

## Meeting of the NMC Council

to be held from 09:30 to 14:45 on Wednesday 26 March 2014  
in the Council Chamber at 23 Portland Place, London W1B 1PZ

### Agenda

Mark Addison  
Chair of the Council

Matthew McClelland  
Secretary to the Council

- |    |  |           |       |
|----|--|-----------|-------|
| 1. | <b>Welcome from the Chair</b>          | NMC/14/21 | 09:30 |
| 2. | <b>Apologies for absence</b>           | NMC/14/22 |       |
| 3. | <b>Declarations of interest</b>        | NMC/14/23 |       |
| 4. | <b>Minutes of the previous meeting</b> | NMC/14/24 |       |
|    | Chair                                  |           |       |
| 5. | <b>Summary of actions</b>              | NMC/14/25 |       |
|    | Secretary                              |           |       |

### Corporate reporting

- |    |  |           |       |
|----|--|-----------|-------|
| 6. | <b>Chief Executive's report</b>                                      | NMC/14/26 | 09:40 |
|    | Chief Executive and Registrar  |           |       |
| 7. | <b>Performance and risk report</b>                                   | NMC/14/27 | 10:00 |
|    | Chief Executive and Registrar  |           |       |
| 8. | <b>Monthly financial monitoring: January 2014 results</b>            | NMC/14/28 | 10:20 |
|    | Director of Corporate Services                                       |           |       |
| 9. | <b>Update on Francis report and other related healthcare reviews</b> | NMC/14/29 | 10:30 |
|    | Chief Executive and Registrar  |           |       |

**Refreshments: 10:45**

## Matters for decision

*There will be an opportunity for questions and comments from observers on item 11 before the Council concludes its deliberations.*

- |     |  |           |       |
|-----|--|-----------|-------|
| 10. | <b>Standards and guidance review cycle 2014 – 17</b>   | NMC/14/30 | 11:00 |
|     | Director of Continued Practice   |           |       |
| 11. | <b>2014 – 17 Corporate plan and budget, including review of reserves policy and registration fee proposals</b> | NMC/14/31 | 11:15 |
|     | Chief Executive and Registrar<br>Director of Corporate Services  |           |       |
| 12. | <b>Equality objectives action plan 2014 – 15</b>   | NMC/14/32 | 12:45 |
|     | Director of Corporate Services   |           |       |

## Lunch: 13:00

- |     |  |           |       |
|-----|--|-----------|-------|
| 13. | <b>Recruitment and selection of the Chair of the Council</b> | NMC/14/33 | 13:45 |
|     | Chair, Appointment Committee                                 |           |       |
| 14. | <b>Report from the Appointments Board</b>                    | NMC/14/34 | 14:15 |
|     | Secretary  |           |       |

## Questions from observers

- |     |                                 |           |       |
|-----|---------------------------------|-----------|-------|
| 15. | <b>Questions from observers</b> | NMC/14/36 | 14:30 |
|-----|---------------------------------|-----------|-------|

## Matters for information

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

- |     |   |           |  |
|-----|---|-----------|--|
| 16. | <b>Registration improvement programme</b> | NMC/14/37 |  |
|     | Director of Registration                  |           |  |

17. **Chair's report** NMC/14/38  
Chair
18. **Chair's actions taken since the last meeting of the Council** NMC/14/39  
Chair
19. **Reports from Chairs of the Committees** NMC/14/40
- Chair of the Audit Committee
  - Chair of the Midwifery Committee
20. **Schedule of business** NMC/14/41  
Secretary

The next public meetings of the Council is scheduled to be held on Wednesday 4 June 2014 at 9.30am in Edinburgh.



Meeting of the Council  
Held at 10:00 on 29 January 2014  
at 23 Portland Place, London W1B 1PZ

## Minutes

### Present

#### Members:

Mark Addison	Chair
Maura Devlin	Council Member
Professor Judith Ellis	Council Member
Maureen Morgan	Council Member
Quinton Quayle	Council Member
Louise Scull	Council Member
Carol Shillabeer	Council Member
Elinor Smith	Council Member
Amerdeep Somal	Council Member
Stephen Thornton (until NMC/14/13)	Council Member
Lorna Tinsley	Council Member
Dr Anne Wright	Council Member

#### NMC officers:

Jackie Smith (from NMC/14/09)	Chief Executive and Registrar
Katerina Kolyva	Director of Continued Practice
Sarah Page	Director of Fitness to Practise
Alison Sansome	Director of Registration
Mark Smith	Director of Corporate Services
Emma Westcott	Assistant Director, Strategy (Item NMC/14/12 only)
Matthew McClelland	Assistant Director, Governance and Planning (Secretary to the Council)
Paul Johnston	Council Services Manager (minutes)

The meeting of the Council commenced at 10:00.

The Chair of the Council agreed that item 19, "Business assurance framework and quality assurance update" be raised 'above the line'. The minutes reflect the order in which the items were considered.

## **Minutes**

### **NMC/14/01 Welcome from the Chair**

1. The Chair welcomed all attendees to the meeting.

### **NMC/14/02 Apologies for absence**

1. No apologies for absence were received.

### **NMC/14/03 Declarations of Interest**

1. Maura Devlin, Professor Judith Ellis, Maureen Morgan, Carol Shillabeer, Elinor Smith and Lorna Tinsley declared an interest in Item 10, "Corporate plan and budget 2014 – 17: initial discussion" by virtue of being fee-paying registrant members;
2. Lorna Tinsley declared an interest in Item 12, "Midwifery supervision and regulation: PHSO recommendations for change" by virtue of being a registered midwife.
3. It was noted all members were subject to proposed policies set out within Item 14, "Governance matters", but there was no conflict of interest.

### **NMC/14/04 Minutes of previous meetings**

1. The minutes of the previous meeting of the Council held on 21 November 2014 were agreed as a correct record.

### **NMC/14/05 Summary of actions**

1. The Council noted progress on responding to actions arising from previous meetings of the Council.
2. The Council agreed that a discussion on raising the NMC's profile would be scheduled for an open Council meeting in 2014.

### **NMC/14/06 Performance and risk report**

1. The Council received a report detailing progress against quarter three of the Corporate Plan 2013 – 16, progress against key performance indicators, and the corporate risk register.
2. In discussion on progress on quarter 3 of the Corporate Plan 2013 – 16, the following points were noted:
  - a) Clarity was required on where activities arising from the Francis report action plan – for example, on regional advisers – sat within the business plan.

- b) Development of the NMC corporate data strategy was ongoing and would tie in initially with the Council's discussion on ICT strategy in March 2014. The Council would return to development of the data strategy at a future meeting in 2014.
- c) The Executive Board had agreed a business plan for development of the NMC website, which would assist with engagement with public and the patients. In the meantime, the content of the website had been refreshed. The Council would receive a further update at its next meeting on engagement activities across all four UK countries at its March 2014 meeting.

3. In discussion on the Key Performance Indicators, the following points were noted:

- a) KPI1 (Registrations): it was noted that performance had dipped in December 2013, largely due to complex EU applications.
- b) KPI2 (Interim Orders): Performance remained above the KPI target. There were robust review processes in place to ensure that particularly serious cases were identified within 24 hours of receipt. It was agreed that outliers should be reported in future.
- c) KPI3 (Investigations): Performance in December 2013 was slightly above the profile. There were a number of older cases due to go before the IC in the coming months that could adversely affect performance.
- d) KPI 5 (Available free reserves) and KPI 6 (Staff turnover): Performance was in line with the target.

4. The Council received a presentation from the Director of Fitness to Practise on performance on KPI 4 (Adjudications) and contingency planning in the event that future performance was not in keeping with the forecast.

5. The following points were noted:

- a) Modelling showed that there was some contingency built into the current level of hearings. Previous experience had shown that it was possible to increase the number of hearings from the current level of 22 to 26 per day. The Executive Board was due to consider in February 2014 additional costs associated with contingencies, such as increasing hearing room capacity and staffing resources. The Council should review progress in March and June 2014 to further assess whether contingencies would need to be pursued.

b) Planning was ongoing as to what long-term stable performance on this KPI might look like, including further use of Consensual Panel Determinations.

6. The Council welcomed the fact that reporting on KPIs had improved significantly. There was a need to consider whether some of the KPI targets could be toughened; all KPIs would be reviewed as part of the business planning process and further considered by the Council in March 2013.

7. On the Corporate Risk Register, the Council agreed that risk CR10 (Profile and proactivity) be reviewed.

**Action:** Ensure that actions arising from the Francis report action plan are properly correlated with the Corporate Plan updates  
**For:** Director of Corporate Services  
**By:** 26 March 2014

**Action:** Add “data strategy” to the Council schedule of business for 2014  
**For:** Secretary to the Council  
**By:** 26 March 2014

**Action:** Report engagement activities across all four UK countries within future Chief Executive reports to the Council  
**For:** Chief Executive and Registrar  
**By:** 26 March 2014

**Action:** Review risk CR10 (Profile and proactivity)  
**For:** Chief Executive and Registrar  
**By:** 26 March 2014

**NMC/14/07 Monthly financial monitoring – December 2013 results**

1. The Council received and noted the monthly monitoring information for current future reporting periods.

**NMC/14/08 Update on Francis report and other related healthcare reviews**

1. The Council considered the report, which provided an update on matters arising out of the report of the Mid Staffordshire NHS Foundation Trust Public Inquiry (the Francis report) and other healthcare reviews; and a progress report on the NMC’s planned actions in response to the Francis report and other reviews.

2. In discussion, the Council noted that initial scoping work on regional advisers had been undertaken and the Executive Board had agreed a number of principles in October 2013. It was agreed that a further update be provided to the Council in March 2014 as part of the Chief Executive’s report.



**Action:** Provide a further update on regional advisers at the March 2014 Council meeting  
**For:** Chief Executive and Registrar  
**By:** 26 March 2014

**NMC/14/09 Chief Executive's report**

1. The Council considered the report, which detailed high level strategic engagement and key developments against the NMC's Corporate Plan and sought the Council's approval of amendments to the Code and endorsement of the NMC's position on accepting grant funding.

2. In discussion, the following points were noted:

(a) 34 registration appeals were outstanding. The NMC had a current target to consider registration appeals within 6 months and proposed legislative change would help to enable this target to be consistently achieved.

(b) The Registration centre received an 18% increase in calls against the same period last year, which was due largely to an increase in queries on EU applications.

3. **Decisions:**

a) **The Council approved the new overarching statement and wording to replace sections 62, 63 and 64 of the Code in relation to Professional Indemnity Insurance. The new statement and wording would become effective only once PII legislation came into force.**

b) **The Council endorsed the NMC's position on accepting grant funding (as set out in paragraph 57 of the report) subject to the following amendment:**

*"From time to time, the NMC may accept grant funding from third parties to support specific projects or investment in operational improvements."*

**NMC/14/10 Corporate plan and budget 2014 – 17: initial discussion**

1. The Council received a presentation from the Director of Corporate Services, which set out the proposed objectives within the Corporate Plan 2014 – 17 and initial proposals around the budget for the NMC for the forthcoming three-year period.

2. The Council was asked to discuss:

a) Whether the draft key themes as set out within the presentation reflected the key priority areas for the NMC for the next 3 years;

- b) Which areas, if any, the Council would consider deprioritising;
- c) Whether the risk register was adequately reflected in the calculation of risk based reserves requirement; and
- d) Whether there were any other strategic risks that the Council would like Directors to consider.

3. In discussion, the following points were noted:

- (a) At this stage, the evidence suggested that there was no reason to change the original budget assumption, as set out in the Council papers in October 2012, that there would need to be an increase in individual fees from £100 to £120 per year with effect from March 2015. The Council would consider a proposal regarding fees in March 2014. Any decision to increase fees would be subject to public consultation.
- (b) The Council would benefit from further information in March that would enable it to consider areas for prioritisation. This would include information on areas that could not be delivered within current budgeting assumptions and a Bridge diagram outlining the differences between the proposed budget and the Financial Strategy.
- (c) The Council considered the level of reserves required to be retained by the NMC in line with its risk-based policy and advised the Executive that their assessment of risk indicated that there should be no reduction in targeted reserves. It was also noted that the budget presented did not at this stage include any increase in the pension fund deficit, which was still being discussed with fund trustees but represented a risk.
- (d) Identifying and implementing further cost efficiencies remained an important piece of work in going forward. The final budget to be presented to Council in March will include details of targeted efficiencies.

<b>Action:</b>	<b>Provide further information on budgeting assumptions on areas that would not be delivered and a Bridge diagram outlining the differences between the presented budget and the Financial Strategy</b>
<b>For:</b>	<b>Director of Corporate Services</b>
<b>By:</b>	<b>26 March 2014</b>

1. The Council received a report from the Chair of the Audit Committee setting out the Committee's discussions at its meeting on 10 December 2013.
2. The Chair of the Audit Committee noted that the Committee was pleased with the work undertaken by Moore Stephens, the NMC's internal audit provider; that significant progress was being made on clearing historic internal audit recommendations; and that the Committee had found the assurance map developed by the internal auditors particularly helpful.
3. The Council received a report from the Chair of the Midwifery Committee setting out the Committee's discussions at its meetings on 20 November 2013 and 10 January 2014. At its meeting on 20 November 2013, the Committee had considered the LSA Annual Report 2012 – 13; and the standards for preparation and supervision of midwives and endorsed both documents to the Council.
4. **Decisions:**
  - a) **The Council approved the Local Supervising Authority (LSA) Annual Report 2012 – 13;**
  - b) **The Council approved the Standards for preparation and supervision of midwives.**

**NMC/14/12 Midwifery supervision and regulation: PHSO recommendations for change**

1. The Council considered the report, which set out the recommendations of the Parliamentary and Health Service Ombudsman (PHSO) regarding the future of midwifery regulation.
2. The Chair of the Midwifery Committee informed the Council of the Committee's discussions at a meeting on 10 January 2014 convened to discuss the PHSO report. In particular, the Committee had agreed that the report had serious implications and merited a review of whether the framework for midwifery regulation adequately protects the public.
3. The following points were raised by members of the audience:
  - a) The positive aspects of supervision and where it was carried out most effectively should continue to be reflected.
  - b) It was not necessarily clear why the model of regulation for midwifery should continue to differ as significantly in future from that of nurses.
4. In discussion, the following points were noted:

- (a) It was not within the Council's gift to change its own legislation but could only press for the legislation it needed from the Government.
- (b) The Council agreed that there appeared to be a structural flaw in the regulation of midwives which should be reviewed. The review would need to take place as quickly as possible. The scope of the review would be agreed by the Council and those partners listed in the PHSO report and would have a four-country remit. The review would comprise of two stages; the first reviewing the link between supervision and regulation and the second, considering the future of supervision and the supporting infrastructure if it were to no longer be part of the regulatory framework. The first stage of the review would need to take place as quickly as possible. The focus of the NMC should be on regulation and public protection.
- (c) The Midwifery Committee would continue to advise the Council on the review as required.

5. **Decision: The Council agreed that a two-stage review should be commissioned on the basis outlined above.**

**NMC/14/13 Competency test for overseas applicants: consultation results and next steps**

- 1. The Council considered the report, which summarised the findings from responses to the NMC consultation proposing competency testing for non-European Economic Area (EEA) trained nurses and midwives who wish to practise in the UK.
- 2. **Decisions: The Council agreed to:**
  - a) **Proceed with the development of competency tests.**
  - b) **The Executive Board discussing and agreeing on an appropriate delivery model for the competency test.**

**NMC/14/14 Governance matters**

- 1. The Council considered the report, which set out a number of proposals arising from the governance review undertaken in 2013 and discussions held by the Council on its governance arrangements.
- 2. **Decisions:**
  - a) **The Council agreed that the Appointments Board be retained and that the Board and the Secretary review the**

terms of reference for approval by the Council.

- b) **The Council agreed that role descriptions for the current Vice Chairs should be drawn up, taking account of good practice regarding the responsibilities of Senior Independent Directors in other sectors.**
- c) **The Council approved the policy for reviewing and enhancing the effectiveness of the Council.**
- d) **The Council approved the revised Code of Conduct for members to have immediate effect.**
- e) **The Council approved the revised procedure for handling complaints about Council members to have immediate effect.**

**NMC/14/15      Legislation changes to improve the efficiency of fitness to practise and registration processes**

- 1.            The Council considered the report, which set out proposed changes to NMC rules arising out of the s.60 Order changes being introduced to improve the efficiency of fitness to practise and registration processes.
- 2.            **Decision: The Council agreed the proposed amendments as set out within Annexe 1 to the report in principle subject to any revisions that may be required following consultation.**

**NMC/14/19      Business assurance framework and quality assurance (QA) update**

- 1.            The Council received the report.
- 2.            In discussion, the following points were noted:
  - a) The intention of the assurance map was to provide the Council with assurance on a range of activities and it would remain beneficial in the short-term if the Council received updates every six months on the assurance map.
  - b) The Audit Committee had agreed that outcomes 1 and 2 of the QA strategy would focus on how areas set out within the assurance map were being progressed, rather than on replacing the assurance map
  - c) The Council agreed that it would be helpful to review the value added by the central QA function after October 2014 when outcome 1 of the QA strategy was due to have been completed. The Audit Committee would consider the scope of the review at its meeting on 25 February 2014.

**Action:** Add “Review of QA function” to the agenda for the February 2014 Audit Committee  
**For:** Secretary to the Council  
**By:** 25 February 2014

**NMC/14/16 Questions from observers**

1. The Chair of the Council invited questions from observers.
2. The following points were noted in discussion:
  - (a) The Council recognised the significant impact a fee rise would have for registrants and would give careful thought as to the decision on any proposed rise of registrant fees at its March 2014 meeting. Engagement with registrants would be an important part of the consultation process as the Council recognised that this was of particular importance to registrants.
  - (b) The NMC currently used Twitter to broadcast public sessions of the Council and continued to develop new ways of using social media to improve engagement.
3. The Chair noted that the Privy Council had extended his appointment until 31 December 2014.

**NMC/14/17 Chair’s report**

1. The Council received and noted the report.

**NMC/14/18 Chair’s actions taken since the last meeting of the Council**

1. The Council received and noted the report.

**NMC/14/20 Schedule of business**

1. The Council received and noted the report.

The date of the next meeting is to be 26 March 2014.

The meeting ended at 13:40.

**SIGNATURE (CHAIR):** .....

**DATE**.....

## Council

### Summary of actions

**Action:** For information.

**Issue:** A summary of the progress on completing actions agreed by the meeting of Council held on 29 January 2014 and progress on actions outstanding from previous Council meetings.

**Core regulatory function:** Supporting functions.

**Corporate objectives:** Corporate objective 7: "We will develop effective policies, efficient services and governance processes that support our staff to fulfil all our functions."

**Decision required:** To note the progress on completing the actions agreed by the Council.

**Annexes:** None.

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

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## Summary of actions outstanding (Council)

### Actions arising from the Council meeting on 29 January 2014

Minute	Action	For	Report back to: Date:	Progress
NMC/14/06	Ensure that actions arising from the Francis report action plan are properly correlated with the Corporate Plan updates	Director of Corporate Services	Council 26 March 2014	Francis work streams have been incorporated in the business plans for 2014-17. These are currently being reported separately on the agenda but will in future come as part of the quarterly corporate plan performance report.
	Add "data strategy" to the Council schedule of business for 2014	Secretary	Council 26 March 2014	Completed. Added to the schedule of business for April Council seminar; and June Council in open session.
	Report engagement activities across all four UK countries within future Chief Executive reports to the Council	Chief Executive and Registrar	Council 26 March 2014	Completed. Included within the Chief Executive's report.



Minute	Action	For	Report back to: Date:	Progress
	Review risk CR10 (Profile and proactivity)	Chief Executive and Registrar	Council 26 March 2014	Completed. Scoring raised for CR10 (as detailed in the Performance and Risk Report to the Council) and agreed by Executive Board.
NMC/14/08	Provide a further update on regional advisers at the March 2014 Council meeting	Chief Executive and Registrar	Council 26 March 2014	Completed. Included within the Chief Executive's report.
NMC/14/10	Provide further information on budgeting assumptions on areas that would not be delivered and a Bridge diagram outlining the differences between the presented budget and the Financial Strategy	Director of Corporate Services	Council 26 March 2014	<p>The Corporate Plan 2014 – 17 and budget are for discussion at the Council on 26 March 2014.</p> <p>The information within the action point will be included within the accompanying presentation to be delivered to the Council by the Chief Executive and Registrar; and Director of Corporate Services.</p>

Minute	Action	For	Report back to: Date:	Progress
NMC/14/19	Add "Review of QA function" to the agenda for the February 2014 Audit Committee	Secretary	Council 26 March 2014	Completed, and reference included within paper AC/14/13 to the Committee.

**Actions arising from the Council meeting on 21 November 2013**

Minute	Action	For	Report back to: Date:	Progress
NMC/13/165	Report EAG discussion on Education Strategy to the March 2014 Council meeting	Director of Continued Practice	Council 26 March 2014	The proposed education strategy was discussed at the seminar session in February 2014.

**Actions arising from the Council meeting on 12 September 2013**

<b>Minute</b>	<b>Action</b>	<b>For</b>	<b>Report back to: Date:</b>	<b>Progress</b>
NMC/13/146	Report on the cost-benefit analysis undertaken with the Department of Health [as part of the Council's decision to agree the recommended option three (as set out at Annexe 2) to inform the consultation phase and shaping of the revalidation model].	Director of Continued Practice	To be confirmed with Department of Health in 2014	Not yet due. The Council will be updated once the timing for the analysis is confirmed.



## Council

### Chief Executive's report

**Action:** For information.

**Issue:** This paper reports on high level strategic engagement and key developments against the NMC's Corporate Plan 2013-2016.

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

**Corporate objectives:** This paper reports against all of the NMC's corporate objectives.

**Decision required:** None.

**Annexes:** None.

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

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- Context:** 1 This paper is a standing item on the Council's agenda and reports on our high level strategic engagement and key developments against the Corporate Plan 2013-2016.

**Discussion**      **Strategic context**

**Chief Executive's activity**

- 2 The first anniversary of the publication of the Francis Inquiry report in February 2013 prompted a number of events reviewing the implications of the report and focussing on the response of the health sector to the recommendations. The Chief Executive spoke about the impact of the report and the response of the NMC at a number of speaking engagements. These included an event held on 5 February 2014 attended by the Secretary of State for Health, Jeremy Hunt and Julie Bailey from the campaign group, Cure the NHS. The Chief Executive also shared a platform at a King's Fund event held on 18 March 2014 with the chief executives of the General Dental Council and the General Medical Council to speak about the changing face of regulation post-Francis.
- 3 As part of the engagement activity accompanying the current stage of the revalidation consultation, the Chief Executive has given presentations at a number of events. These have included the London Directors of Nursing meeting held on 7 February 2014 at the invitation of the Chief Nurse for the London region, Caroline Alexander; and the National Federation of Nurse Leaders forum event on 19 February 2014 at the invitation of June Cummings, Chief Nursing Officer for England. The Chief Executive was a panel member at the Florence Nightingale Foundation annual event on 28 February 2014, along with the four chief nursing officers. Engagement on the revalidation agenda has also involved discussions with Dean Royles, the Chief Executive at NHS Employers, Peter Blythin, the Director of Nursing at the NHS Trust Development Authority at their roundtable event on 19 March 2014, and colleagues from the Department of Health, including Viv Bennett, the Director of Nursing, and David Foster, the Deputy Director of Nursing.
- 4 The Chief Executive continues to engage with key regulatory stakeholders, including Niall Dickson, the Chief Executive and Registrar of the General Medical Council, David Bennett, the Chief Executive of Monitor, and, accompanied by the NMC Chair on 12 March 2014, David Behan, the Chief Executive and David Prior, the Chair of the Care Quality Commission.
- 5 The Chief Executive and the Chair met Stephen Dorrell MP, the Chair of the Health Select Committee, to discuss progress following the publication of the committee's scrutiny report. Following the meeting, Mr Dorrell agreed to chair the roundtable event to discuss

professionalism and the role of the regulator, which will be held at the NMC on 25 March 2014 and which will be attended by representatives from the professional bodies, interest groups, nurses and midwives, students and a number of Council members.

- 6 The Chief Executive attended the annual performance review meeting with the Professional Standards Authority (PSA) on 18 February 2014 and, accompanied by the Chair, the annual PSA symposium event on 21 and 22 February 2014. The focus of the event, attended by representatives from the nine UK professional healthcare regulatory bodies, was the Law Commission review of the regulation of the healthcare professions. The Chief Executive also attended an event held by the commission into their review work on 4 February 2014.
- 7 The Chief Executive and Chair attended the NMC Midwifery Committee dinner on 25 February 2014 and the Chief Executive spoke at a local supervising authority midwifery officers' event on the 'future of midwifery supervision' in Nottingham on 11 March 2014.

#### **Joint regulatory working**

- 8 Since the last Council meeting, the first meeting of the cross-regulatory working group has taken place to look at the professional 'duty of candour' and its application across the healthcare professions. The NMC and General Medical Council have committed to work collaboratively on joint guidance and a joint statement with NHS England while we consider how we will engage with the other three countries on this matter. For the NMC this work includes not only providing guidance for professionals on 'candour' and 'near misses' but also providing guidance for FtP panelists on those subjects and finalising the wording we need on the 'duty of candour' for the revised Code.

#### **Health Select Committee**

- 9 We submitted our response to the Health Select Committee's accountability report on 14 February. This, along with the response of the Department of Health, will be published by the Committee in the week commencing 10 March.
- 10 The Committee has asked for a progress update on revalidation and we will submit this to the Committee by 11 April, together with information arising from Council's decisions on the corporate plan and budget.

#### **Professional Standards Authority**

- 11 We provided the further evidence requested by the PSA within the deadline of 13 February. Our formal performance review meeting with the PSA took place on 18 February and we subsequently

provided some further material requested at the meeting. We expect to receive the PSA's draft performance review report in mid-April and will have an opportunity to comment before the report is finalised and published in June 2014.

#### **Four country engagement**

- 12 We have recruited to a fixed term role to undertake mapping and other work to help us have better understanding of - and engagement with - Northern Ireland, Scotland and Wales. Work has begun with the Health and Sport Committee in Scotland in preparation for the Council's visit from 3 to 5 June.
- 13 We held a second meeting in February with NHS Education Scotland to progress our discussions in developing the memorandum of understanding, which will enhance our intelligence on risk based education.
- 14 Other four country engagement in relation to revalidation is described later in this report.

#### **Patient and public engagement activity**

- 15 The Patient and Public Engagement Forum met in London on 5 February 2014. The Chair of the Council updated the forum on strategy discussions and his priorities for the NMC for the coming year. The forum also heard an update on revalidation and the Code. The forum discussed issues involved in patients giving feedback, including concerns over giving negative feedback which could affect their care, not feeling able to comment on clinical aspects and not spending enough time with a nurse or midwife to be able to offer feedback. The group welcomed the concept of being able to give positive and negative feedback, and felt this would help nurses and midwives learn and improve. We identified some common themes that were important to forum members and fall within our remit. These are midwifery, education, mental health nursing and medicines management. We will return to these topics in future forum meetings. We shared the draft confidential working version of the revised Code introduction, and drafts of two new public-facing leaflets, on, respectively, education and "What to do if you are unhappy", and asked the forum to give us feedback. The "What to do if you are unhappy" leaflet will be shared with third party groups including Healthwatch, Citizens Advice, Patient Advice and Liaison Service and major health charities. It will be a key way to raise our profile among patients and the public.
- 16 The inaugural meeting of the Patient and Public Engagement Forum for Scotland will take place on 25 April 2014 in Glasgow. The Health and Social Care Alliance and Scottish Health Council have been helping us to promote this event, and we have also been using our website and e-newsletter. At this meeting we will discuss what the



NMC does, share our engagement work and ask the group to help us create a work plan for the forum. The majority of the forum's work will be done through email, webinars and other online methods, with the forum meeting face to face annually. To make the most of our time in Scotland we will be holding a session on revalidation and the Code review on the morning of 25 April. This session is for nurses and midwives and also for members of the Patient and Public Engagement Forum.

- 17 We continue to research relevant stakeholders for patient and public engagement forums in Wales and Northern Ireland.
- 18 NMC staff attended the second meeting of a group convened by the Care Quality Commission to share information on best practice around patient and public engagement. Discussions focused on expenses policies for patient and public involvement activities. We are in the process of updating our own policy to ensure this reflects best practice.

## **Regulatory priorities**

### **Update on regional liaison**

- 19 Following approval of a business case by the Executive Board in November 2013, a project has been set up to consider how we can best provide cost effective liaison, guidance and support across the four countries of the UK, including what benefits and value we can add and what regional liaison for the NMC might involve. We are currently undertaking stakeholder engagement work to obtain views from stakeholders about the value and potential benefits of NMC regional liaison which is anticipated to conclude in March 2014.
- 20 Analysis of these views and recommendations for how to take the work forward will be prepared in April 2014 and subsequent actions, including modelling any new capabilities, will follow. Further consideration by the Executive Board will take place in April/May 2014.
- 21 It is anticipated that implementation of any model would commence in early 2015.

### **Professional indemnity insurance**

- 22 We await the implementation date for professional indemnity insurance (PII) from the Department of Health. All systems and operational processes are developed and tested. These will become live on the implementation date.

### **Registration**

- 23 In January and February 2014 the Registration Centre received 86,459 calls. This is an increase of 8% on the same period last year

and reflects the continued increase in call volumes that we experienced during 2013. The top five call types for both months, which were in line with expectations, were:

- 23.1 Notification of Practice form enquiry
  - 23.2 EU nurse enquiry
  - 23.3 Annual retention payment
  - 23.4 Annual retention enquiry
  - 23.5 Address changes
- 24 In January and February 2014 1658 UK, 991 EU and 187 overseas applicants were registered. All overseas applicants were subject to an individual ID verification interview at Portland Place.
- 25 In February 2014 three appeals were heard. Two were heard in less than eight months and the remaining appeal was scheduled within eight months but ultimately took 10 months, following adjournment at the appellant's request.

<b>Appeals in February 2014</b>	<b>Number</b>
Number upheld	0
Number dismissed	3
Number adjourned (upon the Panel's direction)	0
<b>Total appeals</b>	<b>3</b>

- 26 There are currently 31 appeals pending.

<b>Appeals currently pending</b>	<b>Number</b>
Appealing against the Registrar's decision to reject their application	27
Appealing against the additional conditions in the form of adaptations that the Registrar has requested they complete prior to registering	4
<b>Total</b>	<b>31</b>

## Fitness to Practise

### *High Court Appeal Activity January and February 2014*

Appeals received and determined:

Appeals since last report	Number
Judicial review by the originator of the case	0
Professional Standards Authority appeal	1
Appeal by registered nurse or midwife	3
<b>Total appeals since last report</b>	<b>4</b>

Outcomes of appeals January and February 2014	Number
Remitted back to practice committee to reconsider	0
Judgment pending	0
New sanction imposed/agreed	4
Upheld NMC decision (IO and statutory)	10
Other agreement	0
<b>Total</b>	<b>14</b>

Current caseload February 2014	Number
Judicial review by the originator of the case	0
Professional Standards Authority appeal	2
Appeal by registered nurse or midwife	28
<b>Total</b>	<b>30</b>

### Quality Assurance of education and midwifery supervision

- 27 The quality assurance (QA) monitoring visits to 16 Approved Education Institutions (AEIs) and six Local Supervising Authorities (LSAs) across the UK are well underway and will be completed by the end of March. NMC staff and the Assistant Director, Continued Practice, are attending a number of the monitoring events led by Mott McDonald reviewers. The draft monitoring reports are beginning to be uploaded onto the QA portal.
- 28 The Assistant Director, Education and QA, has attended Health Education England meetings in relation to the pre-nursing experience pilot and developing quality standards for placement learning.
- 29 Two AEIs exceptionally reported on adverse issues in their areas. We followed up with them on subsequent actions outside routine

reporting and were able to feed this into the scheduled monitoring events by updating our managing reviewers.

- 30 All AEIs have now submitted their annual self-reports and AEI requirements. Both are being reviewed and we will be reporting to the Education Advisory Group in June 2014.

### **Standards development**

#### ***The Code***

- 31 Following on from completion of the internal evidence review and the agreement of the key principles, work has now commenced on writing the first draft of the proposed revised Code. Initial drafts are being shared with our advisory groups and their feedback is being collated and analysed to inform the draft for public consultation to begin in May. The evidence review will be published on the NMC website in May.

#### ***Other standards***

- 32 The revised standards for the preparation of supervisors of midwives and the new standards and guidance for the five year rule have now been published and are available on the NMC website. Our programme of work for the review of standards for the next three years is an agenda item for the Council.
- 33 We are also providing input as members of strategic working groups including the Leadership Alliance for the Care of Dying People (DH and NHS England); the Liverpool Care Pathway Guidance, Education and Training Group (DH); the Health Visitor Taskforce Implementation Group (England); and the Review of Health Care Support Worker Education and Training Group (Health Education England).

### **Change programme**

- 34 As we approach the end of the two year programme in response to the Professional Standards Authority recommendations, the Change Management Portfolio Board (CMPB) is looking ahead to the programme of change required to support and enable the organisation to meet its longer term goals and the way in which that change needs to be managed. Between now and the end of July we will be moving through an organised transition in the way that change will be managed to deliver the emerging corporate strategy.

#### **Revalidation**

- 35 The public consultation on revalidation and the revised Code for nurses and midwives which started on 6 January 2014 has been well received with 4317 responses at the close of week seven. To ensure the patient and public voice is heard, an omnibus survey of 1000

members of the public has been carried out to augment our engagement with professional audiences.

- 36 The consultation launch focused on raising awareness of the online survey in the media and via stakeholder channels. The website has been updated so that our stakeholders can access the survey and the engagement materials. Planning for the five nursing and midwifery revalidation summits is going according to schedule, with the first event scheduled to take place on 20 March 2014 in London, co-led by our Chief Executive and Viv Bennett, Director of Nursing at the Department of Health. It is anticipated that up to 250 delegates will attend each event. Of the four remaining events, one will be held in each of the UK countries.
- 37 The Revalidation Strategic Advisory Group, Employers Reference Group, Task and Finish Reference Group and Communications Reference Group continue to meet and have input into the development of the programme.
- 38 The revalidation team participated in twenty engagement events during January 2014 and a further twenty one events in February 2014. These events covered key groups in England, Northern Ireland and Scotland, with events in Wales planned for the coming months. Key groups included organisations employing nurses and midwives, educators and nurses and midwives themselves. The NMC partnered with NIPEC in Northern Ireland to present to each of the five health Trusts. The aim was to encourage as many nurses and midwives to respond personally to the consultation, to help the Trusts gather views to help inform their organisational responses and to begin to plan corporately for revalidation. The Director of Continued Practice and the Assistant Director, Revalidation and Standards, also met the PSA to discuss the programme and its progress.

### **ICT Strategy**

- 39 After a difficult few weeks in January and February, where we experienced performance issues arising from the upgrade of our records management system, system performance has now improved as a result of a series of targeted actions. The registrations system has been upgraded with new capacity to handle Professional Indemnity Insurance (PII) as well as address other fixes that have been long awaited. The first meeting of a new IT Programme Board, which will steer the delivery of the next phase of the IT strategy, met on 28 February and included an independent board member from the Worshipful Company of Information Technologists to provide added scrutiny.

## Internal corporate business

### Premises

40 We now have confirmation that any extension of our lease beyond its current expiry date of November / December 2014 is extremely unlikely. We have therefore commenced the project to find alternative premises and engaged consultants to assist us in our search and project management. We would anticipate being in a position to agree heads of terms in July 2014 to allow sufficient time for fit out. As this accommodation is principally for FtP hearings we will need to manage the timescale and planning of the project carefully to avoid any disruption to adjudications.

### Public protection implications:

41 Public protection implications arising from the activities in this paper are addressed as part of individual workstreams and projects.

### Resource implications:

42 The resource implications of the various workstreams and projects are described in the monthly financial monitoring report on the meeting agenda.

### Equality and diversity implications:

43 Equality and diversity is addressed as part of individual workstreams and projects, with equality impact assessments carried out as appropriate.

### Stakeholder engagement:

44 Stakeholder engagement is detailed, as appropriate, in the body of this report.

### Risk implications:

45 Any high level corporate risks that arise from the activities described in this paper are detailed in the risk register which is included elsewhere on the meeting agenda.

### Legal implications:

46 Legal implications that arise from the activities in this paper are addressed as part of individual workstreams and activities.

## Council

### Performance and risk report

**Action:** For discussion.

**Issue:** Embedding performance and risk management across the NMC.

**Core regulatory function:** All of our core regulatory functions.

**Corporate objectives:** The NMC corporate objectives provide the context for performance and risk management.

**Decision required:** No decision is required but the Council is invited to:

- Note the KPI information for January and February (paragraph 13).
- Note and discuss the assessment and management of risks on our Corporate risk register (paragraph 23).

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

- Annexe 1: Progress against our key performance indicators (KPIs)
- Annexe 2: FtP performance dashboard: December - February 2014
- Annexe 3: Corporate risk register
- Annexe 4: Risk map
- Annexe 5: Progress toward achieving the adjudication KPI

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

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## Context: Performance

- 1 This paper reports on progress against our key performance indicators (KPIs) and the assessment and management of risks on our Corporate risk register.
- 2 The information in this paper collectively provides an overview of our current position in achieving outcomes and the actions we are taking to mitigate key risks.

### Key performance indicators (KPIs)

- 3 **Annexe 1** provides information on January and February progress against our key performance indicators (KPIs). Supplementary information about Fitness to Practise (FtP) performance for the period December to February is provided on the 'dashboard' at **Annexe 2**.

### Risk

- 4 Since the January 2014 Council meeting, directorates have continued to review and update their respective risk registers and the Corporate risk register was considered by the Executive Board at its meetings in February and March.
- 5 Corporate Governance is continuing to undertake a monthly scrutiny of the Corporate, Change Management and Portfolio Board (CMPB) and directorate risk registers. The outcomes of these meetings are being shared with directorates and the CMPB, in order to strengthen our risk management and ensure compliance with our agreed approach.
- 6 Risks are scored on a 5 x 5 matrix on the basis of impact and likelihood, and a traffic light system is used for reporting. Risks scored at eight or below are green rated. Risks scored between nine and 15 are amber rated. Risks scored at 16 and above are red rated.
- 7 On the Corporate risk register, the 'inherent risk scoring' column does not take into account any mitigation. The 'post-mitigation scoring' involves taking into account the mitigation in place, but not the planned action.
- 8 Part 2 of the internal audit review on our risk management was recently carried out, to determine if risk management is being implemented sufficiently in the organisation. Part 1 took place in October 2013.
- 9 Corporate Governance is currently undertaking an annual review of risk management for the year 2013-14, with the aim of identifying clear actions for improvement. This review involves consideration of Parts 1 and 2 of the internal audit review, results from various staff



surveys (on the training, a mid-year assessment and a full year assessment), and accumulated learning from the year.

- 10 The Part 2 report plus our annual review report are to be presented to the Audit Committee in April.

## Discussion: **KPI report**

- 11 As part of the business planning process, we have reviewed corporate performance measures against the updated corporate objectives for 2014-2017. For 2014-2015 it is proposed that the corporate KPIs remain the same. Some of the targets have been amended. Please refer to Item 12 on the meeting agenda, Corporate and Financial Plans 2014-17, in which the Council is recommended to approve the corporate KPIs for next year.
- 12 With regard to our current report period, the six KPIs show that performance was generally lower in January, but improved in February except for KPIs 5 and 6. Here is a summary:
- 12.1 **KPI 1 (registrations):** Performance was lower in January and subsequently improved over February.
- 12.2 **KPI 2 (IOs):** There was a significant dip in performance for January (40%), due to a number of factors. In comparison with the rest of the year, this appears an anomaly. The figure for February (84%) indicates that we are back on the trend of exceeding our monthly target.
- 12.3 **KPI 3 (investigations):** After a slight dip in January (83%), we saw our best performance of the year so far in the month of February, resulting in a figure of 92%.
- 12.4 **KPI 4 (adjudications):** Performance improved in January and again slightly in February, though significant improvement is expected after April. We expect to meet the December 2014 target. **Annexe 5** details progress toward meeting the KPI.
- 12.5 **KPI 5 (available free reserves):** Performance for January and February exceeded our forecasts for those months.
- 12.6 **KPI 6 (staff turnover):** The permanent turnover rate increased over January and February, due to a higher number of leavers for those months. No single issue was found to be the cause of this. We do not expect to meet the end of year target, but over the year there has been a significant fall in the turnover rate.
- 13 **Recommendation: Note the KPI information for January and February.**

- 14 The Executive Board considers a set of supplementary performance indicators on a monthly basis and any significant matters are to be reported to the Council, by exception, in the Performance and risk report.
- 15 On this occasion, attention is drawn to the performance of the Registration Centre in respect of incoming phone calls answered within 40 seconds. The January average for calls answered in less than 40 seconds was 14% compared to our target of 65%. This links to the percentage of incoming phone calls abandoned (because of the call queue), where the January average was 44%, compared to a target of less than 10%.
- 16 This significant fall in performance can be attributed to an increase in the number of calls compared to previous months, an underlying increase in the general volume of calls compared to previous years, and IT issues stemming from the upgrade to Windows 7. Staff had difficulties accessing WISER, which in turn affected their ability to deal with customers effectively. These IT issues have now been resolved. In anticipation of the annual March peak, we have recruited additional resource to enable us to effectively respond to the increase in call volumes. We have also enhanced our ability to forecast, taking into account expected peak periods and the number of staff required on a more granular basis throughout each day.

## **Corporate risk register**

### **New risks**

- 17 Since the January 2014 Council meeting, a new risk has been added to the Corporate risk register in relation to the Law Commission Bill and the risk that the Bill may not be introduced or that its content will not meet our needs. This risk has a red rating of 16.

### **Increased risks**

- 18 Since the January 2014 Council meeting, Risk CR10 (Profile and proactivity) has increased by three to an amber rating of nine, to reflect the extent of the challenge faced in mitigating this risk.

### **Reducing risks**

- 19 No risk ratings have been reduced.

### **Closed risks**

- 20 No risks have been closed.

### **Emerging risk**

- 21 A new corporate risk has been identified in relation to the stability of our ICT systems. This is in response to a number of ICT-related

risks appearing across directorate risk registers. Once it has been framed and profiled, the risk will be considered by the Executive Board at its meeting on 8 April. It will be added to the Corporate risk register following that meeting.

### **No change**

- 22 There is no change to the rating of other risks, although mitigating and planned actions have been updated where relevant.
- 23 **Recommendation: Note and discuss the assessment and management of risks on our Corporate risk register.**
- 24 A map of all corporate and directorate risks is presented at **Annexe 4** for the Council's consideration. This map shows the distribution of risks across our 5 x 5 matrix and also shows recent changes in risk scoring. It is presented in this report for the first time, at the recommendation of the Audit Committee. This recommendation was noted in the Chair of the Audit Committee's report to the Council in January 2014.

