

Meeting of the Council

To be held from 09:30am on Wednesday 27 March 2019
at 23 Portland Place, London W1B 1PZ

Agenda

Philip Graf
Chair

Fionnuala Gill
Secretary

- | | | | |
|----------|---|-----------|--------------|
| 1 | Welcome and Chair's opening remarks | NMC/19/14 | 09:30 |
| 2 | Apologies for absence | NMC/19/15 | |
| 3 | Declarations of interest | NMC/19/16 | |
| 4 | Minutes of the previous meeting | NMC/19/17 | |
| | Chair | | |
| 5 | Summary of actions | NMC/19/18 | |
| | Secretary | | |
| 6 | The Executive's report | NMC/19/19 | 09:40 |
| | Chief Executive and Registrar | | |
| 7 | Standards for Return to practice | NMC/19/20 | 10:30 |
| | For decision | | |
| | Director of Education and Standards | | |
| | Coffee | | 11:00 |
| 8 | 8a. Financial Strategy & Investment Policy | NMC/19/21 | 11:20 |
| | 8b. Annual Corporate plan and budget | | |
| | For decision | | |
| | Interim Director of Resources | | |

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|-----------|--|----------------------------|-------|
| 9 | Appointment and removal of panel members

For decision

Director of Fitness to Practise | NMC/19/22 | 12:20 |
| 10 | Nursing associates: update on implementation

For discussion

Director of Education and Standards | NMC/19/23 | 12:25 |
| 11 | Midwifery update

For discussion

Director of Education and Standards | NMC/19/24 | 12:40 |
| 12 | Audit Committee Report

Chair of the Audit Committee | NMC/19/25 | 12:55 |
| 13 | Questions from observers

Chair | NMC/19/26
(Oral) | 13:10 |

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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|-----------|---|-----------|
| 14 | Governance: Council appointments and Committee membership 2019–2020

Secretariat | NMC/19/27 |
| 15 | Chair’s action taken since the last meeting

Chair | NMC/19/28 |

CLOSE and LUNCH

13:30

Meeting of the Council
Held on 29 January 2019 at 23 Portland Place, London, W1B 1PZ

Minutes

Present

Members:

Philip Graf	Chair
Sir Hugh Bayley	Member
Karen Cox	Member
Maura Devlin	Member
Claire Johnston	Member
Robert Parry	Member
Marta Phillips	Member
Derek Pretty	Member
Stephen Thornton	Member
Lorna Tinsley	Member
Ruth Walker	Member
Anne Wright	Member

NMC Officers:

Andrea Sutcliffe	Chief Executive and Registrar
Emma Broadbent	Director of Registration and Revalidation
Sarah Daniels	Director of People and Organisational Development
Andy Gillies	Interim Director of Resources
Matthew McClelland	Director of Fitness to Practise
Ric Sheldon	Interim Director of Technology and Business Innovation
Geraldine Walters	Director of Education and Standards
Edward Welsh	Director of External Affairs
Clare Padley	General Counsel
Fionnuala Gill	Secretary to the Council
Pernilla White	Senior Governance and Committee Manager

Minutes

NMC/19/01 Welcome and Chair's opening remarks

1. The Chair welcomed all attendees to the meeting, including Alan Clamp, new Chief Executive, Professional Standards Authority (PSA).
2. On behalf of the Council, the Chair extended a warm welcome to Andrea Sutcliffe, new Chief Executive and Registrar attending her first meeting.
3. The Chair noted that the new nursing associates register had opened on 28 January 2019. Congratulations and thanks were due to all who had contributed to the successful delivery of this new profession in England, including NMC colleagues, partners such as Health Education England (HEE) and the Department of Health and Social Care (DHSC), higher education institutions and service providers.

NMC/19/02 Apologies for absence

1. There were no apologies.

NMC/19/03 Declarations of interest

1. The following declarations were recorded:
 - a) In relation to **NMC/19/07 – Performance and Risk report**: Ruth Walker declared an interest as an employer of registrants. This was not considered material as she was not affected any more than other registrants.
 - b) In relation to **NMC/19/09 – Midwifery update**: Lorna Tinsley declared an interest as a midwife. Ruth Walker declared an interest as an employer of midwives. This was not considered material as the individuals were not affected any more than other registrants.
 - c) In relation to **NMC/19/10 – Future nurse standards implementation update**: All registrant members and Geraldine Walters declared an interest. This was not considered material as the individuals were not affected any more than other registrants.

