improve outcomes, using the NHS Workplace Race Equality Standard (WRES) and have committed to using the WRES survey as an ongoing benchmark. We have launched an inclusive mentoring scheme for colleagues from minority ethnic backgrounds, reviewed our EDI training to include 'lived experiences' and started to address issues of race and equality through our leadership development programme.

## Disability pay gap

We are reporting on our disability pay gap for the second time in 2021.

Our median pay gap for 2021 was -9.8 percent (2020: -10.5 percent) and the mean pay gap was -3.4 percent (2020: -2.6 percent). Our disability pay gap report shows that employees who have declared a disability are on average paid more than employees who have not declared disabilities. There is representation of disabled colleagues throughout most of our pay levels.

However, only 5.4 percent of colleagues have declared a disability. The Office of National Statistics states that in 2018, 18.9 percent of the UK working population was disabled. Under-reporting is therefore likely to be an issue. In 2020–2021, we have supported and encouraged employees to disclose disabilities and as result have seen the percentage of colleagues disclosing increase by 1.6 percent. In 2021–2022 we will work further with Workaround, our employee network for colleagues with disabilities, to ensure people are confident to disclose their disabilities and to improve our processes and capabilities to support disabled colleagues better.

## Employee sickness and turnover

Employee sickness and turnover is reported in the 'organisational and people development' section of the performance review. While we are pleased to note that both indicators have improved significantly over the year – particularly turnover which has fallen to 5.6 percent from 13.5 percent – we acknowledge that job and financial security during Covid-19 was a key driver for retention as well as other factors. As restrictions ease further in 2021–2022, in common with other organisations, we expect to see an increase in turnover.

**Sir David Warren**

Chair  
9 July 2021

**Andrea Sutcliffe**

Chief Executive and Registrar  
9 July 2021

# Statement of the responsibilities

of the Council and of the  
Chief Executive and Registrar  
in respect of the accounts

## 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

### Statutory Auditor

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

### Bankers

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

### Investment Managers

**Sarasin & Partners LLP**, Juxon House, 100 St Paul's Churchyard,  
London EC4M 8BU

### Internal Auditor

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

### Solicitors

**Capsticks Solicitors LLP**, 1 St Georges Road, London SW19 4DR

**Mills & Reeve LLP**, 24 King William Street, London EC4R 9AT

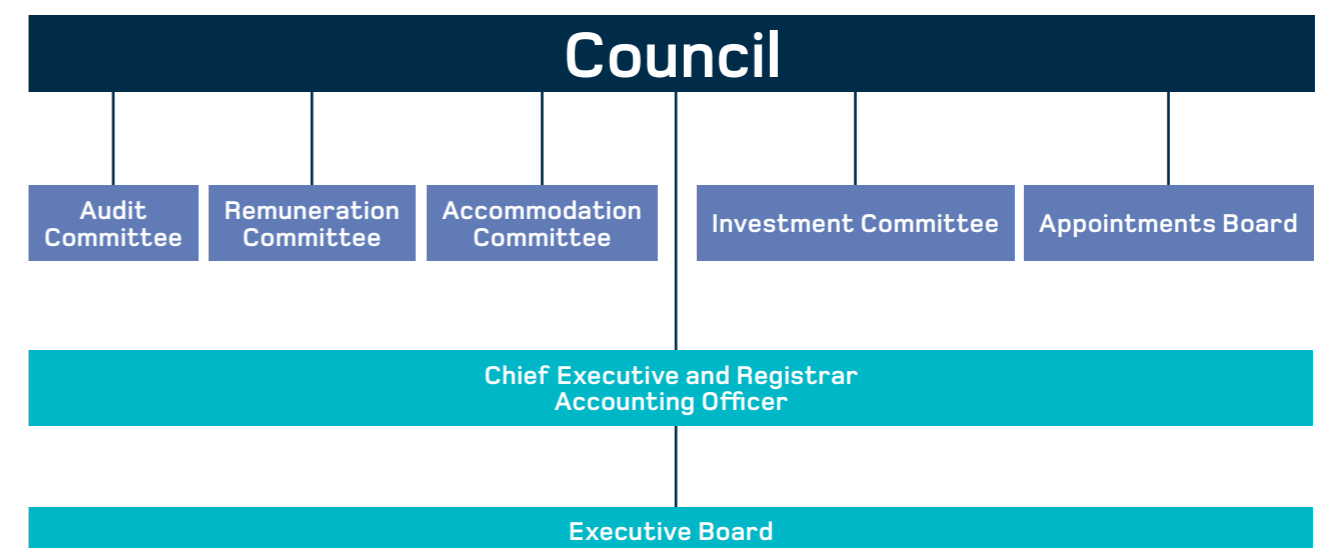
**Addleshaw Goddard LLP**, 60 Chiswell Street, London EC1Y 4AG

**Trowers & Hamlins LLP**, 3 Bunhill Row, London EC1Y 8YZ

# Annual governance statement

We are an independent statutory body. Our powers and responsibilities are set out in legislation.<sup>1</sup> We are also a registered charity.<sup>2</sup> Our charitable object is to protect and safeguard the health and wellbeing of the public.

The Council takes account of Charity Commission and Office of the Scottish Charity Regulator (OSCR) guidance in making decisions and throughout this report we explain how our work demonstrates public benefit.



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

<sup>2</sup>Registered in England and Wales (number 1091434) and in Scotland (number SC038362)



## The Council

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

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

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

The Chair and members of the Council are appointed by the Privy Council, following open and competitive 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 expected to take up office 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 new Council members to take effect on 1 October 2020. **These members are listed below:**

- Eileen McEaney (registrant)
- Dr Lynne Wogens (registrant)
- Anna Walker (lay)
- Sue Whelan Tracy (lay)

<sup>3</sup> SI 2012/2745 Nursing and Midwifery Council (Constitution) (Amendment) Order 2012

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

**In accordance with this decision, the following members departed Council on 30 September 2020:**

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

**The following Council members were reappointed for a second term from 1 May 2020:**

- Ruth Walker (registrant)
- Sir Hugh Bayley (lay)
- Derek Pretty (lay)
- Marta Phillips (lay)

We carried out a selection process in 2020 for a new Council member for Scotland. The Privy Council appointed Justine Craig to take office on 1 May 2021, succeeding the former Council member for Scotland, Robert Parry, whose term ended on 30 April 2021.

Sadly, the Chair of Council, Philip Graf, was taken seriously ill in September 2020. In accordance with legislative requirements and Standing Orders (paragraph 3.3.2), the Council nominated Karen Cox as Deputy Chair, to serve as Acting Chair in his absence. The Chair resigned his office on 31 December 2020 due to continuing serious ill health. The Council reviewed the arrangements in place on 1 December 2020 and agreed that Karen Cox would continue to serve as Acting Chair until a new Chair could be appointed. The Acting Chair has drawn on the support of the entire Council in fulfilling their duties, particularly from the Vice-Chairs, Derek Pretty and Robert Parry. The Council oversaw a selection process for a new Chair of Council. The Privy Council appointed Sir David Warren KCMG to take office from 21 June 2021.

## Council Associate scheme

In July 2020, the Council established an Associate scheme (Standing Orders, paragraph 3.7). Under the scheme, the Council can appoint Associates as necessary to support the work of the Council, either as a developmental opportunity or to bring specific expertise or experience to the Council's work, as determined by the Chair. Associates are involved in all aspects of the Council's work in a similar way to appointed Council members, but do not vote on Council decisions.

The Council decided to introduce the scheme in response to challenges previously experienced in identifying candidates suitable to recommend for appointment across the diversity of our registrant base. Often this was because, though exceptional professionals, applicants lacked Board level exposure, or had not had the opportunity to develop the strategic skills needed to serve on a UK-wide body, such as the Council. We wanted to play our part in developing the talent base by identifying those with potential to become health and care Board or Council members of the future.