### **Public protection implications:**

- 25 Public protection implications are considered when reviewing performance and the factors behind poor or good performance, plus also when rating the impact of risks and determining mitigating actions.

### **Resource implications:**

- 26 Internal staff time has been accommodated as business as usual.

### **Equality and diversity implications:**

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

### **Stakeholder engagement:**

- 28 The Corporate risk register, KPI information and FtP dashboard are in the public domain.

### **Risk implications:**

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

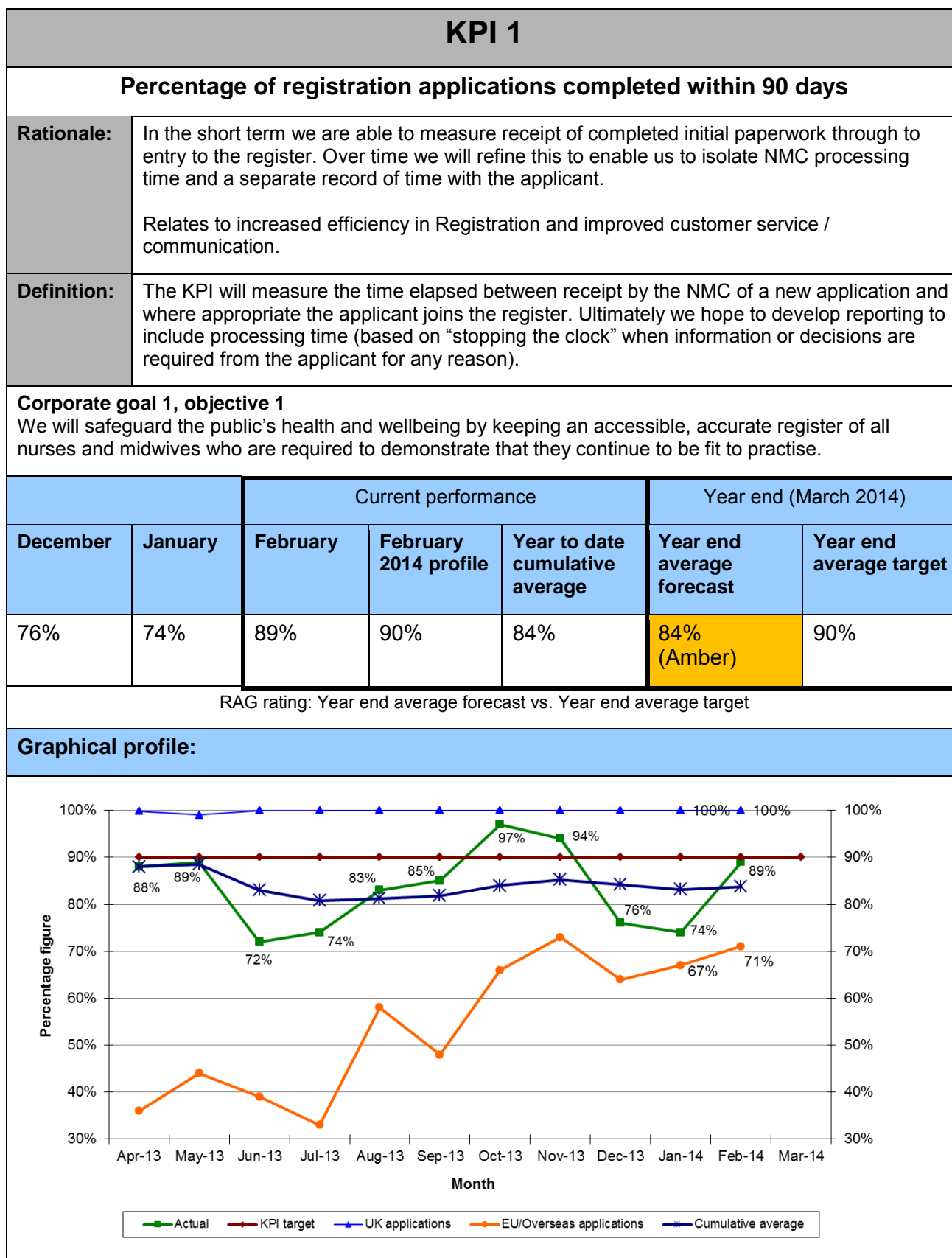
### **Legal implications:**

- 30 Failure to identify and effectively manage risks potentially exposes the NMC to legal action.



## Progress against our key performance indicators (KPIs)

This report presents performance information for the period up until 28 February 2014.



**Commentary:**

38

In February we processed 1,043 UK applications as opposed to 615 in January 2014 – an increase of 59%. 100% of applicants were registered within 12 days.

We achieved a combined figure of 71% for EU/Overseas registrations. 79% of EU applications and 62% of overseas applications were processed within 90 days.

The improvement in EU and OS applications within 90 days ensured that we were able to achieve a combined UK/EU/OS processing percentage of 89% within 90 days.

**Red/Amber/Green rating:**

Based on 10% variance threshold:

Green = figure matches or is higher than the target figure of 90%.

Amber = figure is between 80-89%.

Red = figure is 79% or lower.

## 39 KPI 2

### Percentage of interim orders (IOs) imposed within 28 days of receipt of referral

<b>Rationale:</b>	We aim to protect the public in the most serious cases by applying restrictions to a nurse or midwife's practice as quickly as possible after the need is identified.
<b>Definition:</b>	Percentage of interim orders imposed within 28 days of the referral received date.

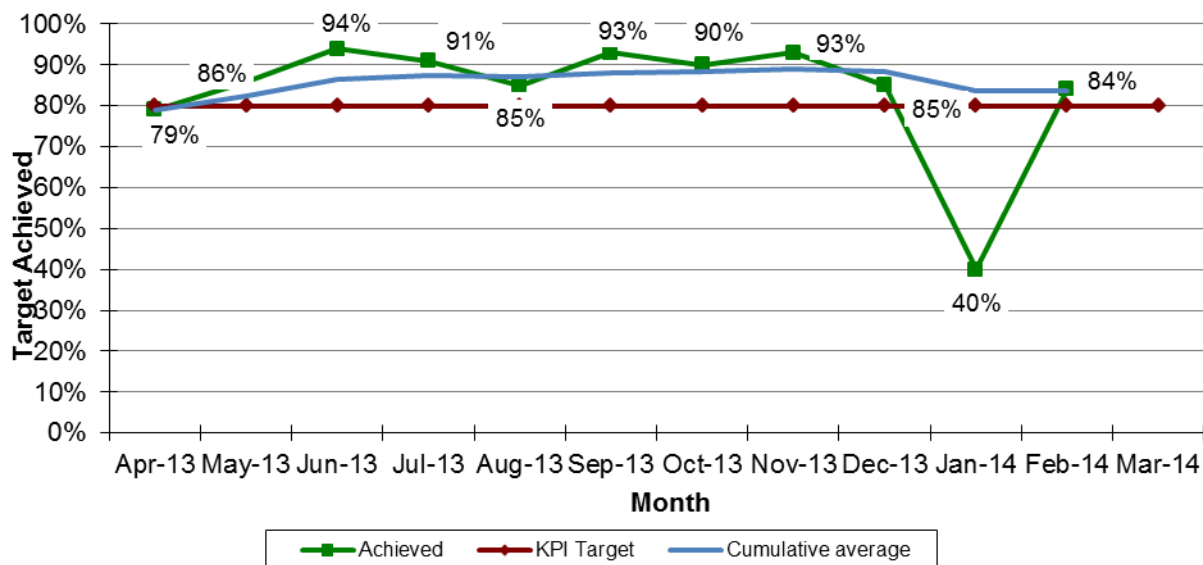
#### Corporate goal 1, objective 3

We will take swift and fair action to deal with individuals whose integrity or ability to provide safe care is questioned, so that the public can have confidence in the quality and standards of care provided by nurses and midwives.

			Current performance			Year end (March 2014)	
Historical figure (Average for the year 2012-13)	December	January	February	February 2014 profile	Year to date cumulative average	Year end average forecast	Year end average target
64%	85%	40%	84%	80%	84%	80% (Green)	80%

RAG rating: Year end average forecast vs. Year end average target

#### Graphical profile:



#### Commentary:

Performance against this KPI dipped in January as a result of a combination of IT difficulties, there being fewer working days in December and January during which necessary information took longer to reach us and fewer hearing days being available. February saw a recovery to 84% which is in keeping with performance that we had seen before January.

#### Red/Amber/Green rating:

Based on 10% variance threshold:  
 Green = figure matches or is higher than the target figure of 80%.  
 Amber = figure is between 70-79.9%.  
 Red = figure is 69.9% or lower.

## 40 KPI 3

### Percentage of cases progressed through the investigation stage within 12 months

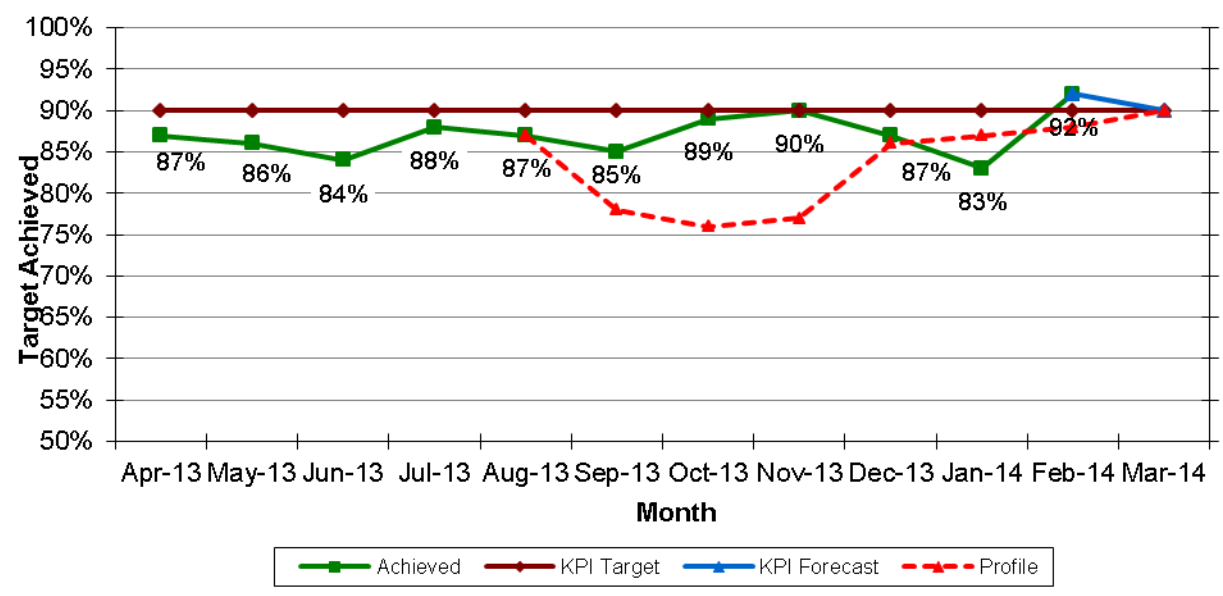
<b>Rationale:</b>	We aim to screen and investigate referrals within 12 months. We have a responsibility to balance the need for a swift decision on whether to refer the case for a substantive decision with the need for a proportionately thorough investigation.
<b>Definition:</b>	The percentage of investigations which have been completed within 12 months of the referral received date.

**Corporate goal 1, objective 3**  
 We will take swift and fair action to deal with individuals whose integrity or ability to provide safe care is questioned, so that the public can have confidence in the quality and standards of care provided by nurses and midwives.

Historical figure (Average for the previous year 2012-13)	Current performance		Year end (March 2014)			
	December	January	February	February 2014 profile*	March 2014 current forecast	March 2014 target**
68%	87%	83%	92%	88%	90% (Green)	90%

RAG rating: current forecast vs. March 2014 target  
 \* Profile is the forecast frozen at July 2013  
 \*\* Target is a spot target

#### Graphical profile:



#### Commentary:

Performance of 92% in February exceeded the KPI and the February forecast of 88%.  
 The forecast was profiled to take account of a cohort of older cases which will need to clear the Investigating Committee and will adversely impact KPI performance at that time. February saw a higher proportion of newer cases reach the decision stage than we had expected. Depending on



when these older cases are ready to proceed there may be a dip in KPI performance. Cases are generally listed as they become ready so that a consistent flow of cases is available for the committee to consider.

**Red/Amber/Green rating:**

Based on 10% variance threshold.

For example:

Green = figure matches or is higher than the March 2014 target figure of 90%.

Amber = figure is between 80-89%.

Red = figure is 79% or lower.

## KPI 4

**Percentage of cases progressed through the adjudication stage to the first day of a hearing or meeting within 6 months**

**Rationale:** When the investigating committee decides that there is a case to answer we have a responsibility to put it to a substantive committee as swiftly as possible.

**Definition:** The percentage of cases which have reached their first day of a hearing or meeting within six months of referral from the investigating committee.

**Corporate goal 1, objective 3**

We will take swift and fair action to deal with individuals whose integrity or ability to provide safe care is questioned, so that the public can have confidence in the quality and standards of care provided by nurses and midwives.

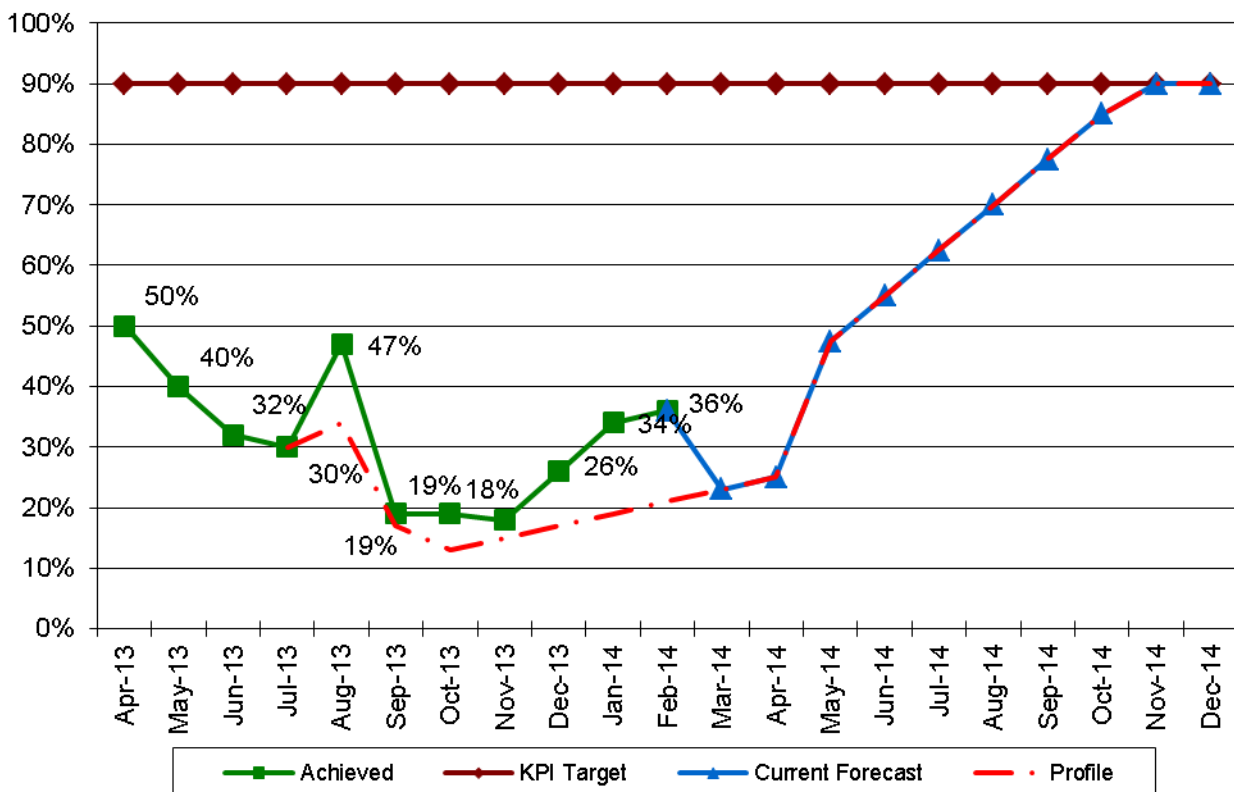
			Current performance		December 2014	
Historical figure (Average for the previous year 2012-13)	December	January	February	February 2014 profile*	December 2014 current forecast	December 2014 target**
39%	26%	34%	36%	21%	90% (Green)	90%

RAG rating: current forecast vs. Dec 2014 target

\* Profile is the forecast frozen at July 2013

\*\* Target is a spot target

**Graphical profile:**



**Commentary:**

43

Performance has tracked slightly above the forecast profile, with improvement over January and again for February. No real improvement is expected until April at the earliest, after which we expect to see a steady shift towards the 90% target.

The forecast profile is based on a broad strategy of listing older cases first and their average age at the time of their adjudication is based on live cases and predicted activity at a point in time. Fluctuations in the forecast are to be expected as we do not have a homogenous caseload. We have forecast the mix of new and older cases going to their first hearing each month, thereby giving us the percentage which are doing so within six months. April is when we should see the percentage of cases meeting the KPI start to increase and the target date for achieving this in 90% of cases is December so we have forecast a steady increase between these two dates.

The last point at which referrals from the Investigating Committee can impact activity volumes at the adjudication stage is June, so from that point onwards it will be known with some certainty which cases need to be cleared in order to achieve the KPI by the end of the year. Case reviews at both the investigation and adjudication stages are planned for April or May and the results will form the last major review of whether any contingency action is necessary to increase hearing capacity.

**Red/Amber/Green rating:**

Based on 10% variance threshold.

For example:

Green = figure matches or is higher than the December 2014 target figure of 90%.

Amber = figure is between 80-89%.

Red = figure is 79% or lower.

# 44 KPI 5

## Available free reserves

<b>Rationale:</b>	<p>The NMC's budget and financial strategy is predicated on a gradual restoration of minimum available free reserves to a minimum target level of £10 million by January 2016. This KPI measures how close we are to our plan for achieving this target.</p> <p>This KPI also demonstrates delivery against meeting the target for available free reserves as agreed with the Department of Health.</p>
<b>Definition:</b>	The level of available free reserves at month end compared with budgeted available free reserves at that month end.

**Corporate goal 3, objective 7**

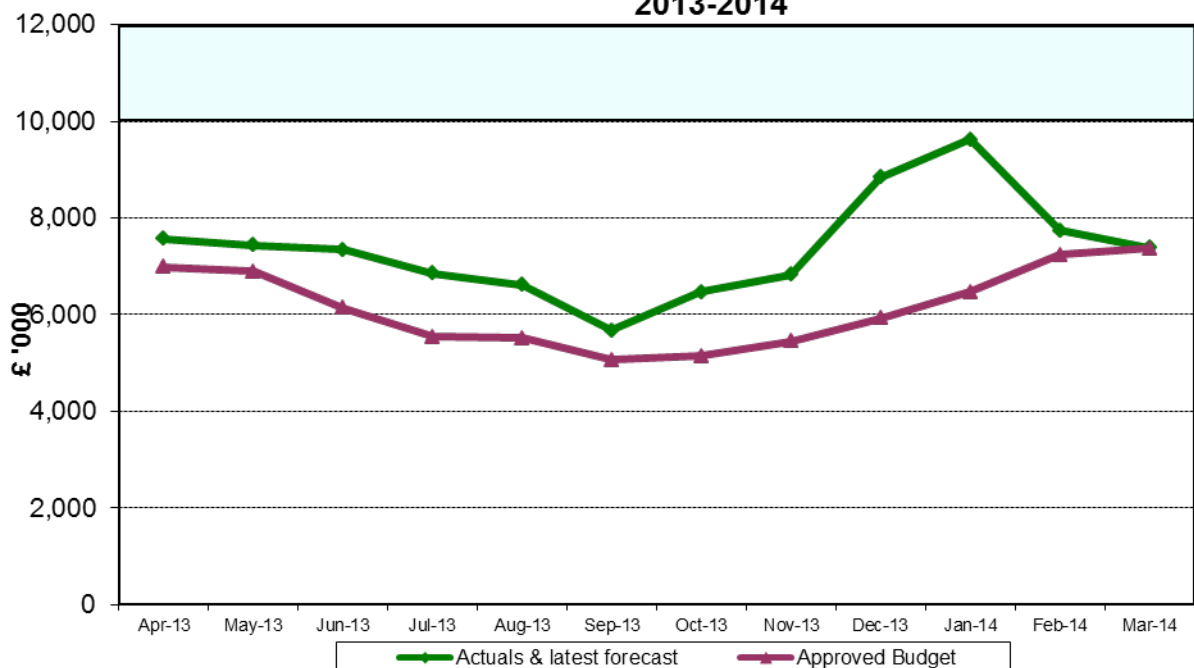
We will develop effective policies, efficient services and governance processes that support our staff to fulfil all our functions.

			Current performance		Year end (March 2014)	
Historical figure (March 2013)	December	January	February	February 2014 budget*	March 2014 current forecast	March 2014 budget*
£7.4m	£8.8m	£9.6m	£7.7m	£7.2m	£7.4m (Green)	£7.4m

RAG rating: current forecast vs. March 2014 budget  
 \* Approved budget as at March 2013

**Graphical profile:**

**February forecast & approved budget available free reserves  
2013-2014**



The target (budget) figure for March 2014 is broadly similar to that of March 2013 and will fluctuate each month based on the pattern of budgetary expenditure. Based on the financial plan, more progress towards restoring the minimum reserves level of £10 million will be made in 2014-2015.

The total free reserves level at the end of February 2014 was £17.5m compared to a planned level of £14.1m. This positive variance of £3.4m is due to a number of factors including increased income from periodic and international fees, reduced contingency requirements and several directorate underspends, in particular in Continued Practice, Corporate Governance and Corporate Services.

The variance gap is expected to narrow in the final month of the year, such that the full year total reserves position at 31 March 2014 is forecast to be £2.9m better than budget.

However, the latest estimate from pension scheme trustees in relation to our pension scheme deficit valuation increases our present deficit liability by £2.9 million from budget. Whilst the scheme valuation is still being negotiated, it is considered appropriate to take a prudent view, crystallise the risk previously identified, and recognise a likely increase in the scheme deficit. Taking this increase into account, the available free reserves at February 2014 were £7.7m, compared to the budget of £7.2m. The latest forecast for available free reserves at March 2014 is £7.4m, which is on budget.

The increased pension deficit cost will be offset by savings arising from the closure of the defined benefit pension scheme to new starters, which was effective from 1 November 2013.

**Red/Amber/Green rating:**

Green = the figure matches or is above the target figure.

Amber = within 5% of the target figure.

Red = greater than 5% of the target figure.

# 46 KPI 6

## Staff turnover rate

<b>Rationale:</b>	<p>The level of staff turnover has been consistently high and represents a high risk and cost to the NMC and an indicator of a sub-optimal organisational culture.</p> <p>A number of initiatives included within the Human Resources and Organisational Development Strategy are aimed at retaining staff, hence this KPI being a key measure of the effectiveness of that strategy.</p>
<b>Definition:</b>	<p style="text-align: center;"><u>Average monthly number of permanent leavers in the year to date * 12</u> Average number of permanent staff in post in year to date</p> <p>Average number of permanent staff is calculated by adding together the staff in post at either end of the elapsed months and dividing by the number of data points, e.g. average staff in post (SiP) in May would be: (SiP @ 31.03 + SiP @ 30.04 + SiP @ 31.05) / 3</p> <p>Average number of leavers is calculated simply by adding the total leavers in the year to date and dividing by the number of elapsed months.</p>

### Corporate goal 3, objective 8

We will build a culture of excellence by attracting, retaining and developing high quality staff to deliver our services.

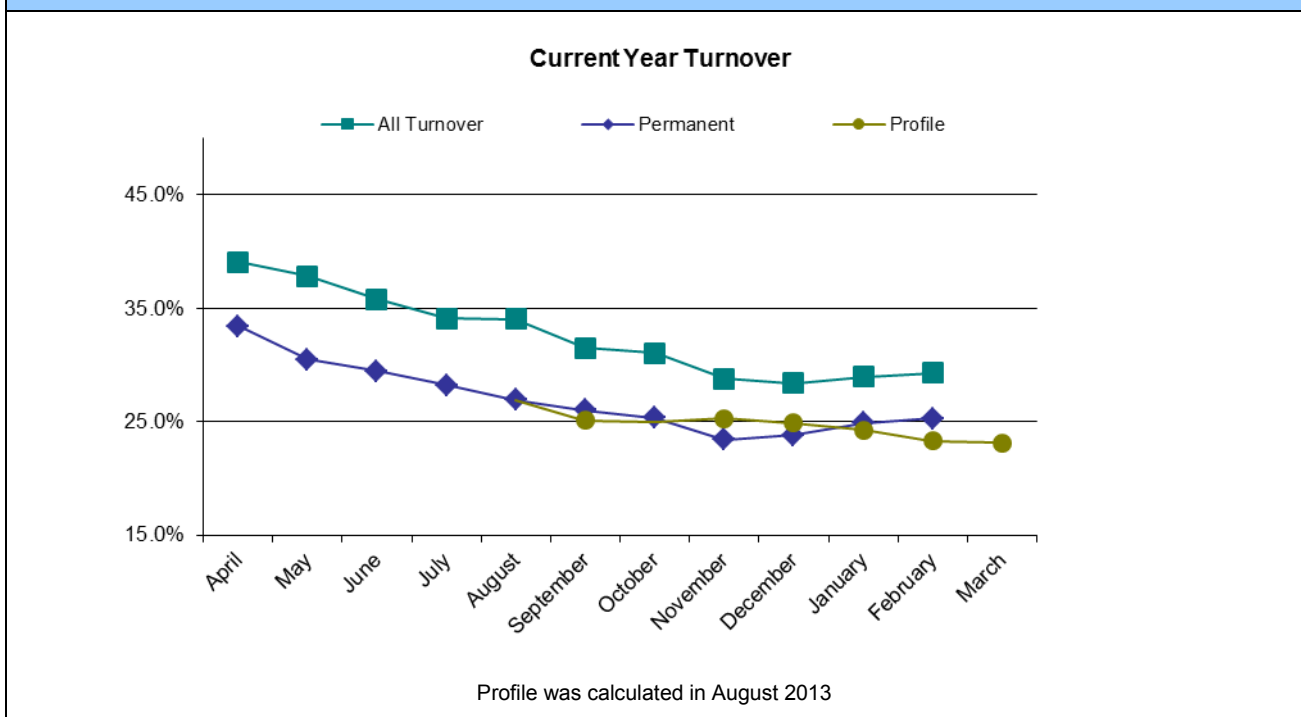
			Current performance		Year end (March 2014)	
Historical figure (as at April 2013)	December	January	February	February 2014 profile*	March 2014 current forecast	March 2014 target**
33.4%	23.8%	24.6%	25.3%	23.3%	25.6% (Red)	23.2%

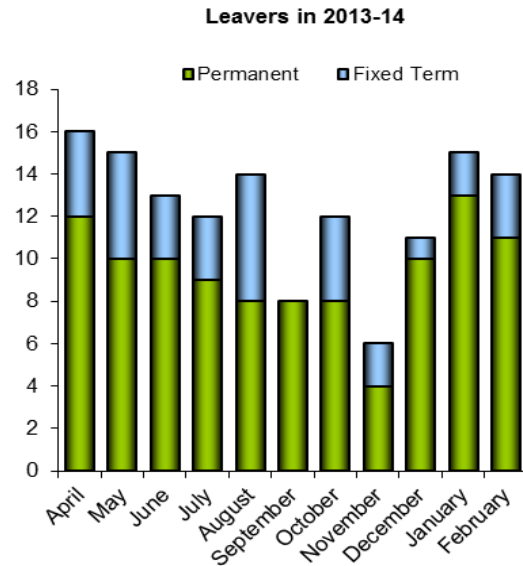
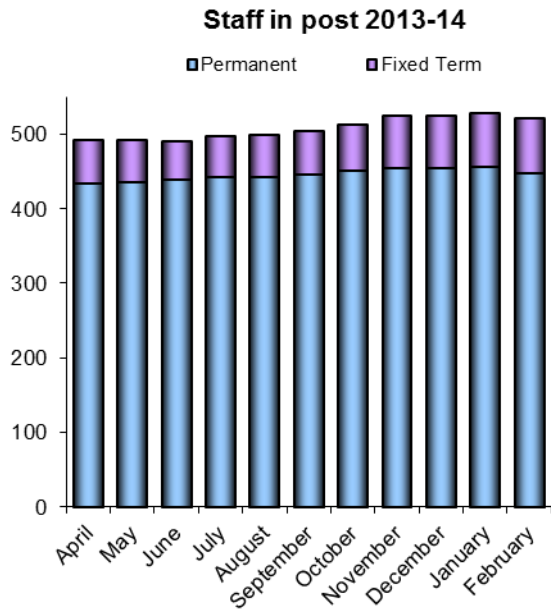
RAG rating: current forecast vs. March 2014 target

\* Profile is the forecast frozen at August 2013

\*\* Target is a spot target

### Graphical profile:





**Commentary:**

The downward trend over the first eight months of the year has reversed over the last three months and the permanent turnover figure for February shows a further increase. Looking back over the pattern in the previous year there is usually a spike in leavers in the winter period. The end of year target will not be met, but there will still have been a significant turnover reduction in the year.

In reviewing patterns of leavers between directorates, it was found that the number of leavers over the past three months is roughly proportionate to the size of the directorates within the organisation. An analysis of exit interviews reveals there is no single concern or issue that has triggered the increase in number of leavers however, career progression is the most common reason for leaving. Pay is also mentioned in a number of exit interviews alongside career progression.

**Red/Amber/Green rating:**

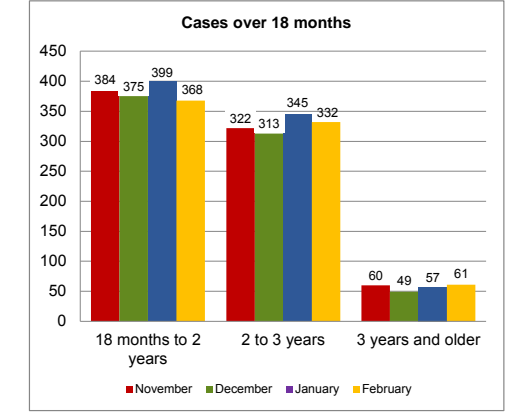
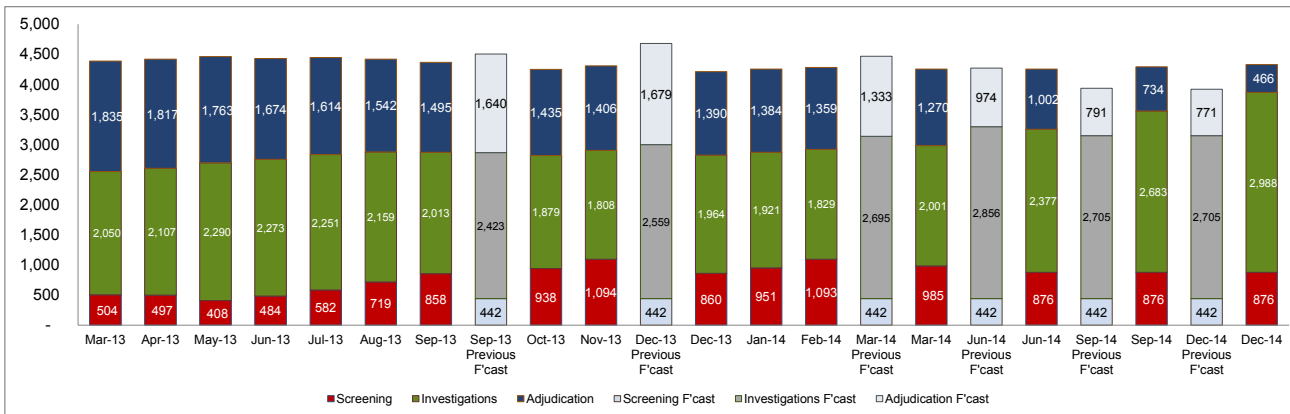
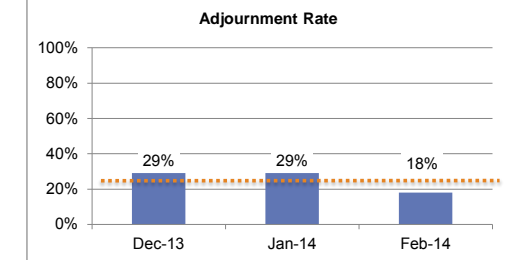
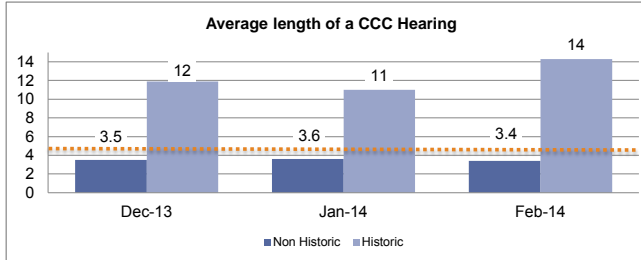
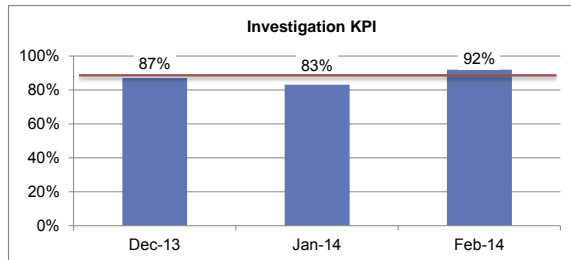
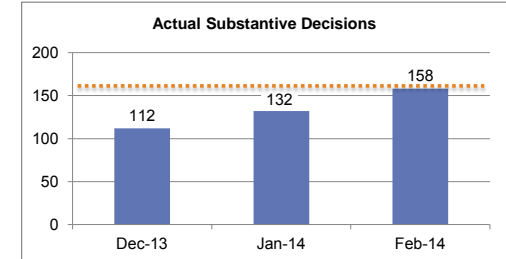
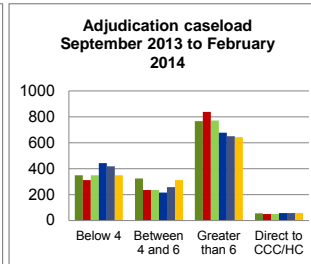
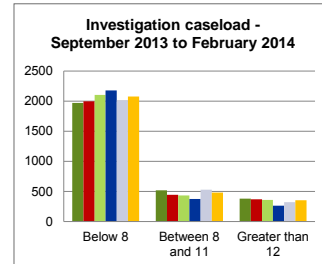
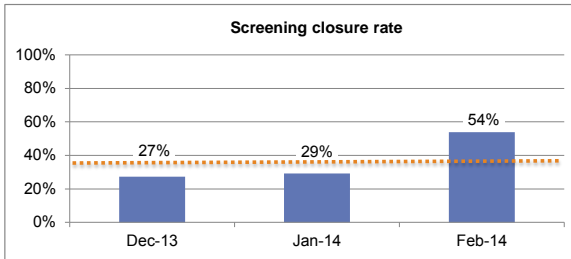
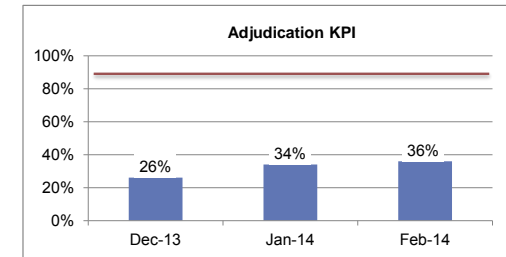
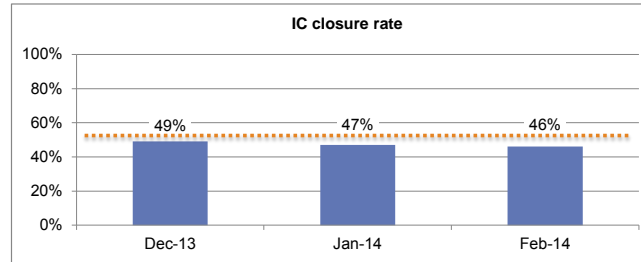
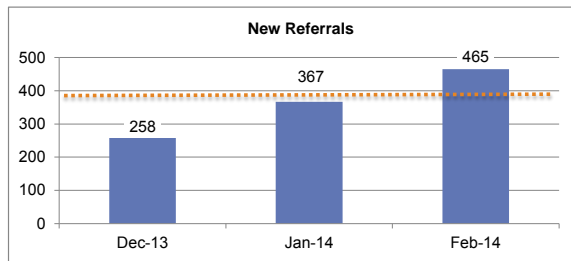
- Green = the figure matches or is below the target figure.
- Amber = within 1% of the target figure.
- Red = where there is a difference of greater than 1% of the target figure.





# FtP Performance for December 2013 to February 2014

Year to date average





		Date: 10 March 2014			Issue No: 11 (following 10 March Executive Board meeting)			Note: The 'inherent risk scoring' column does not take into account any mitigation. The 'post-mitigation scoring' involves taking into account the mitigation in place but not the planned action.									
No.	Date of origin	Risk Scenario			Inherent risk scoring			Mitigation in place / Planned action			Post-mitigation scoring			Risk Owner (and Sponsor)	Dates up-dated (log of dates for when risk was updated)	Status (open / closed plus clear indication of whether and when on track / not on track to reduce scoring)	Direction (of risk score from the previous issue)
		Root cause(s)	Potential situation	Consequences	Likelihood	Impact	Score	Likelihood	Impact	Score							
CR1 A	May-13  (previously risk Reg 2011/02. Date of origin: Apr 2011)	<b>Integrity of the register - Current</b>						<b>Mitigation in place:</b> (1) Standard operating procedures and improved training. (2) Daily reconciliation reports and manual processes to address system anomalies. (3) Overseas registration procedures strengthened following pause and review. (4) Council has committed to introduce a proportionate and effective model of revalidation by the end of 2015. (5) All Overseas applicants are now required to attend the NMC in person to present original I.D Documents. (6) ID Checker now in post.  <b>Planned action:</b> (1) Implement Registration Improvement Programme (September 2013-September 2014). (2) Address prioritised system defects (Feb-April 2014) (3) Further process refinements and alignment of FtP and Registration data (ongoing). This planned action is aligned to Risk BI2 - see for further information. (4) Internal audit activity planned for Q2-4 2013 - 14 on registration control framework; and for Q4 2013-14 on registrant data integrity. (5) Establish longer term strengthened overseas process, incorporating competency test pending planned consultation (October 2014). (6)The Code and standards will be reviewed and revised to ensure they are compatible with revalidation. Guidance for revalidation will also be developed (December 2015). (7) Recruitment for 2nd ID Verification officer in Feb 2014.			3	4	12	Director, Registrations	13/12/13 - likelihood reduced to 3 due to recruitment and appointment of IC verification officer.  10.02.14 - planned actions updated.  10.03.14 - no change.	Open - on track.  Risk reviewed monthly. Focused on current registration activity and therefore is more controllable through mitigation actions than the historic risk below. Risk reduction expected Jan 2014	No change
CR1 B	May-13  (previously risk Reg 2011/01. Date of origin: Apr 2011)	<b>Integrity of the register - Historic</b>						<b>Mitigation in place:</b> (1) Standard operating procedures and improved training. (2) Initial Overseas Audit (April 2002 - 2013) results indicate a strengthening of process over time (since 2007). (3) Council has committed to introduce a proportionate and effective model of revalidation by the end of 2015. (4) FtP/Registration working group who have identified all known issues relating to historical inaccuracies. (5) Daily reports available to FtP/Registration to identify anomalies for these to be rectified.  <b>Planned action:</b> (1) Analysis of specific cohorts where potential issues/risks are identified - to provide assurance or scope any issues (on-going). (2) Introduction of data integrity manager who will interrogate register to establish areas of risk (Jan 2014). (3) Investigate gathering employer data to allow analysis of appropriate registration (ESR) (July 2014). (4) Further risk based audits as required (ongoing).			5	4	20	Director, Registrations	10.03.14 - no change	Open - on track.  Risk reviewed monthly. Involves a long lead time for any action to play forward and impact the risk scoring. Very marginal improvement predicted until after revalidation in place from 2015	No change



No.	Date of origin	Risk Scenario			Inherent risk scoring			Mitigation in place / Planned action	Post-mitigation scoring			Risk Owner (and Sponsor)	Dates up-dated (log of dates for when risk was updated)	Status (open / closed plus clear indication of whether and when on track / not on track to reduce scoring)	Direction (of risk score from the previous issue)
		Root cause(s)	Potential situation	Consequences	Likelihood	Impact	Score		Likelihood	Impact	Score				
CR2 (FtP1)	26/06/2013	<b>Fitness to practise performance</b>						<b>Mitigation in place:</b> (1) Detailed profiling and forecasting of caseload and activity and oversight by FtP Board. (2) Improved case management processes including voluntary removal and consensual panel determinations (3) Standard operating procedures and improved training for staff. (4) Increased staffing base. (5) Targeted review of adjudication caseload. (6) Increase in number of panel members and introduction of rolling recruitment for panel members and chairs. (7) Training for panel members and introduction of rolling programme. (8) Increased number of hearing venues. (9) External review of management information and forecasting assumptions ( September 2013). (10) Contingency planning for increase in hearing activity at the end of Q3.  <b>Planned action:</b> (1) Further workforce planning (March 2014). (2) Quality assurance framework to be fully implemented (March 2014). (3) Interim order proportionality review (July 2014). (4) Closer working with employers (April 2014). (5) Legislative change (December 2014).				Director, Fitness to Practise	11.02.14 - updated.	Open - on track	No change
		(1) Historic under investment in FtP. (2) Inflexible legislative framework. (3) Fluctuations in referrals above the forecast levels. (4) Possibility that processes may be unable to sustain required volume of case progression/hearings at the expected quality.	The quality of our decision making may be compromised and we may not achieve the investigation/adjudication targets	(1) Public protection compromised. (2) Negative impact on registrants. (3) Negative impact on referrers. (4) Reputation damaged. (5) PSA Standards of Good Regulation not met (6) Adverse PSA initial stages audit'	5	5	25		3	5	15		10.03.14 - no change.	Weekly performance / delivery against target reviewed at weekly management meeting and risk reviewed monthly. Risk reduction expected in early 2014 once adjudication caseload has decreased and new case management measures have embedded.	
CR3 (CP1)	May-13  (previously risk T30. Date of origin: May-13)	<b>Revalidation</b>						<b>Mitigation in place:</b> (1) On going engagement via Revalidation Strategic Advisory Group, Task and Finish Group, Patient and Public Forum, Revalidation Communications Group, Employers Reference Group and events in four countries. (2) Costed options developed in collaboration with stakeholders, preferred option agreed by Council 12/09/13. (3) Oversight and scrutiny by Revalidation Programme Board, Change Management Portfolio Board and Executive Board. (4) Consultation launched 6 January 2014, webpage updated and events calendar created (5) Appropriate alignment of revalidation programme with registration improvement plan around online renewal achieved by November 2013.  <b>Planned action:</b> (1) Consultation stage 2 starts May 2014 on code and revalidation guidance drafts. (2) Evidence of code review published by May 2014 (3) Evidence on risk model and update to Health Select Committee by July 2014 (4) Continuous engagement at four country level with five summits planned for March - July 2014. (5) Cost benefit analysis and impact to begin May 2015 following pilots.				Director, Continued Practice (sponsor) AD Revalidation (lead)	10.03.14 - no change.	Open - on track to reduce scoring. This will be achieved in Dec 2015	No change
		(1) Possible lack of stakeholder buy-in. (2) Complexity of the revalidation model (3) Cost of revalidation process to the NMC and/or to the wider system	(1) Revalidation model which has been signed off is not delivered: (a) by December 2015 and/or (b) in an effective manner	(1) Public protection compromised (2) Negative impact on registrants (3) Reputation damaged (4) PSA standards of good regulation are not met	4	4	16		3	4	12				



No.	Date of origin	Risk Scenario			Inherent risk scoring			Mitigation in place / Planned action	Post-mitigation scoring			Risk Owner (and Sponsor)	Dates up-dated (log of dates for when risk was updated)	Status (open / closed plus clear indication of whether and when on track / not on track to reduce scoring)	Direction (of risk score from the previous issue)
		Root cause(s)	Potential situation	Consequences	Likelihood	Impact	Score		Likelihood	Impact	Score				
CR4	01/06/2012  (previously risk T26. Date of origin: Jan-13)	<b>Professional indemnity insurance (PII)</b>			4	3	12	<b>Mitigation in place:</b> (1) Council decided NMC policy principles in April 2013. (2) NMC response to Department of Health consultation submitted May 2013. (3) Project plan currently overseen by Rag Programme Manager and existing staff. (4) Project Manager in place (01/07/2013). (5) NMC self declaration approach is approved. (6) New Notification of Practice form (method of capture) re-designed. (7) FAQs detailing NMC position for staff circulated in July to assist in responding to registrant queries. (8) Initial engagement with stakeholders completed.  <b>Planned action:</b> (1) Changes required to Wiser (January 2014). (2) Implement in line with the direction from the Department of Health (not before Feb 2014).	3	3	9	Director, Registrations	10.03.14 - no change.	Open - on track	No change
(1) Short timescale for implementation following outcome of DH consultation. (2) Changes to Wiser carry inherent risk. (3) Project manager not yet in place. Starts on 1 July 2013	We may be unable to implement a proportionate solution to the PII requirement by the required deadline - initially 25 October 2013, but date yet to be confirmed by DH.	(1) Public protection compromised. (2) Negative impact on registrants. (3) Reputation damaged.													
CR5	May-13  (previously risk G39. Date of origin: Mar-13)	<b>Financial resources</b>			4	5	20	<b>Mitigation in place:</b> (1) Prudent budgeting aligned to corporate planning and change management programmes. (2) Financial strategy. (3) Risk based reserves policy. (4) Monthly finance and planning meetings with each directorate. (5) Monthly monitoring by Executive Board. (6) Standing financial report to the Council. (7) Grant secured to meet unexpected costs re overseas registrations (8) Mid year review of Financial resource requirements against corporate plan & emerging priorities. (9) Balanced budget for 2014-15 after careful prioritisation of activity.  <b>Planned action:</b> (1) Annual review of registrant fees - spring 2014. (2) Review of risk status after March 2014 Council consideration of plans.	4	5	20	Director, Corporate Services	05.03.14 - updated. 10.03.14 - no change.	Open - on track.  Risk reviewed monthly ----- Linked to Department of Health KPI of January 2016 -----	No change
(1) Limited sources of income and projected fee income dependent on outcome of consultation. (2) Possible increase in resource requirements as a result of external factors e.g. Francis report, external reviews, government policy etc. (3) Possible increase in fitness to practise referrals above forecast rate. (4) Resource requirements arising from several, simultaneous improvement projects. (5) Possibility that we do not achieve targeted efficiency savings. (6) Revaluation of pension fund resulting in increased deficit	We may have insufficient financial resources to meet all our planned operational requirements.	(1) Inability to deliver corporate objectives and/or improvement programme. (2) Negative impact on registrants. (3) Reputation damaged.													