NMC/19/04 Minutes of the previous meeting

1. The minutes of the meeting on 28 November 2018 were agreed as an accurate record.

NMC/19/05 Summary of actions

1. The Council noted progress on actions from the previous meetings.

2. Arising from **NMC/18/99 – Gosport**: there had been constructive engagement since the Council's discussion in November 2018 and good progress was being made: the NMC was now expecting to receive the information needed in February 2019.

NMC/19/06 Chief Executive's report

1. The Council considered the report on key external developments and the verbal updates from the Chief Executive and Registrar and Directors. The following points were noted in discussion:
- a) The Chief Executive and Registrar expressed her appreciation for the warm welcome she had received since taking up post on 14 January 2019. She paid tribute to the work of the former Chief Executive and Registrar and the Interim Chief Executive who had stabilised the organisation at a difficult point in time and kept work moving forward.
 - b) During her first few weeks, the Chief Executive and Registrar had been busy meeting Council members, colleagues in the NMC, as well as key stakeholders across the four countries.
 - c) She had visited Scotland on 18 January 2019 and expressed her thanks to Fiona McQueen CNO, Donna O'Boyle, Scottish Government and Robert Parry for their help and support on the visit. Visits to Wales and Northern Ireland would take place shortly. The Chief Executive and Registrar was also planning visits throughout England. She had met with Dr Ruth May, newly appointed Chief Nursing Officer (CNO) for England and would be joining all four CNOs at their next meeting.
 - d) The Chair and Chief Executive had met with the Minister for Health and Social Care, the meeting had been very constructive and the Minister was particularly keen to hear about the Lessons Learned work programme and discuss wider workforce issues.
 - e) Along with the Director of Fitness to Practise, the Chief Executive had given evidence to the Paterson inquiry and had also taken the opportunity whilst in Birmingham to meet a group of trainee nursing associates and midwives.
 - f) The Council welcomed the range of engagement with parliamentarians across all parties. There was a need to ensure engagement with Assembly members in the other countries as well.
 - g) The PSA's report on its assessment of the NMC's performance for 2017–2018 was still outstanding. This report would be helpful to have when developing our plans going forward.

NHS 10 year plan

- h) The recent publication of the 10-year NHS plan was welcome and the NMC would be fully engaged in the work being led by NHS Improvement (NHSI) to develop the workforce plan. Publication of the forthcoming social care green paper was awaited.

- i) The NHS plan was England only and the Council would want to equally understand and engage with the depth and breadth of health policy in all four countries. This understanding would be particularly important when developing the NMC's new strategy 2020–2025.
- j) Work on apprenticeships included ensuring that our regulatory functions did not provide any barrier to apprenticeships routes. The Council would welcome a briefing on apprenticeship developments across the four countries.

Brexit

- k) Considerable preparation and planning had been done to ensure we were ready for all potential outcomes. We had responded to a request from the PSA to provide information on the work undertaken to be prepared for a 'no deal' Brexit, including transitional arrangements.
- l) We had good contacts and communications with counterparts across the EU and were doing what we could to keep all EU nationals on the register updated on continuing to work in the United Kingdom.
- m) An ongoing dialogue was being maintained with partners in both Northern Ireland and the Republic recognising that nurses and midwives were crossing the border on a daily basis.

Nursing Associates

- n) Since the nursing associates register went live on 28 January 2019, 76 nursing associates had been put on the register. More would follow as University exam boards met and uploaded successful trainees.
- o) 43 enquiries had been received from overseas applicants from countries such as the Philippines, Canada and Australia. Our communications had been very clear that the same English language requirements applied to overseas applicants for nursing associate roles, so there should be no perception that the standards were lower.
- p) A parliamentary reception to mark the arrival of this new profession in England had been fixed for 6 February.
- q) The use of case studies and examples in the communications materials were welcome; it would be good in future to give examples of nursing associates working in areas such as social care, housing and drug rehabilitation centres.
- r) It was not the NMC's role to evaluate how nursing associates fit into the workplace. NHSI had issued guidance on deployment of the new role and the Care Quality Commission (CQC) would evaluate this in practice. The NMC would monitor Fitness to Practise (FtP) cases carefully to identify any impact and learning which might need to feed into a review of the standards.
- s) The updated Health and Character Guidance for registrants was welcome. This would be shared with the Council shortly.