Following an open, competitive process, the first two Associates were appointed from 1 January 2021 for a two-year period (the maximum term permitted under Standing Orders):

- [Dr Gloria Rowland MBE \(registrant\)](#)
- [Tracey MacCormack \(registrant\)](#)

## Council attendance 1 April 2020 to 31 March 2021

Council and Associate membership and attendance during 2020–2021 is set out below:

Member	Number of sessions attended*	Number of sessions eligible to attend*	% of sessions attended
Philip Graf CBE (Chair) (to 31 December 2020)	8	8	100%
Sir Hugh Bayley	15	15	100%
Professor Karen Cox (Deputy Chair from 5 October 2020)	15	15	100%
Claire Johnston	15	15	100%
Robert Parry	15	15	100%
Derek Pretty	15	15	100%
Marta Phillips OBE	12.5	15	83%
Ruth Walker MBE	15	15	100%
Maura Devlin MBE (to 30 September 2020)	7	8	87%
Stephen Thornton CBE (to 30 September 2020)	6	8	75%
Lorna Tinsley (to 30 September 2020)	8	8	100%
Dr Anne Wright CBE (to 30 September 2020)	8	8	100%
Eileen McEaney MBE (appointed 1 October 2020)	7	7	100%
Dr Lynne Wiggins OBE (appointed 1 October 2020)	7	7	100%
Anna Walker CB (appointed 1 October 2020)	7	7	100%
Sue Whelan Tracy (appointed 1 October 2020)	5	7	71%
<b>Associate</b>			
Dr Gloria Rowland MBE (appointed 1 January 2021)	5	5	100%
Tracey MacCormack (appointed 1 January 2021)	5	5	100%

\*Includes Open and Confidential meetings

The Council holds both Open meetings, which members of the public can attend, and private Confidential meetings. The Council seeks to conduct as much business as possible in the Open meetings: business that can be conducted in Confidential meetings is prescribed by the Standing Orders (paragraph 5.2.5).

Due to the Covid-19 pandemic, since March 2020 Council seminars and meetings have been held virtually, as allowed for within Standing Orders. All Open meetings have been held virtually in a way that ensured members of the public could continue to be present and have the opportunity to raise questions. All changes were undertaken with regard to the Charity Commission Covid-19 guidance.

In March 2020, to enable us to respond proportionately to the Covid-19 emergency, the Council approved the Nursing and Midwifery Council (Emergency Procedures) (Amendment) Rules 2020 and subsequently in July 2020 approved the Nursing and Midwifery Council (Coronavirus) (Amendment) (No 2) Rules 2020. The response enabled by these Rules is detailed in the performance review section of the report.

Recognising that the severity and impact of the Covid-19 pandemic might require decisions to be taken at speed, in March 2020 the Council agreed arrangements for rapid decision-making, with appropriate safeguards. The Council authorised the Chief Executive and Registrar, with the agreement of the Chair, to add any additional groups of suitable people to the temporary register and to take any other action necessary to implement the emergency measures agreed by the Council. The Council agreed that, wherever possible, the Chair should consult Council members in advance before signalling agreement to a proposal from the Chief Executive and Registrar. In all circumstances, the Chief Executive and Registrar would inform Council members of all emergency decisions within 24 hours of being made.

In 2020–2021, a number of emergency decisions were approved by the Chair or Acting Chair in line with the arrangements set out above. In all but three cases, Council members were consulted in advance and discussion sessions were held by videoconference. There were three instances where, due to the urgency of the matter, the Council was not consulted in advance but was subsequently informed within 24 hours of the decision being made. All Chair's or Deputy Chair's Actions were published in Open Council papers.

In addition to formal meetings, Council members also attend monthly seminars, hold videoconferences and participate in a wide range of other activities. These include attending consultation workshops and events with the public, people using health and care services, professionals and NMC colleagues. These activities help ensure Council members have the insight they need to hold the Executive to account and make informed decisions. In 2020–2021, given the pandemic, these events and activities were held virtually.

## 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. Induction sessions and appraisals have all been held virtually during 2020–2021.

The Council undertakes regular reviews of its own effectiveness. In accordance with good governance, an external independent review of governance takes place regularly, with the last review taking place in 2019. 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 have been implemented, including through some minor amendments to the Council Standing Orders and Scheme of Delegation, such as amendments to financial regulations and authorisation levels.

In autumn 2020, the Council and Executive team held a virtual development day to explore and strengthen ways of working.

Changes to our ways of working due to Covid-19 have helped identify further ways we can develop more agile, flexible, and responsive ways of working. For instance, undertaking meetings virtually during 2020–2021 has brought benefits, which we intend to embed in our processes as restrictions ease. In particular, we are keen to ensure our Open meetings continue to be as accessible as possible for members of the public across the UK.

## Council committees

The Council continues to have an Audit Committee, a Remuneration Committee, an Appointments Board, and an Investment Committee. In May 2020, the Council established an Accommodation Committee to oversee implementation of our Accommodation plan.

Appointment of Council members to the Audit, Remuneration, Investment and Accommodation 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. Committees also made a number of decisions by correspondence outside of the meetings identified 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. Key activities of the committee in 2020–2021 are summarised later in this statement.

**The membership of the Committee and attendance for the period 1 April 2020 to 31 March 2021 were as follows:**

Member	Number of sessions attended	Number of sessions eligible to attend	% of sessions attended
<b>Marta Phillips OBE (Chair)</b>	4	4	100%
<b>Robert Parry</b>	3	4	75%
<b>Derek Pretty</b>	4	4	100%
<b>Eileen McEaney MBE (appointed 1 October 2020)</b>	2	2	100%
<b>Sue Whelan Tracy (appointed 10 June 2020)*</b>	2	3	66%

\* attended as an ex officio member (in capacity as a designate Council member) from 10 June to 30 September 2020, and from 1 October 2020 as a Council member.

## Remuneration Committee

The remit of the Remuneration Committee is to ensure that there are appropriate systems in place for remuneration and succession planning. In 2020–2021, key activities included scrutinising the Chair recruitment process; considering proposals relating to the Defined Benefit Pension Scheme and employee duty of care arrangements; and the annual staff and Executive pay review.

**The membership of the Committee and attendance for the period 1 April 2020 to 31 March 2021 are shown below:**

Member	Number of sessions attended	Number of sessions eligible to attend	% of sessions attended
<b>Professor Karen Cox (Chair until 30 September 2020)</b>	3	3	100%
<b>Sir Hugh Bayley</b>	6	6	100%
<b>Maura Devlin MBE (to 30 September 2020)</b>	3	3	100%
<b>Ruth Walker MBE (Chair from 1 October 2020)</b>	5	6	83%
<b>Dr Lynne Wogens OBE (appointed 1 October 2020)</b>	2	3	66%
<b>Anna Walker CB (appointed 1 October 2020)</b>	3	3	100%



## 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. In 2020–2021, key activities included reviewing the ethical dimension of our investment policy and ensuring investment risks due to Covid-19 were effectively mitigated.

The membership of the Committee and attendance for the period 1 April 2020 to 31 March 2021 were as follows:

Member	Number of sessions attended	Number of sessions eligible to attend	% of sessions attended
Derek Pretty (Chair)	3	3	100%
Thomasina Findlay	3	3	100%
Nick McLeod-Clarke	3	3	100%
Stephen Thornton CBE (to 30 September 2020)	1	1	100%
Claire Johnston	3	3	100%
Sue Whelan Tracy (appointed 1 October 2020)	2	2	100%

## Accommodation Committee

The Accommodation Committee was established by Council in May 2020 to oversee implementation of the Council's Accommodation plan within the financial and other parameters set by the Council.

In 2020–2021, key activities included reviewing and recommending the organisational Accommodation plan to the Council; scrutinising business cases and leasing of new office premises in Edinburgh and refurbishment of our main London building.

The membership of the Committee and attendance for the period 20 May 2020 to 31 March 2021 were as follows:

Member	Number of sessions attended	Number of sessions eligible to attend	% of sessions attended
Philip Graf CBE (to 31 December 2020) (Chair)	2	2	100%
Derek Pretty (Chair from 1 January 2021)	3	3	100%
Robert Parry	3	3	100%
Anna Walker CB*	3	3	100%
Dr Lynne Wogens OBE (appointed 1 October 2020)	1	1	100%

\* Attended as an ex officio member (in capacity as a designate Council member) until 30 September 2020, and from 1 October 2020 as a Council member.