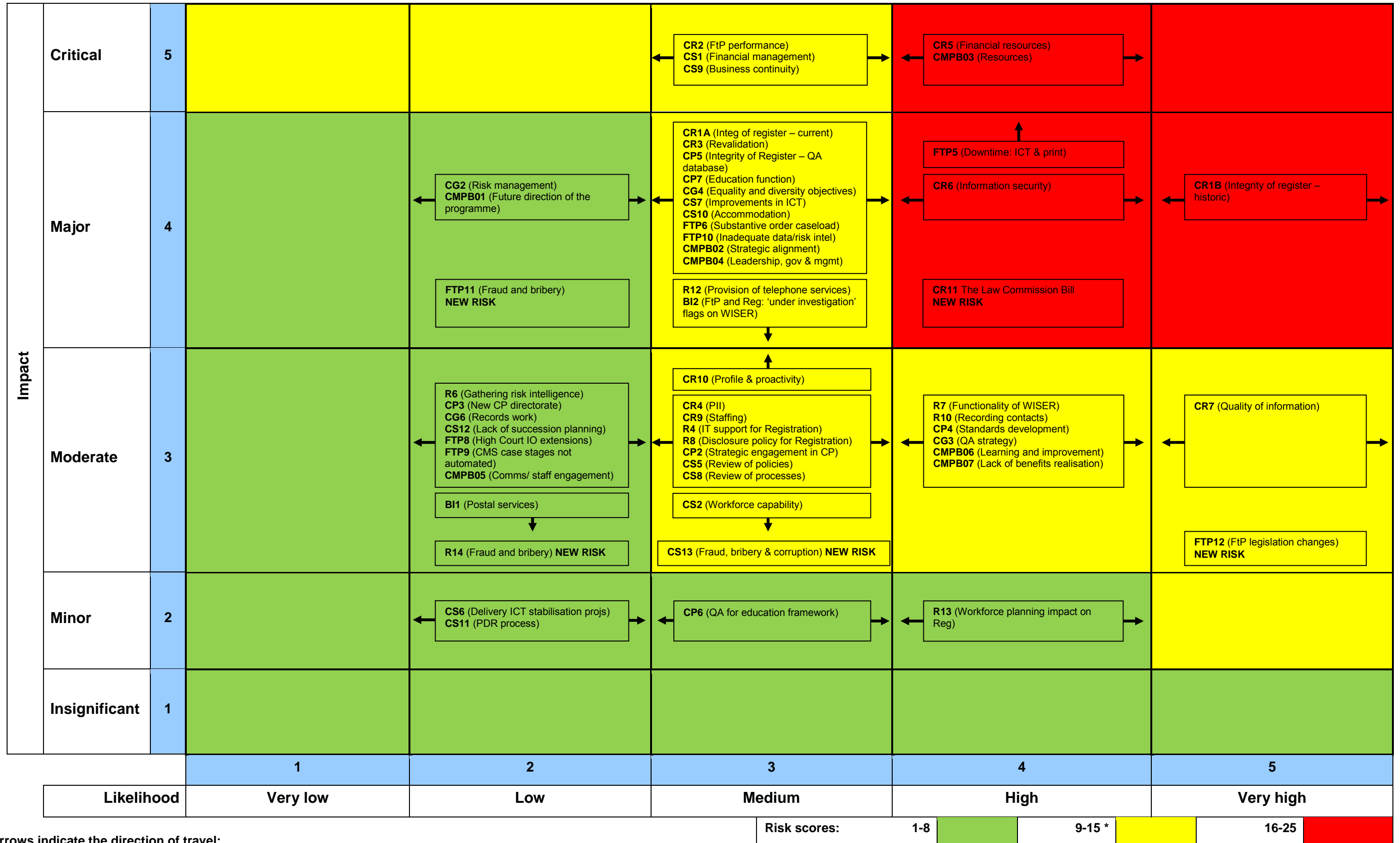
No.	Date of origin	Risk Scenario			Inherent risk scoring			Mitigation in place / Planned action	Post-mitigation scoring			Risk Owner (and Sponsor)	Dates up-dated (log of dates for when risk was updated)	Status (open / closed plus clear indication of whether and when on track / not on track to reduce scoring)	Direction (of risk score from the previous issue)
		Root cause(s)	Potential situation	Consequences	Likelihood	Impact	Score		Likelihood	Impact	Score				
CR6 (CS4)	May-13  (previously risk T24. Date of origin: Oct-12)	<b>Information Security</b>			5	4	20	<b>Mitigation in place:</b> (1) Information security and data protection policies. (2) Mandatory training for staff and panellists. (3) Oversight by Information Governance Steering Group. (4) Laptop encryption programme. (5) Information security gap analysis completed and independently validated, identifying risk areas. Improvement Plan in place. (6) Internal audit activity on data security completed, with amber rating (7) New email encryption solution rolled out. (8) More than 90% compliance with mandatory training.  <b>Planned action:</b> (1) Continue to Implement information security improvement plan, addressing highest risk areas as priority. High risks completed by March 2014. (2) Progress review by IGSB in March 2014	4	4	16	Director, Corporate Services  AD ICT	05.03.14 - updated.  10.03.14 - no change.	Open - on track.  Next review of risk score in March 2014.	No change
	(1) Large volume, complex information processing. (2) Possibility that policies and procedures may be ineffective or inconsistently applied. (3) Security enhancements to some systems needed.	Sensitive information may be accessed by, or disclosed to, unauthorized individuals.	(1) Negative impact on data subject. (2) Regulatory intervention and/or fine by the Information Commissioner's Office. (3) Reputation damaged. (4) Failing to meet PSA standard of good regulation												
CR7	May-13  (previously risk G20 & G35. Date of origin: 26.3.2012)	<b>Quality of information</b>			5	3	15	<b>Mitigation in place:</b> (1) Short term improvements to strengthen understanding of management information across registration and fitness to practise systems. (Cross reference CR1) (2) Short term improvements to support stakeholder engagement intelligence needs underway, including liaison with other regulators. (3) Data produced for annual reports. (4) Improved FtP MI to support corporate KPIs. (5) Initial intelligence shared with CQC.  <b>Planned action:</b> (1) QA Strategy to include providing assurance on data quality and management (ongoing). (2) Standard data sets being developed to be compatible with other regulators, eg CQC (March 2014). (3) Development of high level data strategy (March 2014).	5	3	15	Chief Executive  Director of Registration	17.02.14 - updated  10.03.14 - no change	Open. Project in early stages and will require time to diagnose and correct. High level strategy will support other activities and link to ICT strategy. Once initial capability in place ongoing function to maintain and further develop this activity required. This activity is provided for in ongoing business plan.	No change
	(1) Inconsistency in collection and use of data. (2) Ownership and governance arrangements for data and information management fragmented. (3) Enhanced system and analysis tools needed.	We may not consistently provide a coordinated response to management information and data requests.	(1) Inability to deliver corporate objectives and/or improvement programme. (2) Barrier to making sound business decisions and prioritisation of work. (3) Ineffective use of resources. (4) Reputation damaged.												
CR9 (CS3)	May-13  (previously risk T25. Date of origin: Oct-12)	<b>Staffing</b>			5	4	20	<b>Mitigation in place:</b> (1) Improved employee communication and engagement in place. (2) Human Resources and Organisational Development Strategy in place and being implemented. (3) Staff survey completed and action plans established (4) Learning and development programme implemented (5) Focus groups and CEO lunches ensure feedback is received. (6) Pay and grading review implemented. (7) Opportunity for developing Career Pathways embedded in pay and grading proposals.  <b>Planned action:</b> (1) Review of HR policies ongoing (complete by March 2014). (2) Long term workforce planning aligned to strategic direction(commenced June 2013; completion March 2014). (3) Career pathways and succession planning to be developed as part of 2014-15 business plan.	3	3	9	Director, Corporate Services  AD HR & OD	05.03.14 - updated.  10.03.14 - no change	Open - on track.  Review December 2013. Linked to KPI on employer turnover.	No change
	(1) Perception that our rewards package is poor. (2) Organisational and people development historically a low priority. (3) Organisational structure still embedding. (4) Lack of clear career progression pathways.	We may experience continued high staff turnover.	(1) Inability to deliver corporate objectives and/or improvement programme. (2) Negative impact on staff morale, motivation, and performance. (3) Reputation damaged. (4) Ineffective use of resources. (5) Loss of corporate memory.												



No.	Date of origin	Risk Scenario			Inherent risk scoring			Mitigation in place / Planned action	Post-mitigation scoring			Risk Owner (and Sponsor)	Dates up-dated (log of dates for when risk was updated)	Status (open / closed plus clear indication of whether and when on track / not on track to reduce scoring)	Direction (of risk score from the previous issue)
		Root cause(s)	Potential situation	Consequences	Likelihood	Impact	Score		Likelihood	Impact	Score				
CR10	May-13  (previously risk T29. Date of origin: Feb-13)	<b>Profile and proactivity</b>						<b>Mitigation in place:</b> (1) Strategic engagement commitment in place. (2) Programme of key stakeholder meetings ongoing between Chief Executive, Chair and senior staff with the DH, professional bodies and unions, patient groups, nurses, midwives and other regulators. (3) Patient and Public Engagement Forums held quarterly in England. (4) Changes made to NMC website in response to Patient and Public Engagement Forum feedback. (5) Refreshed guidance on Raising concerns launched September 2013. (6) System in place for tracking and recording FtP referrals. (7) MoU with CQC agreed.  <b>Planned action:</b> (1) Patient and Public Engagement Forums to be held in Scotland, Wales and Northern Ireland (Sept 2013 - April 2014). (2) Employer engagement on revalidation. (3) Website relaunch to make it more public focused and interactive (by end 2014). (4) Memorandums of understanding to be underpinned with information and data sharing protocols (March 2014 and ongoing). (5) FtP developing regional liaison model (March 2014). (6) Next CMS release to enable capture of referrals to and from other regulators (Q2 2014-2015). (7) Planned internal audit activity to look at communication and engagement in Q1 2014 - 15. (8) Seminar on professionalism in regulation (March 2014).				Chief Executive  Assistant Director, Strategy	28.11.13 - Risk likelihood decreased following Executive Board (26 October) support for the website refresh proposals to be progressed.  13.02.14: risk reviewed and scoring increased following Council discussion, to reflect the extent of the challenge faced.  10.03.14 - no change	Open  Review March 2014 to measure impact of activity.	Increasing
(1) Engagement with patients, public and stakeholders not yet fully embedded. (2) Complex healthcare landscape and regulatory environment. (3) Joint working with other regulators inconsistent.	The NMC's lack of public profile means we may not communicate our role effectively and therefore our role is not properly understood.  Ineffective joint working inhibits sharing of information about potential identification of unsafe practice or health provision settings where nurses and midwives provide care.	(1) Inability to deliver public protection effectively. (2) Reputation damaged. (3) Inappropriate or lack of referrals to fitness to practise. (4) Inappropriate recommendations from external reviews.	4	4	16	3	3		9						
CR11 (CG11)	14-Feb-14	<b>The Law Commission Bill</b>						<b>Mitigation in place:</b> 1. We have an engagement plan in place to work with, and alongside, other key stakeholders to exert pressure and influence on the government to include this Bill in its fourth session agenda. 2. Re content: we are engaging with the Law Commission and DH with a view to influencing the drafting of the Bill before publication.  <b>Planned action:</b> 1. Programme Board and project team being set up to support this work. 2. Joint regulators working group and CEOs forum set up to share information and agree joint regulatory approaches where possible 3. New corporate legislation adviser role created to lead this work towards developing a new legislative framework.				Chief Executive  Corporate Legislation Adviser	NEW RISK  Post-mitigation scoring reflects concern that Bill may not be introduced at all rather than expected contents of Bill.		
1. The government may decide not to include the Bill in the fourth session of this Parliament. 2. We lack knowledge of the specific content of the draft Bill as the Department of Health is not allowing the draft Bill to be shared with the regulators.	1. The Bill may not be introduced by the government at all. 2. There may be insufficient opportunity for influencing the Department of Health to make changes once they take charge of the Bill, so we may be unable to suggest amendments or correct any serious oversights at an early stage. 3. The Bill may reserve too many powers to the government.	1. We will be left operating within our current unsatisfactory legislative framework, which will not be financially viable and which will render us unable to carry out our regulatory functions without continuing to raise the registration fee. 2. The Bill does not deliver the promised streamlined and flexible legislative framework, but actually either maintains too many of our existing legislative problems or creates more mandatory requirements so that the additional burdens outweigh the benefits. 3. A requirement for further legislation leading to long delays before some of the benefits can be felt.	4	4	16	4	4		16						



**Risk map of all corporate and directorate risks as at 14 February 2014**



Arrows indicate the direction of travel:

- ↑ Risk score has increased since 15 January scrutiny meeting
- ↓ Risk score has decreased since January meeting
- ↔ Risk score has stayed the same since January meeting

**Risk references:**

- CR: Corporate risk
- FTP: Fitness to Practise risk
- BI: Registration risk (Business improvement)
- R: Registration risk

- CMPB: Change Management and Portfolio Board risk
- CG: Corporate Governance risk
- CS: Corporate Services risk
- CP: Continued Practice risk

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



Annexe 5

## Progress toward achieving the Adjudication KPI (KPI 4)

**Context:** 1. In January, the Council considered performance towards meeting KPI4 and outline contingency plans should indicators suggest a need to increase activity. This is an update on progress towards the KPI and the options for contingency action that are still available.

**Discussion and options appraisal:**

### Progress towards the KPI

2. The regular KPI update presented to Council has shown month on month performance tracking slightly above the profile set out in July. The profile is indicative of the general direction of performance, and there could be fluctuations in either direction depending on the mix of cases coming to the first day of their hearing in a given month.
3. We have profiled cases already scheduled and those at the adjudication stage but not yet scheduled, against our forecast hearing capacity. This was a refresh of an exercise undertaken in September and the outcome was the same. We have, in theory, got enough capacity to achieve the KPI by the end of this year.
4. We expect to see case closures through means other than full hearings (Consensual Panel Determinations CPD, Voluntary Removals VR and at meetings) and this allows for a greater number of cases to be concluded within our capacity constraints.

### Monitoring and reviewing progress

5. The forecast of required hearing capacity has been refreshed through to December 2014, by when we have undertaken to meet the adjudication KPI, and for the steady state beyond that point.
6. There are a series of indicators which we monitor and which might signal a need for an increase in hearing capacity requirements. These include; the rate of referral from IC through to adjudication; the adjournment rate; the average length of hearing and the number of cases concluded by CPD, VR or at a meeting.
7. All of the above indicators are included in the FtP management information suite and are analysed on a monthly basis. Based on these indicators and the updated forecast, the current budgeted hearings capacity is sufficient to meet the KPI4 by the end of the year.
8. Further targeted full caseload case reviews are planned for April and May, which will give a very clear view, at case level, of what is

required leading into the last six months and we will know at that point whether any increase in capacity is necessary in order to achieve the KPI by December 2014.

### **Contingency options – short term**

9. Realistically given the proximity to the target date for meeting KPI 4, should a requirement to increase activity be indicated, our options for increasing activity to meet the December 2014 are limited to supplementing our existing resource.
10. After the case reviews in May, how much additional capacity might be required will be easier to calculate because the size and nature of the caseload will be known in much more detail.
11. Individual external hearing rooms, seconded case presenters and external panel secretaries can be booked at short notice if a panel and legal assessor are in place and a case is ready to be heard.
12. The cost of increasing activity by three events a day for 6 months would be in the region of £1.7m and would enable us to conclude an additional 303 cases before the end of December.

### **Other possibilities**

13. The lease on the Old Bailey hearing centre is due to expire at the end of the year and there is a steering group in place to manage its replacement. Part of the remit of the steering group is to look at how much capacity is required and so there may be scope for building in some overlap during the transition period. This may enable us to increase activity by more than three events per day for the last few months of the year. This option is being explored to see if it is realistic within the time period and what the costs would be.

### **Conclusion**

14. Currently, there is no need to increase activity and we remain confident that we will meet the December 2014 deadline and be able to maintain performance. We will continue to monitor closely and be ready to take action if required. With the forecast remaining positive, we do not consider that we should invest any further resource at this stage in working up short term contingency plans that are not likely to be needed.
15. Longer term contingency planning will continue to be developed as part of wider organization planning to manage the impact of unexpected events



- Public protection implications:** 16. Reducing the time for a case to progress through the adjudication stage and meeting our KPIs will demonstrate that we are protecting the public.
- Resource implications:** 17. The resources associated with this paper are set out above.
- Equality and diversity implications:** 18. None.
- Stakeholder engagement:** 19. If we need to increase our hearings capacity further we will engage with key stakeholders that may be impacted such as the Professional Standards Authority and the representative organisations.
- Risk implications:** 20. This paper sets out the planned actions for mitigating the risk that we may not meet our adjudication KPI.
- Legal implications:** 21. None

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## Council

### Monthly financial monitoring – January 2014 results

**Action:** For information.

**Issue:** The provision of financial performance information for current and future reporting periods.

**Core regulatory function:** Supporting functions.

**Corporate objectives:** Corporate Objective 7: “We will develop effective policies, efficient services and governance processes that support our staff to fulfil all our functions”.

**Decision required:** No decision is required by this report.

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

- Annexe 1: Management results for 2013-2014 by month and year to date as at January 2014, plus the latest projections for the ‘year to go’ and full year 2013-2014.
- Annexe 2: Actual results and forecast projections by month to March 2014.
- Annexe 3: Graph showing forecast available free reserves versus the budget available free reserves for 2013-2014.
- Annexe 4: Graph showing forecast available free reserves versus the budget and financial strategy available free reserves for 2012-2016.
- Annexe 5: Graph showing forecast available free reserves versus the budget and financial strategy available free reserves for 2012-2016, with the fee level held at £100.
- Annexe 6: Waterfall graph showing the main variances in available free reserves between the budget and forecast for 2013-2014, by cost category.
- Annexe 7: Efficiency performance 2012-2014.

**Further  
information:**

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

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**Context:****Financial information**

- 1 The budget information used throughout these reports is based on the budget approved by Council on 21 March 2013.
- 2 The budget was set in the context of the three year plan to achieve our Fitness to Practise KPIs by December 2014 and the minimum available free reserve target by January 2016. Progress towards meeting the available free reserves target is also regularly presented to Council in the KPI report.
- 3 On a monthly basis, meetings are held with each directorate to review progress against both the Corporate Plan and budget, and to update the activity and financial forecasts. These forecasts are for the balance of the current financial year, and we also produce a rolling forecast for the next twelve months.
- 4 Detailed month end reporting packs are produced for the Executive Team, showing results by directorate, cost centres and projects, together with summary reports, commentary and an update of the Central Pool position.
- 5 The Executive Board reviews and approves the financial results and forecast each month.
- 6 Where significant variances are identified during the year which would impact our achievement of our reserves target, directors will determine the necessary corrective actions.
- 7 This report summarises the outcomes of the Executive monthly review, and sets out the key variances to budget.
- 8 The latest forecast will inform the budget and annual fee review, both of which will be presented to Council in March 2014.

**Discussion and options appraisal:****Executive summary**

- 9 Reserves and available free reserves at January 2014 were £3.2 million higher than budget. The principal components of the variance are:
  - 9.1 higher than planned income to date,
  - 9.2 lower than planned expenditure in Continued Practice, Corporate Governance and Corporate Services to date (being a mix of timing variances and savings),
  - 9.3 a lower contingency requirement than expected,
  - 9.4 reduced capital requirements,

- 9.5 offset to an extent by an overspend in FtP to date.
- 10 This variance gap is expected to narrow in the last two months of the year, such that the full year reserves position at 31 March 2014 is forecast to be £2.3 million better than budget.
  - 11 The risk in relation to the worsening pension scheme deficit has been flagged for a considerable time. We are continuing to discuss the valuation of the pension scheme and the assumptions upon which it is based, with the pension scheme trustees. However, the latest estimate from the trustees has been calculated to increase our present deficit liability by £2.9 million from the budgeted position.
  - 12 Whilst the scheme valuation is still being negotiated, it is considered appropriate to take a prudent view, crystallise the risk and recognise a likely increase in the scheme deficit, both in the forecast for 2013-2014 and for budgeting purposes.
  - 13 The deficit liability has been calculated in accordance with revised accounting and charity Statement of Recommended Practice ('SORP') standards, and is in line with the amount we will be required to disclose in our statutory accounts from 2015-2016 onwards.
  - 14 The increased deficit cost will be offset by savings arising from the closure of the defined benefit pension scheme to new starters, which was effective from 1 November 2013.
  - 15 Taking the latest pension deficit estimate into account, available free reserves at March 2014 are now forecast to be £6.8 million, which is lower than budget by £0.6 million.
  - 16 There are several risks and opportunities which are set out at paragraphs 35 and 36.
  - 17 The forecast March 2014 available free reserve level of £6.8 million is below the £10 million minimum target, which we have committed to achieve by January 2016. It should be noted that our deficit of revenue expenditure over income is forecast to be £6.1million, which is unsustainable in future years without a fee rise.
  - 18 Within the full year forecast for revenue expenditure, there are a number of variances to budget within directorates, which have effectively been funded to date by the Central Pool.
  - 19 The Central Pool is a contingency fund set up during the budgeting process, to fund items which either cannot be accurately quantified during the budgeting process, or were not envisaged at the time. Funds are released to directorate forecasts on the approval of business cases by the Executive Board.
  - 20 The principal forecast expenditure variances to budget at this stage

relate to:

- 20.1 Grant income of £1.5 million has been factored in to the forecast, reflecting the current year grant funding from the Department of Health to support overseas registrations improvements. The related costs of £1.5 million are shown in the 'projects' expenditure category. The current year grant funding is principally to support the historical audit of overseas registrations and the implementation of electronic ID verification for overseas applicants. A second grant application is currently being scoped to support the development and implementation of competency testing for overseas applicants to the register.
  - 20.2 £1.8 million higher expenditure than budgeted in Fitness to Practise, based on an additional 258 cases sent for external investigation, 510 additional hearing days over budget (to January 2014), a higher cost per hearing due to higher shorthand writer costs, approved additional headcount, initial FtP change programme work relating to case examiners and employer liaison, and the external sample audit of initial stage case closures.
  - 20.3 The latest operational forecast for FtP for the balance of the year is based on volume assumptions of a 49% closure rate at Investigating Committee stage, 20 meetings per month, 12 Voluntary Removals per month, 22 substantive CCC hearings per day, and 33 cases sent for external investigation each month.
  - 20.4 Registrations expenditure is forecast to be £0.3 million higher than budget, principally in relation to the registrations improvement plan, and increased staffing levels.
  - 20.5 Continued Practice is forecast to be £0.6 million under budget principally due to lower QA of Education costs.
  - 20.6 Capital is forecast to be £0.4 million better than budget due principally to the ICT stabilisation programme being completed below budget.
- 21 In January 2014, FtP Conduct and Competency Committee (CCC) hearings per day were 19.8 vs. a budget of 22. ICIOs were also below budget, but other hearing days above budget. In total, hearing days for January were 584 vs. a budget of 592.
  - 22 We continue to negotiate with HMRC in relation to the repayment of income tax and National Insurance paid on FtP panellist expenses in prior years. Our current estimate of repayment is between £1.5 million and £2 million. This has not yet been factored into the forecast. The final amount is subject to negotiation, and HMRC processes take a considerable time.

## Monthly management results

- 23 The management results for January 2014 are set out at Annexe 1. These reports include variances against the budget and the previous month's forecast. This helps Council to monitor our ability to understand, assess and plan our activity and expenditure requirements.

## Actual results versus budget

- 24 The highlights for the ten months to January against budget were:
- 24.1 Higher than budget periodic fees, EU assessment fees and overseas applications fees, offset to an extent by lower interest income. The increase in periodic fees is due primarily to a gradual increase in registrant numbers. The higher overseas application fee income follows the resumption of overseas applications processing from 1 April.
  - 24.2 FtP is £1.6 million overspent year to date, driven by:
    - 24.2.1 An additional £0.2 million costs relating to consultancy for the 'lean' review and the closed case audit (funding approved from the Central Pool).
    - 24.2.2 An additional £0.1 million costs for increased approved headcount requirements.
    - 24.2.3 An adverse operational variance of £0.7 million due to the higher level of hearing days held to date (510 more days than budgeted), resulting in increased shorthand writers transcript requests, increased professional fees and increased requirement for external case presenters.
    - 24.2.4 External investigations costs are £0.6 million higher than budget. This is primarily due to the increased number of cases being sent externally for investigation (£0.8 million), partly as a consequence of a higher number of investigations conducted. Year to date, 638 cases have been sent externally versus a budget of 380 cases. This overspend is partially mitigated by £0.2 million release of an accrual relating to prior years.
  - 24.3 Registration costs are higher than budget by £0.3 million due mainly to higher than expected external costs associated with the initial review of overseas applications processing. This was underprovided in 2012-2013 but is not considered material enough to warrant a retrospective adjustment.
  - 24.4 Costs in Continued Practice are £0.8 million lower than budget due to lower QA of Education costs, staff cost savings from vacancies and reduced spend on professional fees.



- 24.5 Expenditure in ICT is £0.3 million lower than budget due principally to the transfer of photocopying costs to Facilities Management and the timing of CMS software upgrades.
- 24.6 HR & OD costs are £0.2 million lower than budget resulting from timing variances in staff recruitment; the full year forecast is expected to be on budget with some significant recruitment expected in the final part of the year. There are also savings in relation to panellist training costs, which were budgeted in HR/OD, but these costs are now picked up in FtP. The forecasts for both HR/OD and FtP have been adjusted to reflect this transfer.
- 24.7 Communications costs are £0.2 million lower than budget due to the timing of the website development (now moved to 2014-2015), lower than expected printing costs and staff vacancies.
- 24.8 The favourable variance in the Central Pool (£2.8 million) is offset to an extent by increased spend in other departments representing costs that are being funded by the Central Pool (for instance consultancy costs in the FtP closed case audit, the pay and grading review in projects and the dilapidation provision in Facilities Management). In addition, the variance is driven by differences in timing and cost assumptions for the implementation of the registration improvement plan, and the pay and grading review (for which £1.1 million funding was originally assigned for 2013-2014).
- 24.9 Total free reserves at January 2014 are £16.6 million. The current pension deficit at this point is £6.9 million, and available free reserves at January 2014 are £9.6 million. This is £3.2 million better than budget at this point, but outside the reserves policy envelope agreed by Council in March 2013 (i.e. the risk based element of reserves to be in a target range of £10 million to £25 million).
- 24.10 Total cash is £76.2 million at January 2014. This is £2.4 million better than budget, due to lower expenditure and a higher level of creditors at 31 January.

#### **Latest forecast**

- 25 The full year forecast for 2013-2014 is based on the detailed reforecast by directors in February, which was also considered in the context of the budget preparation for 2014-2015 onwards
- 26 The highlights are as follows:
- 26.1 The latest forecast is for total free reserves to be £16.5 million at March 2014, which is £2.3 million higher than budget.
- 26.2 Available free reserves at March 2014 are forecast to be lower than budget by £0.6 million at £6.8 million, taking into account the

latest pension deficit estimate. Some risks and opportunities to this are identified at paragraphs 35 and 36 below.

- 26.3 The risk in relation to the increasing deficit has been flagged in previous months. We are continuing to discuss the valuation of the pension scheme and the assumptions upon which it is based with the pension scheme trustees. However, the latest estimate from the trustees has been calculated to increase our present deficit liability by £2.9 million from the budgeted position.
- 26.4 Whilst the valuation is still being negotiated, it is considered appropriate to take a prudent view, crystallise the risk and recognise a likely increase in the scheme deficit, both in the forecast and for budgeting purposes.
- 26.5 The increased deficit cost will be offset by savings arising from the closure of the defined benefit pension scheme to new starters, which took effect from 1 November 2013.
- 26.6 The yearend cash position is forecast to be £2.4 million higher than budget at £77.7 million.
- 26.7 The income forecast is £1.8 million higher than budget. £1.5 million is due to the DH overseas grant funding. £0.8 million additional revenue is due to higher periodic fees driven by increased register numbers, and increased EU assessment and overseas application fees following the resumption of processing overseas applications to the register from 1 April, which was temporarily halted at the end of 2012-2013. This increased revenue is offset by £0.5 million lower interest income due to lower than budgeted interest rates.
- 26.8 The Fitness to Practise expenditure forecast is higher than budget by £1.8 million reflecting additional cases being sent out for external investigation (248 additional cases for the full year), a higher number of hearing days than budgeted (510 more days than budget), higher costs per case due to higher shorthand writer costs, approved costs for additional headcount, initial FtP change programme work relating to case examiners and employer liaison and the external audit of initial stage case closures.
- 26.9 The Registration forecast is higher than budget by £0.3 million due to the external review of overseas registration (prior year), programme management support for the registrations improvement plan, and increased staffing levels. Costs associated with the registrations improvement plan and additional staff requirements were budgeted as potential bids to the central pool as they were not fully defined at that time.
- 26.10 Continued Practice is forecast to be £0.6 million lower than budget due to lower anticipated spend on QA of Education and lower staff

costs.

- 26.11 Communications is forecast to be £0.2 million lower than budget due to the planned website development now expected in 2014-2015.
- 26.12 Depreciation is lower than budget by £0.2 million due to the timing of the 'go live' date of several ICT projects.
- 26.13 Facilities Management costs are forecast now to be on budget – £0.3 million increased dilapidation provision costs have been offset by a £0.3 million VAT credit on property costs following the successful resolution of lengthy discussions with the landlord.
- 26.14 The Central Pool position has been reduced to £0.6 million, reflecting approved expenditure now included in directorate forecasts. In particular, the bulk of the funding assigned for 2013-2014 for the pay and grading review (£1.1 million) will not be realised in the year due to the timescale for consultation and implementation of the review.
- 26.15 Project expenditure includes the £1.5 million of expenditure now forecast this year for the overseas audit and ID verification.

### **Efficiencies**

- 27 Performance against efficiency initiatives is set out in Annexe 7.
- 28 As part of the financial strategy, efficiency savings of £25 million were identified in Fitness to Practise and are being actively targeted. £11 million of savings for 2012-2013 and 2013-2014 have been or are expected to be achieved, and the overall target is expected to be met by the end of the three year period.
- 29 Other efficiency savings in the NMC have been identified, with tracking mechanisms under review.
- 30 Further efficiency savings are expected to be identified both via the Corporate Efficiency Board and as part of the budgeting process.

### **Public protection implications:**

- 31 The monitoring of financial results and forecasts enables the NMC to ensure it has sufficient resources to deliver continued public protection.

### **Resource implications:**

- 32 The key financial indicators for current and projected levels are discussed in this paper.

### **Equality and diversity implications:**

- 33 An EQIA is not required in relation to this paper.

<b>Stakeholder engagement:</b>	34	None.
<b>Risk implications:</b>	35	<p>There are a number of risks which should be considered on an ongoing basis when reviewing the financial position.</p> <p>35.1 Council's risk based reserve policy is that available free reserves should be held in a target range of £10 million to £25 million. Following the latest reforecast, our available free reserves will be £6.8 million by March 2014, which is in breach of our reserves policy. A reduction in reserves from the policy level should only be authorised by trustees where there is a clear and robust plan to rebuild reserves. In our case, the financial strategy agreed by Council in 2012, the increased fee level and the Department of Health grant will build reserves back up to the required level.</p> <p>35.2 There is a risk around the FtP forecast assumptions for case closures via meetings and VR as, although they reflect the year to date trend they do not reflect the experience in the most recent months. If the most recent trend continues, rather than forecast, FtP will need to find an additional £475k of savings to maintain their forecast and latest budgeted position.</p>
<b>Opportunities</b>		
	36	<p>The expenditure requirements for the year are based on a cautious assessment of activity levels and outcomes and the forecast reserves figure for March 2014 should be considered as a prudent estimate. There are a number of opportunities to increase funding or realise savings against projections, as follows:</p> <p>36.1 Final requests for funding from the Central Pool may be lower than anticipated.</p> <p>36.2 It is possible that we will be able to negotiate the return of tax paid in prior years in relation to PAYE and NI on panellists' expenses. This is discussed at paragraph 15. Whilst is unlikely at this stage that negotiations will be successfully concluded for 2013-2014, we continue to pursue the opportunity.</p> <p>36.3 The corporate efficiency board is being re-shaped to provide greater focus on value for money and efficiency monitoring and reporting.</p>
<b>Legal implications:</b>	37	None.