Patient and public engagement

- t) The Council welcomed the commitment to improve the NMC's engagement with patients and the public. We would be seeking to widen and deepen our engagement across all four countries and move to a co-production approach. A fuller report on insight, impact and learning from this work would be welcome in due course.
- u) The Council was pleased to see that Lesley Bennett had joined the Public Support Service Steering Group. Appreciation was expressed for Lesley and others who were prepared to work with the NMC and the importance of valuing, recognising, listening and taking on board their feedback was emphasised.

Action:	Provide a briefing on apprenticeship issues across the four countries
For:	Director of Education and Standards
By:	27 March 2019
Action:	Schedule further sessions for Council on latest health and social care policies across the four countries
For:	Secretary/Chief Executive and Registrar
By:	27 March 2019
Action:	Consider using case studies of newly registered nursing associates working in areas such as social care, housing and drug rehabilitation centres
For:	Director of Education and Standards
By:	27 March 2019
Action:	Circulate the updated Health and Character Guidance
For:	Director of Registration and Revalidation/Secretary
By:	28 February 2019
Action:	Ensure public and patient engagement conducted across all four countries and provide a fuller report on insight, impact and learning from patient and public engagement work
For:	Director of External Affairs
By:	27 March 2019

NMC/19/07 Performance and Risk report

1. The interim Director of Resources introduced the performance and risk report. In discussion the following points were noted:

Lessons Learned

- a) There was a huge amount of activity and commitment to drive the

- agenda forward on the Lessons Learned programme.
- b) The research work underway would help us better understand how regulation can meet the expectations of patients, public, registrants and stakeholders.
 - c) A new approach to complaints and enquiries was being introduced. It was important to ensure that this was not just about setting up a new team but about changing how we engaged with complainants, being honest and open when things went wrong and explaining what we were doing to put them right.
 - d) Work around culture, values and behaviours was being taken forward. It was recognised that this would take time but that it would remain at the top of the agenda in developing the new five year strategy.
 - e) The findings from the recent employee survey, would be shared with the Council in February 2019. The Council was keen that this should include themes and issues captured from employees' comments for completeness.
 - f) The Public Support Service (PSS) was a success story with very positive feedback from the public. The next step was to broaden out to the organisation the person centred approach being taken in the PSS work.
 - g) Joint work on a line for people to make anonymous referrals was underway with the General Medical Council (GMC) including joint training.
 - h) External support from stakeholders for the new FtP strategy had been excellent. A successful series of conversations, through five events in all four countries, focussed on shared responsibility for patient safety, had taken place. The pilots were going well and there would be a report to Council on this in May 2019.
 - i) The work around improving clinical advice was on track and six new clinical advisers had been appointed. An opportunity would be arranged for members to meet with the Clinical advisers and hear more about their work.
 - j) Regulatory data was shared with other regulators to help with for example, system regulator inspections. It was early days and work was ongoing on developing tools to support the effective use of information. The NMC had signed up to the joint escalation protocol and had used this a number of times.
 - k) The work of the Employer Link Service was seen as very valuable by employers.
 - l) Two external pieces of work in relation to the case management process were underway within FtP. One focussed on referrals from members of the public and the other on initial thresholds.

Performance

- m) Overall performance remained strong against the corporate KPIs. The performance of the call centre was rated as amber, with call answering falling below the target, due largely to the challenges

- experienced in October and December 2018.
- n) There had been some variations in new FtP referral rates: this may have been partly due to issues with the online referral system which was currently being worked through. There was no evidence to suggest that any referrals had been lost as a result of the issue. It would be helpful to have an analysis of the new referral rates to identify potential patterns and/or seasonal trends.
 - o) The customer feedback dashboard from October to December 2018 indicated that there were still a high number of people (10–15%) who were highly dissatisfied and/or strongly disagree. It was important to understand the reasons for this and the areas of concern as well as have a picture of positive feedback. The new complaints and enquiries team would be developing this, with external expert support. Council would get a fuller analysis and more data on this later in the year.
 - p) The Council welcomed the improved picture around staff turnover. It may be helpful to understand why people are leaving within the first 12 months, not just the first six months. More granular data would be provided to the Council on this.
 - q) It would be helpful to have both numbers and percentages in relation to Freedom of Information requests and to other information in the dashboard, to understand whether these were going up or down.
 - r) The lease for the new FTP offices had now been signed and the next steps were to procure fit out for the office.
 - s) The financial picture for income this year was boosted by the cheque finally received from HMRC for recoveries of tax and national insurance collected incorrectly in previous years in relation to FtP panellists.