## Appointments Board

The Appointments Board is made up entirely of non-Council (partner) members, appointed following open competitive recruitment processes. Angie Loveless and Clare Salters were reappointed to serve a second term from 1 March 2021. Jane Slatter has been reappointed to serve a second term as Chair of the Appointments Board from 6 August 2021. Robert Allan has been reappointed to serve a second term from 1 October 2021.

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 to the Practice Committees (the Investigating Committee and the Fitness to Practise Committee). The Board's remit was extended by the Council in May 2020 to include Registration Appeal Panel members.



In line with the power granted by the emergency rules established in March 2020, the Council accepted the Board's recommendations to extend the second term of appointment of a cohort of Panel members. This was one of two decisions undertaken by the Board by correspondence.

Other key activities in 2020–2021 included the appointment and reappointment of Panel members; approval of the Panel member training programme for 2021–2022; a review of the diversity of Panel members and preparation for a selection process for new Panel members to run from March 2021.

The membership of the Committee and attendance for the period 1 April 2020 to 31 March 2021 is set out below.

Member	Number of sessions attended	Number of sessions eligible to attend	% of sessions attended
Jane Slatter (Chair)	3	3	100%
Robert Allan	3	3	100%
Angie Loveless	3	3	100%
Frederick Psyk	3	3	100%
Clare Salters	3	3	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.

We established a Gold and Silver Command structure to respond rapidly to the challenges of the Covid-19 pandemic, with both groups meeting daily initially and then weekly, as required. This approach was highly effective at managing the rapidly changing situation. Learning from this approach, the Executive Board reviewed and revised its terms of reference and moved to weekly meetings from January 2021.

## Professional Standards Authority oversight

The Professional Standards Authority (PSA) oversees and reports to Parliament on our work, as well as other health and care professional regulators.

In late March 2021, the PSA published its annual review of our performance for 2019–2020. The PSA has revised the Standards of Good Regulation used to assess regulators' performance annually, including introducing a new set of General Standards. This was the first performance review which used the new set of Standards.

The PSA found that we had met 17 of the 18 Standards of Good Regulation. The Standard we did not meet was in relation to fitness to practise:

- The regulator's process for examining and investigating cases is fair, proportionate, deals with cases as quickly as is consistent with a fair resolution of the case and ensures that appropriate evidence is available to support decision-makers to reach a fair decision that protects the public at each stage of the process (Standard 15).

We did not meet Standard 15 because we are taking longer to progress cases through our fitness to practise process and to reach final conclusions on cases. The PSA also questioned our approach to making some final adjudication decisions on cases at a meeting rather than a public hearing.

This outcome represents an improvement from the outcome of our 2018–2019 performance review, which found that we did not meet two of the Standards of Good Regulation in relation to fitness to practise, including the one above.

The PSA recognised the improvements we have made since last year's performance review, and included some positive reflections on our temporary register and the speed with which it was set up. We continue to be committed to learning from the PSA's reviews of our performance.

## Performance monitoring and data quality

We have aligned our corporate plan and budget to our 2020–2025 Strategy. The Council monitors our progress against our corporate plan and budget through quarterly performance reports presented at public meetings. These reports provide updates against our corporate comments, key performance indicators (KPIs), our budget and investments, and corporate risk exposure. 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. The Council regularly considers the quality and content of performance reporting.

## Risk management and internal control

The Council is responsible for establishing and maintaining a sound system of risk management and internal control. Our system of internal control is designed to manage, rather than eliminate, risk and provide reasonable 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 considers corporate risk on a quarterly basis at Open meetings.

The Chief Executive and Registrar is responsible for ensuring an effective system of risk management and internal control and, together with the directors, for ensuring that this system is implemented across the organisation. They are responsible, with the directors, for identifying and evaluating risks, putting in place appropriate mitigations and monitoring and reporting progress. The Executive Board reviews corporate risks monthly.

The Council reviewed and approved an updated risk management framework in January 2021 on the recommendation of the Audit Committee. The framework was updated as part of our risk improvement work (which we started in 2019) to restate key roles and responsibilities, to clarify our risk management procedure, and to confirm our escalation procedure. The framework provides the foundations for our risk education programme for colleagues that began in 2020, and continues to be developed and implemented.

In 2021–2022 we will design a framework of risk assurance, which draws together insights from across all our sources of assurance.

## Assurance

### Our system of internal control includes:

- a wide-ranging programme of training, induction, appraisals and coaching to ensure our colleagues have the right skills, values and experience for their roles
- widespread monitoring and reporting to track our performance, risk exposure, quality, data, and budget forecasts
- detailed schemes of delegation for decision making
- internal control mechanisms such as documented policies and standard operating procedures, service level agreements, restricted access on systems, segregated duties, management information, regular quality checking, incident reporting, and business continuity planning
- established processes for learning such as customer complaints, serious event reviews, internal and external audits, quality assurance reviews, and learning logs
- planning mechanisms such as business plans, programme and project business cases, personal objectives, and improvement plans.

**The Executive Board is responsible for:**

- ensuring that the annual internal audit work plan and other internal quality assurance work 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 for each directorate.

We undertake an annual review of the effectiveness of our internal control environment and risk management. The 2020–2021 review concluded that we have reasonable assurance that our internal control environment operates adequately at corporate and directorate level.

Further work is needed to strengthen and standardise our approach across all our directorates based on our updated risk management framework. In 2021–2022, directorates will be supported to further develop their understanding of their risk management responsibilities, as well as standardising their risk and internal control measures.

**Key issues and risks****Covid–19 pandemic**

When the Council approved the strategy for 2020–2025 and the corporate plan for 2020–2021, it recognised that the Covid-19 pandemic would impact the pace at which we would be able to take forward our ambitions and require us to reprioritise some activities. This was reflected in our 2019–2020 Annual Governance Statement with the impact of the Covid-19 pandemic identified as a key issue for 2020–2021. In 2020–2021 we reprioritised our work to respond to the emergency, with the result that we paused or rescheduled a number of our corporate commitments for 2020–2021. We also re-planned the timing of key activities within our five-year work programme.

Central to our decision-making was the need to ensure that we could regulate the professionals on our register safely and fairly while they practised in extraordinary circumstances while maintaining our capacity to deliver services virtually and protect NMC colleagues. As detailed in the performance review section of the report, we used the emergency powers granted to us to put in place several measures to support health and care sector workforce capacity.

We implemented our internal business continuity plans to take a range of actions to minimise disruption, including establishing a Gold and Silver structure; supporting all colleagues to work from home and enabling our contact centre to operate virtually; and strong internal and external engagement and communications to provide clear and concise advice.

The impact on our strategy will continue to be managed into 2021–2022, ensuring that our decisions and actions stay aligned to the needs of the sector as it recovers from the pandemic.

As for all organisations, Covid-19 presented a significant risk to the wellbeing of colleagues. We took a number of actions to ensure we supported wellbeing, such as providing Covid-secure premises for those who found it difficult to work from home; partnering with Thrive to provide access to a mental health support app; and promoting our Employee Assistance Programme to colleagues.

Against the backdrop of the Covid-19 pandemic, the organisation managed two key risks during 2020–2021:

- | **Fitness to practise caseload**
- | **Replacing outdated ICT systems**

Both these risks were anticipated in our 2019–2020 Annual Report and the mitigating actions identified helped to minimise the impact of these risks.

### Fitness to practise caseload

Our fitness to practise caseload had been increasing before the pandemic. This was partly due to the impact of new, person-centred ways of working arising from our new, strategic approach to fitness to practise which were taking longer, and partly due to vacancies in key teams, such as screening and investigations. Although measures had been taken to address this, before the benefits had begun to impact, the outbreak of the pandemic exacerbated the situation.