2013/2014	Month of January				April to January					February to March					Full Year				
	Actual	Budget	Prior Forecast	vs budget	Actual	Budget	Prior Forecast	vs budget	vs prior forecast	Forecast	Budget	Prior Forecast	vs budget	vs prior forecast	Actual/Forecast	Budget	Prior Forecast	vs budget	vs prior forecast
Periodic Fee Income	5,579	5,513	5,513	66	50,141	49,756	50,075	385	66	11,191	11,191	11,191	0	0	61,332	60,947	61,266	385	66
Grant Income	57	0	67	57	1,290	0	1,300	1,290	(10)	235	0	318	235	(82)	1,526	0	1,618	1,526	(92)
Overseas Applications	29	17	17	12	270	169	257	100	12	34	34	34	0	0	303	203	291	100	12
Eu Assessment Fee	57	26	80	31	544	263	567	281	(23)	53	53	53	0	0	597	316	620	281	(23)
Interest Income	22	123	50	(101)	891	1,233	918	(343)	(28)	100	247	100	(147)	0	991	1,480	1,018	(489)	(28)
Other Income	16	28	28	(11)	268	279	279	(11)	(11)	56	56	56	0	0	324	335	335	(11)	(11)
<b>Total Income:</b>	<b>5,761</b>	<b>5,707</b>	<b>5,754</b>	<b>54</b>	<b>53,404</b>	<b>51,701</b>	<b>53,397</b>	<b>1,703</b>	<b>7</b>	<b>11,668</b>	<b>11,580</b>	<b>11,751</b>	<b>88</b>	<b>(82)</b>	<b>65,072</b>	<b>63,281</b>	<b>65,148</b>	<b>1,791</b>	<b>(76)</b>
<b>Office of the Chair &amp; Chief Executive</b>	<b>59</b>	<b>48</b>	<b>59</b>	<b>(11)</b>	<b>571</b>	<b>472</b>	<b>571</b>	<b>(99)</b>	<b>0</b>	<b>116</b>	<b>94</b>	<b>116</b>	<b>(22)</b>	<b>0</b>	<b>688</b>	<b>566</b>	<b>688</b>	<b>(122)</b>	<b>0</b>
Communication	105	71	120	(33)	567	756	583	189	16	130	145	129	15	(1)	697	901	712	204	15
Council Services	21	41	38	20	308	390	324	82	17	85	122	88	37	3	392	512	412	119	20
Governance	102	88	98	(15)	1,001	1,086	997	85	(4)	225	215	229	(10)	4	1,226	1,301	1,225	75	(1)
Policy	36	35	41	(1)	313	344	317	31	4	77	70	78	(7)	0	391	414	395	23	5
<b>Corporate Governance</b>	<b>264</b>	<b>235</b>	<b>297</b>	<b>(29)</b>	<b>2,189</b>	<b>2,576</b>	<b>2,221</b>	<b>387</b>	<b>32</b>	<b>517</b>	<b>553</b>	<b>524</b>	<b>35</b>	<b>6</b>	<b>2,706</b>	<b>3,128</b>	<b>2,745</b>	<b>422</b>	<b>38</b>
<b>Registration</b>	<b>319</b>	<b>265</b>	<b>270</b>	<b>(54)</b>	<b>3,096</b>	<b>2,842</b>	<b>3,047</b>	<b>(254)</b>	<b>(49)</b>	<b>661</b>	<b>569</b>	<b>649</b>	<b>(92)</b>	<b>(12)</b>	<b>3,757</b>	<b>3,411</b>	<b>3,696</b>	<b>(347)</b>	<b>(61)</b>
<b>Continued Practice</b>	<b>243</b>	<b>244</b>	<b>230</b>	<b>1</b>	<b>1,824</b>	<b>2,640</b>	<b>1,810</b>	<b>816</b>	<b>(13)</b>	<b>639</b>	<b>445</b>	<b>730</b>	<b>(194)</b>	<b>91</b>	<b>2,463</b>	<b>3,085</b>	<b>2,540</b>	<b>622</b>	<b>77</b>
ICT	341	317	494	(24)	3,728	4,044	3,882	316	154	1,238	843	1,084	(395)	(154)	4,966	4,887	4,966	(79)	0
Finance	160	139	190	(21)	1,483	1,622	1,514	139	30	460	377	441	(83)	(19)	1,943	1,999	1,955	56	11
Facilities Management	400	411	461	11	4,281	4,174	4,341	(106)	61	730	802	895	72	165	5,011	4,977	5,236	(34)	225
HR&OD	256	224	246	(32)	2,172	2,355	2,161	184	(10)	527	434	545	(92)	18	2,698	2,790	2,706	91	8
<b>Corporate Services</b>	<b>1,157</b>	<b>1,091</b>	<b>1,391</b>	<b>(66)</b>	<b>11,664</b>	<b>12,196</b>	<b>11,898</b>	<b>532</b>	<b>234</b>	<b>2,955</b>	<b>2,457</b>	<b>2,965</b>	<b>(498)</b>	<b>10</b>	<b>14,618</b>	<b>14,652</b>	<b>14,863</b>	<b>34</b>	<b>245</b>
Directors office	67	78	109	11	921	764	962	(157)	41	217	156	217	(61)	0	1,138	920	1,179	(218)	41
Screening	96	106	109	10	934	1,062	946	128	12	217	212	217	(5)	0	1,151	1,274	1,163	123	12
Case Investigations - Total	177	339	186	161	4,178	3,330	4,186	(847)	9	692	678	692	(14)	0	4,870	4,008	4,878	(862)	9
Investigations - IC	51	142	145	91	848	1,421	942	574	94	290	284	290	(6)	0	1,138	1,705	1,232	568	94
Case Management	19	24	29	5	282	240	292	(42)	10	59	48	59	(11)	0	341	288	351	(53)	10
Scheduling	72	70	68	(2)	709	700	705	(9)	(4)	135	140	135	5	0	845	840	840	(5)	(4)
Case Preparation	116	122	116	6	1,049	1,224	1,048	176	(0)	232	245	232	13	0	1,280	1,469	1,280	189	(0)
Admin / General	123	111	78	(12)	1,186	1,107	1,141	(80)	(45)	156	221	156	66	0	1,342	1,328	1,297	(14)	(45)
Adjudication	271	216	222	(55)	2,536	2,162	2,488	(374)	(48)	445	432	445	(12)	0	2,981	2,594	2,933	(387)	(48)
CCC	1,546	1,476	1,546	(70)	14,819	13,761	14,819	(1,058)	0	2,994	2,763	2,889	(231)	(105)	17,813	16,524	17,708	(1,289)	(105)
HC	73	57	87	(16)	898	543	912	(356)	14	167	107	167	(60)	0	1,065	649	1,079	(416)	14
Investigations - ICIO	226	252	245	26	2,136	2,390	2,155	254	19	463	471	463	8	0	2,599	2,861	2,618	262	19
Regulatory Legal Team	322	354	358	32	3,523	3,428	3,559	(95)	36	700	689	700	(11)	0	4,223	4,117	4,259	(107)	36
Panel support	49	106	106	57	744	1,079	802	335	58	213	256	213	43	0	957	1,335	1,015	377	58
<b>FTP</b>	<b>3,209</b>	<b>3,453</b>	<b>3,404</b>	<b>244</b>	<b>34,764</b>	<b>33,213</b>	<b>34,959</b>	<b>(1,552)</b>	<b>195</b>	<b>6,980</b>	<b>6,701</b>	<b>6,875</b>	<b>(278)</b>	<b>(105)</b>	<b>41,744</b>	<b>39,914</b>	<b>41,834</b>	<b>(1,830)</b>	<b>90</b>
Projects	30	3	67	(27)	1,528	99	1,565	(1,429)	36	247	7	330	(240)	83	1,776	106	1,894	(1,670)	119
Depreciation	273	256	274	(18)	2,348	2,556	2,348	209	0	554	511	554	(42)	0	2,901	3,068	2,902	166	0
<b>NMC Corporate/General</b>	<b>2</b>	<b>5</b>	<b>(171)</b>	<b>3</b>	<b>121</b>	<b>47</b>	<b>(52)</b>	<b>(74)</b>	<b>(173)</b>	<b>(166)</b>	<b>9</b>	<b>9</b>	<b>175</b>	<b>175</b>	<b>(45)</b>	<b>57</b>	<b>(42)</b>	<b>101</b>	<b>3</b>
<b>Central pool</b>	<b>0</b>	<b>285</b>	<b>350</b>	<b>285</b>	<b>0</b>	<b>2,836</b>	<b>350</b>	<b>2,836</b>	<b>350</b>	<b>566</b>	<b>680</b>	<b>966</b>	<b>114</b>	<b>400</b>	<b>566</b>	<b>3,516</b>	<b>1,316</b>	<b>2,950</b>	<b>750</b>
<b>Revenue Spend</b>	<b>5,557</b>	<b>5,885</b>	<b>6,170</b>	<b>327</b>	<b>58,105</b>	<b>59,477</b>	<b>58,718</b>	<b>1,372</b>	<b>613</b>	<b>13,069</b>	<b>12,025</b>	<b>13,717</b>	<b>(1,044)</b>	<b>648</b>	<b>71,174</b>	<b>71,502</b>	<b>72,435</b>	<b>328</b>	<b>1,261</b>
<b>Surplus / (Deficit)</b>	<b>204</b>	<b>(177)</b>	<b>(416)</b>	<b>381</b>	<b>(4,701)</b>	<b>(7,776)</b>	<b>(5,321)</b>	<b>3,074</b>	<b>620</b>	<b>(1,401)</b>	<b>(446)</b>	<b>(1,966)</b>	<b>(955)</b>	<b>566</b>	<b>(6,102)</b>	<b>(8,221)</b>	<b>(7,287)</b>	<b>2,119</b>	<b>1,185</b>
<b>Capital</b>	<b>342</b>	<b>200</b>	<b>713</b>	<b>(141)</b>	<b>2,056</b>	<b>2,363</b>	<b>2,428</b>	<b>306</b>	<b>371</b>	<b>413</b>	<b>488</b>	<b>376</b>	<b>75</b>	<b>(37)</b>	<b>2,469</b>	<b>2,851</b>	<b>2,804</b>	<b>382</b>	<b>335</b>
<b>Total free reserves</b>					<b>16,580</b>	<b>13,408</b>	<b>15,589</b>	<b>3,172</b>	<b>991</b>						<b>16,463</b>	<b>14,129</b>	<b>14,943</b>	<b>2,334</b>	<b>1,520</b>
<b>Pension deficit</b>					<b>6,941</b>	<b>6,941</b>	<b>6,941</b>	<b>0</b>	<b>0</b>						<b>9,645</b>	<b>6,754</b>	<b>6,754</b>	<b>(2,891)</b>	<b>(2,891)</b>
<b>Available free reserves (excluding pension deficit &amp; restricted funds)</b>					<b>9,639</b>	<b>6,468</b>	<b>8,648</b>	<b>3,172</b>	<b>991</b>						<b>6,818</b>	<b>7,375</b>	<b>8,189</b>	<b>(557)</b>	<b>(1,371)</b>
<b>Restricted funds</b>					<b>13,143</b>	<b>13,143</b>	<b>13,143</b>	<b>0</b>	<b>0</b>						<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	<b>0</b>	<b>0</b>
<b>Cash at bank</b>					<b>76,171</b>	<b>73,729</b>	<b>76,009</b>	<b>2,442</b>	<b>162</b>						<b>77,744</b>	<b>75,310</b>	<b>76,224</b>	<b>2,434</b>	<b>1,520</b>
<b>Net inflow/(outflow) of funds</b>					<b>759</b>	<b>(1,683)</b>	<b>597</b>	<b>2,442</b>	<b>162</b>						<b>2,332</b>	<b>(102)</b>	<b>812</b>	<b>2,434</b>	<b>1,520</b>
<b>Substantive hearing numbers per day</b>	<b>20</b>	<b>22</b>	<b>22</b>	<b>(2)</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>0</b>	<b>(0)</b>						<b>22</b>	<b>22</b>	<b>22</b>	<b>0</b>	<b>0</b>
<b>Headcount</b>	<b>585</b>	<b>540</b>	<b>618</b>	<b>(45)</b>											<b>635</b>	<b>540</b>	<b>616</b>	<b>(95)</b>	<b>(19)</b>



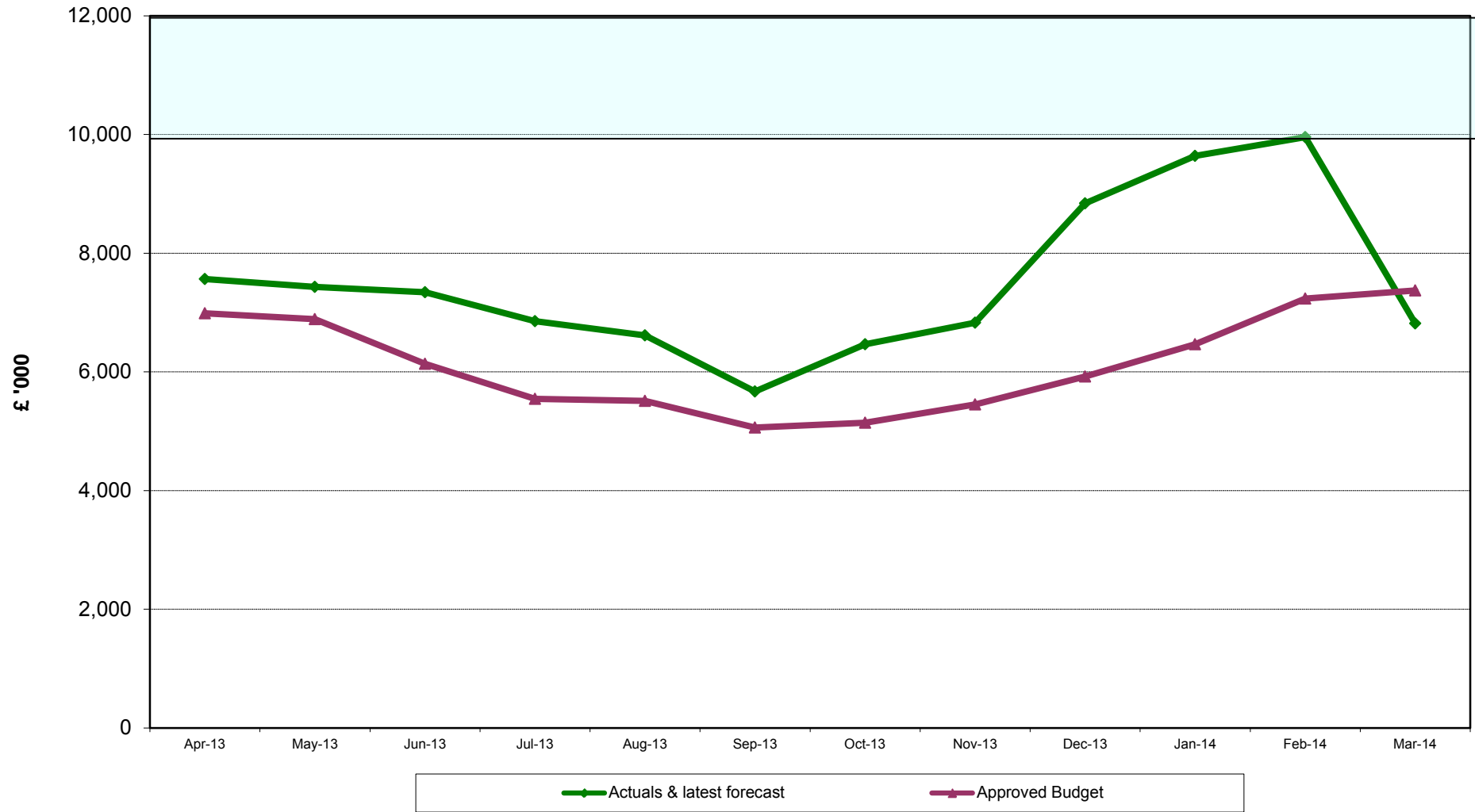
	Apr-13 Actual	May-13 Actual	Jun-13 Actual	Jul-13 Actual	Aug-13 Actual	Sep-13 Actual	Oct-13 Actual	Nov-13 Actual	Dec-13 Actual	Jan-14 Actual	Feb-14 Forecast	Mar-14 Forecast	Full Year 2013- 2014
Periodic Fee Income	4,524	4,624	4,697	4,755	4,847	4,933	5,277	5,408	5,496	5,579	5,595	5,595	61,332
Grant Income							930	160	143	57	88	147	1,526
Overseas Applications	41	19	14	39	40	14	38	13	21	29	17	17	303
Eu Assessment Fee	35	29	58	41	54	43	85	80	63	57	26	26	597
Interest Income	117	119	110	102	107	98	73	70	73	22	50	50	991
Other Income	29	24	19	33	25	26	42	39	14	16	28	28	324
<b>Total Income:</b>	<b>4,746</b>	<b>4,815</b>	<b>4,898</b>	<b>4,970</b>	<b>5,073</b>	<b>5,115</b>	<b>6,445</b>	<b>5,770</b>	<b>5,810</b>	<b>5,761</b>	<b>5,805</b>	<b>5,864</b>	<b>65,072</b>
<b>Office of the Chair &amp; Chief Executive</b>	<b>53</b>	<b>45</b>	<b>49</b>	<b>47</b>	<b>57</b>	<b>64</b>	<b>70</b>	<b>71</b>	<b>56</b>	<b>59</b>	<b>58</b>	<b>59</b>	<b>688</b>
Communication	45	56	38	30	45	78	52	72	45	105	61	69	697
Council Services	38	28	37	29	20	38	31	33	33	21	24	61	392
Governance	127	119	92	104	100	86	87	91	92	102	106	118	1,226
Policy	28	26	27	25	30	30	33	39	37	36	40	37	391
<b>Corporate Governance</b>	<b>238</b>	<b>229</b>	<b>194</b>	<b>188</b>	<b>196</b>	<b>233</b>	<b>204</b>	<b>237</b>	<b>206</b>	<b>264</b>	<b>231</b>	<b>286</b>	<b>2,706</b>
<b>Registration</b>	<b>450</b>	<b>271</b>	<b>246</b>	<b>267</b>	<b>340</b>	<b>352</b>	<b>304</b>	<b>403</b>	<b>144</b>	<b>319</b>	<b>323</b>	<b>338</b>	<b>3,757</b>
<b>Continued Practice</b>	<b>158</b>	<b>172</b>	<b>168</b>	<b>162</b>	<b>167</b>	<b>235</b>	<b>218</b>	<b>164</b>	<b>136</b>	<b>243</b>	<b>278</b>	<b>361</b>	<b>2,463</b>
ICT	340	279	543	521	310	416	379	349	250	341	574	663	4,966
Finance	143	108	162	154	149	118	171	163	156	160	190	270	1,943
Facilities Management	477	398	471	481	469	422	329	468	366	400	279	451	5,011
HR&OD	164	202	179	236	254	212	231	232	205	256	258	269	2,698
<b>Corporate Services</b>	<b>1,124</b>	<b>985</b>	<b>1,355</b>	<b>1,392</b>	<b>1,182</b>	<b>1,168</b>	<b>1,111</b>	<b>1,212</b>	<b>977</b>	<b>1,157</b>	<b>1,301</b>	<b>1,654</b>	<b>14,618</b>
Directors office	74	206	159	130	76	51	63	68	26	67	109	109	1,138
Screening	89	79	87	87	95	96	99	102	103	96	109	109	1,151
Case Investigations - Total	247	295	339	434	568	757	608	421	333	177	346	346	4,870
Investigations - IC	122	122	83	55	59	97	100	85	73	51	145	145	1,138
Case Management	49	42	41	20	26	22	19	20	23	19	29	29	341
Scheduling	68	74	66	76	74	57	67	78	78	72	68	68	845
Case Preparation	105	98	78	114	111	104	107	106	110	116	116	116	1,280
Admin / General	69	107	67	113	158	189	87	159	114	123	78	78	1,342
Adjudication	233	236	290	252	259	232	261	266	237	271	222	222	2,981
CCC	1,242	1,537	1,425	1,580	1,497	1,603	1,678	1,537	1,174	1,546	1,471	1,523	17,813
HC	108	82	77	135	85	77	106	112	44	73	82	85	1,065
Investigations - ICIO	245	258	235	241	149	185	219	205	173	226	229	234	2,599
Regulatory Legal Team	393	275	376	391	312	361	383	414	296	322	345	355	4,223
Panel support	36	73	175	107	98	71	38	54	44	49	106	106	957
<b>FTP</b>	<b>3,080</b>	<b>3,484</b>	<b>3,499</b>	<b>3,734</b>	<b>3,567</b>	<b>3,902</b>	<b>3,834</b>	<b>3,628</b>	<b>2,827</b>	<b>3,209</b>	<b>3,455</b>	<b>3,524</b>	<b>41,744</b>
<b>Projects</b>	40	26	(8)	0	21	606	411	193	208	30	88	159	1,776
<b>Depreciation</b>	226	228	226	232	235	235	243	229	220	273	276	278	2,901
<b>NMC Corporate/General</b>	23	96	(40)	(3)	30	2	15	2	(6)	2	5	(171)	(45)
<b>Central pool</b>	0	0	0	0	0	0	0	0	0	0	258	308	566
<b>Revenue Spend</b>	<b>5,393</b>	<b>5,536</b>	<b>5,689</b>	<b>6,020</b>	<b>5,794</b>	<b>6,797</b>	<b>6,411</b>	<b>6,139</b>	<b>4,769</b>	<b>5,557</b>	<b>6,273</b>	<b>6,796</b>	<b>71,174</b>
<b>Surplus / (Deficit)</b>	<b>(646)</b>	<b>(722)</b>	<b>(792)</b>	<b>(1,050)</b>	<b>(721)</b>	<b>(1,682)</b>	<b>34</b>	<b>(369)</b>	<b>1,042</b>	<b>204</b>	<b>(468)</b>	<b>(933)</b>	<b>(6,102)</b>
<b>Capital</b>	<b>79</b>	<b>303</b>	<b>190</b>	<b>334</b>	<b>420</b>	<b>161</b>	<b>146</b>	<b>165</b>	<b>(83)</b>	<b>342</b>	<b>155</b>	<b>258</b>	<b>2,469</b>
<b>Total free reserves</b>	<b>15,348</b>	<b>15,123</b>	<b>14,939</b>	<b>14,357</b>	<b>14,023</b>	<b>12,986</b>	<b>13,690</b>	<b>13,957</b>	<b>15,873</b>	<b>16,580</b>	<b>16,804</b>	<b>16,463</b>	
<b>Pension deficit</b>	<b>7,783</b>	<b>7,690</b>	<b>7,596</b>	<b>7,502</b>	<b>7,409</b>	<b>7,315</b>	<b>7,222</b>	<b>7,128</b>	<b>7,034</b>	<b>6,941</b>	<b>6,847</b>	<b>9,645</b>	
<b>Available free reserves (excluding pension deficit &amp; restricted funds)</b>	<b>7,565</b>	<b>7,433</b>	<b>7,343</b>	<b>6,855</b>	<b>6,614</b>	<b>5,671</b>	<b>6,468</b>	<b>6,829</b>	<b>8,838</b>	<b>9,639</b>	<b>9,957</b>	<b>6,818</b>	
<b>Restricted funds</b>	<b>18,286</b>	<b>17,714</b>	<b>17,143</b>	<b>16,571</b>	<b>16,000</b>	<b>15,429</b>	<b>14,857</b>	<b>14,286</b>	<b>13,714</b>	<b>13,143</b>	<b>12,571</b>	<b>12,000</b>	
<b>Cash at bank</b>	<b>75,167</b>	<b>74,029</b>	<b>72,457</b>	<b>71,308</b>	<b>70,632</b>	<b>78,347</b>	<b>79,446</b>	<b>79,027</b>	<b>77,387</b>	<b>76,171</b>	<b>75,641</b>	<b>77,744</b>	
<b>Net inflow/(outflow) of funds - monthly</b>	<b>(245)</b>	<b>(1,138)</b>	<b>(1,572)</b>	<b>(1,149)</b>	<b>(676)</b>	<b>7,715</b>	<b>1,099</b>	<b>(419)</b>	<b>(1,640)</b>	<b>(1,216)</b>	<b>(530)</b>	<b>2,102</b>	<b>2,332</b>
<b>Substantive hearing numbers per day</b>	<b>19</b>	<b>22</b>	<b>22</b>	<b>23</b>	<b>22</b>	<b>24</b>	<b>24</b>	<b>22</b>	<b>20</b>	<b>20</b>	<b>22</b>	<b>22</b>	<b>22</b>
<b>Headcount</b>	<b>556</b>	<b>539</b>	<b>542</b>	<b>555</b>	<b>580</b>	<b>572</b>	<b>582</b>	<b>590</b>	<b>569</b>	<b>585</b>	<b>632</b>	<b>635</b>	





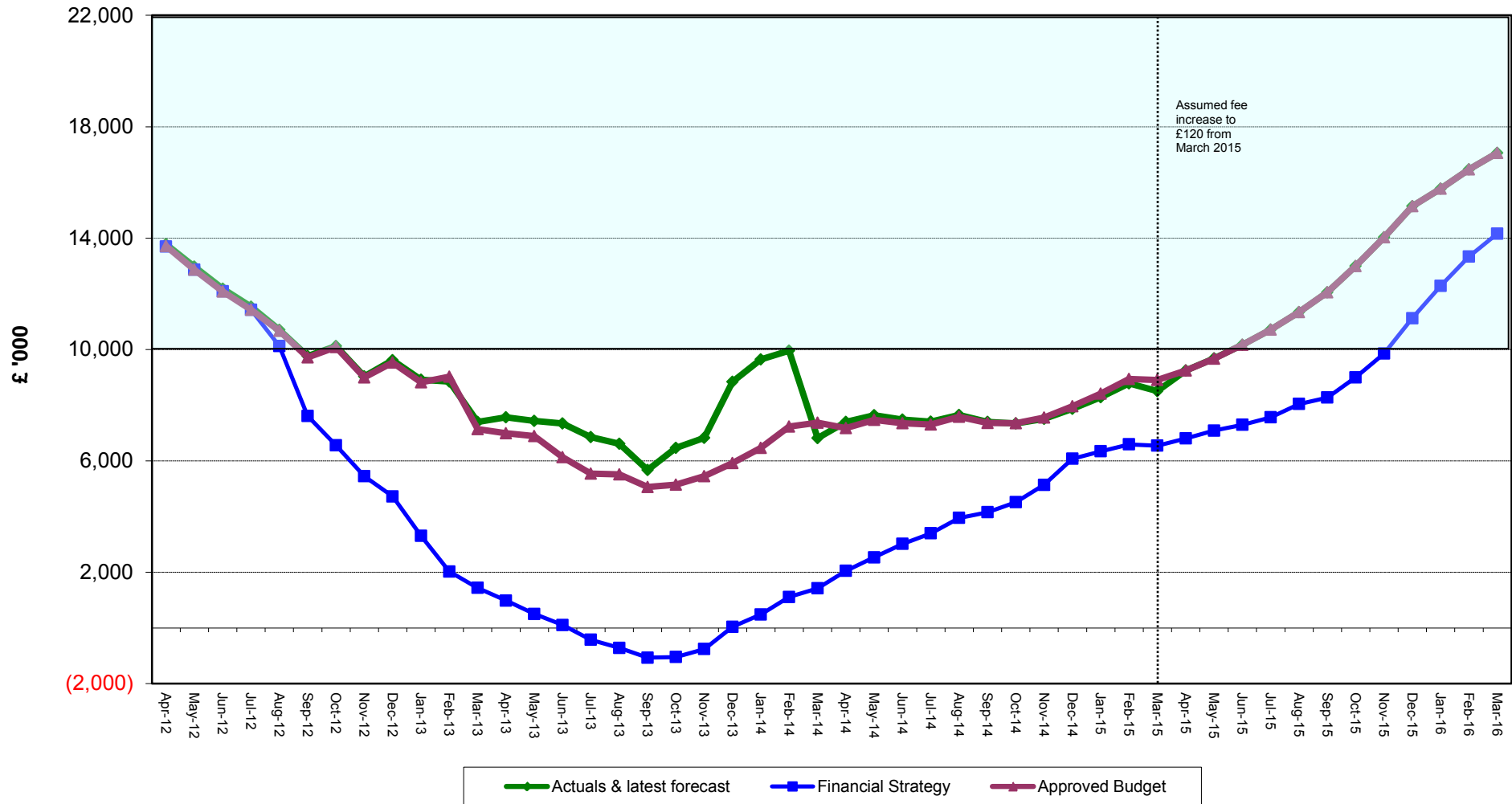
January forecast & approved budget available free reserves 2013-2014

Annexe 3



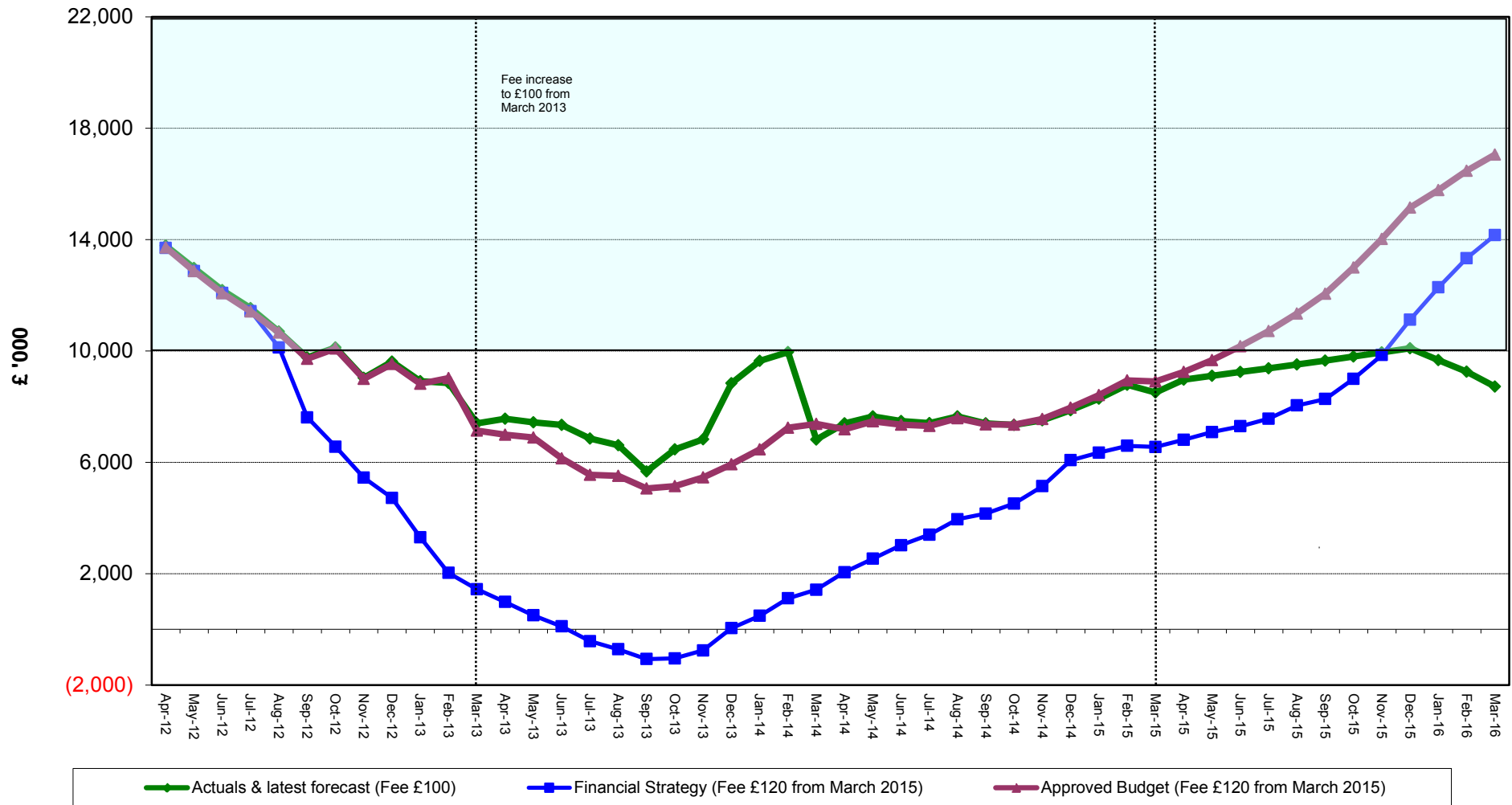


**January forecast, approved budget & financial strategy available free reserves for 2012-2016**  
**Annexe 4**



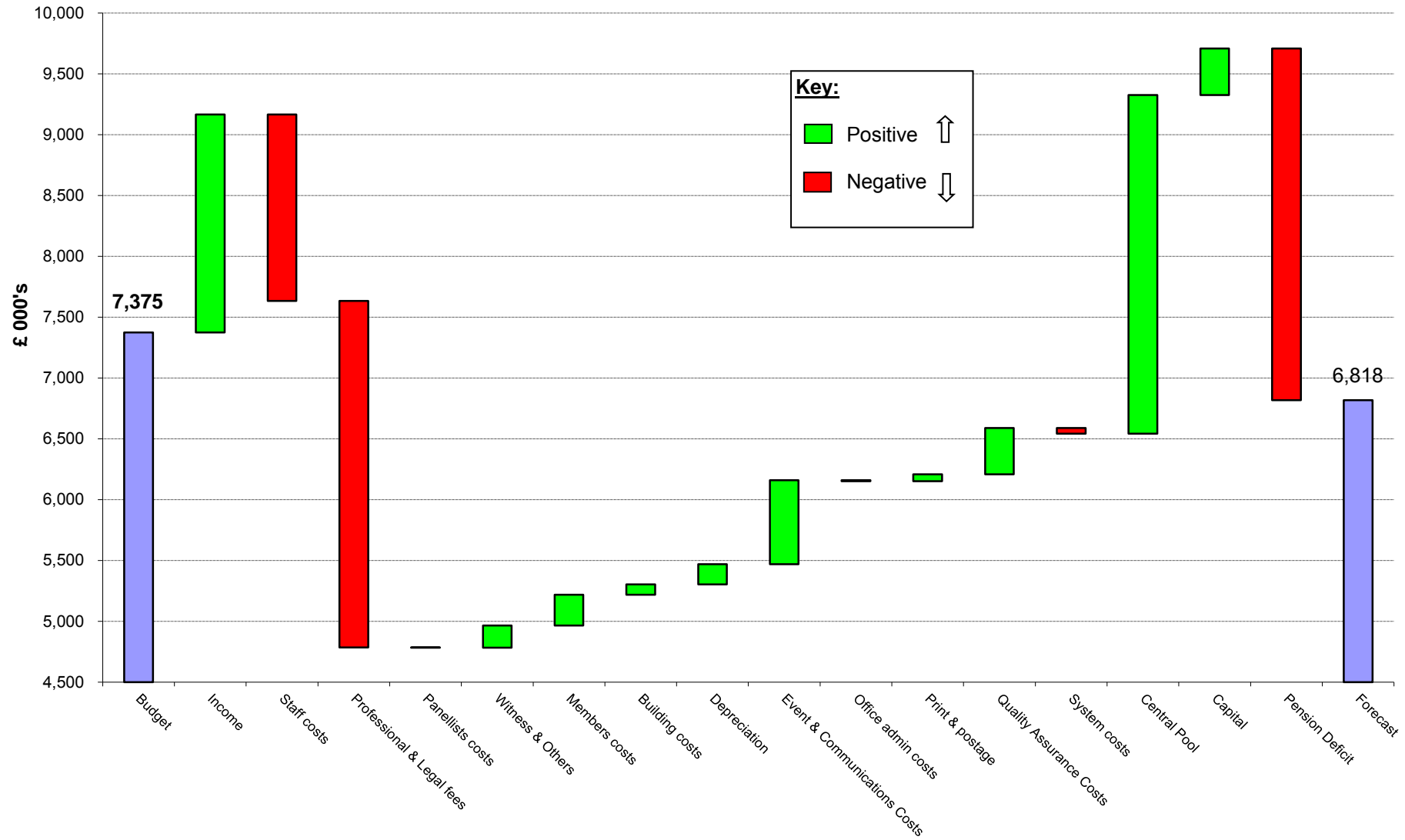


January forecast, approved budget & financial strategy available free reserves for 2012-2016  
Annexe 5





Available Free Reserves  
2013-2014 Budget versus forecast by operational category







**Efficiency performance 2012-2014**

	Efficiencies assured by KPMG			Actual\Forecast			Variance		
	2012-2013	2013-2014	Total	2012-2013	2013-2014	Total	2012-2013	2013-2014	Total
In house investigations	2,100	5,340	7,440	695	4,010	4,706	(1,405)	(1,330)	(2,734)
Shorthand writers	1,013	1,981	2,994	460	2,035	2,495	(553)	54	(499)
IC2 / ICIO reduction		2,686	2,686	766	922	1,688	766	(1,764)	(998)
Voluntary removal		473	473	236	1,943	2,179	236	1,470	1,706
Headcount reduction from restructure (37 redundancies)				36	2,398	2,434	36	2,398	2,434
Vacant positions dis-established (28.4 positions)				1,679	1,679	3,358	1,679	1,679	3,358
Old Bailey				(74)	1,290	1,217	(74)	1,290	1,217
Staff pay freeze 2012-2013				300	300	600	300	300	600
Changes made to pin cards				100	100	200	100	100	200
NMC Review				200	200	400	200	200	400
<b>Total</b>	<b>3,113</b>	<b>10,480</b>	<b>13,593</b>	<b>4,399</b>	<b>14,877</b>	<b>19,276</b>	<b>1,286</b>	<b>4,397</b>	<b>5,683</b>
<b>FtP Efficiencies</b>	<b>3,113</b>	<b>10,480</b>	<b>13,593</b>	<b>2,157</b>	<b>8,910</b>	<b>11,068</b>	<b>(956)</b>	<b>(1,570)</b>	<b>(2,525)</b>

Efficiencies assured by KPMG	2012-2013	2013-2014	2014-2015	Total
In house investigations	2,100	5,340	6,260	13,700
Shorthand writers	1,013	1,981	1,901	4,895
IC2 / ICIO reduction		2,686	2,878	5,564
Voluntary removal		473	507	980
<b>Total</b>	<b>3,113</b>	<b>10,480</b>	<b>11,546</b>	<b>25,139</b>



## Council

### Update on Francis report and other related healthcare reviews

**Action:** For information.

**Issue:** This paper provides a further update on matters arising out of the Report of the Mid Staffordshire NHS Foundation Trust Public Inquiry (the Francis report) and other related healthcare reviews and a progress report on our planned actions in response to the Francis report and the other reviews.

**Core regulatory function:** Fitness to Practise, Registrations, Education, Standards

**Corporate objectives:** The recommendations in the report are relevant to all the NMC's Corporate Objectives.

**Decision required:** None.

**Annexes:** The following annexe is attached to this paper :  
Annexe 1: Progress report on planned actions in NMC Francis response

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

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**Context:****Background**

- 1 On Wednesday 6 February 2013 the report of the Mid Staffordshire NHS Foundation Trust Public Inquiry chaired by Robert Francis QC (the Francis report) was published.
- 2 The government published its initial response to the Francis report on Tuesday 26 March 2013. The government response raised a number of new issues which were not specific recommendations made in the Francis report itself.
- 3 Update papers have been provided at each Council meeting and the Council approved our formal response to the Francis report on 18 July 2013. This response is on the NMC website and includes a detailed action plan.
- 4 Following the publication of the Francis report a number of separate reviews were set up to address some specific issues arising out of the report. Council agreed to receive any updates on work related to these reviews alongside Francis updates.
- 5 On 19 November 2013 the government published its considered response to the Francis recommendations and those arising from related reviews. The report, entitled *Hard Truths: the journey to putting patients first*, was prefaced by a statement of common purpose signed by the chairs of the principle health organisations, including Mark Addison on behalf of the NMC.

**For Information****Progress on planned actions in our Francis response**

- 6 Many of the recommendations in the Francis report were in line with our existing business and improvement plans and they are being taken forward as part of existing projects under our current change programme.
- 7 In our published response to the Francis report, we included a table summarising all our planned actions and a proposed timetable for completion of each of those actions. A progress report on our planned actions is attached as Annexe 1 to this paper.
- 8 We have now added updates on work arising from related reviews and Hard Truths to this table.

**Public protection implications:**

- 9 All the planned actions outlined in the draft response document are intended to enhance public protection.

**Resource implications:**

- 10 There are no direct resource implications arising out of this update paper. The individual projects outlined in the response have all

received, or will require, separate approval by the Council including consideration of the resource implications.

- |   |    |  |
|---|----|--|
| <b>Equality and diversity implications:</b> | 11 | Under the Equality Act 2010, we have a requirement to analyse the effect of our policies and practices and how they further the equality aims. |
|   | 12 | Equality impact assessments will be undertaken as part of each project before any final decisions are reached.                                 |
| <b>Stakeholder engagement:</b>              | 13 | Appropriate stakeholder mapping and engagement with key stakeholders will be planned and undertaken as part of each project.                   |
| <b>Risk implications:</b>                   | 14 | The full risk implications will be assessed as part of each project.   |
| <b>Legal implications:</b>                  | 15 | None at present.   |



Item 9  
NMC/14/29  
26 March 2014

## Annexe 1 – Progress report on planned actions in NMC Francis response January 2014

Planned Action	Current timetable	Progress to date
1. Raising our public profile and encouraging appropriate referrals to improve our ability to act promptly to protect the public	<p>Website re-launch – <b>by the end of 2014</b></p> <p>New public and employer guidance documents – <b>by April 2014</b></p> <p>Public and patient facing information about the new Code – <b>by Dec 2014</b></p>	<p>The business case for this project was approved in mid-November and the work is therefore now projected to complete in Q3, not Q1 of 2014-15. Progress is good against this revised timescale.</p> <p>Our new public facing guidance document is at the final stage of proofing. We have held back on refreshing our employer guidance to take up an offer of input from an employer, arising out of engagement. Our next meeting on this topic is on 18 March 2014.</p>
2. Developing more risk-based and proportionate fitness to practise processes to ensure that our resources are effectively targeted on public protection and introducing regional advisors to provide employer liaison and advice	<p>Paper to Council on options for more risk-based and proportionate fitness to practise processes – <b>Sept 2013</b></p> <p>Designing an operating model for regional advisers – <b>July–Dec 2013</b></p> <p>Pilot of model for regional advisers – <b>Jan–June 2014</b></p> <p>Evaluation of pilot and further development work – <b>July–Dec 2014</b></p> <p>Implementation of regional adviser model – <b>Jan 2015</b></p>	<p>The Council approved the new approaches set out in this paper and process change is already underway in FtP.</p> <p>Following approval of a business case by the Executive Board in November 2013, a project has been set up to consider how we can best provide cost effective liaison, guidance and support across the four countries of the UK, including what benefits and value we can add and what regional liaison for the NMC might involve. We are currently undertaking stakeholder engagement work to obtain views from stakeholders about the value and potential benefits of NMC regional liaison which is anticipated to conclude in</p>

		<p>March 2014.</p> <p>Analysis of these views and recommendations for how to take the work forward will be prepared in April 2014 and subsequent actions, including modelling any new capabilities, will follow. Further consideration by the Executive Board will take place in April/May 2014.</p> <p>It is anticipated that implementation of any model would commence in early 2015.</p>
<p>3. Improving our joint working and intelligence sharing arrangements with other professional and systems regulators</p>	<p>Finalise new operational protocol and data sharing agreement with the Care Quality Commission (CQC) – <b>by March 2014</b></p> <p>Explore data sharing agreement with the General Medical Council (GMC) – <b>by April 2014</b></p> <p>Review and update all existing Memorandum of understanding (MOUs) and agree a new MOU with the Disclosure and Barring Service (DBS) – <b>by April 2014</b></p> <p>Develop operational protocols and data sharing agreements with systems regulators in other UK countries and other UK professional regulators – <b>during 2014–15</b></p>	<p>A revised MOU with the CQC has been signed by the Chief Executive. Work on the new operational protocol and data sharing agreement with CQC is near to completion.</p> <p>We have not yet started this piece of work but have an initial discussion scheduled in March 2014.</p> <p>We have embarked on a review of our MoU with Care Council Wales. A small group of NMC staff visited the DBS in February 2014 and work has now begun on a MoU.</p> <p>Jackie Smith wrote to the system regulators in Northern Ireland, Scotland and Wales in October 2013 and received positive responses to an invitation to work on MoUs with the NMC. The order in which these will be achieved will depend partly on the priorities of our partner organisations.</p> <p>Our draft MoU with the TDA is close to finalisation.</p> <p>We have a meeting in April to take forward our MoU with HEE and have also started to agree an MoU with NES.</p>



<p>4. Improving the NMC witness experience for those involved in fitness to practise proceedings</p>	<p>Analysis of witness feedback and interviews, scoping of plans and introduction of any quick changes – <b>by Dec 2013</b></p> <p>All new witness support arrangements in place – <b>by April 2014</b></p>	<p>The budget plans for 2014-15 to be approved at the March Council meeting include resources for improving witness experience, based on the evidence-gathering undertaken as part of this project.</p> <p>The Witness support team is to be in place May-July 2014.</p> <p>Enhanced witness facilities will open in Edinburgh at the end of March 2014, and to follow in London.</p>
<p>5. Reviewing the Code and other practice standards</p>	<p>Gather initial evidence for the Code and standards review, aligned with revalidation consultation – <b>Sept–Dec 2013</b></p> <p>Development of new code and standards for practice supported by relevant guidance to deliver revalidation and respond to Francis –<b>Nov 2013 – March 2014</b></p> <p>Code and standards formal consultation on the basis of substantive draft – <b>April –July 2014</b></p> <p>Further development of code post consultation – <b>July – Nov 2014</b></p> <p>Council approval of new code and standards – <b>Nov 2014</b></p> <p>Publication of new code and standards – <b>Dec 2014</b></p>	<p>The Code evidence review report will be published in May 2014.</p> <p>Principles for the revised code are being developed.</p> <p>Part 1 of the revalidation consultation launched on 7 January 2014 and contains questions about the review of the code.</p> <p>Overall these plans are still on track to meet this timetable, although the Code consultation will now begin in May (timetable altered to allow for reflection on phase 1 consultation before phase 2 launches).</p>
<p>6. Evaluating our pre-registration education standards</p>	<p>Establishment of Education Advisory Group – <b>Nov 2013</b></p> <p>Methodology scoped and agreed with Education Advisory Group – <b>March 2014</b></p> <p>First phase of evaluation based on agreed methodology – <b>June 2014</b></p> <p>Report to Council on first phase – <b>Sept 2014</b></p> <p>Development of further evaluation work will be informed by results of first phase.</p>	<p>The Education Advisory Group met for the second time in March 2014.</p> <p>A high level methodology for the evaluation of standards was signed off by the Executive Board in October 2013.</p> <p>The budget plans for 2014-15 to be approved at the March Council meeting include a sum for evaluation of the pre-registration standards. If approved the tender process will be undertaken in Q1 and a report to Council delivered by or in Q4.</p>

7. Making changes to our legislation so that our processes are more efficient and allow us to more effectively protect the public	Section 60 timetable fixed by the Department of Health (DH) DH Resources Board – <b>July 2013</b> Drafting and consultation – <b>2013/14</b> Legislative changes in force – <b>by July 2014</b>	Based on what we have been advised by DH, we now anticipate starting the consultation for case examiners in early-mid April for 8 weeks. The consultation will be web based, but we will also hold listening events. Subject to changes to the legislative timetable and ratification in Nov 2014, we now anticipate a commencement date for case examiners in February 2015.
8. Developing a proportionate revalidation model	Options paper to Council – <b>Sept 2013</b> Development of new code – <b>by Dec 2014</b> (see detailed timetable above) Implementation of agreed model – <b>by Dec 2015</b>	Council approved its preferred model for revalidation in September 2013.  Phase 1 of the revalidation consultation has launched and is attracting extensive media and stakeholder attention. Revalidation summits are taking place UK wide from March 2014.

<b>Related reviews and workstreams</b>	
Cavendish Review	We continue to be involved in the steering group and the evaluation sub-group of the HEE's pre-degree HCA experience pilot.
Berwick Review	We are considering inclusion of a reference to quality/safety sciences in the draft Code for consultation.
Keogh Trusts Review	We have invited some of the students involved by Sir Bruce Keogh in visits to Trusts to participate in our roundtable on professionalism with the chair of the Health Committee.
Clwyd/Hart Complaints Review	We have recently responded to a Health Committee call for evidence on the subject of complaints.
DH Safer Care Working Group	We continue to participate in this DH Group which tracks collective progress against Francis commitments and feeds in to the Francis Assurance Board.
Actions arising from Hard Truths	The draft Code for consultation in May 2014 will be clear about the professional duty of candour upon nurses and midwives.