We prioritised high-risk fitness to practise cases and paused investigations on other fitness to practise cases during the first wave of the pandemic. Even though we resumed all casework in July 2020 and in-person hearings in September 2020, the backlog continued to grow.

We recognise that addressing the backlog of fitness to practise cases is essential if we are to carry out our regulatory duties with the confidence of the public, those on our register and the wider health and social care sector. We understand the impact that delays in the progress of fitness to practise cases have on the health and wellbeing of everyone involved. We are determined to minimise these as far as possible while retaining the quality of our decision-making.

We developed a fitness to practise recovery and improvement programme in late 2020 to reduce the backlog and optimise our fitness to practise processes. We began implementing the programme in early 2021.

### Mitigation in 2021–2022

We will continue to implement our fitness to practise recovery programme and monitor progress closely; it will remain the top priority during 2021–2022 and is one of our corporate plan commitments.

Due to uncertainty around the level of resource needed to bring the caseload back down to optimum levels, an updated budget for 2021–2022 will be brought to the Council for approval in September 2021, when the extent of the risk will be clearer.

### Stability of our ICT infrastructure

Effective ICT is a core enabler for delivering our strategy and providing effective services for our stakeholders. Since August 2018, we have been undertaking a modernisation programme to ensure our technology is effective and fit for purpose.

In 2019–2020 and 2020–2021, budget overspends and delays within our modernisation programme impacted our ability to deliver this programme.

In 2020 we commissioned an external review to identify where we could improve our management of the programme. We are addressing the external review's recommendations for improvement, including careful planning of the next phase, clarification of scope, increasing cost management controls and strengthening of governance arrangements.

Planning for the next phase of the programme was completed and the Council approved the business case in January 2021. We continue to implement and embed the improvements recommended by the external review.

### Mitigation in 2021–2022

Our continuing reliance on outdated legacy ICT systems remains a key risk in 2021–2022, which we will mitigate through further implementation of our modernisation programme.

In March 2021, Council approved additional investment in IT services to support this work as part of the corporate plan and budget for 2021–2022.

The Council will continue to receive regular reports on the progress of the programme in 2021–2022, including lessons learned, overall timetable and the achievement of key milestones.



### Other risks

As well as these risk areas, our 2019–2020 Annual Report also identified regulatory reform and the UK's exit from the EU as areas of focus for risk management for 2020–2021. Although these remain important areas of focus, they have not been as significant as the other areas identified, in part due to the impact of our mitigating actions and, for regulatory reform, in part due to the government's timeframes for this work becoming clearer during the year. Further detail on our activity related to these areas can be found in the performance review section of the report.

## 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' briefings and other internal communications.

The Audit Committee receives a report on whistleblowing at every meeting. There were no occasions when people used the Whistleblowing policy to raise concerns in 2020–2021 (2019–2020: five).

Of the five concerns raised during 2019–2020, all were dealt with and closed by November 2020, and actions arising (from three of the concerns) were taken forward as part of wider pieces of work.

Most of the issues raised during 2019–2020 were a mixture of internal complaints, potential grievance matters and wider concerns about HR/people related issues. One, relating to potential inconsistent application of requirements for admission to the register, is being addressed through improvement to our guidance and information.

We undertook a review of our Whistleblowing policy, taking into consideration feedback received from previous training sessions. The updated policy was approved by the Audit Committee in November 2020 and shared with staff through internal communications. We ran a masterclass for key staff involved in whistleblowing in March 2021.

## Safeguarding and protecting people

Our Safeguarding and Protecting People from Harm 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. We have underpinning guidance and a standard operating procedure for employees to follow. We report regularly on the operation of the policy to Council.

We rolled out more awareness-raising communications across the organisation in November 2020 to encourage understanding of our safeguarding process. As part of this, colleagues were encouraged to read the policy, guidance and a new standard operating procedure and to undertake the e-learning. We have also improved our recording of safeguarding concerns and our safeguarding lead received a monthly report during the year, which is a new process.

There was a notably higher number of safeguarding concerns identified this year: we recorded 52 this year compared to 14 in 2019–2020. Around 71 percent of the 52 concerns were related to people involved in our fitness to practise process. The fitness to practise process creates a lot of interaction between our employees and professionals on our register, members of the public and employers, which in turn presents many situations where we might identify safeguarding concerns.

We took appropriate action to address the 52 concerns. Some of these responses included providing the person with appropriate support, while in other cases we were satisfied that the person already had support in place and signposted them to an appropriate charity or deemed no further action was required by us.



In 20 out of the 52 cases, we made a referral to an external body, such as the police or a local safeguarding authority, so they could make a more appropriate intervention. We deemed one case serious enough to report to the Charity Commission, in line with our obligations as a registered charity. It did not request any further action of us and had confidence that we were handling the matter appropriately.

We undertook an internal lessons learned review on the concern reported to the Charity Commission. The learning identified the need for additional training and guidance to support case teams in making decisions about safeguarding, contacting the police and in sharing safeguarding information sensitively. This learning is being incorporated into our corporate safeguarding action plan.

In August 2020, we produced a new Risk of suicide and self harm protocol for colleagues to follow in cases where individuals appeared to be at risk of self-harm. The protocol was tailored to Professional Regulation colleagues and processes, and managers were supported to discuss the protocol with their teams. We continue to raise awareness through internal communications, and will ensure the protocol becomes embedded in our processes.

615 employees have undertaken our safeguarding e-learning (299 as at March 2020). We did not run any additional face to face training in 2020–2021 as our focus had been diverted onto responding to the pandemic. In 2021–2022, we will run additional training and encourage everyone to complete the e-learning.

We know there is more we need to do to improve our safeguarding process. We started a quality assurance review in quarter four of 2020–2021 to assess how our safeguarding process is working. This will further clarify what we must do to improve, and these outcomes will feed into our corporate safeguarding action plan for 2021–2022.

## 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 2020–2021, with 2019–2020 figures shown for comparative purposes. Of the 57 information security incidents recorded in 2020–2021, 44 were unauthorised disclosure of data (data breaches). We think it is likely that the reduction in the number of incidents compared to the previous year is due to a temporary reduction in the volume of fitness to practise casework at the start of the Covid-19 pandemic and to the change away from paper-based working while working from home during the pandemic. We will continue to monitor the number and types of incidents as the organisation returns to working in our offices.

	2020–2021	2019–2020
<b>Critical</b>	0	0
<b>Major</b>	0	2
<b>Moderate</b>	26	31
<b>Minor</b>	31	65
<b>Total</b>	<b>57</b>	<b>98</b>

In 2020–2021 we reported one personal data breach to the Information Commissioner's Office (ICO) (2019–2020: two). The ICO has not taken any regulatory action in relation to the breach.

## Anti-fraud, bribery and corruption

No instances of actual or suspected fraud, bribery or corruption were detected in 2020–2021 (2019–2020: none). Antifraud and bribery training is mandatory for all new employees. Refresher training is undertaken by all colleagues every two years.

In 2020–2021 we implemented additional recruitment vetting processes for key roles where the risks of fraud, bribery and corruption are potentially higher, for example, within the finance team.

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.

## Modern slavery

No modern slavery issues were identified during the year (2019–2020: none).

In accordance with the requirements of the Modern Slavery Act 2015, we updated and published our Modern Slavery Statement in May 2021.

All colleagues have access to our modern slavery e-learning module, which raises awareness and understanding throughout the organisation.

We continue to embed our procurement policy, which is to make use of well-established national framework agreements wherever possible. Suppliers on these frameworks have been subject to rigorous due diligence checks. In addition, we have our own supplier assurance process in place which requires our suppliers to provide information related to their modern slavery position and which is risk assessed accordingly.

## Internal incident reporting – Serious Event Reviews

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 2020–2021, a total of 142 corporate incidents and near misses were reported (2019–2020: 179). Under our incident reporting process, we distinguish between Adverse Incidents (AIs) and Serious Events (SEs) based on the severity of the incident.

Incidents are classified as AIs when they have a minimal impact on our organisation and our work, although they still provide valuable learning for us. We classify as SEs incidents that impact, actually or potentially, more seriously on our organisation and our work. Of the 142 corporate incidents reported in 2020–2021, 52 were classified as SEs (2019–2020: 49), while the remaining 90 were AIs (2019–2020: 130).

We have continued to make changes and improvements as a result of learning from complaints including strengthening process and managerial oversight. We are embedding changes to the SER process to provide for sharing of learning across the organisation.

## Serious incident/notifiable event reporting

Issues which require reporting to the Charity Commission/OSCR are identified through a number of routes: including the Serious Event Review policy and process, and 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 permission is sought from the Council, as trustees, to report to the Charity Commission/OSCR, or if more urgent reporting is needed, permission is sought from the Chair or Acting Chair and Council informed at the earliest opportunity.

As indicated earlier, we reported one serious incident arising from a safeguarding matter to the Charity Commission in 2020–2021 (2019–2020: one). The Commission was satisfied that the Council was dealing with the matter appropriately and responsibly.

## 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:

- ensuring our audit and risk processes are appropriately managed, mitigating and taking into account the impact of the Covid-19 pandemic
- 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 2021
- reviewing risk management and assurance arrangements, including progress against the risk management improvement plan, which included the development of our risk management framework and risk assurance framework
- undertaking comprehensive reviews of the risks, mitigations and sources of assurance in relation to core work such as that of the General Counsel
- reviewing the adequacy of internal controls and related assurance. The Committee had close oversight of IT business resilience and increased its focus on the Modernisation of Technology Services programme. Given the importance and scale of this project, it was agreed that oversight of this work would be retained by the Council from February 2021 onwards
- 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

- approving the internal audit work plan for 2020–2021, reviewing internal audit report outcomes and overseeing action to progress closure of outstanding internal audit recommendations
- reviewing the tender processes for internal and external auditors
- 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 2020–2021

Ten internal audit assignments, including those previously referenced, were conducted during the year in accordance with the programme agreed by the Audit Committee. All internal audit recommendations were accepted and have either been addressed or are being implemented, with regular updates to the Audit Committee. Internal audit also assured the implementation of recommendations from audits. Other than six medium and low priority actions, all recommendations from audits where action has fallen due in the period have been implemented. The follow-up of recommended actions from previous years also highlighted good progress in implementing these agreed actions.

## 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."

Key challenges highlighted for the future were: ongoing development in the People and Organisational Effectiveness directorate which was established in 2020–2021; and the continuing impact of Covid-19 relating to regulatory duties, to NMC colleagues and to operations, such as the fitness to practise backlog.

## 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 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 our Learning and Development and Retention processes, and to maintain a high level of scrutiny over the recovery of our fitness to practise caseload and the progression of the Modernisation of Technology Services programme.

**Sir David Warren**

Chair  
9 July 2021

**Andrea Sutcliffe**

Chief Executive and Registrar  
9 July 2021

# Independent auditor's report

## 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 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 2021 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 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 group 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.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

#### 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

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report and Accounts.

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
- the charity's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the charity and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the regulatory requirements of the Charity Commission and the Professional Standards Authority for Health and Social Care, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011, and the Statement of Recommended Practice for Charities (SORP).

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the potential posting of inappropriate journal entries and management bias in certain areas of management estimate.

### Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

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.

### 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 Auditor  
12 July 2021

10 Queen Street Place  
London  
EC4R 1AG

# 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 2021 under the Nursing and Midwifery Order 2001. The financial statements comprise: the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards including Financial Reporting Standards (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2021 and of its net income for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Nursing and Midwifery Order 2001 and the determination of the Privy Council issued thereunder; and
- have been properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006, the Charities Act 2011 and 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 for opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Nursing and Midwifery Council in accordance with the ethical requirements that are relevant to my audit of 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**

In auditing the financial statements, I have concluded that the Nursing and Midwifery Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Nursing and Midwifery Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Council and of the Chief Executive and Registrar with respect to going concern are described in the relevant sections of this certificate.

**Other Information**

The other information comprises information included in the Annual Report but does not include the financial statements and my auditor's certificate thereon. The Council and the Chief Executive and Registrar are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit:**

- 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; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which I report by exception**

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.

I 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 me to 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.

#### 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 in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Council and its Chief Executive and Registrar determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- assessing the Nursing and Midwifery Council'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 Council and its Chief Executive and Registrar either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

#### 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.

My 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 a certificate that includes my 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

#### My procedures included the following:

- Inquiring of management, and those charged with governance, including obtaining and reviewing supporting documentation relating to the Nursing and Midwifery Council's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and



- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Nursing and Midwifery Council's controls relating to the Nursing and Midwifery Order 2001, the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008, the Charities Accounts (Scotland) Regulations 2006, the Charities and Trustee Investment (Scotland) Act 2005, and the Modern Slavery Act 2015.
- discussing among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, and posting of unusual journals; and
- obtaining an understanding of the Nursing and Midwifery Council's framework of authority as well as other legal and regulatory frameworks that the Nursing and Midwifery Council operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Nursing and Midwifery Council. The key laws and regulations I considered in this context included the Nursing and Midwifery Order 2001 and Accounts Direction issued thereunder, the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008, the Charities Accounts (Scotland) Regulations 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Modern Slavery Act 2015, and Employment Law.

**In addition to the above, my procedures to respond to identified risks included the following:**

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- inspecting correspondence with regulators and tax authorities;
- reading minutes of meetings of those charged with governance and the Council;

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in addressing our assurance over regularity, considering any special payments made in year, any off payroll arrangements, review of Council and Audit Committee papers and minutes and an overall comparative review of current year to prior year.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my 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 my certificate.

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.

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.

## Report

I have no observations to make on these financial statements.

**Gareth Davies**  
Comptroller and Auditor General  
14 July 2021

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

# Financial statements for the year ended 31 March 2021

## Statement of financial activities for the year ended 31 March 2021

		Year ended 31 March 2021	Year ended 31 March 2020
	Note	£'000	£'000
<b>Income from:</b>			
Charitable activities:			
Fees	2	90,778	88,450
Investments and other income	3	1,227	1,389
<b>Total</b>		<b>92,005</b>	<b>89,839</b>
<b>Expenditure on:</b>			
Raising funds	4	(40)	0
Charitable activities	5	(81,520)	(82,349)
<b>Total</b>		<b>(81,560)</b>	<b>(82,349)</b>
<b>Net income</b>		<b>10,445</b>	<b>7,490</b>
<b>Other recognised gains/(losses):</b>			
Actuarial gain on defined benefit pension scheme	18	176	1,705
Gain on investments	13	1,125	0
<b>Net movement in funds</b>		<b>11,746</b>	<b>9,195</b>
<b>Reconciliation of funds:</b>			
Total funds brought forward		57,527	48,332
<b>Total funds carried forward</b>		<b>69,273</b>	<b>57,527</b>

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

The notes on pages 144 to 170 form part of these accounts.

## Balance sheet as at 31 March 2021

	Note	As at 31 March 2021 £'000	As at 31 March 2020 £'000
<b>Fixed assets:</b>			
Tangible assets	11	27,730	26,541
Investments	13	31,281	0
<b>Total fixed assets</b>		<b>59,011</b>	<b>26,541</b>
<b>Current assets:</b>			
Debtors	14	4,022	2,744
Investments	13	54,244	63,915
Cash at bank and in hand		13,668	33,067
<b>Total current assets</b>		<b>71,934</b>	<b>99,726</b>
<b>Liabilities:</b>			
Creditors: amounts falling due within one year	15	(56,425)	(54,365)
<b>Total current liabilities</b>		<b>(56,425)</b>	<b>(54,365)</b>
<b>Net current assets</b>		<b>15,509</b>	<b>45,361</b>
<b>Total assets less current liabilities</b>		<b>74,520</b>	<b>71,902</b>
Creditors: amounts falling due after more than one year	16	(135)	(299)
Provisions for liabilities	17	(1,957)	(2,454)
<b>Net assets excluding pension liability</b>		<b>72,428</b>	<b>69,149</b>
Defined benefit pension scheme liability	18	(3,155)	(11,622)
<b>Total net assets</b>		<b>69,273</b>	<b>57,527</b>
<b>The funds of the NMC</b>			
<b>Unrestricted funds</b>		<b>69,273</b>	<b>57,527</b>
<b>Total funds</b>		<b>69,273</b>	<b>57,527</b>

The notes on pages 144 to 170 form part of these accounts.