	<p>GMC and NMC are coordinating a working group of regulators to a joint statement on, and consistent approach to candour.</p> <p>Regulators have undertaken to revise FtP panel member guidance to make reference to prompt reporting of near misses. A timetable for this work will be set out in the June 2014 update to Council on Francis workstreams.</p>
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## Council

### Standards and guidance review cycle 2014/2017

**Action:** For decision.

**Issue:** This report outlines the review and publication cycle for new and existing NMC standards and guidance over the three year period April 2014 to March 2017.

**Core regulatory function:** Setting standards.

**Corporate objectives:** Corporate objective 2: "We will set appropriate standards of education and practice and assure the quality of education programmes and the supervision of midwives so that we can be sure that all of those on our register are fit to practise as nurses and midwives."

**Decision required:** The Council is recommended to approve the proposed review cycle for 2014 to 2017.

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

- Annexe 1: a graphic representation of the matters considered when prioritising standards and guidance for review.
- Annexe 2: a graphic representation outlining the current NMC structure of Code, standards and guidance and how that structure should look after the introduction of revalidation and the completion of the review of standards and guidance.

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

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- Context:**
- 1 The NMC business plan for the three year period covering financial years 2014/15 to 2016/2017 awaits approval from the Council before coming into effect in April 2014.
  - 2 The business plan contains the proposed priorities for standards development base on the review and publication cycle for new and existing NMC standards and guidance during that period.
  - 3 Our standards development work is focused on the need to address risk to public protection. We will be prioritising standards development work on the basis of risk to the public as analysed via the following means:
    - 3.1. Our own Fitness to Practise information, based on previous annual reports – as our intelligence and data work progresses, we will also be able to base our work going forward on more detailed data lifted from individual;
    - 3.2. Queries and concerns about our standards as these are picked up either directly via our communication channels or indirectly via our registration function (eg. appeals);
    - 3.3. Inquiries and significant reports that address public protection and call for regulatory response (eg. Francis);
    - 3.4. Benchmarking with other regulators (eg. approach to issuing joint guidance and working as part of alliances); and
    - 3.5. Legal analysis and legislative impact (eg. new legislation on medicines).
    - 3.6. Meets ministerial or political imperative.
    - 3.7. Current version is over five years old.
- Discussion and options appraisal:**
- 4 As currently drafted, the business plan 2014-2017 sets out our proposals for issuing new or revised guidance in the following areas:
    - 4.1. A revised version of 'The Code' to underpin revalidation;
    - 4.2. New guidance on the 'duty of candour';
    - 4.3. New guidance on medicines management;
    - 4.4. A revised version of the prescribing standards;
    - 4.5. An evaluation of the effectiveness of all nursing and midwifery pre- registration education standards and guidance (including the Standards to support learning and assessment in practice, guidance on professional conduct for nursing and midwifery

- students and guidance on good health and good character);
- 4.6. A review of other current post-registration standards and guidance (to include Specialist Practice Qualifications and standards for Specialist Community Public Health Nurses);
  - 4.7. A review of standards that affect supervision of midwives pending the outcomes of the NMC review of midwifery regulation; and
  - 4.8. Any other relevant guidance to support the Code.
- 5 The anticipated timetable for publication of new and revised standards and guidance is as follows:
- 5.1. Q3 2014/15 (Oct – Dec 2014): The revised Code will be published in December 2014 and new guidance on the professional duty of candour will also be published during this quarter. During this quarter we will also be considering the impact of the review of midwifery regulation on standards.
  - 5.2. Q4 2014/15 (Jan – Mar 2015): New guidance on medicines management and a revised version of the standards on prescribing will both be published during this quarter. Any need for additional guidance to support the Code (in addition to guidance on candour and revalidation) will be considered during this quarter.
  - 5.3. 2015/16: The report of the evaluation of pre-registration education standards and its recommendations will be published – those recommendations can then be considered and acted upon where further action and the revision of existing standards or the production of new standards is considered appropriate.
  - 5.4. 2015/16: The review of other current post-registration standards and guidance will commence.
- 6 In drawing up this timetable, which has been based on a risk assessment exercise the following issues have been considered when deciding what matters to give priority status to:

### **The Code**

- 7 Top priority has been given to the review of the Code as it is a Francis commitment. It is also seven years since the Code was last reviewed so a further review is now well overdue. In addition, the review of the Code is also necessary to underpin the successful rollout of revalidation, which is due to commence in late 2015. Prior

to that, pilots involving 'early implementers' will commence in early 2015 and to enable those pilots to commence it is necessary for the revised Code to be in place by the end of 2014.

### **Candour**

- 8 A higher priority has also been given to guidance on the professional duty of candour as again this is a Francis recommendation. In addition, the duty of candour is an issue which the Secretary of State has taken considerable interest in and on which all nine professional healthcare regulators are being urged by the Department of Health to come together in order to prepare and produce guidance that will apply equally to all healthcare professionals.
- 9 The NMC and GMC are currently taking the lead on developing this guidance. The joint working group on candour has met, proposed terms of reference and a work plan, and will agree a timescale for its work and develop proposed paragraphs on common principles and the duty of candour by July 2013. In addition, a contribution to a leaflet on the subject of candour to be published by NHS England has been drafted and accepted and this leaflet will be published by NHS England in due course. Engagement at four country level is also underway.

### **Medicines management and prescribing**

- 10 A higher priority has also been given to producing new guidance on medicines management and to producing revised standards on prescribing.
- 11 Both of these areas remain subjects of great concern from a fitness to practise standpoint. Issues relating to prescribing and medicines management continue to be a leading cause of cases being referred to the NMC for the consideration and commencement of fitness to practise proceedings. It is therefore clear that this remains an area of concern and all standards and guidance published by the NMC in this area require consideration and where appropriate clarification.
- 12 Medicines management and prescribing are also issues where our guidance is in some places out of date. Our current medicines management standards were published in 2007 whilst the current prescribing standards date back to 2006. As such they do not reflect the current legal position as laid down in, for example, the Controlled Drugs (Supervision of Management and Use) Regulations 2013. It is imperative that any discrepancies between our standards and the law are addressed as a priority.
- 13 In addition, the GMC has recently adopted a new approach to the guidance it issues to its registrants on prescribing and medicines management and we would wish to consider that guidance and



whether it would be wise and proportionate for the NMC to take a similar approach to that taken by the GMC in this particular area.

- 14 This could result in the NMC having high level standards on prescribing and medicines management contained within the Code whilst issuing guidance that points towards other materials published by other organisations (for example, NICE) with regard to the practicalities associated with prescribing, storing and administering medicines. Work on this area is ongoing.

### **Education standards**

- 15 A higher priority has also been given to the evaluation of pre-registration education standards as again this is a commitment that has been given in response to recommendations contained within the Francis report.
- 16 In addition, consideration of the effectiveness of current pre-registration education and training in areas such as end-of-life care form a key element of our response to Baroness Neuberger's report into the Liverpool Care Pathway.

### **Other points for consideration**

- 17 Other items that were considered when deciding upon the priority to be given to other aspects of our ongoing review programme included fitness to practise data, registration query data, general queries, feedback from the PSA annual reviews, feedback from our QA reviews of Approved Educational Institutions and the evidence analysis exercises that fed into our current review of the Code.

### **Methodology and success measures**

- 18 All standards and guidance review work will be carried out using our recently agreed methodology for the development of standards and will be evaluated using our recently agreed methodology for the evaluation of standards. This will ensure consistency and transparency in the way we carry out this work over the coming three years.
- 19 The success of our approach and the outcomes of our review processes will be measured against:
- 19.1. PSA standards of good regulation;
  - 19.2. Our quality criteria for standards - that they should enhance public protection; that they should be evidence-based; that they should be aligned to current relevant legislation; that they should meet our regulatory and FtP requirements; that they should be proportionate; that they should reflect our

commitment to equality and diversity; and that where possible they should be future-proofed against known forthcoming legislative changes.

19.3. Our corporate approach to consultation and engagement;

19.4. Our corporate approach to equality analysis;

19.5. Effective engagement, benchmarking and where relevant joint work with other regulators; and

19.6. Recommendations from our corporate quality assurance reviews

**20 Recommendation: The Council is recommended to approve the proposed review cycle for 2014 to 2017.**

**Annexes**

21 A graphic representation of the issues and the risk based prioritisation considered as part of the standards and guidance review is contained at Annexe 1 for ease of reference.

22 A graphic representation of the current NMC structure of Code, standards and guidance and how that structure should look after the introduction of revalidation and the completion of the review of standards and guidance is included at Annexe 2.

**Public protection implications:**

23 All of our standards and guidance play a central role in supporting the NMC's public protection functions.

**Resource implications:**

24 Staff costs, consultation and engagement costs form part of our budget for standards development. The evaluation of the education standards will be carried out independently through a tender process.

**Equality and diversity implications:**

25 Under the Equality Act 2010, we have a requirement to analyse the effect of our policies and practices and how they further equality aims. All standards and guidance are subject to equality impact assessing during their development. In particular the content of our guidance on good health and good character needs to be fully compliant with the requirements of the Equality Act whilst at the same time focusing strongly on public protection.

**Stakeholder engagement:**

26 All new or revised standards and guidance are subject to public consultation and engagement with key stakeholders. Each individual project will have its own stakeholder engagement plan as part of its

communications strategy. We are creating efficiencies in this area through the establishment of reference groups and joint consultations.

- Risk implications:** 27 If we do not carry out the priority reviews of standards and guidance referred to in this document the NMC runs the risk of not meeting commitments it made in response to high profile reviews such as Francis. We would also face reputational risks due to not meeting public commitments given on numerous occasions in a variety of forums and in the media that we will roll out revalidation by the end of 2015 and publish a revised Code by the end of 2014. There is also the risk that standards and guidance not reviewed regularly can become out of date.
- Legal implications:** 28 It has been necessary to issue new standards on medicines management and prescribing as a priority as our current standards do not reflect recent changes to legislation in this.



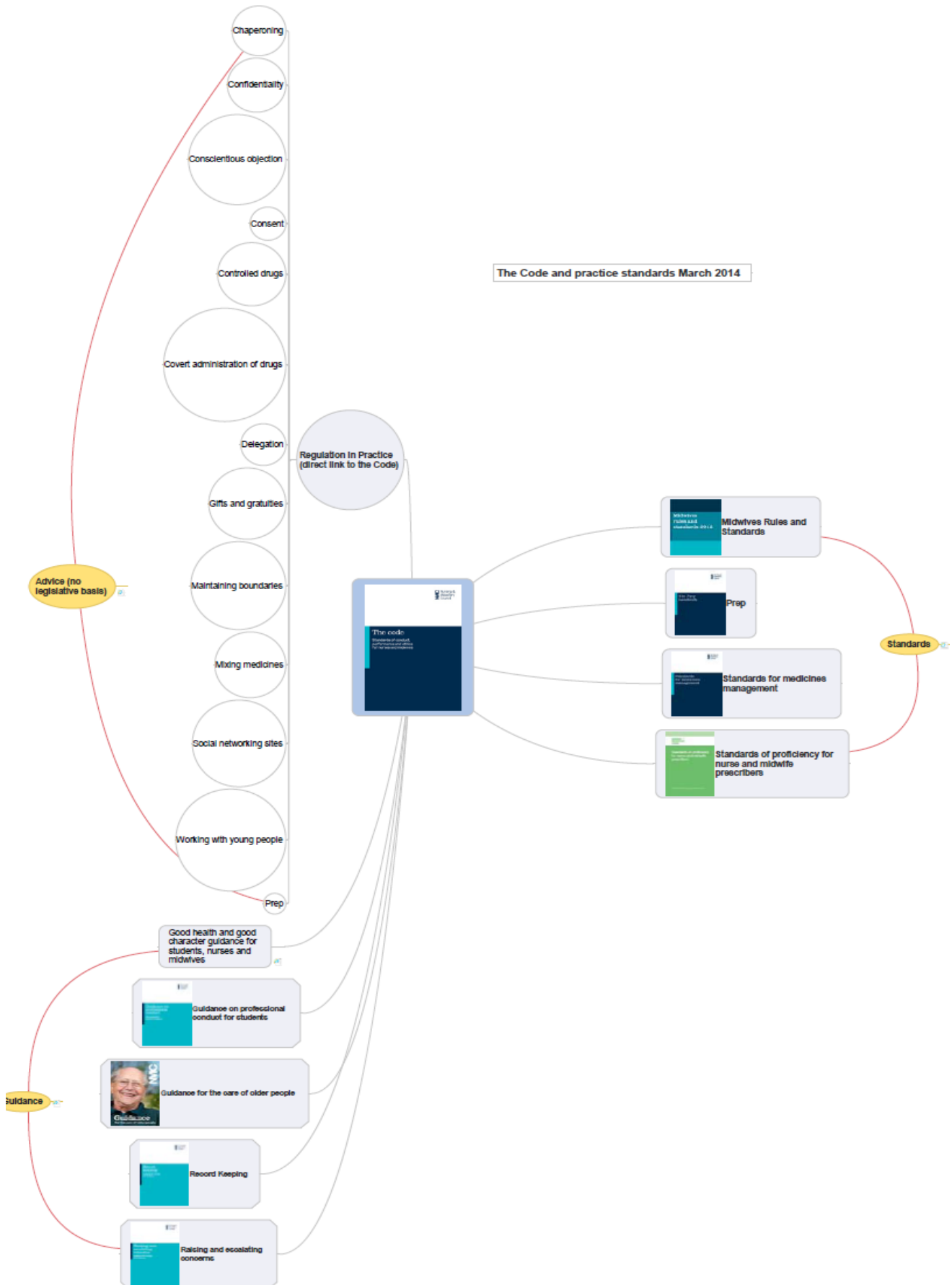
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**Annexe 1 - issues considered for prioritisation of review of standards and guidance**

	Addresses FtP issues	Addresses Registration issues	Meets commitments of Francis and other reports (including revalidation)	Benchmarking with other regulators	Legal analysis and legislative impact	Meets political or ministerial imperative	Current version is over 5 years old
<b>The Code</b>	X	X	X	X		X	X
<b>Duty of candour</b>	X		X	X	X	X	
<b>Prescribing and medicines management</b>	X		X	X	X		X
<b>Pre-registration education</b>		X	X	X			

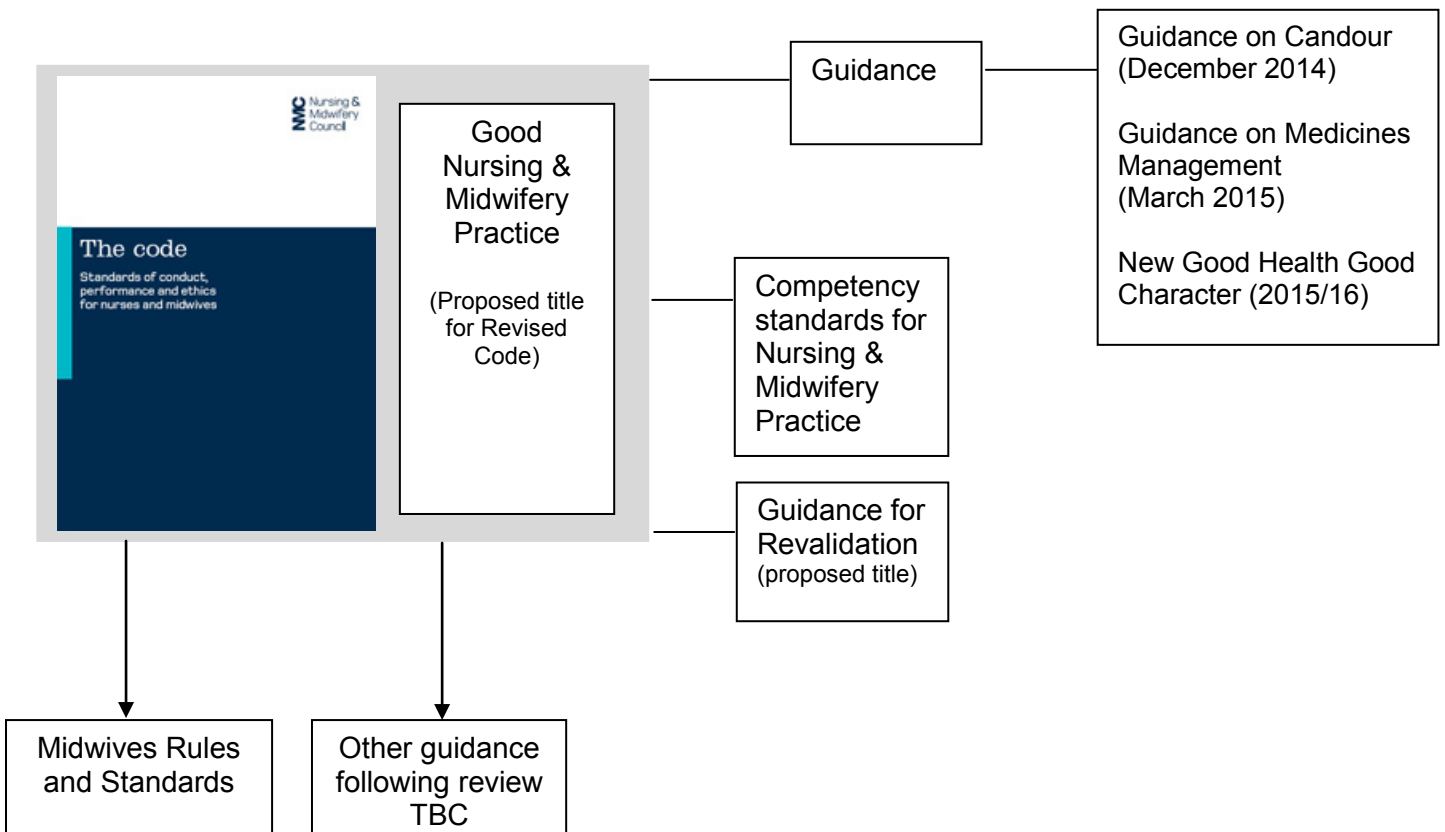


Annexe 2



Annexe 2

The Code following review in December 2014





## Council

### Corporate and Financial Plans 2014-2017

**Action:** For decision.

**Issue:** This paper provides a summary of the NMC's plans for 2014-2017, supplemented by a set of appendices for approval by the Council.

**Core regulatory function:** The Corporate Plan and Financial Plans cover all of the NMC's core regulatory functions.

**Corporate objectives:** All corporate objectives are set out in this report.

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

- Approve the Corporate Plan for 2014-2017 (Annexe 1)
- Approve the corporate KPIs for 2014-15 (Annexe 2)
- Approve the Financial Plan for 2014-2017 and the Budget for 2014-2015 (Annexe 3)
- Approve that the level of available free reserves should be in the range of £10 million to £30 million (Annexe 3)
- Agree to commence consultation to increase the annual registration fee to £120 from March 2015. (Annexe 4)
- Note the latest position regarding phased payments. (Annexe 4)

**Annexes:** The annexes noted above are appended to this report.

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

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- Context:**
- 1 This report covers a number of inter-related papers that are appended as annexes to this report. As a suite of papers they set out our commitments for 2014-2017 and the allocation of financial resources to achieve those commitments. They also set out how the NMC will hold itself to account for performance against those plans through the targeted use of key performance indicators.
  - 2 As an organisation dependent on raising its income through fees from registrants, our delivery plan must always be subject to reviews of the reserves we need to retain as a charity, and the level of fee income required to deliver our public protection responsibilities. Both of these points are covered in this and supporting papers.

- Discussion:**
- 3 The current three year corporate plan was presented to and approved by the Council in March 2013. The plan continues to focus exclusively on our core regulatory purpose. Whilst there are no changes to the three goals within it, the high level plan deliverables have been updated and are set out for 2014-15 and the following two years.
  - 4 Our corporate plan is supported by a more detailed set of directorate business plans, delivery of which is monitored closely on a monthly basis by the Executive Board through structured performance reports. These plans, and progress against them, are shared extensively with staff, who will have their performance objectives set in line with the key business deliverables.
  - 5 The updated plan in **Annexe 1** covering the period 2014-2017 includes two changes to the current plan, namely:
    - (i) A new objective related to data and intelligence, included in direct response to the recommendations in the Francis Report. This covers both the collection and use of data as well as sharing what we know.
    - (ii) A strengthened objective around equality and diversity, committing us to do more than simply understand it but to actively promote it in our work.

**Recommendation: The Council is recommended to approve the corporate plan for 2014-17. (Annexe 1)**

- 6 Without the proposed fee increase the NMC would face annual operating deficits of at least £7 million. Whilst we achieved higher levels of operating surpluses in 2012-2013 and in 2013-2014 to date compared to the approved financial strategy, the competing demands on our financial resources for 2014-2015 and beyond are particularly challenging. We continue to see increasing Fitness to Practise referral rates, delays in legislative reform, the need to continue with our programme to modernise our ICT systems and

processes, as well as the requirement to put in place actions recommended by a series of Reviews during 2013, including the publication of the Francis Report. An increased pension fund deficit has also added to the financial pressures in achieving our reserves targets.

- 7 These pressures have required careful prioritisation of our planned activities and, in some cases, a re-phasing or scaling of activities.
- 8 During 2013-2014 we have been reporting progress against a set of six high level key performance indicators. Management also monitors progress against a broader range of performance measures. For 2014-2015 it is proposed that the corporate KPIs remain the same but that the targets are amended as shown in **Annexe 2**.

**Recommendation: The Council is recommended to approve the corporate KPIs for 2014-2015. (Annexe 2)**

- 9 The Council approved the NMC's financial strategy in October 2012 and we have been tracking, through monthly financial reports, our progress in achieving our target for available free reserves to reach the minimum level of £10 million by January 2016. This target is expressed in key performance indicator (KPI) 5 and is one of the outcomes attached to the £20 million Department of Health grant. The grant was awarded to fund improvements in fitness to practise performance, elimination of the historic caseload and the rebuilding of NMC reserves. The acceptance of the grant effectively allowed the registration fee to be set at £100 for two years, instead of being raised immediately to the requisite funding level of £120.
- 10 2014-2015 marks the third year of that financial strategy and the Council made the decision not to increase fees for that year when approving the corporate plan and budget in March 2013. This means that our income levels are fixed for the year ahead.
- 11 **Annexe 3** provides a summary of the financial plan over the next three years in line with our corporate planning time period. It provides a detailed budget for 2014-2015 aimed at delivering the key activities that we have set out in our corporate plan, including specific details of our proposed ICT budget, in line with the direction of travel presented to and approved by the Council in November 2013.
- 12 During 2014-15 we will be reviewing our financial strategy to align with the planning timeframe for the Council's 2015-2020 strategy.

**Recommendation: The Council is recommended to approve the financial plan for 2014-2017 and the budget for 2014-2015. (Annexe 3)**

- 13 In September 2012 the Council decided to adopt a risk-based reserves policy and agreed that, on the basis of the risks assessed at that time that available free reserves should be in the range of £10 million to £20 million. In March 2013 the Council undertook a further review and agreed that the reserves should be in the range of £10 million to £25 million.
- 14 Following the latest annual review of reserves requirements, explained in more detail in Annexe 3, it is recommended to the Council that available free reserves should be in the region of £10 million to £30 million. The forecast available free reserves level at 31 March 2014 includes the impact of providing for an increase of £2.9 million in the pension fund deficit, based on the most recent scheme revaluation. This remains below the target available free reserves level and our plan remains to achieve that target level by January 2016 in line with the financial strategy.

**Recommendation: The Council is recommended to approve that the level of available free reserves should be in the range of £10 million to £30 million. (Annexe 3)**

- 15 The primary source of funding for the NMC to discharge its regulatory functions is through registrants' fees. The corporate plan, expenditure requirements and reserves requirements determine the level of fee that is required. The financial strategy approved in 2012 was based upon increasing the fee to £120 from March 2015. Based on our review of our plans and the identification of areas where we can deliver efficiencies whilst not impacting on our ability to achieve our regulatory commitments, the requirement remains to set a fee of £120 from March 2015. We acknowledge the views expressed by registrants and other stakeholders in the 2012 fee consultation but to provide effective regulation through the delivery of our corporate plan objectives requires an increase in income to meet the costs of protecting the public. **Annexe 4** provides more information in relation to the fee proposal, including the timescale for consultation, and consideration of subsidiary fees.

**Recommendation: The Council is recommended to agree to commence consultation to increase the annual registration fee to £120 from March 2015. (Annexe 4)**

- 16 Annexe 4 also sets out our latest considerations in relation to phased payments, which is in line with our response to the Health Select Committee.

**Recommendation: The Council is recommended to note the latest position regarding phased payments. (Annexe 4)**

- Public protection implications:** 17 The corporate plan places public protection firmly at the heart of everything we do. The financial plan provides the resources to ensure that the NMC is able to deliver efficient and effective regulation thereby protecting the public.
- Resource implications:** 18 This report is central to the allocation of resources to the NMC's key business and corporate plan priorities. With limited access to income sources and the requirement for lengthy consultation on any changes to registrant fees, the financial plan places priority on those activities directly or indirectly impacting upon public protection and on the NMC's business improvement programme.
- Equality and diversity implications:** 19 The corporate plan includes a specific objective (Objective 7) on promoting equality and diversity, which is a strengthened objective compared to the previous plan.
- Stakeholder engagement:** 20 The draft corporate plan and indicative financial plan were shared at the Council meeting in January 2014, and have been prepared with input from all areas across the NMC since December 2013. The proposals related to registrant fees will be subject to a formal consultation process during 2014, which is set out within Annexe 4 to this paper.
- Risk implications:** 21 **General risk.** The proposals within the corporate plan, key deliverables, financial plan and budget all reference risks highlighted through our risk management process and registers.
- 22 **Financial risk.** The financial plan includes measures to achieve the targeted minimum level of reserves required, as agreed by trustees, under Charity Commission guidance. The NMC's reserves have been below that level for some time, hence the target to restore them to the required level by January 2016.
- 23 **Reputation risk.** Proposals related to the setting of fee levels will require consultation, which is likely to yield considerable negative response. There is a risk that this process could impact upon the NMC's reputation. However, the raising of fees is the measure by which we are able to mitigate against financial risk and to achieve our public protection responsibilities.
- Legal implications:** 24 Legal advice has been sought where appropriate in the formulation of the proposals set out in this report and accompanying annexes.



## Corporate Plan 2014-17 DRAFT

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## Chair and Chief Executive's foreword

### Moving towards better regulation

The NMC Corporate plan sets out what we intend to achieve over the next three years and provides a benchmark by which our success may be measured. Underlying the plan is our aim to make continuous improvement in our core business of public protection, including better performance against the Professional Standards Authority's Standards of Good Regulation.

Both the Professional Standards Authority's 2012 Strategic Review and the Francis Inquiry Report continue to inform the NMC's work and this plan.

As we approach the end of the two year programme of change in response to the Professional Standards Authority Strategic Review recommendations, the focus of our change programme will shift to the delivery of our emerging long term corporate strategy for 2015–2020, which will be published later in the year.

We published our own considered response to the Francis report in July 2013. The Government response came in November, and we particularly welcomed the commitment to legislate at the earliest opportunity to provide all healthcare regulators with a modern and efficient legal framework. In the meantime we will be consulting in spring 2014 on a small number of immediate and urgent procedural amendments to our existing legislation. This will allow for the introduction of case examiners and the power to review 'no case to answer' decisions. We believe changes to our legislation are essential for us to make all our processes, but especially those driving our fitness to practise activities, faster, more efficient and more effective. Revisions to EU legislation will also have implications for our registrations and Fitness to Practise processes, education standards and ICT.

We also welcomed the Francis report's emphasis on the duty of professionals around candour. The NMC Code already sets out clear commitments to be open with patients and their families about their care, to respond appropriately to complaints, and to escalate concerns, in a timely way. Our updated Raising Concerns guidance for nurses and midwives was published in September 2013, becoming the first NMC publication to gain a crystal mark for plain English. We are also developing materials that will clearly explain to patients how they can voice concerns, as well as working more closely with employers on complaints procedures.

Through spring 2014 we are conducting consultation with stakeholders to help us shape a revised Code, which will be published towards the end of 2014. We are simultaneously consulting on guidance for revalidation, the model for which was approved by our Council last October.

Our new Council first convened in May 2013 and has been focusing on setting the NMC's strategic direction. In January it announced an immediate review of midwifery regulation. This came in response to a report from the Parliamentary and Health Services Ombudsman (PHSO), which questioned whether the current system of midwifery regulation was fit for the purpose of public protection in England.



An education strategy is part of the NMC's corporate strategic objective to protect the public by raising its profile, being transparent about its regulatory outcomes and focusing on risk proportionately. We are committed to having sound evidence for how we regulate as well as evaluating the impact of our work. We are also developing a programme of closer collaborative work with other regulators to enhance intelligence sharing. Through 2014, we will continue to strengthen and improve our registration policies and processes, including the expansion of online registration services.

The key workstreams for us over the next three years are:

- Continuing improvements to fitness to practise processes.
- Achieving financial stability.
- Ongoing review of registration policies and services.
- Implementing a model for ensuring nurses and midwives continue to be fit to practise.
- Delivering a robust engagement strategy.
- Continuing the roll out of HR and ICT modernisation strategies.

Through the plan runs a consistent theme in terms of priorities and our ambition to be a better regulator. The challenges are great, but as improvements in Fitness to Practise, such as clearing the historic backlog of cases, managing an increase in referrals and savings through the implementation of process and policy changes, show we are heading in the right direction.

Mark Addison  
Chair

Jackie Smith  
Chief Executive and Registrar

## Introduction

The Nursing and Midwifery Council is the professional regulatory body for nurses and midwives in the UK. Our role is to protect patients and the public through efficient and effective regulation.

We aspire to deliver excellent patient and public-focussed regulation and in doing this we strive to meet the *Standards of Good Regulation* developed by the Professional Standards Authority.<sup>1</sup>

## Our mission

Our primary purpose is to protect patients and the public in the UK through effective and proportionate regulation of nurses and midwives. We set and promote standards of education and practice, maintain a register of those who meet these standards and take action when a nurse or midwife's fitness to practise is called into question. By doing this well we promote public confidence in nurses and midwives and regulation.

## Our values

### We are accountable

- We act in the best interests of people who use or need the services of nurses and midwives.
- We take responsibility for our actions and are open and transparent.

### We are fair

- We act with integrity and can be trusted to use our powers responsibly.
- We are consistent in the way we deal with people and show consideration and understanding.

### We are professional

- We are known for our expertise and work to high standards in all we do.
- We look for innovative solutions and learn from our mistakes.

### We are progressive

- We provide strategic direction and lead the way in modern healthcare regulation.
- We build and maintain networks and work in partnership with others to fulfil our aims.

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<sup>1</sup> <http://www.professionalstandards.org.uk/regulators/overseeing-regulators/performance-reviews>

**We are inclusive**

- We respect and value everyone for their contribution, celebrate peoples' differences and provide equality of opportunity for all.
- We consult, encourage feedback, listen, and respond to our stakeholders.

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## A summary of our corporate goals and objectives

### Goal 1: Protecting the public

- Objective 1** We will safeguard the public's health and wellbeing by keeping an accessible accurate register of all nurses and midwives who meet the requirements for registration and who are required to demonstrate that they continue to be fit to practise.
- Objective 2** We will set evidence-based and accessible standards of education and practice and assure the quality of education programmes for nurses and midwives and the quality of supervision of midwives, so that we can be sure that all those on our register are fit to practise.
- Objective 3** We will take swift and fair action to deal with individuals whose integrity or ability to provide safe care is questioned, so that the public can have confidence in the quality and standards of care provided by nurses and midwives.

### Goal 2: Open and effective relationships

- Objective 4** We will maintain open and effective regulatory relationships with patients and the public, other regulators, employers, parliamentarians and the professions that help us positively influence the behaviour of nurses and midwives to make the care of people their first concern, treat them as individuals, and respect their dignity.
- Objective 5** We will develop and maintain constructive and responsive communications so that people are well informed about the standards of care they should expect from nurses and midwives, and the role of the NMC when standards are not met.
- Objective 6** We will improve the collection and use of our own data and intelligence from other sources, sharing what we know with other regulators and relevant partner organisations to improve public protection.

### Goal 3: Services, systems and staff

- Objective 7** We will promote equality and diversity in carrying out our functions and in delivering our services as a regulator and as an employer.
- Objective 8** We will develop effective policies, efficient services and governance processes that support our staff to fulfil all our functions.
- Objective 9** We will build an open culture which engages and empowers staff to perform to their best and which encourages learning and improvement.

## Activities to meet our corporate goals and objectives

**Goal 1: Public protection will be at the centre of all our activities. Our work will be designed around and measured against the benefits we can bring to the public.**

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### Objective 1

We will safeguard the public's health and wellbeing by keeping an accessible accurate register of all nurses and midwives who meet the requirements for registration and who are required to demonstrate that they continue to be fit to practise.

#### What we plan to do 2014 – 2015

- Continue to strengthen and improve our registrations policies and processes.
- Provide secure and easy to use online services for registrants.
- Introduce a test of competence for overseas applicants who were trained outside the European Economic Area.
- Improve our customer service for everyone who seeks registration with us or relevant information about our register.
- Scope our business requirements and commence modernisation of the systems supporting registration activities.
- Enable nurses and midwives to self-declare that they have in place, or will have in place, an appropriate indemnity arrangement when they practise in the UK.
- Continue to implement and engage on changes to European legislation.

#### What we plan to do 2015 – 2017

- Implement a modernised system to support registration services, which will include a facility to provide phased fee payments for nurses and midwives.
- Enhance our call centre operations, adopting a contact centre model, to provide an improved service.
- Deliver enhanced registration renewal, in accordance with the agreed model for revalidation.

**Outcomes**

- Only nurses and midwives that are suitably qualified and meet our standards can join the register or have their registration renewed.
- Our systems and processes are documented, quality assured and compliant with legislation and Council policy.
- Our registration processes are fair, efficient, transparent, secure and continuously improving.
- Our register is accurate, easily accessible to the public and easy to understand.
- Everyone who seeks registration with us or relevant information about our register receives good customer service.

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## Objective 2

We will set evidence-based and accessible standards of education and practice and assure the quality of education programmes for nurses and midwives and the quality of supervision of midwives, so that we can be sure that all those on our register are fit to practise.

### What we plan to do 2014 – 2015

- Consult, refine and publish evidence on our model for revalidation of nurses and midwives.
- Develop and publish a revised Code and standards for practice supported by guidance on revalidation.
- Develop and publish guidance on duty of candour.
- Review our current model of midwifery regulation to ensure that it is fit for purpose.
- Monitor and review our framework for the quality assurance of nursing and midwifery education to ensure that it is fit for purpose.
- Develop a new education strategy.
- Evaluate our pre-registration nursing and midwifery standards.

### What we plan to do 2015 – 2017

- Test our revalidation model via early implementers.
- Implement a proportionate model of revalidation for ensuring that nurses and midwives continue to be fit to practise (December 2015).
- Define and publish any additional guidance required to support the Code.
- Implement and evaluate our education strategy.
- Complete a review of our standards for prescribers and guidance on medicines management.
- Review our post-registration standards.

### Outcomes

- Evidence-based and accessible regulatory standards for the education and practice of nurses and midwives that prioritise patient and public safety and patient-centred care.

- Nurses, midwives, employers and the public are clear about the need for nurses and midwives to continue to be fit to practise.
- Nurses and midwives understand their responsibilities in putting the patient at the heart of what they do and raise and escalate concerns about poor care appropriately.
- Our process for quality assuring education is proportionate and takes account of the views of patients, service users and students.
- Weak or failing education providers are targeted for improvement.

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### Objective 3

We will take swift and fair action to deal with individuals whose integrity or ability to provide safe care is questioned, so that the public can have confidence in the quality and standards of care provided by nurses and midwives.

#### What we plan to do 2014 – 2015

- Continue to review our processes to improve efficiency, speed, quality, proportionality, fairness, and learning.
- Review and implement changes to our scheduling to ensure we are efficient with our resources.
- Deliver a new investigations model.
- Subject to legislative change, introduce case examiners to improve the timeliness, consistency and quality of early stage decision making.
- Improve the quality of decision-making by capturing learning points to inform guidance and training and to create a culture of continuous improvement.
- Implement changes to our case management system leading to greater efficiencies.
- Deliver a programme of customer service improvements based on feedback from our customers.
- Develop new and improved processes in accordance with changes to the legal framework.

#### What we plan to do 2015 – 2017

- Continue to develop new and improved processes in accordance with changes to the legal framework.
- Continue to review our processes to improve efficiency, speed, quality, proportionality, fairness, and learning.

#### Outcomes

- We will meet our published investigations and adjudication Key Performance Indicators.
- We will resolve 90% of cases in or under 15 months.
- All FtP decisions are well reasoned, consistent, protect the public and maintain confidence in the professions.
- Our fitness to practise process is transparent, fair, proportionate and focused on public protection.

- Fitness to practise cases are dealt with as quickly as possible, taking into account the complexity and type of case.
- Efficient business practices that deliver value for money.

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## **Goal 2: We will have open and effective relationships that will enable us to work in the public interest.**

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### **Objective 4**

We will maintain open and effective regulatory relationships with patients and the public, other regulators, employers, parliamentarians and the professions that help us positively influence the behaviour of nurses and midwives to make the care of people their first concern, treat them as individuals, and respect their dignity.

#### **What we plan to do 2014 – 2015**

- Improve our UK wide understanding and engagement.
- Strengthen our approach to patient and public engagement across the four countries.
- Learn through engagement about how senior nurses and midwives can contribute to our communications
- Develop a model to provide improved regional employer liaison and advice.
- Engage proactively with developments and inquiries in the healthcare landscape and act swiftly to respond.
- Explore ways in which we can assess the impact and effectiveness of our activities to raise awareness and understanding of our role.
- Promote understanding of our case for legislative change.

#### **What we plan to do 2015 – 2017**

- Continue to develop information sharing partnerships as our intelligence capacity improves.
- Implement regional liaison on the basis of the model we develop in 2014–2015.

#### **Outcomes**

- Patient and public protection is at the heart of everything we do.
- Our profile and public understanding of the NMC's role are improved.
- Timely and appropriate referrals into FtP.
- We demonstrate our ability to deliver effective and consistent regulation.
- Confidence in the NMC's professional regulation is increased.

## Objective 5

We will develop and maintain constructive and responsive communications so that people are well informed about the standards of care they should expect from nurses and midwives, and the role of the NMC when standards are not met.

### What we plan to do 2014 – 2015

- Continue to keep stakeholders up to date on our progress and be honest about the improvements we still have to make.
- Launch our refreshed website to meet the needs of the public, and nurses and midwives.
- Improve materials explaining our role to the public.
- Promote the revised Code as a resource for patients and public in understanding what they can expect from nurses and midwives.
- Enhance our digital presence through increased online services and extend our use of social media.
- Review and develop the content, promotion and distribution of our public e-newsletters.
- Use plain English in all our public-facing materials.

### What we plan to do 2015 – 2017

- Promote our strategy for 2015–2020.
- Continue to enhance our communications around key initiatives such as revalidation.
- Ensure stakeholder understanding of legislative changes.

### Outcomes

- We are open with our stakeholders about the progress of our improvement activity.
- The public, employers and other stakeholders understand the role of the NMC and how to engage with us.
- Confidence in the NMC's professional regulation is increased.

## Objective 6

We will improve the collection and use of our own data and intelligence from other sources, sharing what we know with other regulators and relevant partner organisations to improve public protection.

### What we plan to do 2014 – 2015

- Improve the quality and completeness of data available to enable evidence-based regulation.
- Build risk and intelligence capabilities, aligned with a research and evidence function, so that we can identify potential issues and risks to patients.
- Continue to develop a programme of collaborative work with other regulators and organisations, so that we can improve our joint working and intelligence sharing arrangements to help identify and act on risks to patients.
- Develop and deliver a robust evaluation model to support our understanding of the impact of our interventions and standards.

### What we plan to do 2015 – 2017

- Further develop our analytical and intelligence based assessments to support identification of trends and indicators to allow a more proactive approach to regulation.
- Improve our public reporting of our data and related analysis for wider use by the sector.
- Develop the evidence base from revalidation into factors affecting risk in the practice of nursing and midwifery.

### Outcomes

- Clear organisational understanding and identification of knowledge and intelligence needs.
- Information and data is consistent, with methodologies understood and replicable.
- NMC can take prompt decisions on the basis of accurate consistent intelligence and data.
- More targeted and proportionate regulatory action.
- Risks to patient safety are identified and acted on quickly.
- Evidence-based standards and guidance.
- Enhanced ability to take a more proactive and preventative approach to ensure public protection.

**Goal 3: Our staff will have the skills, knowledge and supporting systems needed to help us provide excellent services to the public and the people that we regulate.**

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**Objective 7**

We will promote equality and diversity in carrying out our functions and in delivering our services as a regulator and as an employer.

**What we plan to do 2014 – 2015**

- Implement a revised equality and diversity strategy across the organisation.
- Improve our methods of collecting and analysing data about the diversity of nurses and midwives on our register and fitness to practise outcomes.
- Undertake analysis to understand how our activities, services and functions impact on diverse groups.
- Deliver quality services relevant to the needs of diverse groups and communities.
- Ensure that our staff and partners are aware of their accountabilities and responsibilities in relation to equality and diversity.
- Continue to work in partnership with diverse groups and external diversity experts to inform our work.
- Improve our governance processes to support the delivery of equality and inclusion.
- Demonstrate a good reputation as a fair employer and regulator.

**What we plan to do 2015 – 2017**

- Publish data about the diversity of nurses and midwives on our register and fitness to practise outcomes.
- Further develop our strategy and action plan.

**Outcomes**

- A better understanding of how our activities, data collection and decision-making impact on diverse groups.
- Our policies and procedures do not impact adversely on any particular group
- Compliance with equality and diversity legislation

## Objective 8

We will develop effective policies, efficient services and governance processes that support our staff to fulfil all our functions.

### What we plan to do 2014 – 2015

- Set a budget and a long term financial plan that supports business need and achieves our reserves targets.
- Achieve efficiency savings through improved contracts management and procurement practice.
- Embed a culture of continuous learning and improvement which provides strong assurance and results in process improvements, risk reduction and efficiency savings.
- Improve the experience of all our customers when they interact with us.
- Ensure we are prepared for forthcoming legislative change.
- Redefine our change programme to be one of transformation supporting our emerging corporate strategy.
- Continue to improve our information technology, security and governance arrangements.
- Develop our capacity regarding business analysis and project management.
- Manage the transition of our hearing facility at Old Bailey to new accommodation.

### What we plan to do 2015 – 2017

- Develop a long term accommodation strategy.
- Drive through a programme of efficiencies.
- Implement further transformational change.

### Outcomes

- Clarity in our long term financial needs plans and fee requirements resulting in higher levels of accountability, transparency and demonstration of value for money.
- Effective delivery of our corporate goals and objectives.
- A culture of continuous learning and improvement.
- Timely, well informed and transparent decisions made by Council.