**Sir David Warren**

Chair  
9 July 2021

**Andrea Sutcliffe**

Chief Executive and Registrar  
9 July 2021

## Statement of cash flows for the year ended 31 March 2021

Note	Year ended 31 March 2021		Year ended 31 March 2020	
	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>				
<b>Net cash provided by operating activities</b>		<b>5,039</b>		<b>9,972</b>
<b>Cash flows from investing activities</b>				
Interest from bank deposits	3	355	953	
Cash investment – fixed asset investments	13	(30,000)	0	
Cash investment – long term deposit	13	(7,926)	(343)	
Purchase of property, plant and equipment	11	(4,464)	(8,731)	
<b>Net cash used in investing activities</b>		<b>(42,035)</b>	<b>(8,121)</b>	
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(36,996)</b>	<b>1,851</b>	
<b>Cash and cash equivalents at the beginning of the year</b>		<b>76,546</b>	<b>74,695</b>	
<b>Cash and cash equivalents at the end of the year</b>		<b>39,550</b>	<b>76,546</b>	

The notes on pages 144 to 170 form part of these accounts.

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

	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000
Net income from the reporting period (as per the statement of financial activities)	10,445	7,490
Interest from bank deposits	(355)	(953)
Dividends and interest earned in our investment portfolio	(196)	0
Investment management charge	40	0
Depreciation charges	3,273	1,564
Loss on equipment disposal	1	311
(Increase)/decrease in debtors	(1,278)	1,591
Increase/(decrease) in creditors and provisions	1,400	880
Movements in pensions	(8,291)	(911)
<b>Net cash inflow from operating activities</b>	<b>5,039</b>	<b>9,972</b>

## Analysis of cash and cash equivalents

	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000
Cash at bank and in hand	13,668	33,067
Short term investments <sup>1</sup>	25,882	43,479
	<b>39,550</b>	<b>76,546</b>

In accordance with the Charities' SoRP, FRS 102, deposits with maturities of three months or less at 31 March 2021 have been classified as short term investments within cash equivalents. Investments with maturities of between three months and 12 months have been described as 'long term deposits' in Note 13 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 the 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.

<sup>1</sup> See note 13 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 (FRm), to the extent that the requirements of the FRm 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:

### 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, our work plans, our budgets, cash flow forecasts and our current and forecast reserves levels, including the financial impact of Covid-19. Although our budget for 2021-2022 shows a deficit of £9.3 million and our indicative budget for 2022-2023 shows a deficit of £7.5 million, including the additional costs of recovering from Covid-19, we expect to return to break even in 2023-2024. Our income remains relatively very secure, and our cash and reserves levels remain strong. The recent consultation by the Department for Health and Social Care on the UK model of regulation for healthcare professionals was clear on the presumption of the continued future need for our regulatory functions. Given the continued need for our regulatory functions and our financial position outlined above, the Council considers that adequate resources continue to be available to fund our activities for the foreseeable future and there are no material uncertainties about the NMC's ability to continue as a going concern.

### Accounting convention

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

### 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 18.

### 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.

- Government Grants

Grant 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.

### 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 5.



- 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.

### 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.

### 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.

### 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. 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 as incurred.

### 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:

Long leasehold premises - 23 Portland Place <sup>2</sup>	<b>50 years</b>
Office fit out and refurbishment	<b>Period of the lease or the useful economic life of the asset</b>
Furniture	<b>10 years</b>
IT Projects	<b>3 - 5 years</b>
Equipment	<b>3 - 5 years</b>

We revalued 23 Portland Place during 2013–14 and on first adoption of FRS 102 opted to use this valuation as deemed cost in future.

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

### Investments

Fixed asset investments are initially capitalised at cost and subsequently recognised at market value at the balance sheet date.

Gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their cost if acquired during the year, and are charged or credited to the statement of financial activities in the year of disposal.

The movement in market values during the year for assets held at the year-end is credited or charged to the statement of financial activities based on the market value at the year end.

### Debtors

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

### Cash at bank and in hand

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

<sup>2</sup> See Note 11.1

## Creditors and provisions

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

## 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. Investments in the stock market are held at market value. Financial liabilities held at amortised cost comprise trade creditors, other creditors and accruals.

## 2. Fee income

	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000
Registration fees	86,901	83,572
Other fees paid by registrants	3,877	4,878
<b>Total</b>	<b>90,778</b>	<b>88,450</b>

## 3. Investment and other income

	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000
Interest earned from bank deposits	355	953
Dividends and interest earned in our fixed investment portfolio	196	0
Other income	676	436
<b>Total</b>	<b>1,227</b>	<b>1,389</b>

Other income includes:

£0.676 million under a contract with the Department of Health and Social Care for work undertaken by the NMC to set up a temporary register to support nursing resources in response to the coronavirus pandemic (2019–2020: £nil).

£nil under a contract with the Department of Health and Social Care for work undertaken by the NMC to bring nursing associates onto the register (2019–2020: £0.308 million).

## 4. Analysis of expenditure on raising funds

	31 March 2021	31 March 2020
	£'000	£'000
Investment management charge	40	0

## 5. Analysis of expenditure on charitable activities

### Year ended 31 March 2021

#### Charitable activities:

	Activities undertaken directly		Support costs		Total 2020 –2021 £'000
	Employee costs	Other costs	Employee costs	Other costs	
	£'000	£'000	£'000	£'000	
Standards promotion and policy development	1,774	538	579	619	3,510
Education	890	1,765	309	330	3,294
Maintaining the register	5,479	103	2,838	3,032	11,452
Fitness to practise	26,441	10,438	9,748	12,682	59,309
Communications and public engagement	2,010	588	656	701	3,955
<b>Total</b>	<b>36,594</b>	<b>13,432</b>	<b>14,130</b>	<b>17,364</b>	<b>81,520</b>

### Year ended 31 March 2020

#### Charitable activities:

	Activities undertaken directly		Support costs		Total 2019 –2020 £'000
	Employee costs	Other costs	Employee costs	Other costs	
	£'000	£'000	£'000	£'000	
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>

## 6. Analysis of support costs

	Standards promotion and policy development	Education	Maintaining the register	Fitness to practise	Comms and public engagement	Total 2020-2021
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Year ended 31 March 2021</b>						
Facilities	111	59	544	4,134	126	4,974
Finance and procurement	134	71	654	2,245	151	3,255
HR	171	91	838	2,877	193	4,170
ICT	422	225	2,068	7,105	478	10,298
Governance	189	101	928	3,190	215	4,623
Legal	47	25	230	789	53	1,144
Depreciation	134	72	657	2,258	152	3,273
Pension adjustment	(10)	(5)	(49)	(168)	(11)	(243)
<b>Total</b>	<b>1,198</b>	<b>639</b>	<b>5,870</b>	<b>22,430</b>	<b>1,357</b>	<b>31,494</b>

	Standards promotion and policy development	Education	Maintaining the register	Fitness to practise	Comms and public engagement	Total 2019-2020
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Year ended 31 March 2020</b>						
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>

## 7. Governance costs

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

	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000
Council members' allowances, national insurance, travel and subsistence	288	351
Auditors' remuneration: Haysmacintyre	24	30
Auditors' remuneration: NAO	7	7
Professional Standards Authority annual fee	1,902	1,884
Operating costs (including salaries)	2,402	1,821
<b>Total</b>	<b>4,623</b>	<b>4,093</b>