- Confidence that our business systems and processes are fit for purpose and are complied with.
- An enhanced reputation as a regulator with our stakeholders.

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## Objective 9

We will build an open culture which engages and empowers staff to perform to their best and which encourages learning and improvement.

### What we plan to do 2014 – 2015

- Implement effective workforce planning, demonstrating a proactive and longer term approach to decision making and resource planning.
- Improve performance management through implementation of a new appraisal system.
- Further development of career progression pathways, reward system and our market position as an employer.
- Develop clear alignment between our workforce skills and behaviours and our emerging corporate strategy and transformation work.
- Foster a culture of openness in which staff feel able to raise concerns so we can learn from our mistakes.
- Conduct an annual staff survey, learn from what staff tell us and implement improvements in response.

### What we plan to do 2015 – 2017

- Review reward systems.
- Continue to evaluate our workforce planning and learning and development programmes to ensure close alignment to long term need.

### Outcomes

- We have greater understanding and control over staff turnover.
- Public protection is enhanced through a high performing workforce delivering efficient and effective regulation.
- Staff are motivated, feel valued and are fairly rewarded for the roles they perform, as evidenced by the way in which they work and their ongoing commitment to the organisation.
- An improved employer brand fostering a culture of pride.

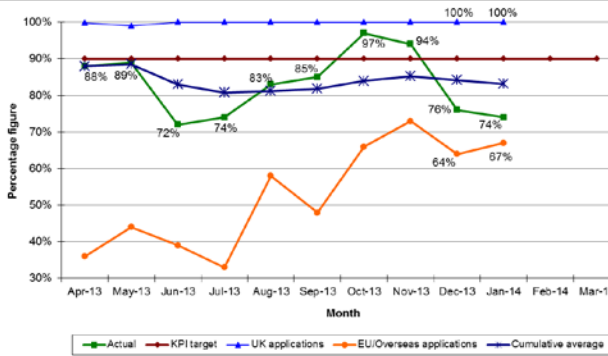


# Annexe 2: Current Set of Corporate Key Performance Indicators 2013-2014

Here are the key performance indicators (KPIs) and revised targets that we aim to start reporting on from April 2014. We aim to continue using the same graph formats. Graphs for January 2014 are presented here, as illustration of the format for each KPI.

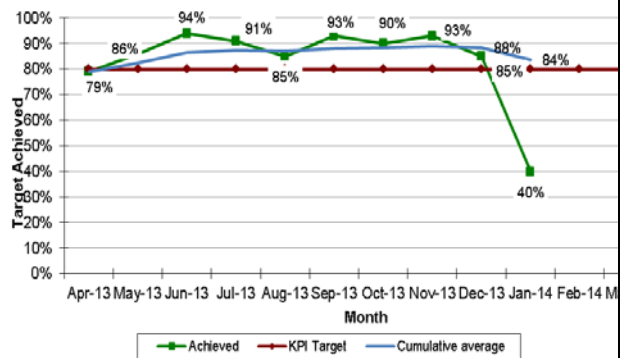
## KPI 1: Percentage of registration applications completed within 90 days

**Year end average target (March 2015): 90%**



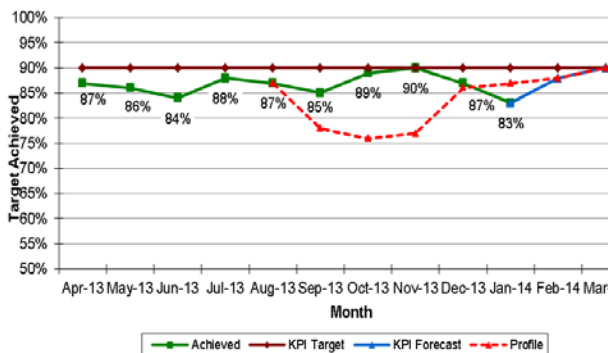
## KPI 2: Percentage of interim orders (IOs) imposed within 28 days of receipt of referral

**Year end average target (March 2015): 80%**



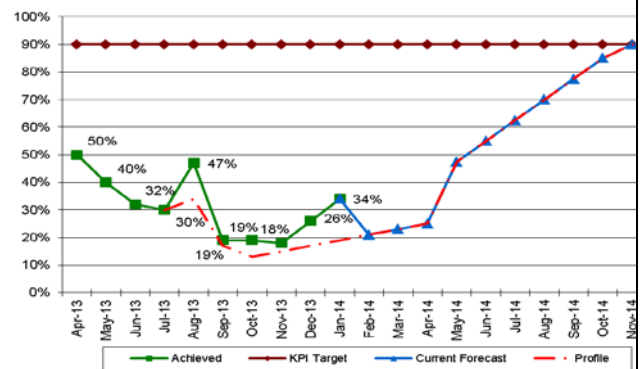
## KPI 3: Percentage of cases progressed through the investigation stage within 12 months

**March 2015 target: 90%**



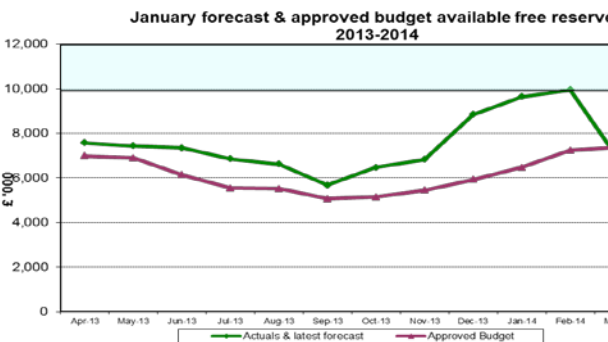
## KPI 4: Percentage of cases progressed through the adjudication stage to the first day of a hearing or meeting within 6 months

**December 2014 target: 90%**



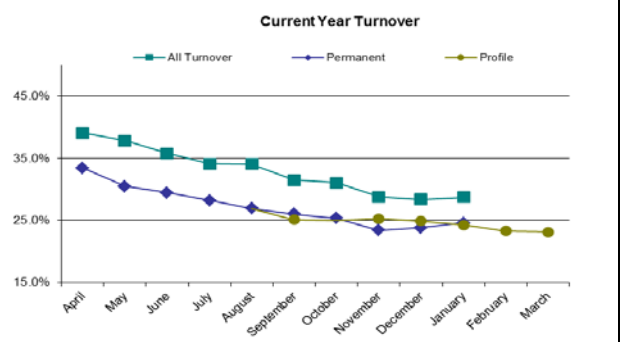
## KPI 5: Available free reserves

**March 2015 target (budget): £6.7 million**



## KPI 6: Staff turnover rate

**March 2015 target: 24.5%**





## Financial Plan for 2014-2017, Budget for 2014-2015, and annual review of reserves

<b>Action:</b>	For decision.		
<b>Issue:</b>	The financial plan for 2014-2017, proposed budget for 2014-2015 and annual review of reserves.		
<b>Core regulatory function:</b>	Supporting functions.		
<b>Corporate objectives:</b>	The recommendations in this paper are consistent with Objective 8 of the Corporate Plan, namely 'We will develop effective policies, efficient services and governance processes that support our staff to fulfil all our functions.'		
<b>Decision required:</b>	<p>The Council is recommended to:</p> <ul style="list-style-type: none"><li>• Approve the NMC financial plan for 2014-2017 and the proposed budget for 2014-2015</li><li>• Agree the proposed amendments to the risks informing the reserves level, and agree the target range of reserves between £10 million and £30 million.</li></ul>		
<b>Annexes:</b>	<p>The following annexes are attached to this paper:</p> <ul style="list-style-type: none"><li>• Schedule 1: Graph of progress towards meeting the reserves target versus financial strategy</li><li>• Schedule 2: 2013-14 Forecast and three year budget summary 2014-2017</li><li>• Schedule 3: Detailed 2013-14 forecast and three year budget 2014-2017</li><li>• Schedule 4: Key assumptions underpinning the budget</li><li>• Schedule 5: Major risks and potential financial impact, to be covered by reserves.</li></ul>		
<b>Further information:</b>	<p>If you require clarification about any point in the paper or would like further information please contact the author or the director named below.</p> <table><tr><td>Author: Verity Somerfield Phone: 020 7681 5670 <a href="mailto:verity.somerfield@nmc-uk.org">verity.somerfield@nmc-uk.org</a></td><td>Director: Mark Smith Phone: 020 7681 5484 <a href="mailto:mark.smith@nmc-uk.org">mark.smith@nmc-uk.org</a></td></tr></table>	Author: Verity Somerfield Phone: 020 7681 5670 <a href="mailto:verity.somerfield@nmc-uk.org">verity.somerfield@nmc-uk.org</a>	Director: Mark Smith Phone: 020 7681 5484 <a href="mailto:mark.smith@nmc-uk.org">mark.smith@nmc-uk.org</a>
Author: Verity Somerfield Phone: 020 7681 5670 <a href="mailto:verity.somerfield@nmc-uk.org">verity.somerfield@nmc-uk.org</a>	Director: Mark Smith Phone: 020 7681 5484 <a href="mailto:mark.smith@nmc-uk.org">mark.smith@nmc-uk.org</a>		

- Context:**
- 1 The budget for 2014-2015 has been completed as part of a three year financial plan, in conjunction with the development of the Corporate Plan for 2014-2017.
  - 2 The development of the budget and Corporate Plan has been overseen by the Executive Board. An update on the position regarding fees was considered by the Council in January 2014.
  - 3 Under our Financial Regulations, the budget is required to be approved by the Council at the March 2014 meeting.
  - 4 This paper should be read in conjunction with Annexe 4, *Annual review of fee levels*, which provides further context on the level of funding required to deliver the activities set out in the corporate plan.
  - 5 The budget is based primarily on the financial strategy which was used to determine the decision on fees taken by Council on 25 October 2012, and in addition takes into account regulatory developments and commitments since that point.
  - 6 The principal drivers of the budget are:
    - 6.1 To deliver our FtP performance to the standard and levels required to protect the public, and meet our commitments to external stakeholders
    - 6.2 To maintain our core regulatory focus
    - 6.3 To ensure that our activity is managed within the funding levels agreed in our financial strategy
    - 6.4 To ensure that we are able to restore reserve levels to plan, to ensure financial sustainability.

- Discussion and options appraisal:**
- 7 The proposed budget for 2014-2015 is presented in the context of the financial strategy, to which we are still adhering, and the activities set out in our Corporate Plan.
  - 8 The discussion in the body of this paper concentrates on the comparison of the proposed budget to the financial strategy.
  - 9 We have included sensitivity analysis where appropriate to support Council in their considerations and decision making.

### **Financial strategy**

- 10 The Council had extensive discussions in relation to expenditure requirements and various funding options over the summer 2012, which culminated in the decision to increase the registration fee to £100 at the

meeting on 25 October 2012.

- 11 Our funding requirement to meet costs required a fee of £120 per registrant. Following the acceptance of a DH grant of £20 million the fee level was set at £100 for two years, to then increase to £120 from March 2015. The grant effectively represented a fee subsidy for the two year period.
- 12 The impact of the proposed budget on our available free reserve levels versus the financial strategy is illustrated in the graph at Schedule 1.
- 13 Available free reserves are our key financial indicator and are based on free reserves less our pension deficit. The Council agreed in September 2012 that our risk-based reserve level should be in the range of £10 million to £20 million. Following a review in March 2013 this was updated to be a range of £10 million to £25 million. The financial strategy was approved on the basis that available free reserves would be restored to the minimum target level of £10 million, by January 2016, a condition on which the DH grant was given.
- 14 The proposed budget forecasts available free reserves to be £6.7m at March 2015. Based on that budget and the underlying income assumptions, we will still achieve the targeted minimum reserves level by January 2016.

### **Progress to date against the Financial Strategy**

- 15 The direction of travel over 2012-2014 has been to outperform the financial strategy through a combination of underspends and deferred activity in revenue and capital expenditure.
- 16 Financial performance in 2012-2013 resulted in available free reserves being £6 million better than the financial strategy, arising from slower than expected staff recruitment across the NMC, operational efficiencies and lower operational costs.
- 17 Financial performance in 2013-2014 has been broadly in line with the financial strategy. Expenditure has been lower than the financial strategy as a result of revised timescales for revalidation, the deferral of the PSA levy, lower ICT running costs, a longer timescale for the implementation of the pay and grading review, reduced QA of Education activity, and lower costs for phase 1 of the ICT stabilisation strategy. These variances have been offset to an extent by an increase in the pension deficit and increased investment in our registrations function.
- 18 Available free reserves at 31 March 2014 are now expected to be £6.8 million versus the financial strategy projection at that date of £1.4 million.

## Financial Plan income and expenditure

### Budget 2014-2015

#### Income

- 19 Total income varies year on year over the three year period 2012-2015 due to the treatment of the £20 million grant from the Department of Health. In the financial strategy it was assumed we would receive the money on a monthly basis and we would treat it as additional monthly income, until December 2014. However, we were given the grant in one instalment in February 2013 and recognised it all as income in 2012-2013 (restricted). We are releasing equal amounts from restricted reserves into free reserves over the period to December 2015. This is set out in Schedule 2.
- 20 Periodic fee income is in line with the financial strategy in each year.
- 21 Other income levels are broadly in line with the financial strategy. However in 2016-2017 an increase in the rate of interest has been budgeted, to 2.5% from current levels of approximately 1%, on the basis of current Bank of England projections.

#### Revenue expenditure

- 22 The assumptions upon which the financial strategy and the current proposed three year budget are based have been externally validated. They continue to be monitored over time.
- 23 Revenue expenditure in 2014-2015 is £7.5 million higher than the financial strategy.
- 24 £1.7 million of this increase is due to expenditure on overseas registrations work and the development of a Test of Competency. This work however is funded by the Department of Health, and is offset by grant income, resulting in no impact to available free reserves.
- 25 The remaining increase in expenditure from the financial strategy is due primarily to:
  - 25.1 increased FtP costs on the back of increased volumes, (see below),
  - 25.2 increased contingency provision, and
  - 25.3 investment in a number of new workstreams, set out below.
- 26 Due to the changing nature of regulation and to co-ordinate our change programme, a number of new workstreams have been initiated. These include:



- 26.1 the implementation of a project management office
  - 26.2 the development of a FtP change and improvement programme
  - 26.3 the registration improvement plan
  - 26.4 investment in business planning
  - 26.5 investment in an internal Quality Assurance function
  - 26.6 the review of the Code
  - 26.7 the development of an Education strategy
  - 26.8 the development of a model for regional representation in FtP.
- 27 These workstreams in total will cost £3 million in 2014-2015.
- 28 These increases from the financial strategy have been offset to an extent by:
- 28.1 the deferral of the PSA levy until 2015-2016, therefore no budget is required for this in 2014-2015, and
  - 28.2 ICT 'business as usual' costs budgeted to be £1 million lower than the strategy level each year.
- 29 The PSA levy is a proposed charge on each healthcare regulator, in order to pay for the PSA itself. Increased ICT running costs as a result of system and infrastructure upgrades have been offset by a substantial reduction in the level of contractor resource used in ICT.

### **Fitness to Practise**

- 30 The primary drivers of the cost of the NMC's regulatory workload are:
- 30.1 The rate of referrals to Fitness to Practise. As previously discussed by the Council, since the decision to refer is outside our control, the level of referrals is difficult to predict or control.
  - 30.2 The proportionality of approach at the early stage of case progression ensuring that we focus on cases requiring regulatory action. This impacts directly on the rate of referral from investigation to adjudication.
  - 30.3 The length of time taken to complete cases referred to the Conduct and Competence Committee. Substantive conduct hearings are the most expensive single element of the fitness to practise process. We are planning to substantially increase the use of alternative case disposal methods (substantive meetings, voluntary removals and consensual panel determination) in appropriate cases in order to consider and conclude cases more

expeditiously. These have been factored in as efficiency savings to the financial plan and are achievable under our existing legislative framework.

- 31 The financial strategy was predicated on planning assumptions of an 8 percent annual increase in referrals, an average length of 3.5 days per hearing, and activity levels based on 20 hearings per day in April and May 2013, rising to 22 in June 2013, until December 2014. At that point activity was expected to reduce to the underlying level required to service the caseload at that point, which would have been increased at a rate of 8% per annum from the 2011-2012 baseline.
- 32 The actual referral level has increased in 2013-2014 and currently referrals are up year on year by 15%. Although 2012-2013 had an unusual fall in referrals, the publication of the Francis report combined with the raising of concerns in a number of other NHS trusts may well translate into increased referrals to the NMC.
- 33 For the purposes of the three year plan, a 10% increase in referrals has now been assumed. This is in line with the compound increase in referrals we have seen in recent years and is baselined on current caseload volumes. It is also in line with the projections of other regulators.
- 34 We will continue to assume that cases proceeding to a full hearing will take an average of 3.5 days to conclude.
- 35 The management of the caseload is aimed at ensuring the delivery of the FtP KPIs on target and as agreed with the Department of Health, by December 2014.
- 36 Based on current projections for referrals, investigations, hearings and meetings, and taking into account the efficiencies arising from the initiatives currently being implemented, FtP expenditure is now projected to rise from 2013-2014 levels of £41.7 million to £42.6 million in 2014-2015, then reducing to £39.3 million and £40.5 million in 2015-2016 and 2016-2017 respectively. The cost per referral is budgeted to reduce through a more proportionate approach to investigations and greater use of alternatives to full hearings in adjudication.
- 37 The budget for Investigating Committee (IC) hearing days drops down to one from March 2015 with the introduction of Case Examiners. The budget for 2014-2015 assumes Case Examiners will be in post from December 2014, and will substantially reduce the work of the IC from March 2015.
- 38 Efficiency savings over the three years have been factored into the FtP budget. The Corporate Efficiency Steering Group will monitor the progress in reducing the cost per referral by monitoring closure rates at the early stages and the level of alternative to hearing disposals.

- 39 Although the budget is based on a number of specific assumptions, a change in the referral rate or average length of hearings would have the greatest impact on our financial position. The table below sets out the cumulative financial impact of changes (in £ million) to the length of hearings and referral rates, over the three year budgetary period.

		Referral Rates			
		8%	10%	12%	14%
Hearing Day Length	4.0	(4.8)	(6.0)	(7.2)	(8.4)
	3.5	1.0	0.0	(1.0)	(2.1)
	3.0	5.8	5.1	4.3	3.4

- 40 The base scenario is for a 10% referral rate and a 3.5 days average length of a hearing.
- 41 The tables below set out the financial impacts for varying closure rates at both the screening and IC / Case Examiner stages (in £ million) against the submitted budget. The screening closure rate is assumed at 37% and budgeted accordingly and the Investigating Committee / Case Examiner closure rate is likewise assumed and budgeted at the current rate of 49%.

			Variance			
			2014 - 15	2015 - 16	2016 - 17	TOTAL
Screening closure rate	Budgeted	37%	0.0	0.0	0.0	0.0
	Current	35%	(0.2)	(0.6)	(0.7)	(1.4)
	Worst	33%	(0.3)	(1.1)	(1.4)	(2.9)

			Variance			
			2014 - 15	2015 - 16	2016 - 17	TOTAL
IC / CE closure rate	Budget / Current	49%	0.0	0.0	0.0	0.0
	Between Current & Worst	40%	(0.7)	(3.0)	(3.6)	(7.4)
	Worst	30%	(1.7)	(6.9)	(7.7)	(16.3)

- 42 From this it can be seen that the management of the average length of hearings and closure rates are key determinants of success in meeting our financial commitments.

## Registrations

- 43 Since the completion of the financial strategy, there has been a substantial review of registration, in particular in relation to overseas registration.
- 44 Additional investment has been budgeted to improve the registration processes, customer service and quality.
- 45 Online services phase 1 has gone live in 2013-2014. The introduction of online services is expected to deliver increasing cost efficiencies each

year.

### **Revalidation**

- 46 The current expected spend over four years to develop, implement and run our proposed model of revalidation is £5 million. The implementation costs of £1.9 million include staff costs, ICT costs, consultancy, and external engagement costs, which are in line with the financial strategy.
- 47 This compares favourably to the £6.1 million provided in the financial strategy over the corresponding period.
- 48 The costs are expected to be incurred later than originally envisaged in the financial strategy, following the re-scoping of the work required for delivery.
- 49 A significant change in revalidation scope or sample size, built into the registration renewal requirements, would incur additional costs, and these are factored into our reserve risks.

### **Headcount and salary budget**

- 50 The budget is based on the basic assumption of a full 'establishment' of approved roles for the whole year factored down by £500k to reflect a normal level of vacancy gap, which will be monitored closely through the year.
- 51 The compound average growth rate of the NMC's average salary per employee has been only 0.7% over the last 8 years demonstrating tight control over pay. For budgeting purposes only, a 2.7% increase in salaries has been included (£0.5 million in 2014-2015). No decisions will be made on pay until the new financial year, and only then on the basis of affordability.
- 52 A long – awaited pay and grading review was implemented in January 2014 following extensive consultation with staff. The outcomes of the review reinforced the perception that NMC pay scales did not compete favourably with the market in many cases making recruitment and retention of employees difficult. The annualised incremental cost of implementing the minimum level of changes to pay and reward of £0.7 million (2.8% of total salary budget) was well within the amount included in the financial strategy.
- 53 The financial risk related to the defined benefit pension scheme has been limited by the closure of the scheme to new entrants from November 2013. Further review of the pension scheme is scheduled in early 2014-2015. Longer term savings arising from the changes to the pension arrangements have been factored into the budget.

### **Contingency**

- 54 A central contingency will be used to cover any unforeseen expenditure.

Given the level of uncertainties and the fact that reserves will still be below the minimum required level, a £3 million contingency has been included in the 2014-2015 budget, which is 3.8% of total costs for that year.

### **Capital expenditure**

- 55 Capital expenditure is broadly in line with the financial strategy. However the mix between ICT and estates expenditure changes as we place increased focus on maintaining our plant and equipment as it nears the end of its economic life as part of our accommodation strategy. A longer term accommodation strategy will be developed during 2014-15 in preparation for the expiry of two existing leases at the end of 2019.
- 56 The financial strategy for 2014-2015 included total capital expenditure of £5 million, with £3 million for the implementation of the ICT strategy and £2 million for refurbishment and development of the estate.
- 57 The budgeted capital spend for 2014-2015 is lower, at £4.2 million. This comprises £2.6 million for the next phases of the ICT strategy, and £1.7 million for estates of which £1.3 million represents the fit out of a leased building to replace the FtP hearing premises at Old Bailey. The lease on this expires in November 2014, and alternatives are currently being actively considered.
- 58 The ICT capital budget represents the indicative investment required to deliver the next phase of our ICT development programme, as presented to the Council in November 2013. Each major work stream will be subject to feasibility assessment and project planning in line with governance frameworks before funds will be formally committed to the projects.
- 59 The detailed capital budget for 2014-2015 and the two subsequent years of the financial plan is set out below:

<b>ICT capital programme</b>				
	<b>2014 - 15</b>	<b>2015 - 16</b>	<b>2016 - 17</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
ICT project resource	449	1,505	0	1,854
Strategic development programme phase 2	200	150	100	450
Agile ICT	190	90	90	370
Registration improvements	100	100	0	200
Public register enhancements	80	80	0	160
Revalidation	100	100	0	200
Wiser replacement project	500	900	100	1,500
FtP enhancements	50	200	125	375
Risk and Intelligence	50	100	0	150
Management Information	75	75	75	225
CRM enhancements	75	75	75	225
Website enhancements	100	57	0	157
NMC online	185	0	0	185
Continuing Practice Enhancements	50	100	0	150
iNMC	50	215	135	500
BAU investments	300	300	300	900
<b>Total</b>	<b>2,553</b>	<b>4,047</b>	<b>1,000</b>	<b>7,601</b>
<b>Estates capital programme</b>				
	<b>2014 - 15</b>	<b>2015 - 16</b>	<b>2016 - 17</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
FtP hearing venue (Old Bailey replacement)	1,302	0	0	1,302
Accommodation strategy	300	1,250	3,750	5,300
BAU investments	50	50	50	150
<b>Total</b>	<b>1,652</b>	<b>1,300</b>	<b>3,800</b>	<b>6,752</b>

### Budget 2015-2017

- 60 The financial strategy and budget are based on the assumption of an increase in the annual registration fee to £120 from March 2015. Therefore periodic fee income is budgeted to increase to its unsubsidised rate of £120 per registrant from March 2015. Without the proposed fee increase the NMC would face annual operating deficits of at least £7 million, which is unsustainable and we would have to significantly curtail the activities set out in our corporate plan for future years.
- 61 Expenditure in 2015-2016 is budgeted to be £6.9 million higher than the financial strategy. The variance arises principally from the following:

- The new activities as set out in paragraph 26,
- A net increase in FtP costs due to increased activity levels,
- An increase in the cost of revalidation profiled for that year as a result of timing differences in profiling rather than an overall incremental programme cost;
- An increase in the contingency fund to cover unexpected risks of having to meet new regulatory requirements and any requirement to further address market pay issues.

**Recommendation: to approve the proposed expenditure budget for 2014-2015.**

**Review of risks underpinning the reserves target level**

- 62 The Council reviews the risks underpinning the reserves target on an annual basis.
- 63 The current risk profile underpinning the reserves target level has been reviewed against the latest risk register.
- 64 A proposed amended risk profile is set out at Schedule 5 - Major risks and potential financial impact, to be covered by reserves.
- 65 A number of changes have been proposed in relation to the assessment of the likely financial impact, and the addition of several new risks.
- 66 The new risks added are in relation to:
- 66.1 The risk to registrant volumes and therefore a reduction in income arising from the introduction of Revalidation. The risk has been assessed on the basis of a two to five percent decrease in the number of registrants and periodic fee income.
- 66.2 The risk associated with the implementation of new ICT systems, requiring additional investment.
- 66.3 The risks associated with the outcome of the Law Commission review of legislation, any issues arising from the implementation of EU directives, the costs of disaster recovery and the impact of Scottish independence.
- 67 The potential financial impact has been amended on several risks, in the light of progress to date or further consideration.
- 68 Risks associated with the overseas register have crystallised and are now reflected in 2013-2017 budgeted expenditure.
- 69 Fraud exposure in relation to registrant identity is no longer included as a

separate risk requiring retention of reserves.

- 70 The risk relating to extraordinary reviews has been reduced as some costs have been moved into budgeted expenditure.
- 71 Revalidation has been 'de-risked' as far as the reserves risks are concerned, as the project is making good progress and a better view has been formed of likely requirements.
- 72 Risks associated with FtP volumes have been reduced as referral levels are now included at 10% in the budgeted expenditure.
- 73 The risk associated with EU legislation has been increased to reflect increased focus around the introduction of language testing and the introduction of various EU legislative requirements.
- 74 The re-assessment of the risks and their potential financial impact gives rise to a potential exposure in a range of between £20 million and £40 million. Using the previous methodology of covering between half the minimum and 75% of the maximum exposure, gives rise to a target available free reserves level in the range of £10 million to £30 million.

**Recommendation: to agree the proposed amendments to the risks informing the reserves level, and agree the target range of reserves between £10 million and £30 million.**

### **Efficiency**

- 75 A key strand of our financial strategy is to '*ensure optimal use of [those] resources at all times to maximise the value obtained from registrants' fees*'. We have established a Corporate Efficiency Steering Group to scrutinise and challenge processes, systems and management information to ensure the NMC optimises value for money, commerciality, and efficient use of resources in all aspects of its work.

### **Efficiency programme**

- 76 We are committed to ensuring that every pound spent to protect the public represents value for money. To this end we have developed a simple value for money framework that will drive our efficiency programme over the next three years. It is based on three principles:
  - 76.1 **Economy** – ensuring that inputs of appropriate quality and quantity are acquired at the lowest possible economic cost.
  - 76.2 **Efficiency** – ensures that the maximum level of outputs have been returned from a set level of inputs.
  - 76.3 **Effectiveness** – ensures that the service has met predefined objectives or targets.



77 The key elements of our efficiency programme are:

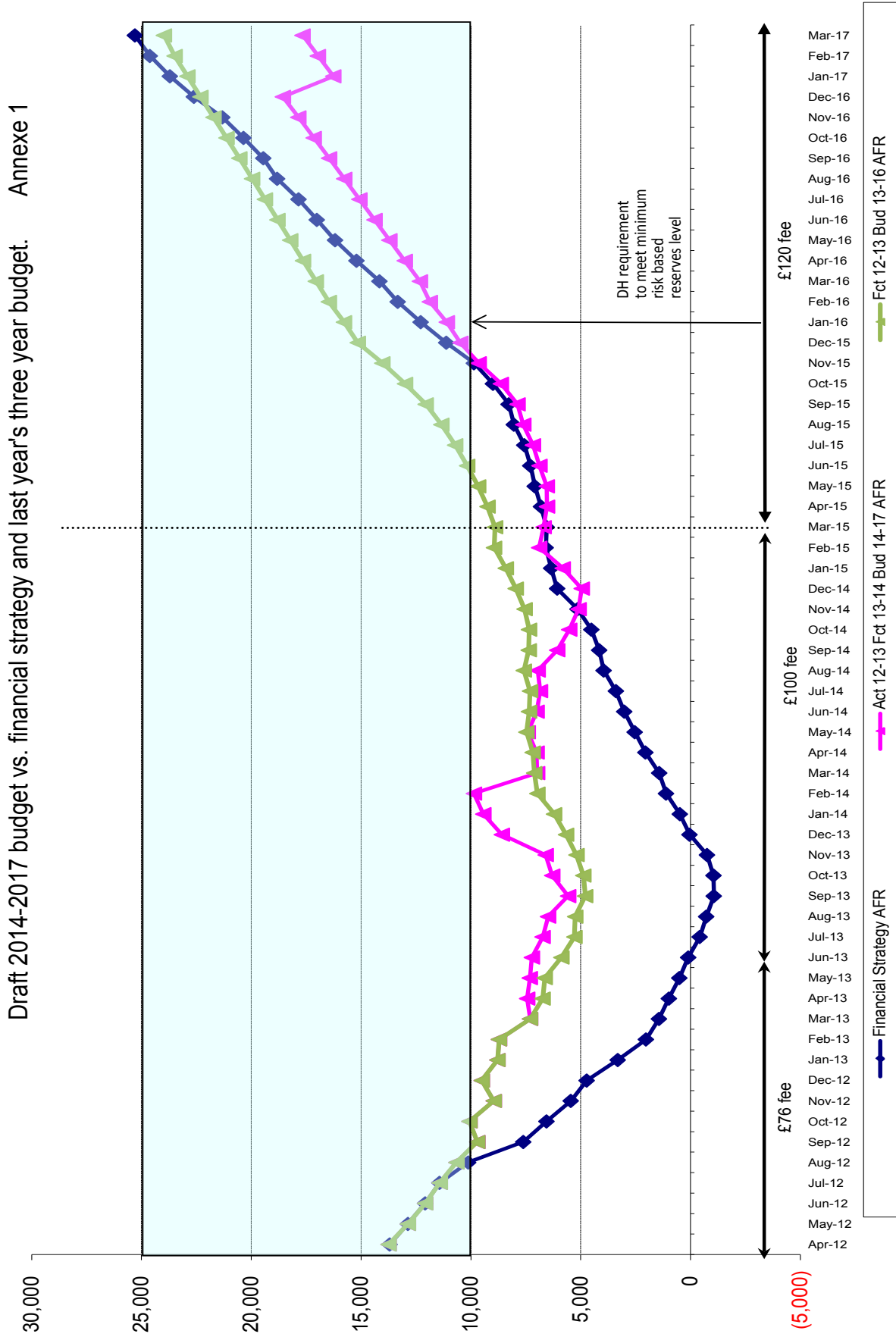
- **Strategic procurement review** – we have segmented our supply chain into expenditure categories and identified, for each category, what our preferred procurement route is and where we will seek to target procurement savings over the next three years. Savings of £200k are being targeted and will be reported upon during 2014-2015.
- **Process review** – ensuring that economy, efficiency and effectiveness are built into the forthcoming review of core processes so that potential savings can be quantified and measured.
- **Benchmarking** – adopting a targeted approach to the use of benchmarking with other regulators or other bodies on a small range of critical indicators.
- **Baselining** – establishing a set of high level costs to set the baseline against which future savings can be measured. The key baseline indicators will be:
  - Cost per Fitness to Practise referral
  - Cost per Registrant application
  - ICT cost per head
- **Skills development** – ensuring that our workforce becomes more skilled at contract management and securing value for money improvements in all that we do.

#### **Efficiency targets for 2014-2015**

- 78 We have made significant efficiency savings over the last three years, principally in our Fitness to Practise functions and from prior year organisational restructuring and have reported progress on achieving targeted efficiency savings of £25 million over a three year period ending in 2014-15.
- 79 Through our approach to efficiency, articulated above, we have identified further savings within our 2014-2015 business plan amounting to £4.7 million (6%) of total planned expenditure.
- 80 Without these savings and those arising from prior year decisions the fee requirement would be close to £150 but the savings have limited any fee requirement to £120.



Schedule 1: Graph of progress towards meeting the reserves target versus the financial strategy





**Comparison of key financial indicators - draft budget and financial strategy £K**

	<b>Actual, Forecast and Budget 2014-2017</b>				
	2012-13	2013-14	2014-15	2015-16	2016-17
Periodic Fee Income	51,298	61,332	67,620	75,849	81,054
Grant Income	20,000	1,526	1,654	0	0
Other income	2,058	2,214	1,974	1,970	3,005
<b>Total Income</b>	<b>73,356</b>	<b>65,072</b>	<b>71,249</b>	<b>77,819</b>	<b>84,059</b>
Revenue expenses	63,267	71,284	78,748	77,055	76,826
<b>Surplus\deficit</b>	<b>10,090</b>	<b>(6,212)</b>	<b>(7,499)</b>	<b>764</b>	<b>7,233</b>
Capital	1,676	2,469	4,205	5,347	4,800
Total free reserves	15,279	16,463	15,039	19,551	26,771
Pension deficit	7,877	9,645	8,367	7,244	9,121
<b>Available free reserves</b>	<b>7,402</b>	<b>6,818</b>	<b>6,671</b>	<b>12,307</b>	<b>17,650</b>
Movement in restricted reserves	1,263	6,857	6,857	5,143	0
Cash at bank	75,417	77,744	71,897	75,681	82,443

	<b>Financial Strategy</b>				
	2012-13	2013-14	2014-15	2015-16	2016-17
Periodic Fee Income	51,117	60,947	67,220	75,409	80,574
Grant Income	909	10,909	8,182	0	0
Other income	1,913	1,859	1,959	2,136	2,360
<b>Total Income</b>	<b>53,939</b>	<b>73,715</b>	<b>77,361</b>	<b>77,545</b>	<b>82,934</b>
Revenue expenses	69,716	71,837	71,232	70,154	73,075
<b>Surplus\deficit</b>	<b>(15,777)</b>	<b>1,878</b>	<b>6,130</b>	<b>7,391</b>	<b>9,860</b>
Capital	406	5,000	5,000	5,000	5,000
Total free reserves	9,315	8,177	12,178	18,669	28,681
Pension deficit	7,877	6,754	5,630	4,507	3,384
<b>Available free reserves</b>	<b>1,438</b>	<b>1,423</b>	<b>6,548</b>	<b>14,162</b>	<b>25,297</b>
Movement in restricted reserves	0	0	0	0	0
Cash at bank	52,218	57,329	63,003	75,045	85,365

	<b>Variance</b>				
	2012-13	2013-14	2014-15	2015-16	2016-17
Periodic Fee Income	181	385	400	440	480
Grant Income	19,091	(9,383)	(6,528)	0	0
Other income	145	355	15	(166)	645
<b>Total Income</b>	<b>19,417</b>	<b>(8,643)</b>	<b>(6,112)</b>	<b>274</b>	<b>1,125</b>
Revenue expenses	6,449	553	(7,516)	(6,901)	(3,751)
<b>Surplus\deficit</b>	<b>25,867</b>	<b>(8,090)</b>	<b>(13,629)</b>	<b>(6,627)</b>	<b>(2,627)</b>
Capital	(1,270)	2,531	795	(347)	200
Total free reserves	5,964	8,286	2,861	882	(1,910)
Pension deficit	(0)	(2,891)	(2,737)	(2,737)	(5,737)
<b>Available free reserves</b>	<b>5,964</b>	<b>5,395</b>	<b>123</b>	<b>(1,855)</b>	<b>(7,647)</b>
Movement in restricted reserves	1,263	6,857	6,857	5,143	0
Cash at bank	23,199	20,415	8,894	636	(2,922)



3 year Budget summary £000's	Full Year						
	ACT 13	BUD 14/15	BUD 15/16	BUD 16/17	vs. ACT 13	vs. BUD 15/16	vs. BUD 16/17
Grant Income	1,526	1,654	0	0	129	(1,654)	0
Periodic Fee Income	61,332	67,620	75,849	81,054	6,288	8,229	5,205
Subsequent Registration Fee	64	66	66	66	3	0	0
Overseas Registration	33	32	32	32	(1)	0	0
Overseas Applications	303	214	214	214	(89)	0	0
Eu Assessment Fee	597	478	478	478	(119)	0	0
Recorded Qualifications	100	146	146	146	46	0	0
Verifications	127	141	141	141	14	0	0
Interest Income	991	896	891	1,927	(95)	(5)	1,035
<b>Total Income:</b>	<b>65,072</b>	<b>71,249</b>	<b>77,819</b>	<b>84,059</b>	<b>6,177</b>	<b>6,570</b>	<b>6,240</b>
<b>Office of the Chair &amp; Chief Executive</b>	<b>688</b>	<b>956</b>	<b>1,070</b>	<b>1,073</b>	<b>(269)</b>	<b>(114)</b>	<b>(3)</b>
Communication	697	916	857	860	(219)	59	(3)
Council Services	392	461	412	433	(68)	49	(22)
Governance	1,226	1,341	1,367	1,372	(115)	(25)	(5)
Policy	391	1,056	1,047	1,074	(665)	9	(27)
<b>Corporate Governance</b>	<b>2,706</b>	<b>3,774</b>	<b>3,682</b>	<b>3,740</b>	<b>(1,068)</b>	<b>92</b>	<b>(57)</b>
<b>Registration</b>	<b>3,757</b>	<b>3,763</b>	<b>3,760</b>	<b>3,748</b>	<b>(5)</b>	<b>3</b>	<b>12</b>
<b>Continued Practice</b>	<b>2,463</b>	<b>3,863</b>	<b>4,621</b>	<b>3,458</b>	<b>(1,400)</b>	<b>(758)</b>	<b>1,163</b>
ICT	4,966	4,745	4,651	4,540	221	94	112
Finance	1,943	2,236	1,990	2,061	(293)	246	(70)
Facilities Management	5,011	5,531	5,607	5,554	(520)	(76)	52
HR&OD	2,698	2,647	2,592	2,562	51	55	31
<b>Corporate Services</b>	<b>14,618</b>	<b>15,160</b>	<b>14,841</b>	<b>14,717</b>	<b>(541)</b>	<b>319</b>	<b>124</b>
Directors office	1,138	636	940	965	502	(304)	(24)
Screening	1,151	1,477	1,523	1,568	(326)	(45)	(45)
Case Investigations	2,960	3,135	2,834	2,336	(175)	300	498
Case Investigations - Edinburgh	480	504	517	532	(24)	(13)	(15)
Case Investigations - July	513	483	500	513	30	(17)	(13)
Case Investigations - October	420	450	462	475	(30)	(11)	(13)
Case Investigations - December	496	447	462	482	49	(15)	(20)
Investigations - IC	1,138	1,585	291	300	(447)	1,294	(9)
Case Management	341	292	303	315	49	(11)	(12)
Scheduling	845	949	913	945	(104)	36	(32)
Case Preparation	1,280	1,434	1,457	1,503	(154)	(23)	(46)
Admin / General	1,342	1,393	1,332	1,362	(51)	61	(30)
Adjudication	2,981	2,967	3,074	3,172	14	(107)	(98)
CCC	17,813	15,678	13,130	13,767	2,136	2,547	(636)
HC	1,065	1,055	957	1,007	10	98	(50)
Investigations - ICIO	2,599	4,040	4,387	4,883	(1,440)	(348)	(495)
Regulatory Legal Team	4,223	4,482	3,950	4,054	(259)	532	(104)
Panel support	957	902	827	796	55	75	31
Case Investigations Team 5	0	396	404	408	(396)	(8)	(5)
FiP Programme Initiatives	0	312	1,085	1,085	(312)	(773)	0
<b>FTP</b>	<b>41,744</b>	<b>42,616</b>	<b>39,348</b>	<b>40,465</b>	<b>(872)</b>	<b>4,041</b>	<b>(1,117)</b>
<b>Projects</b>	<b>1,885</b>	<b>2,131</b>	<b>0</b>	<b>0</b>	<b>(246)</b>	<b>2,131</b>	<b>0</b>
<b>Depreciation</b>	<b>2,901</b>	<b>3,429</b>	<b>3,948</b>	<b>4,787</b>	<b>(527)</b>	<b>(519)</b>	<b>(839)</b>
<b>NMC Corporate/General</b>	<b>(45)</b>	<b>57</b>	<b>57</b>	<b>57</b>	<b>(101)</b>	<b>0</b>	<b>0</b>
<b>PSA Fee</b>	<b>0</b>	<b>0</b>	<b>750</b>	<b>750</b>	<b>0</b>	<b>(750)</b>	<b>0</b>
<b>Contingency</b>	<b>566</b>	<b>3,000</b>	<b>4,978</b>	<b>4,032</b>	<b>(2,434)</b>	<b>(1,978)</b>	<b>947</b>
<b>Revenue Spend</b>	<b>71,284</b>	<b>78,748</b>	<b>77,055</b>	<b>76,826</b>	<b>(7,464)</b>	<b>2,466</b>	<b>229</b>
<b>Surplus / (Deficit)</b>	<b>(6,212)</b>	<b>(7,499)</b>	<b>764</b>	<b>7,233</b>	<b>(1,288)</b>	<b>8,263</b>	<b>6,469</b>
<b>Capital</b>	<b>2,469</b>	<b>4,205</b>	<b>5,347</b>	<b>4,800</b>	<b>(1,736)</b>	<b>(1,142)</b>	<b>547</b>
<b>Total free reserves</b>	<b>16,463</b>	<b>15,039</b>	<b>19,551</b>	<b>26,771</b>	<b>(1,424)</b>	<b>4,512</b>	<b>7,220</b>
<b>Pension deficit</b>	<b>9,645</b>	<b>8,367</b>	<b>7,244</b>	<b>9,121</b>	<b>1,277</b>	<b>1,123</b>	<b>(1,877)</b>
<b>Available free reserves (excluding pension deficit &amp; restricted funds)</b>	<b>6,818</b>	<b>6,671</b>	<b>12,307</b>	<b>17,650</b>	<b>(147)</b>	<b>5,636</b>	<b>5,343</b>
<b>Restricted funds</b>	<b>12,000</b>	<b>5,148</b>	<b>0</b>	<b>0</b>	<b>(6,852)</b>	<b>(5,148)</b>	<b>0</b>
<b>Cash at bank</b>	<b>77,744</b>	<b>71,897</b>	<b>75,681</b>	<b>82,443</b>	<b>(5,846)</b>	<b>3,784</b>	<b>6,762</b>
<b>Net inflow/(outflow) of funds</b>	<b>2,332</b>	<b>(5,846)</b>	<b>3,784</b>	<b>6,762</b>	<b>(8,178)</b>	<b>9,630</b>	<b>2,978</b>





## **Principal costing assumptions underpinning NMC financial plan and budget 2014-2017**

### **Fitness to Practise**

- 1 There will be a 10% increase in referrals to Fitness to Practise year on year during the budget period 2014-2017
- 2 Average FtP case hearing length (of final substantive hearing at Conduct and Competence Committee) is assumed to be 3.5 days
- 3 Efficiency savings over the next three years will be realised through a number of initiatives including those already identified in the financial strategy. The cumulative efficiencies include:
  - 3.1 bringing case investigations in-house and further development of the investigation model to optimise the efficiency and effectiveness of the investigation function,
  - 3.2 reducing Investigating Committee Interim Order events,
  - 3.3 improved case management and scheduling of all hearings and meeting events,
  - 3.4 increased use of alternatives to full hearings,
  - 3.5 changing the use of shorthand writers.

### **Capital expenditure**

- 3.6 Capital expenditure over 2014-2017 is expected to be £14.4 million, with £6.7 million investment in the ICT strategy, £0.9 million in ICT replacement and £6.8 million on estates-related costs.

### **Revalidation**

- 4 Revalidation over 2013-2017 will cost £5.0 million to develop, implement and administer.

### **Other**

- 5 General inflation is assumed at 2.5% per annum from 2013-2014, and wage inflation 2.7%
- 6 The implementation of the ICT strategy from 2013-2014 will not increase the ICT 'business as usual' cost base from current levels.

Schedule 1: Graph of progress towards meeting the reserves target versus the financial strategy

- 7 As we respond to the PSA strategic review and various high profile reviews into the NHS (e.g. the Francis inquiry), staffing levels have increased to allow us to deliver our increased commitments. The current modelled headcount is assumed to be maintained over the budget period.
- 8 The provision of Quality Assurance of education will be maintained based on normal approval and monitoring levels.
- 9 The pension scheme contribution levels and Recovery Plan payments to clear the pension deficit will increase over the plan period. A £2.9 million and £3 million increase in the pension deficit in 2013-2014 and 2016-2017 respectively has been assumed, and an increase of 4.6% has been assumed to the current employer contribution levels. The defined benefit pension scheme has been closed to new members. Costs associated with pension auto-enrolment have been included from April 2014.
- 10 The introduction of a PSA levy has been deferred for a year and has been assumed to cost £0.8 million per annum from 2015-2016
- 11 A dilapidations provision has been assumed of £0.3 million per annum.
- 12 For 2014-2015 and 2015-2016 a base contingency of £3 million has been provided, reducing to £2 million in 2016-2017. This increase in the contingency fund is to cover unexpected risks of having to meet new regulatory requirements and any requirement to further address market pay issues.
- 13 A likely increase in public Inquiries has been assumed to cost £0.3 million per annum from 2014-2015 onwards
- 14 A FtP hearing venue equivalent in capacity and cost to the Old Bailey has been assumed during the budget period.
- 15 All other activity and cost drivers are assumed to be maintained at levels currently experienced.

Risks to be covered by reserves	2013-2014		2014-2017	
	Lowest Risk £m	Highest Risk £m	Lowest Risk £m	Highest Risk £m
Extraordinary reviews - Suggested range has been revised downwards based on expenditure associated with previous reviews. If several reviews were to occur simultaneously in the year, actual costs could be higher.	1.50	2.00	0.50	1.00
Revalidation: If we had to increase scope/ sample size of revalidation then the cost could be	4.0	4.0	1.0	2.0
EU additional screening tests: mainly external consultancy and legal costs. Language testing is now more likely and we would incur set up costs. This covers EU directive implications as well.	0.4	0.4	0.5	1.0
FtP caseload: if the level of referrals increases beyond the 8% that we have planned for necessitating a further fee rise; then this would need to be funded. This range caters for a further increase between 8% and 12% over the three year period.	4.0	6.0	3.5	5.5
FtP hearing duration- if the average length of a hearing increased beyond the planned 3.5 days to say 4 or 4.5 days, then we would need to fund the time lag between the identification of the increase and increasing the fee. The range caters for an increase of between 4 and 4.5 days.	3.0	6.0	3.0	6.0
FtP alternative disposal methods – covering the risk of not achieving the projected alternative disposal methods target. (maximum likely exposure at present is £9m - £11m over 2 years)	3.0	6.0	3.0	6.0
Fraud exposure: risk of a bogus registrant impersonating another	0.1	0.1	0.0	0.0
Income risk (PII): reduction in register (2% to 5%) resulting in loss of income.	1.3	3.3	1.3	3.3
Overseas registrations – enhanced ID checking. This represents set up costs; the higher ongoing cost will be reflected in a higher fee going forward.	0.8	1.0	0.0	0.0
Overseas registrations – validation. This would be a one off exercise so a range in unlikely	2.0	2.0	0.0	0.0
Income risk (Revalidation): reduction in register (2% to 5%) resulting in loss of income.			1.3	3.3
ICT strategy implementation risk	0.0	0.0	5.0	10.0
Law Commission				
Historic EU register				
Disaster recovery				
Scottish Independence				
General Provision covering the above risks			1.0	2.0
<b>Total</b>	<b>20.0</b>	<b>30.8</b>	<b>20.1</b>	<b>40.1</b>
<b>Risk Calculation</b>	<b>10.0</b>	<b>25.0</b>	<b>10.1</b>	<b>30.1</b>



## Annual review of fee levels

**Action:** For decision.

**Issue:** Council have agreed to review fee levels on an annual basis. In addition, Council review levels of subsidiary fees from time to time, and the feasibility of permitting fee payments in instalments by direct debit.

**Core regulatory function:** Supporting functions.

**Corporate objectives:** The recommendations in this paper are consistent with Objective 8 of the Corporate Plan, namely 'We will develop effective policies, efficient services and governance processes that support our staff to fulfil all our functions.'

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

- Agree to consult on an increase to the annual registration fee to the level of £120, the increase in the fee to take effect from March 2015.
- Agree that following a review of subsidiary fee levels, there is no requirement for an increase for the specified fees at this time.
- Agree in principle that once the costs associated with implementing and administering the new entry requirements for overseas applicants to the Register are known and embedded, we will seek to consult on an appropriate fee for overseas applications to the Register.

**Annexes:** None.

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

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- Context:**
- 1 As part of the decision on fees taken on 25 October 2012, the Council agreed to undertake an annual review of registration fees. This is primarily to ensure that the NMC has sufficient funds in order to carry out its regulatory functions to the level required to protect the public.
  - 2 The scope of the annual fee review and the consideration of specific issues raised was agreed by Council in November 2012, in NMC/12/126, *Annual review of registration fees*. This included reviewing the risks informing the target reserves level.
- Discussion and options appraisal:**
- 3 The Council agreed that the annual review of registration fees should take four factors into account:
    - 3.1 the NMC's regulatory workload,
    - 3.2 the organisation's financial position,
    - 3.3 the external environment, and
    - 3.4 other factors of concern to stakeholders.
  - 4 In assessing these four factors, the Council should consider whether any of them has changed substantially enough to warrant an increase or reduction in the level of fees. Any proposal for a change in fees would require consultation.
  - 5 The latest three year budget projections are based on the work completed this year in conjunction with the business planning for 2014-2015 to 2016-2017. The above four factors have been assessed and considered as part of the financial planning and budget-setting process.
  - 6 Projected requirements for funding are treated as follows:
    - 6.1 Incorporated into the base directorate, project or capital budget projections; or
    - 6.2 Treated as a potential cost to be covered by the contingency; or
    - 6.3 Treated as an identified risk which should be provided for via reserves.
  - 7 Where the requirement for funding cannot be accommodated within the categories above, or the timescale or quantum required exceeds the reserve provision, then a potential rise in registration fee may be indicated.

## Financial position

### Reserves

- 8 The Council decided in September 2012 to adopt a risk-based reserves policy, and agreed that, on the basis of the risks as assessed at that time, available free reserves should be in a range of £10 million to £20 million, this was amended to a range of £10 million to £25 million in March 2013. The NMC's reserves are forecast to be £6.8 million at March 2014 and £6.7 million at March 2015.
- 9 Council's decision to accept a Government grant of £20 million and to increase fees to £100 per annum was based in part on the projection that reserves would be restored to a minimum level of £10 million by January 2016.
- 10 It should be remembered that the reserves are now held to provide the 'headroom' to deal with significant unplanned circumstances, whilst alternative funding (as necessary) is secured, e.g. in the form of a fee rise.
- 11 Until we reach the minimum level, we are still vulnerable to unexpected events.
- 12 In reviewing the fee level, the Council should consider:
  - 12.1 progress in restoring the reserves, and
  - 12.2 the current risk profile,
  - 12.3 and review whether the level of reserves is still sufficient to meet those identified risks.
- 13 In addition, the Council should consider progress made in identifying and achieving efficiencies, and the scope for further efficiencies to provide internal funding.

### Progress in restoring reserve levels

- 14 As discussed in Annexe 3 *NMC financial plan for 2014-2017 and budget for 2014-2015*, we are making progress as planned towards the required level of available free reserves as set out in our financial strategy.
- 15 At 31 March 2015 we are projecting to be close to our financial strategy reserves position at that point, of £6.5 million.
- 16 The latest three year budget projections are based on the work completed this year in conjunction with the business planning for

2014-2015 to 2016-2017.

- 17 At this stage the projections show that the current minimum reserves target level of £10 million will be achieved in a sustainable way in last quarter of 2015.

### **Registration fee level**

- 18 The setting of the registration fee level is a factor of our commitments as set out in the corporate plan, the level of activity we need to deliver to provide public protection, and the level of risk-based reserves we are required to retain to meet adverse events and occurrences. The financial plan highlights our approach to identifying and realising efficiencies but that in itself is not enough to maintain the registration fee at its current level.
- 19 The financial strategy and budget are therefore based on the assumption of an increase in the annual registration fee to £120 from March 2015. If we do not increase the fee to the proposed level we would have no choice but to scale back our Fitness to Practise activity, which would have a direct impact on our ability to deliver public protection.
- 20 In order to deliver our corporate and financial plan following the period of subsidisation provided by the DH grant, we must implement the planned increase in the annual registration fee to £120, which would apply to all registrants.
- 21 The consultation would be expected to take place in May/June 2014, with consideration of the results by Council in October/November 2014.
- 22 Recommendation: Council is recommended to agree that we should consult on increasing the annual registration fee to £120 from £100, with the increase to take effect from March 2015.**

### **Other fees**

- 23 The NMC charges a number of 'subsidiary' registration fees for :
- 23.1 Overseas applications
  - 23.2 Overseas registrations
  - 23.3 EU applications
  - 23.4 Subsequent registrations
  - 23.5 Recorded qualifications



### 23.6 Verifications

- 24 These fees (with the exception of verifications) are set out in our Fees Rules and require consultation and legislative amendment (of the Fees Rules) in order to effect any changes.
- 25 The combined income from these fees is approximately £1.0 million per annum.
- 26 These fee levels are based on recharging the cost to deliver the relevant service, including an appropriate apportionment of overhead.
- 27 We have completed a review of all subsidiary fees, with the exception of the overseas application fee. At this point in time they continue to cover the costs incurred, and receive no cross-subsidy from UK registrants.
- 28 Given the current proposed changes in the overseas application process, it is proposed that the review of the costs to deliver these services take place later in 2014-2015 once the processes are mapped out and are being embedded.
- 29 Over the next twelve months we intend to explore the possibility of charging additional fees, in the light of increased understanding of legal implications and the potential impact on registrants.
- 30 It will be the most effective use of NMC and DH time and legal resource to review all these fees at the same time, and not individually from time to time.

**Recommendation:** keep subsidiary fees at current levels and review annually to ensure they are maintained at the correct level.

**Recommendation:** to review the fee associated with overseas application, based on the principle that UK registrants should not subsidise this process, to be completed by March 2015.

### Payment by instalments

- 31 It is recognised that paying an annual lump sum can cause hardship for some registrants, and we are committed to introducing phased payments for those who want to take advantage of this option. This option would be offered via direct debit.
- 32 In March 2013, the Council agreed that capacity to do this should be built into any new registration system. Our planned capital expenditure for the next three years is set out in *Annexe 3 NMC financial plan for 2014-2017 and budget for 2014-2015*. Under current investment proposals the new registration system could be

operational during 2016-2017.

- 33 In the meantime our immediate priority will be to increase the take up rate of direct debit as a payment option by registrants. At present only 36% of registrants pay by the direct debit option.

**Public protection implications:**

- 34 The annual review of fees enables the NMC to ensure it has sufficient resources to deliver continued public protection.

**Resource implications:**

- 35 Gathering information for the annual review of fees will require staff time. Costs may be incurred in scoping monthly direct debits, but these are expected to be minimal.

**Equality and diversity implications:**

- 36 An Equality Impact Assessment (EqIA) was considered by Council as part of the October 2012 decision to raise the fees. This EqIA will be reviewed as part of any proposed changes to fees.

**Stakeholder engagement:**

- 37 This review has taken stakeholders' views into account.

**Risk implications:**

- 38 An annual review of registration fees in itself mitigates the risk that the NMC has insufficient resources to ensure public protection.

**Legal implications:**

- 39 Changes to fee levels and frequency of collection require changes to the Fees Rules and the Registration Rules.

## Council

### Equality objectives action plan 2014–2015

**Action:** For discussion.

**Issue:** This paper presents the outcomes of the review of the NMC's equality objectives and action plan for 2014–2015.

**Core regulatory function:** Supporting functions.

**Corporate objectives:** Objective 4: "We will improve our understanding and use of diversity data, embedding equalities good practice, so that we are inclusive and treat people fairly."

**Decision required:** The Council is invited to note and provide feedback on the equality objectives and action plan 2014 – 2015.

**Annexes:** The following annexe is attached to this paper:

- Annexe one: Equality objectives action plan 2014–2015.

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

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- Context:**
- 1 Under the Equality Act 2010, the NMC is required to publish its equality objectives and an action plan and to report progress on an annual basis.
  - 2 At its meeting in July 2013, the Council agreed that we should review our equality objectives to ensure that they are aligned with the Corporate Plan 2014 – 2017.
- Discussion**
- 3 The equality objectives have been reviewed. Objective four has been amended to be more action-focussed and to incorporate the principles of dignity, fairness, and respect. The revised objectives are as follows:
    - 3.1 **Objective 1: Embedding diversity** – we will further embed diversity in the delivery of our statutory functions.
    - 3.2 **Objectives 2: Leadership** – our leaders will continue to champion actively equality, diversity and inclusion.
    - 3.3 **Objectives 3: Governance** – we establish effective governance processes to support the delivery of equality and inclusion.
    - 3.4 **Objective 4: Staff** – our staff will work in an environment where they are treated with dignity, fairness and respect.
    - 3.5 **Objectives 5: Service delivery** – we will continue to deliver quality services relevant to the needs of a diverse community.
  - 4 A detailed action plan (**Annexe 1**) has been drawn up in consultation with Directors and the wider management team and has been approved by the Executive Board. All activities have been incorporated in directorate business plans and budgets.
  - 5 Running through the action plan are three key themes:
    - 5.1 Improving our collection and use of equality and diversity data to help us understand trends and improve decision-making.
    - 5.2 Taking a balanced approach to equality and diversity activities across our regulatory and corporate functions.
    - 5.3 Ensuring that we have the right mechanisms in place to ensure compliance with our legal obligations.
  - 6 The annual report on the equality objectives action plan 2013–2014 is scheduled for the June meeting of the Council.
  - 7 **Recommendation: The Council is invited to note the proposed equality objectives action plan for 2014-2015.**

- Public protection implications:** 8 The compliance with the Equality Act 2010 demonstrates that we understand the effects that our policies and practices have on people who share protected characteristics.
- Resource implications:** 9 The activities in the action plan have been incorporated in directorate business plans and budgets.
- Equality and diversity implications:** 10 The equality objectives action plan 2014-2015 enables us to report progress against the agreed equality objectives.
- Stakeholder engagement:** 11 We have engaged with a number of external organisations, including the Business Disability Forum, Stonewall, Gender Identity Research and Education Society (GIREs), Equality Human Rights Commission (EHRC) and will continue to do so over the course of the year to ensure that we learn from best practice.
- Risk implications:** 12 There are legal and reputational risks associated with any non-compliance.
- Legal implications:** 13 We have a legal duty to comply with the Equality Act 2010 and other associated legislation.



## Equality objectives action plan April 2014 – March 2015

Purpose	Success measure	Benefit	Action required	Action owner	Completion date
<b>Objective 1: Embedding diversity</b> - we will further embed diversity in the delivery of our statutory functions.					
1. To ensure the development of the new UK registrations policy complies with the Equality Act 2010.	We will have a fair and inclusive registration policy.	<p>We will ensure that our registration process is transparent and fair.</p> <p>Our staff will have a clear policy to ensure that applications and other documents are processed efficiently.</p>	We will carry out an equality analysis to help us understand how the UK registrations policy may potentially impact on different groups of people and how the impacts can be reduced.	UK Registrations Manager <b>(Registration directorate)</b>	May 2014
2. To introduce and implement our new equality and diversity (E&D) form.	We will successfully implement the new E&D form as part of the Registration Online project.	We will begin to use the data collected from the new E&D form to improve our evidence base in order to measure and evaluate our progress towards equality.	We will communicate the introduction of the new E&D form through our website, our newsletter 'the NMC update' and Twitter.	Legislation Compliance Manager, Communication Manager and the Registration Online Project team <b>(Corporate Governance and Registration directorate)</b>	August 2014

3. To produce a report on the E&D data of nurses and midwives.	We will report on the E&D data of nurses and midwives on our register and who have gone through the key stages of our fitness to practise (FtP) process.	We will use the E&D data report to analyse trends and to help us understand how our policies and decision may impact on different groups of people.	We collect the E&D data on our nurses and midwives.  We will publish the E&D data report on our website.	Legislation Compliance Manager and the Head of Scheduling and Panel Support, Case Management <b>(Corporate Governance and FtP directorate)</b>	October 2014
4. To develop a better idea of the equality and diversity (E&D) picture of student nurses and midwives across the UK.	We will collect data c from higher education institutions (HEIs) and relevant funding councils will give us a robust data set for the education landscape.  We will use the data set to help us to compare the attrition rates between diploma, undergraduate and postgraduate students.	We will understand the E&D challenges faced by students and use it as a basis for implementing changes where needed.  The effective monitoring of data will also help us to minimise possible legal, financial and reputational harm.	We will contact HEIs and various funding councils for each country within the UK and use this data to inform our future planning as well as our education strategy.	Standards Compliance Team <b>(Continued Practice directorate)</b>	October 2014 for data collection  Ongoing (Aligned to the Education strategy)
5. To ensure all nurses and midwives who are fit to practise are able to renew their registration	We will conduct a full equality analysis report clearly showing how the revalidation model has been developed after E&D issues are	We will introduce a revalidation model that will ensure that different groups of people involved in the process are treated fairly.	We will analyse the E&D information and responses received from both parts of the ongoing consultation. This will feed into a full	Assistant Director of Revalidation <b>(Continued Practice directorate)</b>	Ongoing (Aligned to the Revalidation strategy)



through the revalidation process.	identified.		equality analysis report. <i>(An initial equality analysis report has already been completed.)</i>		
<b>Objective 2: Leadership</b> - our leaders will continue to actively champion equality, diversity and inclusion.					
6. The Chief Executive will lead on the promotion of E&D.	The Chief Executive will commit to raising awareness of and embedding E&D issues in our culture by attending and chairing the Equality and Diversity Steering Group.	We will identify, promote and share best practice within the organisation by feeding back information to the Executive Board and all staff briefings.  We will encourage our staff to understand and help deliver our equality objectives.  We will maintain organisational credibility and our commitment to E&D.	The Chief Executive will continue to chair and provide input, support and visibility by attending the Equality and Diversity Steering Group.	Head of the Office of the Chair and Chief Executive <b><i>(The Office of the Chair and Chief Executive)</i></b>	March 2015
7. The Equality and Diversity Steering Group will help to monitor progress against our equality objectives.	The group will be proactive in raising the profile of E&D within their directorates.	We will ensure staff are informed of our E&D policies and examples of best practice.	The group will meet every three months.  The group members will give feedback on the activities they have undertaken in their directorates.	The Equality and Diversity Steering Group	March 2015

			<p>The group members will attend external best practice E&amp;D organisation meetings to capture and share ideas of best practice.</p> <p>The group will advise the Executive Board on the development of our equality objectives and related policies and procedures.</p>		
<b>Objective 3: Governance</b> - we establish effective governance processes to support the delivery of equality and inclusion.					
8. To develop a reasonable adjustment policy.	We will recognise differences and know when and how to change the way our work can be done.	We will improve our customer services for people with disabilities.	We will engage regularly with the Business Disability Forum and our staff across the organisation during the policy development process.	Assistant Director of Legal Services, Complaints Manager, UK registrations Manager and Legislation Compliance Manager <b>(FtP, Registration and Corporate Governance directorate)</b>	December 2014
9. To develop stakeholder	We will incorporate best practice into our	We will understand and evaluate our current	We will engage regularly with best practice E&D	Legislation Compliance	March 2015

relationships with best practice E&D organisations.	governance processes.	position and identify areas to improve our performance.	organisations such as: <ul style="list-style-type: none"> <li>• Diversiton;</li> <li>• Gender Identity Research and Education Society;</li> <li>• Race for Opportunity;</li> <li>• Stonewall;</li> <li>• the Business Disability Forum</li> <li>• the Equality Human Rights Commission; and</li> <li>• the United Kingdom Institute for Equality and Diversity.</li> </ul>	Manager <b>(Corporate Governance directorate)</b>	
<b>Objective 4: Staff</b> - our staff will work in an environment where they are treated with dignity, fairness and respect.					
10. To ensure that all relevant HR policies are sent to external organisations to be reviewed and checked against the Equality Act 2010.	Our HR policies will be compliant with the Equality Act 2010 and adhere to best practice.	We will minimise discrimination by having the correct policies and procedures in place.	We will review the content of the policies to ensure these are compliant with the Equality Act 2010.	HR Manager and Senior HR Adviser <b>(Corporate services directorate)</b>	March 2015
11. To ensure that our recruitment advertisements reach a diverse	We will receive applications from diverse backgrounds. Candidates will see us a desirable employer	We will promote the values and behaviours that are embedded in the organisation by demonstrating that we are	We will monitor the E&D data of our applicants' to ensure we attract applicants from diverse backgrounds.	HR Manager and Senior HR Adviser <b>(Corporate services)</b>	March 2015

audience. We will also encourage and promote diversity in recruitment panels, where possible.	through their recruitment experience.	a Stonewall diversity champion.  We will also use the two tick symbol to encourage and attract people with disabilities to work for us.  We will attract applications from diverse backgrounds and be able to choose the best candidates.		<b>directorate)</b>	
12. To provide comprehensive information on the make-up of staff, to both the Council and the Senior Management teams on a quarterly basis.	We will meet the Chartered Institute of Professional Development diversity standard.	We will increase the transparency of information about our staff profile.	We will share our staff profile data reports with directors and managers as part of HR meetings and also make recommendations.	HR Manager and Senior HR Adviser <b>(Corporate services directorate)</b>	March 2015
13. To ensure our mandatory equality training is included in the staff induction process.	All staff will have completed our mandatory equality training.	Our staff will understand the importance of E&D within the work environment and customer services.	We will evaluate our training to ensure it complies with the Equality Act 2010 and that staff development needs are met.	Learning and Development Manager <b>(Corporate services directorate)</b>	March 2015
14. To recognise and celebrate	Our staff will share information on	We will promote a great understanding of diversity	We will produce an electronic diversity	Case Preparation Team, Screening	March 2015

diversity events in the Registration and FtP directorate.	cultures, countries of origin and religious beliefs or alternative beliefs.	which will help us when dealing with nurses and midwives, potential applicants and referrers in our work.  We will promote inclusivity within the organisation.	calendar, post information on our notice board and email bulletins.	Case Officer and UK Registrations Manager Team <b>(FtP and Registration directorate)</b>	
15. To ensure our staff are provided with reasonable adjustments when using ICT equipment.	We will ensure that our staff with disabilities are supported while doing their jobs.	We will create an adaptable and inclusive work environment.	We will carry out an equality analysis to help us understand our ICT services may potentially impact on staff who may need reasonable adjustments while using ICT equipment.  We will closely work with the Business Disability Forum to understand and use best practice methods.	Assistant Director of ICT <b>(Corporate Services)</b>	March 2015
<b>Objective 5: Service delivery</b> - we will continue to deliver quality services relevant to the needs of a diverse community.					
16. To engage more proactively with our diverse suppliers and external customers	Our diverse suppliers and other external customers will know where to find out information about our contracts and procurement processes.	We will increase the transparency of information about our contract opportunities, timescales of tender actions and contract award details.	We will improve our website homepage 'Doing Business with the NMC' by advertising contract opportunities.  We will attract small and medium enterprises	Head of Procurement <b>(Corporate Services)</b>	September 2014

			(SMEs) through procurement portals such as Contracts Finder, Supply2Gov and Tenders Direct.		
17. To raise awareness of our diverse suppliers and ensure our staff who manages our budgets and/or contracts understand how to support SMEs.	We will develop contract opportunities and understand how to support SMEs.	We will understand the risks and impacts of failing to consider E&D and sustainability implications when entering into contracts.	We will develop and launch lunch-time 'Bite-sized' staff training workshops.	Head of Procurement <b>(Corporate Services)</b>	October 2014
18. To ensure our panel member recruitment process encourages applications from diverse candidates.	We will widen the pool of candidates.	We will recruit the best candidates for the role.	We will review how and where we advertise panel member vacancies, taking specialist advice on how we can best advertise to a diverse range of candidates.  We will ensure that our application forms and recruitment processes do not unfairly affect the recruitment of any groups.  We will work with the	Head of Scheduling and Panel Support <b>(FtP directorate)</b>	October 2014

			wider NHS to better understand how to achieve a panel pool that reflects the diversity within the health sector.		
19. To ensure people from diverse backgrounds are able to refer concerns to us.	We adopt methods that enable referrers from diverse backgrounds to make referrals.	We will be better able to fulfil our public protection objective.	<p>We will seek specialist advice about our referral form to ensure that the content does not act as a barrier to any particular group.</p> <p>We will seek specialist advice on how we can make referrals easier for people with disabilities or with English as a second language.</p>	Head of Screening <b>(FtP directorate)</b>	December 2014
20. To ensure witnesses from diverse backgrounds are able to access the support we can offer.	We are able to meet the needs of witnesses to ensure that they are able to participate in our FtP proceedings.	We are better able to fulfil our public protection objective.	<p>We will review all information provided to witnesses to ensure it explains the different types of support we can give.</p> <p>Throughout our proceedings we will ask witnesses if they have any particular needs.</p> <p>We will ensure that we offer facilities that</p>	Assistant Director of Adjudication <b>(FtP directorate)</b>	December 2014

			<p>enable witnesses with particular needs to give evidence at hearings.</p> <p>We will ensure that staff are aware of the reasonable adjustments that can be made to allow full participation by witnesses at all stages of our proceedings.</p>		
21. To ensure the new website is as accessible as possible to all audiences.	Our website is accessible to all.	We will improve our customer services and public profile.	<p>We will improve our website by:</p> <ul style="list-style-type: none"> <li>• keeping AA accessibility standards;</li> <li>• gaining a plain English crystal mark;</li> <li>• allowing the resizing of text;</li> <li>• providing a logical navigation system;</li> <li>• the welsh language scheme page; and</li> <li>• publishing more information on our available alternative formats.</li> </ul>	Corporate Communications Manager <b>(Corporate Governance directorate)</b>	December 2014
22. To ensure we demonstrate fair competition and equality of	We will develop a robust Contracts database which will feed into our business	We will improve our business and resource planning by adopting a more strategic approach.	We will modernise the existing hard copy contracts register and create a Contracts	Head of Procurement <b>(Corporate Services)</b>	March 2015



opportunity to suppliers.	planning process.		database that details the status of contracts and arrangements.		
23. To ensure our procurement process, documentation, and contract management procedures demonstrates a commitment to Corporate Social Responsibility.	We will comply with all national applicable laws and regulations as part of the procurement process, including the International Labour Organisation protocols in respect of Child Labour, Human Trafficking and Bonded Labour.	We will use reasonable measures to ensure that our suppliers respect the human rights of their employees and the community in which they operate.	We will update our contract management training materials and roll out workshops for staff to help raise awareness.	Head of Procurement <b>(Corporate Services)</b>	March 2015



## Council

### Recruitment and selection of the Chair of the Council

**Action:** For decision.

**Issue:** The Appointment Committee has been constituted to determine and oversee the process for the recruitment of a Chair of the Council to succeed Mark Addison, whose term of office ends on 31 December 2014. This report summarizes the Committee's work to date, and recommends the draft role description and competencies for the Council's consideration.

**Core regulatory function:** Supporting functions.

**Corporate objectives:** Corporate objective 7: "We will develop effective services and governance processes that support our staff to fulfil all our functions."

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

- To approve the draft role description and competencies, subject to any final amendments to be authorized by the Chair of the Appointment Committee.

**Annexes:** Annexe 1: Draft role description and competencies.

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

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Chair: Quinton Quayle

**Context:** 1 The Appointment Committee has been constituted to determine and oversee the process for the recruitment of a Chair of the Council to succeed Mark Addison, whose term of office ends on 31 December 2014. It is anticipated that the recruitment process will be concluded by the end of August 2014 when a recommendation will be made to the Privy Council. This report summarizes the Committee's work to date, and recommends the draft role description and competencies for the Council's consideration.

**Discussion and options appraisal:**

**Responsibilities of the Privy Council, NMC, and PSA**

- 2 The Privy Council is responsible for appointing the Chair of the Council under the Nursing and Midwifery Order 2001 and the Nursing and Midwifery Council (Constitution) Order 2008.
- 3 The NMC is responsible for conducting the recruitment and selection process and for recommending a candidate to the Privy Council.
- 4 The Professional Standards Authority (PSA) is responsible for advising the Privy Council on the recruitment and selection process employed by the NMC in reaching its recommendation to the Privy Council.
- 5 PSA has issued guidance to regulators, which is organized around four key principles: merit; fairness; transparency and openness; inspiring confidence. Members of the Appointment Committee have been briefed on the PSA guidance.

**NMC roles and responsibilities**

- 6 The Council is responsible for agreeing the role description and competencies for the Chair of the Council. As with any decision of the Council, due regard must be paid to conflicts of interest. Any member who is considering applying for the role must declare an interest and withdraw from the discussion and the decision.
- 7 The Chair of the Council, acting on behalf of the Council, has established an Appointment Committee comprising Quinton Quayle (Chair); Carol Shillabeer; Elinor Smith; and Amerdeep Somal. The Committee's remit is to approve and oversee the process for the recruitment of a Chair of the Council to hold office from 1 January 2015, in accordance with PSA guidance and the requirements of the Privy Council.
- 8 A Selection Panel, appointed by the Appointment Committee, is responsible for selection decisions at the longlisting, shortlisting and interview stages. All selection decisions must be taken in accordance with the process agreed by the Appointment Committee.
- 9 Search consultants are being appointed to undertake the search and

advertising and assist with the recruitment and selection process.

- 10 The Secretary to the Council is responsible for administering the process and for advising on responsibilities at each stage.

### **Role description and competencies**

- 11 A draft role description and competencies for the Chair of the Council has been agreed by the Appointment Committee for recommendation to the Council (Annexe 1).
- 12 In drawing up the role description and competencies, the Committee has been informed by:
  - 12.1 Suggestions from a wide range of interested parties.
  - 12.2 A briefing from the current Chair of the Council regarding his perceptions of the context for the appointment; essential and desirable criteria; and the personal qualities required for the role.
  - 12.3 Examples of role descriptions and competencies from other regulators and guidance issued by the Financial Reporting Council.
- 13 At present, the Chair of the Council receives an annual allowance of £48,000 based on the requirement to spend an average of two days per week on NMC business. The Committee discussed the current expected time commitment and remuneration of the Chair of the Council and reviewed benchmark data. No changes are proposed.
- 14 Further advice will be sought from the search consultants on the wording of the role description and competencies before they are published. Any proposed changes would not be expected to change the substance and would be agreed by the Chair of the Appointment Committee.
- 15 **Recommendation: The Council is invited to approve the role description and competencies, subject to any final amendments to be authorized by the Chair of the Appointment Committee.**

### **Selection Panel**

- 16 The Appointment Committee has made good progress in identifying the Chair and members of the Selection Panel. The criteria used to identify members of the Selection Panel are knowledge / experience of board level recruitment; regulation; the health sector; patient / public voice; the NMC. The Panel will include at least one registrant, and members from more than one of the four constituent nations of the UK. The Appointment Committee has also had due regard to diversity. In light of the exceptional grant of £20 million to the NMC in 2013 to support operational improvements, the Department of Health

has asked for a nominee of the Permanent Secretary (as accounting officer) to the Selection Panel. The Department's nominee is likely to be a senior civil servant from another department with relevant experience.

### **Eligibility for appointment and term of office**

- 17 The vacancy will be open to both lay and registrant candidates. The constitutional requirement that "at least one member of the Council lives and works wholly or mainly in each of England, Wales, Scotland, and Northern Ireland" is satisfied by the members who will remain in office when the current Chair steps down. There is no requirement, therefore, to place any condition on the next Chair's country of residence.
- 18 The Privy Council determines the term of office of the Chair of the Council on appointment. In order to align the Chair's term of office with the terms of other Council members, the recommendation to the Privy Council will be a term of office of three years and 4 months, from 1 January 2015 to 30 April 2018.

### **Advertising, search, and selection**

- 19 Advertisements will be placed in a range of print and online media, providing targeted coverage of the four constituent nations, nurses and midwives, and specific under-represented groups.
- 20 An invitation to tender has been issued for search consultants to conduct the advertising and search and assist with the recruitment and selection process. It is anticipated that an appointment will be made at the start of April 2014.
- 21 The search consultants will undertake an initial sift of candidates. The Selection Panel will be responsible for all selection decisions at the longlisting, shortlisting, and interview stages. All decisions will be based on the agreed competencies. Shortlisted candidates will be offered an opportunity to meet the current Chair and the Chief Executive and Registrar prior to interview. The meetings will be documented but will not form part of the selection process.
- 22 It is anticipated that the advertisements will be placed on 9 May and applications will remain open until 9 June 2014. Interviews are expected to be held in the third week of July 2014. Thereafter, the requisite reports will be made to the PSA and a recommendation submitted to the Privy Council. We anticipate the Privy Council's decision in September 2014. The induction of the new Chair will take place between October and December 2014.

<b>Public protection implications:</b>	23	No direct public protection implications.
<b>Resource implications:</b>	24	A budget of £100,000 has been allocated for the recruitment and selection process, to include: (a) costs of search consultants; (b) advertising; (c) remuneration and expenses of members of the Search Committee.
<b>Equality and diversity implications:</b>	25	An equality analysis has been undertaken and has informed the drafting of the role description and competencies and the design of the recruitment and selection process.
<b>Stakeholder engagement:</b>	26	The following interested parties were consulted to inform the drafting of the role description and competencies: nurses and midwives (via the e-newsletter); the Patient and Public Engagement Forum; the Patients Association; Action against Medical Accidents; Chief Nursing Officers for England, Wales, Scotland, and Northern Ireland; the Director of Nursing for the Department of Health and Public Health England; the Nurse Leaders Forum; the Royal College of Nursing; the Royal College of Midwives; Unison; the Chair of the Health Select Committee. The PSA and the Department of Health have been consulted on various points concerning the recruitment and selection process. The Privy Council Office has been consulted on the proposed timing of the recommendation.
<b>Risk implications:</b>	27	The process has been designed and is being administered in such way as to mitigate possible risks relating to (a) attracting the right candidates; (b) timescales; (c) compliance with PSA guidance. The risk is stated on the Corporate Governance risk register and is being closely monitored and managed through the usual channels.
<b>Legal implications:</b>	28	The constitutional provisions regarding the office of the Chair, as set out in the Nursing and Midwifery Order 2001 and the Nursing and Midwifery Council (Constitution) Order 2008 (as amended), have been taken into account.

## **Annexe 1: Draft role description and competencies**

### **The role of the Chair of the Council**

#### **Leadership**

- 1 Establish and maintain an effective working relationship with the Chief Executive and Registrar, ensuring effective leadership of the NMC.
- 2 Line manage the Chief Executive and Registrar, advising her/him on progressing corporate strategy, and holding her/him to account for the performance of the organization.
- 3 Ensure that the Council sets a clear strategic direction for the NMC that is focussed on public protection.
- 4 Promote the public interest and foster an environment of openness, transparency, and accountability in the activities of the Council and of the NMC more broadly.

#### **Governance**

- 5 Set the Council agenda, ensuring that adequate time is available for discussion of business, in particular strategic items.
- 6 Ensure that Council members receive timely, accurate, and clear information to discharge their legal responsibilities and support effective decision-making.
- 7 Chair Council meetings effectively, ensuring that clear decisions are taken as required.
- 8 Foster unity and cohesion, ensuring that discussion at meetings is focussed and that Council members and the executive have appropriate opportunity to contribute to debate.
- 9 Ensure that Council members observe the Code of Conduct and other relevant provisions, and that any complaints are resolved in accordance with the agreed procedure.
- 10 Ensure that Council members receive a full, formal, and tailored induction on appointment, and have access to appropriate development opportunities throughout their tenure.
- 11 Lead the annual evaluation of the effectiveness of the Council collectively and of individual Council members, and take appropriate steps to enhance effectiveness where necessary.

#### **Relationships**

- 12 Represent the NMC at meetings with ministers and government officials in each of the four constituent nations of the UK.



- 13 Account for the NMC's performance, when called upon to do so, to Parliamentary committees and public inquiries.
- 14 Represent the NMC at meetings with key interest groups, including: patient and public organizations; professional bodies and unions; employers; education institutions; other regulatory and public bodies.
- 15 Establish and maintain an effective working relationship with the Chairs of other healthcare regulatory bodies, in particular the Professional Standards Authority.
- 16 Act as an ambassador for the Council to NMC staff and partners, including panel members.

## **Competencies**

- 17 The skill, judgment, and ability to lead and manage a strong Council that meets in public and comprises both lay and registrant members. Experience of chairing a board is desirable.
- 18 Highly developed communication, listening, and influencing skills, with the ability to establish positive strategic relationships with a wide and complex range of interested parties and to command their confidence and support.
- 19 A record of effective strategic leadership in an organization of equivalent scale and complexity, with the ability to drive forward the NMC's strategic agenda and the credibility to establish effective working relationships with Council members, executives, staff, and other interested parties.
- 20 Sound governance skills, including the financial and commercial acumen to appraise strategic proposals, budgets, and performance.
- 21 An understanding of the health sector, the issues facing the nursing and midwifery professions, and the role of professional regulation in a UK-wide context; and the ability to navigate a complex political environment.

## Council

### Report from the Appointments Board

**Action:** For decision.

**Issues:**

- a) The Council is invited to consider recommendations relating to the terms of reference of the Appointments Board, and related amendments to the Standing Orders and Scheme of Delegation.
- b) On 11 February 2014, the Appointments Board approved a programme of work regarding legal assessors. On 12 March 2014, members of the Board authorised the Chair of the Board to approve the appointment of legal assessors (listed in Annexe 2) by Chair's Action.

**Core regulatory function:** Supporting functions.

**Corporate objectives:** Corporate objective 7: "We will develop effective policies, efficient services and governance processes that support our staff to fulfil all our functions."

**Decision required:** The Council is invited to consider the proposed terms of reference for the Appointments Board (paragraph 11) and the related amendments to the Standing Orders (paragraph 12), the Scheme of Delegation (paragraph 14) and the terms of reference of the Remuneration Committee (paragraph 15).

The Council is also invited to approve the appointment of the legal assessors listed in Annexe 2 (paragraph 17).

**Annexes:** The following annexe is attached to this paper:

- Annexe 1: the terms of reference for the Appointments Board (draft).
- Annexe 2: List of legal assessors to be recommended for appointment by the Council.

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

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**Context:****Terms of reference**

- 1 At its last meeting on 29 January 2014, the Council decided that the Appointments Board should be retained. As part of this decision, they also agreed that the Appointments Board's terms of reference should be reviewed by the Appointments Board and the Secretary.
- 2 The Appointments Board met on 11 February 2014 and discussed terms of reference as compiled by the Secretary to the Council. The terms of reference, attached as Annexe 1 to this report, are the result of these discussions.
- 3 The decision to retain the Appointments Board, and the content of the terms of reference (if approved) have also had a consequent impact on the Standing Orders and Scheme of Delegation. These will also require consideration and approval by the Council.

**Legal assessors**

- 4 There is a requirement under Article 34 of the Nursing and Midwifery Order 2001 for Council to appoint legal assessors.
- 5 We currently engage legal assessors to advise on questions of law in connection with fitness to practise proceedings. Only some legal assessors in the current pool have been through a formal appointment process.
- 6 On 11 March 2014, the Appointments Board, through chair's action, recommended to Council the appointment of 140 legal assessors listed at **Annexe 2**.
- 7 Council is recommended to appoint those listed at **Annexe 2** as NMC legal assessors, on the following basis:
  - 7.1 the appointment will run from 1 April 2014; and
  - 7.2 the Appointments Board will be responsible for review and reappointment, and will make appropriate recommendations to Council.

**Discussion and options appraisal:****Terms of reference**

- 8 The Appointments Board's central responsibility is to review the Executive's implementation of the policy framework for the appointment of panel members and legal assessors. It will then reach decisions regarding any recommendations to the Council on that basis.
- 9 The terms of reference have been drafted to ensure that the Appointments Board has a remit aligned with the statutory

framework of the NMC. Rule 3 of the Nursing and Midwifery Council (Midwifery and Practice Committees) (Constitution) Rules states that “the Council may obtain the assistance of the Appointments Board in connection with the exercise of any function relating to the appointment of members, including the appraisal of members.” This area is covered in sections four and eight of the proposed terms of reference, as well as the overall remit in section two.

- 10 The terms of reference have also been drafted to ensure that the Appointments Board has oversight of Legal Assessors as well as Panel Members.
- 11 Section 10 has been included to ensure that relevant matters can be referred to the Appointments Board without the need for further redrafting of the terms of reference.