## 8. Total resources expended by cost category

	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000
Salaries and associated costs	50,724	45,121
Fitness to practise related costs	9,794	14,342
IT development and support	4,477	5,014
Professional fees	5,082	4,531
Rent payable on office leases	1,979	2,441
Other premises costs	1,970	2,716
Other employee related costs	1,109	2,303
Quality assurance of education	1,761	2,202
Depreciation	3,273	1,875
Printing, postage and stationery	228	802
Finance and insurance <sup>3</sup> costs	802	551
Council and committee costs	361	451
<b>Total</b>	<b>81,560</b>	<b>82,349</b>

### 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 31 March 2021	Year ended 31 March 2020
	£'000	£'000
Consultancy	979	902

<sup>3</sup> Includes trustees' indemnity insurance



## 9. Information regarding employees

	Executive	Other employees	Total year ended 31 March 2021	Total year ended 31 March 2020
	£'000	£'000	£'000	£'000

### Salaries and associated costs

Wages and salaries	1,152	37,438	38,590	33,932
Social security costs (employer's NI contributions and Apprenticeship levy)	152	4,035	4,187	3,740
Defined benefit pension costs – present employees <sup>4</sup>	54	2,225	2,279	1,711
Defined contribution pension costs – present employees	96	3,024	3,120	2,469
Temporary and contract workers	0	2,458	2,458	3,167
Termination payments <sup>5</sup>	0	90	90	102
<b>Total</b>	<b>1,454</b>	<b>49,270</b>	<b>50,724</b>	<b>45,121</b>

<sup>4</sup> Further information about the NMC's employee pension schemes can be found in Note 18.

<sup>5</sup> This includes Enil extra contractual payments, redundancy payments of £44,000 and payments in lieu of notice of £47,000 (2019–2020: extra contractual payments of Enil, redundancy payments of £47,000 and payments in lieu of notice of £47,000).

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

There were 136 (2019–2020: 101) employees (including members of Executive for the period) whose remuneration fell in the following bands:

	Year ended 31 March 2021	Year ended 31 March 2020
	Number of employees	Number of employees
60,001 - 70,000	52	46
70,001 - 80,000	51	25
80,001 - 90,000	19	19
90,001 - 100,000	3	2
100,001 - 110,000	3	-
110,001 - 120,000	-	-
120,001 - 130,000	-	4
130,001 - 140,000	3	2
140,001 - 150,000	2	1
150,001 - 160,000	-	1
160,001 - 170,000	2	-
170,001 - 180,000	1	1

The above table includes eight Executive members who received more than £60,000 in the year.

There were a further two Executive members in post for part of the year whose earnings fell in the bands £0 - £10,000 and £10,001 - £20,000. For more information on Executive remuneration in the year see the remuneration report.

The table shows two employees with remuneration in 2020–2021 in the £160,001 - 170,000 band, with none in that band in 2019–2020. One of those employee's remuneration in 2020–2021 includes an exit package of £60,000 - 65,000, as disclosed in the remuneration report. The other employee's remuneration was towards the top of the £150,001 - 160,000 band in 2019–2020 and moved up to the £160,001 - 170,000 band in 2020–2021 through the standard annual pay increase.

	Year ended 31 March 2021	Year ended 31 March 2020
	Number of employees	Number of employees
Average number of permanent and fixed term contract employees		
Executive	7	9
Other employees	886	787
Average number of agency temporary staff and contractors during the year	71	83
<b>Total</b>	<b>964</b>	<b>879</b>

## 10. 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 or on our investment income and gains. We also receive charitable rate relief from the City of Westminster, London Borough of Newham and Edinburgh City Council.

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

23 PP long leasehold premises <sup>6</sup>	Buildings refurbishment	IT projects	Furniture	Equipment	Capital work in progress <sup>7</sup>	Total
£'000	£'000	£'000	£'000	£'000	£'000	£'000

### Cost:

1 April 2020	15,448	13,651	3,148	555	10,334	8,196	<b>51,332</b>
Additions	-	-	3,173	-	-	1,291	<b>4,464</b>
Disposals	-	(1,770)	-	(38)	(139)	-	<b>(1,947)</b>
Transfers	-	-	7,147	-	-	(7,147)	-
31 March 2021	15,448	11,881	13,468	517	10,195	2,340	<b>53,849</b>

### Depreciation:

1 April 2020	2,069	9,488	2,487	421	10,327	-	<b>24,792</b>
Depreciation charge for the year	354	615	2,280	22	2	-	<b>3,273</b>
Disposals	-	(1,770)	-	(38)	(138)	-	<b>(1,946)</b>
31 March 2021	2,423	8,333	4,767	405	10,191	-	<b>26,119</b>

### Net Book Value:

1 April 2020	13,379	4,163	662	134	7	8,196	<b>26,541</b>
31 March 2021	13,025	3,548	8,701	112	4	2,340	<b>27,730</b>

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

During the year, £7.147 million of work in progress relating to our Modernisation of Technology Services programme (MoTS) was brought into use and transferred to IT projects, with a further £3.173 million of additions capitalised also relating to the MoTS programme.

<sup>6</sup> See Note 11.1 | <sup>7</sup> See Note 11.2

### 11.1 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.

### 11.2 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 Modernisation of Technology project, the Test of Competence management project and the Overseas Registration project.

## 12. Related party transactions

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

During the period 1 April 2020 to 31 March 2021, the total allowances paid to the current and previous Chair were £58,500 (2019–2020: £86,754), and allowances, travel and subsistence and training expenses paid to, or incurred in relation to, members of the Council were £239,258 (2019–2020: £294,464). Council members are paid directly via the NMC payroll. Details of amounts paid to individual Council and Executive members are set out in the remuneration report.

During the year, the NMC engaged facilitation and coaching services from Aim Higher Leadership Ltd. John Welsh, the brother of Edward Welsh, Executive Director of External Affairs, is an external associate sub-contractor of Aim Higher Leadership. The NMC paid Aim Higher Leadership a total of £31,650 during the year (2019–2020: £22,487).

## 13. Investments

	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
<b>Fixed asset investments</b>		
Market value at 1 April	0	0
New capital invested	30,000	0
Dividends and interest received and retained in fund	196	0
Management fees charged at source	(40)	0
Net gain/(loss) on revaluation	1,125	0
Market value at 31 March	<b>31,281</b>	<b>0</b>
Comprising the following:		
Listed investments		
Fixed income securities	3,470	0
Equities	22,524	0
Property funds	503	0
Alternative investment funds	2,482	0
	28,797	0
Unlisted investments		
Cash	2,302	0
Market value at 31 March	<b>31,281</b>	<b>0</b>

During the period 1 April 2020 to 31 March 2021, £30,000,000 was invested in the stock market using our investment managers Sarasin & Partners.

	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
<b>Current asset investments</b>		
Short term deposits (maturity of 3 months or less)	25,882	43,479
Long term deposits (maturity of more than 3 months but less than 12 months)	28,362	20,436
<b>Total</b>	<b>54,244</b>	<b>63,915</b>

## 14. Debtors

	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
Debtors	767	170
Prepayments and accrued income	3,255	2,574
<b>Total</b>	<b>4,022</b>	<b>2,744</b>

## 15. Creditors: amounts falling due within one year

	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
Creditors and accruals	13,263	9,403
Other taxes and social security	1,405	1,270
Deferred income	41,757	43,692
<b>Total</b>	<b>56,425</b>	<b>54,365</b>

## 16. Creditors: amounts falling due after more than one year

	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
Deferred income	0	106
Lease premium	135	193
<b>Total</b>	<b>135</b>	<b>299</b>

## 17. Provisions

	Dilapidations <sup>8</sup>	Pension – early retirement <sup>9</sup>	Panellists <sup>10</sup>	Total
	£'000	£'000		
At 1 April 2020	(798)	(156)	(1,500)	(2,454)
Utilised in the year	150	67	-	217
Additions	(128)	-	-	(128)
Releases	108	-	300	408
At 31 March 2021	<b>(668)</b>	<b>(89)</b>	<b>(1,200)</b>	<b>(1,957)</b>

<sup>8</sup> The provision for dilapidations represents our prudent estimate of the costs of putting our leased properties back into the condition they were in before to the start of our leases.