**Recommendation: the Council is invited to approve the draft terms of reference for the Appointments Board.**

- 12 The Standing Orders, at present, do not contain a provision for a partner member to chair a committee or board. As a result, it is proposed that the responsibility for appointing a partner member as the chair of a committee should be given to the Chair of the Council. Section 4.3.6 of the Standing Orders would require amendment, with the underlined section below being the new text; the rest of the wording is as per the present form.

*“Partner Members will be selected on the basis of relevant skills and experience by a selection panel including the Chair of the committee (or the Chair of the Council, where it is intended to select a Partner Member to Chair a committee) and a Director.”*

**Recommendation: the Council is invited to approve the amended text for section 4.3.6 of the Standing Orders.**

- 13 The Scheme of Delegation also has no provision for an Appointments Board at present. The wording of section 15 is as follows:

*The Council has established committees with the following remits. The responsibilities of each committee are detailed in terms of reference approved by the Council.*

- 14 It is proposed that the remit of the Appointments Board (as contained in the draft terms of reference) should be inserted into the Scheme of Delegation at section 15, as is already the case for the Audit Committee and the Remuneration Committee.

**Recommendation: the Council is invited to approve the insertion of the remit of the Appointments Board as section 15.3 of the Scheme of Delegation.**

- 15 The terms of reference of the Remuneration Committee currently refer to the following matters for the Chair of the Council and Council Members:
- a. remuneration and terms of service (section 11);
  - b. approval the expenses policy (section 12); and
  - c. the arrangements for induction, appraisal and development (section 13).

**Recommendation: the Council is invited to approve the insertion of references to partner members into sections 11, 12 and 13 of the terms of reference of the Remuneration Committee.**

- 16 On 12 March 2014, the list of legal assessors referred to in paragraph 4 was sent to the members of the Appointments Board. The Board agreed for the Chair of the Board to approve the NMC's proposals by Chair's Action and have recommended that Council approve the appointment of those listed in Annexe 2. Thereafter those appointed will be on an approved list of NMC legal assessors.
- 17 Over the next few months we will undertake a resource and planning exercise to ensure we have sufficient numbers to meet our needs and if necessary plan for future appointments.

**Recommendation: that the Council approve the appointment of those listed in Annexe 2 as NMC legal assessors.**

**Public protection implications:**

- 18 These arrangements will strengthen public protection

**Resource implications:**

- 19 Resource implications will be managed within existing budgets.

**Equality and diversity implications:**

- 20 These arrangements will strengthen public protection

**Stakeholder engagement:**

- 21 We carried out a series of listening events with legal assessors earlier this year.

**Risk implications:**

- 22 Non-compliance with the Order presents a risk to the organisation

**Legal implications:**

- 23 The NMC legislation requires that legal assessors are formally appointed by the Council.

Annexe 1

## **Appointments Board Terms of Reference**

- 1 The Appointments Board is established by the Council under Article 3 (12) of the Nursing and Midwifery Order 2001.

### **Remit**

- 2 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.

### **Responsibilities**

- 3 Approve the code of conduct for Panel Members.
- 4 Approve policies governing the recruitment and selection, induction and development, appraisal, performance management, remuneration and contractual arrangements of Panel Members and Legal Assessors.
- 5 Approve policies for travel arrangements, reimbursement of expenses and the payment of allowances to Panel Members and Legal Assessors.
- 6 Scrutinise and review forward plans to ensure that timely and sufficient appointments and reappointments can be made to meet the NMC's caseload.
- 7 Scrutinise and review the implementation of recruitment and selection arrangements and make recommendations to the Council regarding the appointment of Panel Members and Legal Assessors.
- 8 Scrutinise and review the implementation of induction, training and development, appraisal and performance management arrangements, (including participation rates, sitting arrangements, feedback from Panel Members and Legal Assessors) and criteria for reappointments, and make recommendations to the Council regarding a) the reappointment of Panel Members and Legal Assessors and b) the early termination of appointment of Panel Members and Legal Assessors where appropriate.
- 9 Report annually to the Council on the Appointments Board's activities, including an assessment of compliance with, and effectiveness of the policies in place.
- 10 Undertake any other responsibilities requested by the Council consistent with the remit of the Board.

### **Membership**

- 11 The Appointments Board will consist of five Partner Members, one of whom will be the Chair of the Board, selected and appointed in accordance with the Standing Orders.



Annexe 2

## Appointment as a Nursing and Midwifery Council Legal Assessor

The following 140 lawyers have declared they are qualified for appointment as a legal assessor according to the criteria set out in Article 34 of the Nursing and Midwifery Order 2001 (SI 253/2002), and that they have regulatory experience.

The Appointments Board has recommended their appointment to the Council for approval.

<b>Name of Legal Assessor</b>	<b>Year of call/year qualified</b>
Adrienne Morgan	1988
Adam Hiddleston	1990
Alexander Jacobs	1997
Alison Hewitt	1984
Andrew Davies	1988
Andrew Granville Stafford	1987
Andrew Reid	1982
George Alliot	1981
Andrew Young	1979
Anthony Ostrin	1965
Barrie Searle	1975
Alain Gogarty	1979



Charles Conway	1999
Charles Curtis	1992
Christopher Mckay	1976
Christopher Aylwin	1970
Christopher Smith	1982
Cyrus Katrak	1991
David Marshall	1981
Stewart Jones QC	1972
David Swinstead	1970
Douglas Hogg	1968
Douglas Readings	1972
Duncan Smith	1979
Maria Clarke	1986
Gerard Coll	2000
Graeme Dalglish	1991 (Solicitor), 2005 (Advocate)
Alison Stirling	1997
Conor Heaney	1997
Fiona Barnett	1990

Michael Epstein	1992
Michael Levy	1979
Andrew Prynne QC	1975
Mark Sutton QC	1982
Ben Stephenson	1973
Jeffrey Widdup	1973
Lachlan Wilson	1996
Patricia Gordon	1982
David Clapham	1981
Iain Burnett	1993
Hassan Khan	2000
Juliet Gibbon	1994
Angus Macpherson	1977
John-Paul Waite	1995
Matthew Holdcroft	1998
Megan Topliss	1994
Simon Walsh	1987
Sean Hammond	1991

Robert Frazer	Called to bar 2012 / Qualified 1985
Robin Hay	1964
Robin John Crompton Ince	1979
Robin Leach	1979
Sanjay Lal	1993
Sheena Cassidy	2001
Stephen Jeary	1987
Susan Monaghan	1995
Suzanne Palmer	1995
Timothy Bradbury	1992
Tracy Ayling QC	1983
Trevor Jones	1986
Valerie Charbit	1992
John Caudle	1976
Charles Parsley	1973
Nigel Pascoe	1966
Mike Bell	1992
William Hoskins	1980

Michael Parroy QC	1969
Michael Simon	1992
Moira Ramage	1987
Neil Mercer	1988
Nicholas Wilcox	1977
Nigel Ingram	1972
James Holdsworth	1977
Oba Nsugbe QC	1985
Oliver Wise	1981
Nigel Parry	1986
Paul Kilcoyne	1985
Peter Jennings	1972
Philip Barlow	1994
Michael Ranaghan	1994
Rhys Taylor	1996
Richard Miller	1991
Richard Tyson	1975
David Richards	1989

Kate Hughes	1992
Kenneth Hamer	1975
Richard Whittam QC	1983
Julia Oakford	1983
Timothy Kendal	1985
Nigel Lithman QC	1976
Peter Lodder QC	1981
Richard Ferry-Swainson	1994
Leighton Hughes	1989
Linda Goldman	1990
Lucia Whittle-Martin	1985
Margaret Dodd	1979
Dr Marian Gilmore QC	1992
Mark Milliken-Smith QC	1986
Mark Piercy	1976
Melissa Pack	1995
Michael Hosford-Tanner	1974
Michael Mather-Lees QC	1981

Nicolas Levisieur	1979
Graeme Sampson	1981
Hala Helmi	2000
Robert Horner	1999
Ian Partridge	1979
Rupert Jones	2000
Mark Sullivan	1997
Nigel Mitchell	1978
Michael Vere-Hodge QC	1970
John Bromley-Devonport QC	1972
Iain Ross	1991
Adam Feest	1994
John Calladine	1970
David Sharpe	1999
Jeremy Barnett	1980
John Bassett	1975
John Moir	1993
Karen Rea	1980

Fiona Moore	1984
Justin Gau	1989
Gelaga King	1985
Jane Rowley	1988
Graeme Henderson	1987
Hamish Dunlop	1991
Caroline Hartley	2002
Angela Hughes	1985
Iain Harris	1977
Ian Ashford-Thom	1977
Ian Stern QC	1983
Jacqueline Carey	1999
Elliott Gold	1991
Charles Apthorp	1983
Kate Cornell	2003
John Donnelly	1983
Toby Davy	1977
Nicola Martin	1980

Charlotte Hadfield	1999
Nicholas Rowland	1988





## Council

### Registration Improvement Programme update

**Action:** For information.

**Issue:** This paper is an update to Council on the progress of the Registration Improvement Programme.

**Core regulatory function:** Registrations.

**Corporate objectives:** Corporate objective 1: “We will safeguard the public’s health and wellbeing by keeping an accessible accurate register of all nurses and midwives who are required to demonstrate that they continue to be fit to practise.”

**Decision required:** None.

**Annexes:** None.

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

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- Context:**
- 1 The Registration Improvement Programme was initiated in July 2013 to co-ordinate and address a list of known challenges and potential improvements in the Registrations directorate.
  - 2 The overall purpose of this programme is to increase capability to deliver regulatory duties effectively, efficiently and economically:
    - 2.1 Address identified operational weaknesses making tactical fixes to known priority issues / risk points (CMS/WISER);
    - 2.2 Deploy NMC Online, increasing data validation and improving data quality as well as offering improved and modernised services to registrants;
    - 2.3 Standardise processes and increase staff capability to handle a wider workload;
    - 2.4 Support continuous improvement / learning; and
    - 2.5 Develop and implement an integrated set of processes, systems and tools supporting the wider organisation and improving efficiency and effectiveness.

**Discussion and options appraisal:**

**Immediate Objectives**

- 3 Professional Indemnity Insurance (PII)
  - 3.1 Capability developed ready for implementation on DH authorisation.
- 4 Overseas Process Stability
  - 4.1 Current process strengthened – ID authentication system in place.
  - 4.2 Volumes created by 3 month pause cleared – processing targets met and improved.
  - 4.3 Sampling review of historic registrations completed – potential anomalies investigated and largely resolved.
- 5 Address Prioritised Software Fixes in WISER
  - 5.1 Top priority (CMS/WISER – ‘will be under investigation’) – implemented end of February 2014.
  - 5.2 4 further fixes being scheduled for March – May 2014 depending on the IT release schedule capacity across the organisation.

## 6 'NMC Online' Incremental Capability

- 6.1 Phase 1 initial capability delivered – 6 December 2013.
- 6.2 1100 early adopters.
- 6.3 Online renewal (Phase 2) planned for first use in May – June 2014.
- 6.4 Phase 3 to support Overseas process revision and competency test - August – September 2014.

### **Strategic Objectives**

## 7 Improve Efficiency

- 7.1 Move to Contact Centre model to maximise resources and resolution on first contact.
- 7.2 Create capacity to allow re-engineered registration renewal process to incorporate revalidation.

## 8 Align Registration Processes with FtP

- 8.1 Maximise common skills / resources (e.g. Registration Appeals).
- 8.2 Encourage one team integration, ensuring seamless transitions between directorates and moving towards integrated systems.

## 9 Move to Strategic IT Platform

- 9.1 Develop process design of overseas registration to process incorporate competency test as step in strategic IT journey.
- 9.2 Business requirements definition aligned with strategic objectives.

## 10 Improve front end data capture and exploitation

- 10.1 Support requirement for increased intelligent analysis (improving data accuracy, completeness and integrity).

## Status Update

<b>Workstream 1 – Tactical / Immediate</b>		
PII Delivery, Overseas Stabilisation, Tactical High Priority Fixes (supporting CMS/WISER Alignment)	Green	On track.
<b>Workstream 2 – NMC Online</b>		
Phase 1 - Online record access and change personal details	Complete	Live service.
Phase 2 – Online registration renewal	Amber	Scalability and performance risks require mitigation.
Phase 3 – Online overseas application/competency test management	Green	New ICT platform being procured.
<b>Workstream 3 - Registration Efficiency</b>		
Further KPI/Metrics Development	Under initiation	Resource approved / recruitment in March 2014.
Contact Centre Implementation	Re-profiled	Rescheduled for delivery in 2015-16 as part of business planning process.
Policy Gap/Control Framework Work	Area by Area	Work commenced in UK Registrations.
Data coherence / Integrity	Under initiation	Resource approved / recruitment in April 2014.

<b>Workstream 4 – Strategic Registration Design and Build</b>		
Agree Target Operating Model	Future project	Ad hoc work complete as part of other projects.
Transition and Transformation to Strategic Toolset	Future project	Commitment to new platform has not been made.

**Public protection implications:**

- 11 Proposed solutions for each change activity consider Public protection as key criteria in each project above economy, efficiency and effectiveness.

**Resource implications:**

- 12 Programme funding is co-ordinated between CMPB budget management and Department of Health funding where available for specific change commitments.

**Equality and diversity implications:**

- 13 From the experience drawn from other health professional regulators, there are suspected Equality and Diversity implications in delivering a test of competence. These are being investigated by a specialist to ensure that unintended bias is not introduced as part of the service and that the test and processes implemented do not impact unduly on the ability of Nurses or Midwives with protected characteristics to register. The EQiA specialists will also review all aspects of the Registration Improvement programme to ensure Equality and Diversity implications are considered.

**Stakeholder engagement:**

- 14 Programme stakeholder management is the result of the required stakeholder management within the component projects. This includes the development and enactment of appropriate communications plans and follows NMC best practice.
- 15 The introduction of a Test of Competency will require wide external stakeholder engagement, in particular the impact to higher education institutions and overseas staffing agencies. This activity is incorporated within the project plan for this activity.

**Risk implications:**

- 16 Risk Management is part of the programme and project management activity in supporting successful delivery. Any additional risk would be capture as part of the corporate risk management programmes; however this programme is actually risk mitigation in its own right and addresses the key corporate risk

especially in registration.

**Legal  
implications:**

- 17 There are no legal implications arising directly from this report as we are working within the existing legal framework. The enactment of Professional Indemnity Insurance is contingent upon relevant legislation being passed.

## Council

### Chair's report

**Action:** For information.

**Issue:** This paper reports on the chair's activities.

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

**Corporate objectives:** The chair's activities encompass all of the NMC's corporate objectives.

**Decision required:** No decision is required. Council is invited to note this report.

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

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

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- Context:** 1 Given the activity undertaken by the chair in conjunction with the chief executive, this report needs to be considered alongside the chief executive's report, also on this meeting agenda.
- Discussion**
- 2 On 5 February 2014, the chair hosted the most recent public and patient involvement meeting. Discussion focussed on the ongoing revalidation consultation exercise and the approach to the revision of the code.
- 3 On 12 February 2014, the Chair chaired the most recent meeting of the regulatory body chairs. The meeting was attended by Baroness Pitkeathley, the Chair of the Professional Standards Authority. Baroness Pitkeathley spoke about the preparations for the PSA symposium event and the proposals to consult on a revised approach to the assessment of regulators' performance from 2015, which combined aspects of the current annual review, initial stage FtP audit work and third-party feedback. The Chairs also discussed the relationship with Health Education England (HEE) and on behalf of the group, the Chair wrote to the HEE Chair to invite him to the next meeting of the group in June 2014.
- 4 Accompanied by the chief executive, the Chair met Roger Kline and Elsie Gayle from Patients First on 13 February 2014. Patients First is a body which promotes the protection of whistleblowing in the NHS, The meeting was a follow-up to an initial discussion in September 2013. Discussion covered the re-launch of the NMC's raising concerns guidance in 2013, midwifery supervision in the light of the recent Parliamentary and Health Service Ombudsman's report into the Morecambe Bay Trust and the rate of referral of black and minority ethnic nurses and midwives into Fitness to Practise.
- 5 On 21 and 22 February 2014, the Chair, with the chief executive attended the annual PSA symposium event held at the Cumberland Lodge in Windsor. Speakers at the event included Jim Martin, the Scottish Public Services Ombudsman, Nicholas Paines, QC from the Law Commission who spoke about the final report following their review of the regulation of healthcare professions, and Nick Clarke, Deputy Director for Professional Standards at the Department of Health who spoke about government health policy.
- 6 As part of the regular engagement with regulatory partners, the Chair met with Sir Peter Rubin, the Chair of the General Medical Council and Bob Nichols, the outgoing Chair of the General Pharmaceutical Council.
- 7 The Chair and the chief executive met with Dr Dan Poulter MP, the parliamentary under secretary of state for health, on 12 March 2014 to discuss the NMC's progress. On 25 February 2014, the Chair,

accompanied by the chief executive, met the Rt Hon. Stephen Dorrell, the Chair of the Commons health committee to discuss the committee's recently-published scrutiny report.

- 8 On 31 December 2013, the terms of office of three partner members of the Midwifery Committee ended. Of these three, one (Ann Holmes) had served one term, and was thus eligible for reappointment. The other two partner members (Gillian Boden (lay) and Dorothy Patterson (registrant, Northern Ireland)) were concluding their second terms of office.
- 9 After a recruitment process, four interviewees for each vacancy were interviewed. The selection panel selected Pradeep Agrawal (lay) and Patricia Gillen (registrant, Northern Ireland) as their preferred candidates, which was agreed as a delegated action by the Chair.

- Public protection implications:** 10 None directly from the paper. Public protection implications arising from the activities in this paper are addressed as part of individual workstreams and projects.
- Resource implications:** 11 None directly from this paper. Resource implications of the NMC's activities in the various workstreams and projects referenced in the paper are dealt with in financial monitoring reports.
- Equality and diversity implications:** 12 None directly from the paper. Equality and diversity issues are dealt with as part of the conduct of individual workstreams and projects.
- Stakeholder engagement:** 13 Stakeholder engagement is detailed, as appropriate, in the body of this report.
- Risk implications:** 14 None directly from the paper.
- Legal implications:** 15 None directly from the paper.



## Council

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

<b>Action:</b>	For information.
<b>Issue:</b>	The report details decisions taken by the Chair under delegated powers (as per NMC Standing Orders).
<b>Core regulatory function:</b>	Supporting functions.
<b>Corporate objectives:</b>	Corporate objective 7: "We will develop effective policies, efficient services and governance processes that support our staff to fulfil all our functions."
<b>Decision required:</b>	No decision is required by this report.
<b>Annexes:</b>	The following annexes are attached to this report: <ul style="list-style-type: none"><li>• Annexe 1: Establishment of Appointment Committee.</li><li>• Annexe 2: Appointment of one panel chair and one panel member for Conduct and Competence Committee.</li></ul>
<b>Further information:</b>	If you require clarification about any point in the paper or would like further information please contact the author or the director named below
	Author: David Gordon Phone: 020 7681 5757 <a href="mailto:david.gordon@nmc-uk.org">david.gordon@nmc-uk.org</a>
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**Chair's actions****Establishment of Appointment Committee**

- 1 The current Chair of the Council will end his term of office on 31 December 2014. As part of the appointment process, and having had regard to good practice guidance on appointments processes from the Professional Standards Authority (PSA), the Chair was invited to agree to the establishment of an Appointment Committee to oversee the process for the recruitment and selection of the next Chair of the Council.
- 2 The terms of reference of the Committee are set out within **Annexe 1**. The Chair, on behalf of the Council, agreed the recommendation to both constitute an Appointment Committee and to the appointment of the following members to sit on the Committee:

Quinton Quayle (Chair)  
 Amerdeep Somal  
 Carol Shillabeer  
 Elinor Smith.

**Appointment of one panel chair and one panel member to Conduct and Competence Committee**

- 3 The Appointments Board has agreed to the principle that a proactive rolling recruitment programme should be adopted for panel members on practice committees.
- 4 The Conduct and Competence Committee, administered by the NMC as part of its Fitness to Practise function, identified a business need for an additional panel chair and panel member. This will help ensure that the efforts to manage the current caseload could be continued.
- 5 As a result, the Chair has appointed the panelists (effective from 12 February 2014) as set out within **Annexe 2**.

**Public protection implications:**

- 6 There are no public protection implications arising directly from the report.

**Resource implications:**

- 7 With regard to the appointment of members to the Conduct and Competence Committee, any additional costs associated with the appointment of members are covered within existing Fitness to Practise budgets.
- 8 Support to the Appointment Committee from the secretariat

can be provided within existing resources.

**Equality and diversity implications:**

9 There are no equality and diversity implications arising directly from the report.

**Stakeholder engagement:**

10 The formation of an Appointment Committee is the result of engagement with the Professional Standards Authority.

**Risk implications:**

11 There are no risk implications arising directly from this report.

**Legal implications:**

12 None at this time.



## Chair's Action

In accordance with the Standing Orders, the Chair of the Council shall have the power to authorise action on minor, non-contentious or urgent matters falling under the authority of the Council. Such actions shall be recorded in writing and passed to the Chief Executive and Registrar who shall maintain a record of all authorisations made under this paragraph and shall report in writing, for information, to each Council meeting the authorisations which have been made since the preceding Council meeting.

Each Chair's action must be affixed to an accompanying report setting out full details of the action that the Chair is requested to authorise on behalf of the Council.

Date:

February 2014

Requested by:

Secretary to the Council

### Detail

1 The Council has the power to appoint discretionary committees under Article 3(12) of the Nursing and Midwifery Order. Following consultation with Council members, it is recommended that the Chair exercise this power, on behalf of the Council, to establish an Appointment Committee to oversee the process for the recruitment and selection of a Chair of the Council to hold office from 1 January 2015. In accordance with PSA guidance, the Appointment Committee will be independent of the Selection Panel that will conduct the recruitment and selection process.

2 The proposed terms of reference of the Appointment Committee are as follows:

#### **Remit**

1 *To approve and oversee the process for the recruitment of a Chair of the Council to hold office from 1 January 2015, in accordance with Professional Standards Authority guidance and the requirements of the Privy Council.*

#### **Responsibilities**

2 *Approve the recruitment and selection process.*

3 *Advise the Council on the role description and person specification.*

4 *Participate in the procurement of search consultants.*

5 *Appoint the Chair and members of the Selection Panel.*

6 *Decide any other matter falling within the Committee's remit.*



- 3 **Recommendation:** The Chair is invited to approve, on behalf of the Council, the establishment of the Appointment Committee and the terms of reference set out in paragraph 2.
- 4 The Chair of the Council has the power to appoint the Chair and the members of discretionary committees under Standing Order 4.3.4. Subject to the Chair's decision regarding the recommendation in paragraph 3, it is proposed that the following members of the Council should be appointed to the Appointment Committee: Quinton Quayle (Chair); Carol Shillabeer; Elinor Smith; Amerdeep Somal.
- 5 **Recommendation:** The Chair is invited to approve the appointment of members of the Appointment Committee as set out in paragraph 4.

Signed:

Mark Addison

(Chair)

### Chair's Action

The Chair of any committee shall have the power to authorise action on minor, non-contentious or urgent matters falling within the authority delegated to it by the Council between meetings of the committee. The Chair will take reasonable steps to consult with other committee members before doing so. The Secretary to the Committee will be informed of such actions and will keep a record of them for report to the next meeting (Standing Order 47).

Date:  
12 February 2014

Requested by: Loraine Ladlow

**Detail:** To meet the current FtP business need for panel chairs the Chair is asked to appoint the following to sit on the Conduct and Competence Committee with effect from 12 February 2014.

Caroline Healy

**Detail:** To meet the current FtP business need for registrant panel members the Chair is asked to appoint the following to sit on the Conduct and Competence Committee with effect from 12 February 2014.

Carla Hartnell

Full details regarding the recruitment process are contained in the paper approved by the Appointments Board and Directors that accompanies this form.

Signed Mor Addison

(Chair)



## Council

### Report of the Audit Committee to the Council

**Action:** For information.

**Issue:** The Audit Committee held a meeting on 25 February 2014 and this report is a summary of its deliberations and recommendations.

**Core regulatory function:** Supporting functions.

**Corporate objectives:** Corporate objective 7: "We will develop effective policies, efficient services and governance processes that support our staff to fulfil all our functions."

**Decision required:** No decision is required in relation to this report.

**Annexes:** None.

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

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**Context:**

1. The Audit Committee met on 25 February 2014. Items discussed included:
  - 1.1 An update from the external audit providers on accounting standards, and the implications for NMC accounting policies.
  - 1.2 Recommendations arising from internal audit work undertaken since the last Committee meeting, as well as the proposed internal audit work programme for 2014 – 15.
  - 1.3 Outcomes arising from a recent external review on the NMC's overseas registrations processes.
  - 1.4 An update report on risk management and the wider assurance framework, including serious event reviews.
  - 1.5 Governance recommendations arising from the Francis Inquiry report, and actions taken by the NMC to address those recommendations since the publication of the report.
  - 1.6 The Committee also met in private with colleagues from Moore Stephens. These discussions focussed on how Moore Stephens were settling in following their appointment as the NMC's internal audit providers from April last year.
  - 1.7 The Committee also asked that, as far as possible, papers for the Committee be made available electronically for future meetings.

**Discussion and options appraisal:****Review of accounting policies and accounting standards update**

2. The Committee received a presentation from our external audit providers, haysmacintyre, on prospective future changes to NMC accounting policies and the reporting framework. In particular, it was noted that forthcoming changes will require the Committee to reconsider current accounting policies on fixed assets in 2014 / 15.
3. The Committee also noted that officer colleagues are currently looking at the accounting implications of other organisations withdrawing from the pension scheme of which the NMC is a member.

**Internal audit**

4. The Committee considered in detail the findings of the internal audit reports undertaken since the Committee meeting in December. The reports covered:
  - 4.1 Implementation of core IT systems upgrade project.

4.2 IT Strategy and Blueprint Review.

4.3 Registration control framework.

5. The Committee wished to raise two issues in particular to the attention of the Council. Firstly, one recommendation arising from audit on the IT strategy had been for management to consider the appointment of a Chief Information Officer. The Executive continue to consider this.
6. The Committee would also request that the Council give consideration to further discussion on the resources and capabilities required to deliver the IT strategy.
7. Since the last meeting of the Committee, Moore Stephens has also been commissioned to undertake a review on the upgrade of the NMC's ICT system. The recommendations of that review are currently being addressed by management.

#### **External review on NMC's overseas registrations processes**

8. As the Council will be aware, the NMC paused its overseas registrations process between January and March 2013 to ensure that the process was robust and fit-for-purpose.
9. As part of this, the NMC commissioned an external consultant to assist with the review. Recommended process improvements were implemented. Subsequent audit review of existing records has been undertaken in phases. Following completion of the last phase the findings of that review programme have recently been finalised and were shared with the Committee.
10. The Committee has asked that it receive a report at its next meeting on whether any further action is required in respect of countries identified as high risk; and further information on any changes to Fitness to Practise processes arising from the review and an update on the specific cases highlighted by the review.
11. The Committee noted the review had been very welcome in confirming that the processes being followed by the NMC for registering overseas (non-EEA) applicants are robust. Following on from the focus of the review having been on overseas registrations, the Committee felt it would be opportune for a Council-level discussion to take place on UK and EU registrations in the near future.

#### **Risk management**

12. The Committee considered an update on risk management. The Committee also reviewed the risk register and asked that the Executive give consideration to whether the potential of compound risks was adequately reflected on the register. The Executive will

look again at this.

### **NMC assurance framework**

13. The Committee also considered the NMC assurance map and progress in implementing the corporate QA strategy. The Committee agreed that while the output of the QA strategy would provide important input into the assurance map, the Executive team should hold responsibility for revising the assurance map, based on a broad range of inputs and assurances. The Committee would wish to review the assurance map every six months, currently scheduled for June and October 2014.

### **Francis Inquiry report – governance recommendations**

14. The Committee also had the opportunity to consider the good progress that the NMC has made in addressing the governance-specific recommendations arising from the Francis Inquiry report published last year.

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

15. Over time, improved assurance over NMC's activities should lead to enhanced public protection.

#### **Resource implications:**

16. None other than staff time to prepare the reports.

#### **Equality and diversity implications:**

17. None directly as a result of this report.

#### **Stakeholder engagement:**

18. The NMC continues to engage on a regular basis with Moore Stephens, haysmacintyre and the National Audit Office in providing support to the Audit Committee.

#### **Risk implications:**

19. The role of the Audit Committee is to give assurance to Council that the NMC has effective governance, risk management and internal controls in place.

#### **Legal implications:**

20. None.

## Council

### Report from the Midwifery Committee

**Action:** For information.

**Issue:** Report on Midwifery Committee meeting held on 26 February 2014.

**Core regulatory function:** Setting standards.

**Corporate objectives:** Corporate objective 2: "We will set appropriate standards of education and practice and assure the quality of education and the supervision of midwives so that we can be sure that all those on our register are fit to practice as nurses and midwives".

**Decision required:** No decision is required by this report.

**Annexes:** No annexes are attached to this paper.

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

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- 1 The Midwifery Committee held a meeting on 26 February 2014, and the main areas discussed were as follows:
  - 1.1 Review of midwifery regulation;
  - 1.2 Revalidation and code consultation;
  - 1.3 Standards development work plan 2014 – 17; and
  - 1.4 Midwifery risk register (LSA LME)
- 2 Following the business meeting, the Committee members were joined by the LSAMOs in Wales and Welsh government for a seminar on supervision of midwives in Wales.
- 3 England, Scotland and Northern Ireland will also be covered in the remaining meetings held in 2014.

### **Review of midwifery regulation**

- 4 On 29 January 2014 the Council commissioned a review of midwifery regulation. This was to be in two phases; the first would focus on the LSA role in investigations of midwives and the second on the wider issues around supervision of midwives.
- 5 The review would be independent and overseen by the Council. Midwifery Committee members were keen to advise Council on this review.
- 6 The Midwifery Committee discussed the two phases and their separation. With regard to timings it was clear that Council and the Committee favoured an immediate and independent review.
- 7 It was noted that the review could have an impact on revalidation. A risk assessment of any recommendations would be vital, whilst any potential impact on revalidation, fitness to practise or other areas where the NMC held responsibility would also require consideration during the scoping of the review and the agreeing of terms of reference. The four nation equivalents of DH and NHS England would also need to be involved in the review.

### **Revalidation and code consultation**

- 8 The presentation to the Committee highlighted the level of stakeholder engagement. This covered all four UK nations and also all employers, including the NHS and the independent sector. Reference and advisory groups had been established, and patient and public representatives were also fully included.
- 9 The Council discussed an options analysis in September 2013 and decided to adopt an approach based on self-confirmation. This would be informed by third party input and compliance audits.

- 10 A series of stakeholder summits had also been organised across the UK, and the survey for the public would involve 1,000 participants. In total, the NMC had received 4,316 responses on revalidation by the end of week seven of the consultation period.
- 11 The definition of the 450 hours of 'practice' was also being considered.
- 12 Return to practice would be part of revalidation, with a clear threshold for the acceptable level of competencies. Provision would be made for those whose registration had lapsed to return to the register. This would be a competency based assessment. Whilst midwives had supervisors as an obvious reviewer, the situation was often less clear for nurses.

### **Standards development work plan 2014 – 17**

- 13 The Committee discussed the NMC's work on standards development for the next three years. The draft business plan would be considered by the Council.
- 14 The standards work was being taken on by a team within the NMC, except for the evaluation of pre-registration education standards. These were being managed by an external provider. The Midwifery Committee contribute to this work and would receive drafts when available. In particular, the articulation of risk and their rationale in standards development would be discussed as the PSA had expressed an interest in this.
- 15 The issue of 'Good Character' had numerous sensitivities and complexities, especially after the Francis Review. Clarification on the base line at the point of registration could be of assistance, whilst advice to students on the matter was being given.
- 16 The Code contained guidance on confidentiality. However, issues regarding illegal acts, data sharing and the need for patient safety to take priority over confidentiality also needed incorporation.

### **Midwifery risk register**

- 17 The draft register discussed by the Committee at this meeting reflected specific midwifery issues as these had been raised by the LSAMOs and LMEs. The Committee provided input as to whether the risks being evaluated were specifically NMC concerns, or whether the final responsibility rested with an external organisation.
- 18 The Committee agreed that Risks relating to revalidation should come to the Midwifery Committee. The risks involving registrants who work as health visitors or in similar roles, and therefore see their competencies in midwifery lapse over time, may also require consideration. The risks relating to midwifery education, with many lecturers not qualified as teachers and student / lecturer ratios being

high, were also in need of discussion.

- |   |    |  |
|---|----|--|
| <b>Public protection implications:</b>      | 19 | The review of midwifery regulation has been in response to the PHSO report, which is primarily concerned with issues of public protection. |
| <b>Resource implications:</b>               | 20 | The work outlined in this report did not affect planned budgets.   |
| <b>Equality and diversity implications:</b> | 21 | No direct equality and diversity implications resulting from this paper.   |
| <b>Stakeholder engagement:</b>              | 22 | The review of midwifery regulation and the consultation on revalidation will both involve significant stakeholder engagement.              |
| <b>Risk implications:</b>                   | 23 | The midwifery risk register was discussed in depth at the meeting of the Midwifery Committee on 26 February 2014.                          |
| <b>Legal implications:</b>                  | 24 | None identified.   |

**COUNCIL and COMMITTEE SCHEDULE OF BUSINESS 2014**

**The items highlighted in red are annual items.**

<b>COUNCIL: STANDING ITEMS</b>		
<b>SEMINAR</b>	<b>OPEN SESSION</b>	<b>CONFIDENTIAL SESSION</b>
<ul style="list-style-type: none"> <li>Briefing from Chief Executive &amp; Registrar</li> <li>Review of Council papers</li> </ul>	<ul style="list-style-type: none"> <li>Minutes and matters arising</li> <li>Chair's report (including Chair's actions)</li> <li>Chief Executive's report</li> <li>Francis and other reports</li> <li>Performance and risk report</li> <li>Monthly financial monitoring report</li> <li>Committee reports</li> <li>Schedule of business</li> <li>Questions from observers</li> </ul>	<ul style="list-style-type: none"> <li>Minutes and matters arising</li> <li>Confidential Chair's actions</li> <li>Risk register</li> <li>Legal activity</li> <li>Confidential committee reports</li> <li>Schedule of business</li> </ul>
<b>COMMITTEES OF COUNCIL: STANDING ITEMS</b>		
<b>MIDWIFERY COMMITTEE</b>	<b>AUDIT COMMITTEE</b>	
<ul style="list-style-type: none"> <li>Minutes and matters arising</li> <li>Quarterly quality monitoring</li> <li>Schedule of business</li> </ul>	<ul style="list-style-type: none"> <li>Minutes and matters arising</li> <li>Receipt of reports on internal audit programme</li> <li>Outstanding internal audit recommendations</li> <li>QA framework and assurance map</li> <li>Risk management: update</li> <li>Whistleblowing policy: report on use</li> <li>SER and data breaches: standing report</li> <li>Schedule of business</li> </ul>	

**COUNCIL: 25—26 MARCH 2014**  
**Deadline for receipt of papers: 12 March 2014**  
**Despatch date: 18 March 2014**

**OPEN SESSION 26/03/14**

- **NMC 2014 – 17 Corporate Plan and budget \***
- **Planned development of Standards and guidance 2014/15**
- Recruitment and selection of the Chair of the Council
- Registration Improvement Programme
- Equality objectives action plan 2014 - 15

*\*Those that are starred will need Executive Board consideration prior*

<b>COMMITTEES OF COUNCIL: 29-30 April 2014</b>	
<b>Midwifery Committee 29/04/14</b>	<b>Audit Committee 30/04/14</b>
<ul style="list-style-type: none"> <li>• Francis report update</li> <li>• Standards to support revalidation</li> <li>• Standards development - preparation of supervisors of midwives</li> <li>• Quarterly quality monitoring report of the LSAs (including future QA of LSAs)</li> <li>• Midwifery risk register</li> <li>• <b>Annual review of Committee effectiveness</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Annual review of internal audit charter</b></li> <li>• Process and timetable for tender for external audit provision</li> <li>• <b>Annual review of Committee effectiveness</b></li> <li>• <b>Draft annual governance statement *</b></li> <li>• Post-implementation review of risk management policy *</li> </ul> <p><i>*Those that are starred will need Executive Board consideration prior.</i></p>

**COUNCIL: 3—4 JUNE 2014 (Edinburgh)**  
**Deadline for receipt of papers: 21 May 2014**  
**Despatch date: 27 May 2014**

**OPEN SESSION 04/06/14**

- NMC Strategy
- **Annual review of Council and Committee effectiveness**
- Health and safety annual report
- Law Commission update
- EU Directive on professional indemnity insurance
- **Annual equality and diversity report 2013 – 14 \***
- NMC data strategy

*\*Those that are starred will need Executive Board consideration prior.*

COMMITTEES OF COUNCIL: 24—25 JUNE 2014	
AUDIT COMMITTEE 24/06/14	MIDWIFERY COMMITTEE 25/06/14
<ul style="list-style-type: none"> <li>• <b>Draft NMC annual report and accounts * (to include external auditor's report and NAO audit completion report)</b></li> <li>• <b>Draft fitness to practise annual report *</b></li> <li>• <b>Internal audit effectiveness *</b></li> <li>• <b>Internal audit annual opinion *</b></li> <li>• Review of the NMC assurance map</li> <li>• Quality assurance update</li> <li>• PRIVATE session between external audit providers and members of the Committee</li> </ul> <p><i>*Those that are starred will need Executive Board consideration prior.</i></p>	<ul style="list-style-type: none"> <li>• Review of Committee effectiveness</li> <li>• Francis report update</li> <li>• Standards to support revalidation</li> <li>• Standards development - preparation of supervisors of midwives</li> <li>• Quarterly quality monitoring report of the LSAs (including future QA of LSAs)</li> </ul>



**COUNCIL: 29—30 JULY 2014**  
**Deadline for receipt of papers: 16 July 2014**  
**Despatch date: 22 July 2014**

**OPEN SESSION 30/07/14**

- **Draft annual report and accounts \***
- **Draft fitness to practise annual report \***
- Business assurance framework and quality assurance update
- PSA strategic review stock take
- **Welsh language scheme annual report \***

*\*Those that are starred will need Executive Board consideration prior.*

**COUNCIL: 30 SEPTEMBER – 1 OCTOBER 2014**  
**Deadline for receipt of papers: 17 September 2014**  
**Despatch date: 23 September 2014**

**OPEN SESSION 01/10/14**

- Revalidation progress report
-

<b>COMMITTEES OF COUNCIL: 28—29 OCTOBER 2014</b>	
<b>MIDWIFERY COMMITTEE 28/10/14</b>	<b>AUDIT COMMITTEE 29/10/14</b>
<ul style="list-style-type: none"><li>• <b>LSA Annual Report</b></li></ul>	<ul style="list-style-type: none"><li>• <b>External audit programme</b></li><li>• Review of the NMC assurance map</li></ul>

**COUNCIL: 3 – 4 DECEMBER 2014**  
**Deadline for receipt of papers: 19 November 2014**  
**Despatch date: 25 November 2014**

**OPEN SESSION 04/12/14**

- LSA Annual Report
- Proposed Code and standards to support revalidation
- **Education Annual Report**
- Education strategy update

## Meeting of the NMC Council

to be held from 09:30 to 14:45 on Wednesday 26 March 2014  
in the Council Chamber at 23 Portland Place, London W1B 1PZ

### Agenda

Mark Addison  
Chair of the Council

Matthew McClelland  
Secretary to the Council

- |    |  |           |       |
|----|--|-----------|-------|
| 1. | <b>Welcome from the Chair</b>          | NMC/14/21 | 09:30 |
| 2. | <b>Apologies for absence</b>           | NMC/14/22 |       |
| 3. | <b>Declarations of interest</b>        | NMC/14/23 |       |
| 4. | <b>Minutes of the previous meeting</b> | NMC/14/24 |       |
|    | Chair                                  |           |       |
| 5. | <b>Summary of actions</b>              | NMC/14/25 |       |
|    | Secretary                              |           |       |

### Corporate reporting

- |    |  |           |       |
|----|--|-----------|-------|
| 6. | <b>Chief Executive's report</b>                                      | NMC/14/26 | 09:40 |
|    | Chief Executive and Registrar  |           |       |
| 7. | <b>Performance and risk report</b>                                   | NMC/14/27 | 10:00 |
|    | Chief Executive and Registrar  |           |       |
| 8. | <b>Monthly financial monitoring: January 2014 results</b>            | NMC/14/28 | 10:20 |
|    | Director of Corporate Services                                       |           |       |
| 9. | <b>Update on Francis report and other related healthcare reviews</b> | NMC/14/29 | 10:30 |
|    | Chief Executive and Registrar  |           |       |

**Refreshments: 10:45**



### Matters for decision

*There will be an opportunity for questions and comments from observers on item 11 before the Council concludes its deliberations.*

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|-----|--|-----------|-------|
| 10. | <b>Standards and guidance review cycle 2014 – 17</b>   | NMC/14/30 | 11:00 |
|     | Director of Continued Practice   |           |       |
| 11. | <b>2014 – 17 Corporate plan and budget, including review of reserves policy and registration fee proposals</b> | NMC/14/31 | 11:15 |
|     | Chief Executive and Registrar<br>Director of Corporate Services  |           |       |
| 12. | <b>Equality objectives action plan 2014 – 15</b>   | NMC/14/32 | 12:45 |
|     | Director of Corporate Services   |           |       |

### Lunch: 13:00

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|-----|--|-----------|-------|
| 13. | <b>Recruitment and selection of the Chair of the Council</b> | NMC/14/33 | 13:45 |
|     | Chair, Appointment Committee                                 |           |       |
| 14. | <b>Report from the Appointments Board</b>                    | NMC/14/34 | 14:15 |
|     | Secretary  |           |       |

### Questions from observers

- |     |                                 |           |       |
|-----|---------------------------------|-----------|-------|
| 15. | <b>Questions from observers</b> | NMC/14/36 | 14:30 |
|-----|---------------------------------|-----------|-------|

### Matters for information

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

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|-----|---|-----------|--|
| 16. | <b>Registration improvement programme</b> | NMC/14/37 |  |
|     | Director of Registration                  |           |  |





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|-----|---|-----------|
| 17. | <b>Chair's report</b>   | NMC/14/38 |
|     | Chair   |           |
| 18. | <b>Chair's actions taken since the last meeting of the Council</b>  | NMC/14/39 |
|     | Chair   |           |
| 19. | <b>Reports from Chairs of the Committees</b>  | NMC/14/40 |
|     | <ul style="list-style-type: none"><li>• Chair of the Audit Committee</li><li>• Chair of the Midwifery Committee</li></ul> |           |
| 20. | <b>Schedule of business</b>   | NMC/14/41 |
|     | Secretary   |           |

The next public meetings of the Council is scheduled to be held on Wednesday 4 June 2014 at 9.30am in Edinburgh.