<sup>9</sup> The provision for pension early retirement reflects the cost of a member of the defined benefit pension scheme retiring early due to incapacity. The additional cost is being paid monthly until June 2022.

<sup>10</sup> 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. Legal proceedings with respect to this are continuing. The reduction in the provision compared to last year reflects more recent legal advice as to the likely extent of the potential liability.

## 18. Pension commitments

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

### The defined contribution pension 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 one percent of their pensionable salary and the NMC contributes eight percent (2019–2020: eight 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 2021, 84 percent of employees were members of the defined contribution pension scheme. From 2021–2022 the maximum employer contribution has increased to 14 percent.

	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000
NMC's (employer's) defined contribution scheme contributions made in year	2,936	2,468
	%	%
NMC's (employer's) basic contribution defined contribution scheme	8.00%	8.00%
Employees' basic contribution defined contribution	1.00%	1.00%

## The defined benefit pension 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. In March 2021, following a consultation with the active members of the Scheme, the Council decided to close the defined benefit pension scheme to future accrual of benefits with effect from 1 July 2021. As at 31 March 2021, nine 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 2019, using a full yield curve approach. At the date of the valuation, the value of the scheme assets was £124.0 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 2019), 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 £1.8 million per annum with increases of 3.65 percent each April (the first such increase made in April 2015). The value of recovery plan payments, including an additional payment of £6.3 million, in the year ended 31 March 2021 was £8,100,000 (31 March 2020: £1,172,309).

The next triennial valuation will be as at 31 March 2022.

The FRS 102 valuation has been based on a full assessment of the liabilities of the scheme as at 31 March 2021.

	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
<b>Amounts recognised in balance sheet</b>		
Assets at fair value	97,343	67,004
Present value of defined benefit obligation	(100,498)	(78,626)
<b>Deficit</b>	<b>(3,155)</b>	<b>(11,622)</b>
<b>Net liability</b>	<b>(3,155)</b>	<b>(11,622)</b>

	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
<b>Amounts recognised in SoFA</b>		
Current service cost	(1,565)	(2,014)
Past service cost	(11)	0
Expected return on plan assets	1,736	2,021
Interest on pension obligation	(1,926)	(2,377)
<b>Net amount recognised in SoFA</b>	<b>(1,766)</b>	<b>(2,370)</b>
	%	%
NMC's (employer's) contribution defined benefit scheme	39.30%	39.30%
Employees' contribution defined benefit scheme	6.00%	6.00%



	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
<b>Reconciliation of present value of defined benefit obligation</b>		
<b>Opening balance at 1 April 2020</b>	<b>78,626</b>	<b>91,100</b>
Current service cost	1,565	2,014
Past service cost	11	0
Interest cost	1,926	2,377
Employee contribution	269	282
Actuarial (gain)/losses	19,943	(15,494)
Benefits paid	(1,842)	(1,653)
<b>Closing balance at 31 March 2021</b>	<b>100,498</b>	<b>78,626</b>

	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
<b>Reconciliation of fair value of plan assets</b>		
<b>Opening balance at 1 April 2020</b>	<b>67,004</b>	<b>76,862</b>
Expected return on assets	1,736	2,021
Actuarial gain/(losses)	20,119	(13,789)
Employer contribution	10,057	3,281
Employee contribution	269	282
Benefits paid	(1,842)	(1,653)
<b>Closing balance at 31 March 2021</b>	<b>97,343</b>	<b>67,004</b>

	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
<b>Reconciliation of change in funded status</b>		
<b>Opening balance at 1 April 2020</b>	<b>(11,622)</b>	<b>(14,238)</b>
Pension expense	(1,766)	(2,370)
Actuarial gain/(losses)	176	1,705
Employer contribution	10,057	3,281
<b>Closing balance at 31 March 2021</b>	<b>(3,155)</b>	<b>(11,622)</b>
<b>Actual return on plan assets</b>	<b>21,855</b>	<b>(11,768)</b>

	Period ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2018
	£'000	£'000	£'000	£'000
<b>History of experience adjustments</b>				
Defined benefit obligation	(100,498)	(78,626)	(91,100)	(84,114)
Plan assets	97,343	67,004	76,862	72,414
<b>Deficit</b>	<b>(3,155)</b>	<b>(11,622)</b>	<b>(14,238)</b>	<b>(11,700)</b>
Experience adjustments on scheme liability - gain/(loss)	731	5,226	(695)	(2,795)
Experience adjustments on scheme assets	20,119	(13,789)	898	(49)

	As at 31 March 2021
	£'000
<b>Expected contribution in following period</b>	
Employer	2,530
Employee	66
<b>Total</b>	<b>2,596</b>

	2021 per annum	2020 per annum
	%	%
<b>Principal assumption</b>		
Discount rate	1.90%	2.45%
Retail price inflation	3.05%	2.75%
Consumer price inflation	2.60%	1.75%
Pension increases	3.05%	2.75%
Expected return on assets	1.90%	2.45%
<b>Life expectancy at age 60</b>		
	Years	Years
Males born 1961	26.6	26.5
Females born 1961	29.2	29.0
Males born 1981	28.1	28.0
Females born 1981	30.7	30.5

	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
<b>Scheme assets</b>		
Growth funds	64,444	37,128
Bonds	1,929	1,656
Liability driven investments	4,998	4,646
Cash	3,461	2,354
Insured annuities	22,511	21,220
<b>Total</b>	<b>97,343</b>	<b>67,004</b>

## 19. Capital commitments

At 31 March 2021, £1.2 million for Registration and Revalidation Test of Competence and £0.7 million Modernisation of Technology Services 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 31 March 2021	As at 31 March 2020
	£'000	£'000
Modernisation of Technology Services	2,400	6,700
Accommodation programme	5,100	3,500
Registrations & revalidation (test of competence)	0	500
IT infrastructure improvements	700	0
<b>Total</b>	<b>8,200</b>	<b>10,700</b>

## 20. Operating lease commitments

At 31 March 2021 we had the following future minimum operating lease payments:

	Land and buildings	
	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
<b>Leases which expire:</b>		
Within one year	1,491	1,630
Between one and five years	4,724	5,534
More than five years	2,800	3,481
<b>Total</b>	<b>9,015</b>	<b>10,645</b>

We lease premises at 2 Stratford Place, London for the period until 21 July 2024; and 1 Westfield Avenue, London, for the period until 6 February 2029. Our lease at 114 - 116 George Street, Edinburgh, expired on 24 April 2021. On 1 April 2021, we entered an agreement for a lease on premises at 10 George Street, Edinburgh. The lease was entered on 17 May 2021, and runs for the period until 14 November 2034, with break clauses at 17 May 2026 and 14 November 2029.

## 21. Financial Instruments

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

	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
Financial assets measured at amortised cost	103,215	99,726
Financial liabilities measured at amortised cost	(14,668)	(10,673)

Financial assets held at amortised cost consist of cash balances £13.668 million (2019–2020: £33.067 million), investments in fixed term bank deposits £54.244 million (2019–2020: £63.915 million) and debtors £4.022 million (2019–2020: £2.744 million). Investments in the stock market (via investment managers) £31.281 million (2019–2020: nil) are held at market value. Financial liabilities held at amortised cost comprise creditors and accruals £13,263 million (2019–2020: £9.403 million) and other taxes and social security £1.405 million (2019–2020: £1.270 million).

## 22. Comparative statement of financial activities

In the year ended 31 March 2021, all income and expenditure was unrestricted with no brought forward restricted balance.

## 23. Extra-contractual payments

There were no extra-contractual payments in the period ended 31 March 2021 (31 March 2020: £Nil).

## 24. Contingent assets and contingent liabilities

At 31 March 2021 there were no contingent assets or liabilities.

## 25. Post balance sheet events

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

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

## Appendix 1



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

Their Lordships make the following determination in exercise of powers conferred by article 52(1) of the Nursing and Midwifery Order 2001<sup>11</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.

<sup>11</sup> S.I 2002/253

# 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



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