Action: Update the Council on the progress of broadening out to the organisation, the person centred approach being taken in the PSS work.

For: Director of Fitness to Practise

By: 22 May 2019

Action: Include themes and issues captured from employees' comments, when sharing the findings from the recent employee survey with the Council in February 2019

For: Director of People and Organisational Development

By: 26 February 2019

Action: Arrange for Council members to meet with the Clinical advisers and hear more about their work

For: Director of Fitness to Practise

By: 27 March 2019

Action: Provide an update to Council on the outcomes of the two external pieces of work in FtP (i.e. referrals from members of the public and initial thresholds)

For:	Director of Fitness to Practise
By:	22 May 2019
Action:	Consider if there is a potential pattern and/or seasonal trend in the new referral rates
For:	Director of Fitness to Practise
By:	27 March 2019
Action:	<ul style="list-style-type: none"> i. Provide a deeper analysis of why people are highly dissatisfied and/or strongly disagree, whether this relates to particular areas, and what we are doing to address. ii. Include a picture of positive feedback in the analysis. iii. Include the numbers as well as percentages in the Complaints and Customer Service dashboard, including for Freedom of Information requests.
For:	Director of Registrations and Revalidation
By:	i. and ii. TBC; iii 27 March 2019
Action:	Provide detailed data on why people are leaving within the first 12 months, not just the first six months
For:	Director of People and Organisational Development
By:	27 March 2019

NMC/19/08 Gender pay gap report 2018

1. The Director of People and Organisational Development introduced the Gender pay gap report 2018. In discussion, the following points were noted:
 - a) The report would be published on the NMC's website and via a dedicated Government website.
 - b) The NMC mean pay gap for 2018 was down 0.3% compared with 2017 and the NMC median pay gap for 2018 was up 1.04% compared with 2017. The increase was due to proportionally more females in the lowest two pay grades compared to 2017. Generally, small movement in the median would be normal, for example, as a result of changes to staff in post.
 - c) An equal pay review had been undertaken and the aim of the work on the future reward strategy was to address this and to continue to have a positive impact on the gender pay gap.
 - d) The basis for the statistics was the rate of pay as opposed to actual pay. It was important to recognise and support part time workers: the NMC sought to ensure that all employees received the right level of support during and after maternity/paternity leave and to promote a family friendly and supportive working environment at the NMC to both men and women. This would be part of the future reward strategy which would include wider benefits to be offered by the organisation.
 - e) Council asked that the wording of the report should focus on

'fairness' where applicable.

2. **Decision - the Council approved the draft Gender pay gap report 2018 for publication, subject to the above comments.**

Action:	Ensure that the wording of the report is amended to focus on fairness where applicable
For:	Director of People and Organisational Development
By:	27 March 2019

NMC/19/09 Midwifery update

1. The Director of Education and Standards introduced the midwifery update. In discussion, the following points were noted:
- a) The future midwifery standards consultation would be launched on 12 February 2019: a wide range of versions of the consultation materials would be available and a detailed and comprehensive engagement plan was in place.
 - b) An external report had been commissioned to assess the issues around programme length and preceptorship. This had included an economic assessment of the impact of changes to programme length. The findings had been presented to a roundtable of stakeholders on 16 January 2019. The roundtable had been well attended with a richness and variety of views expressed during the event. The insights from the discussion would be taken to the next Midwifery Panel meeting.
 - c) In light of this work, specific questions on programme length would be included in the consultation. Questions would not be included on preceptorship as the NMC had no remit to mandate this. An explanation as to why there were no questions on this would be included in the consultation materials.
 - d) A fuller discussion on preceptorship would be helpful.
 - e) The online survey for women and families which had been launched in December 2018 had received about 500 responses. The information gathered from the survey would be used to guide further work and would be subject to an independent analysis. This would be provided to both the Midwifery Panel and the Council. Another place to reach women and families was through mumsnet and we were looking at this.
 - f) Ten engagement activity events had been planned across the four countries in the coming months and all were fully booked out.
 - g) It was noted that the new midwifery degree apprenticeships standard had been approved by Skills for Health for delivery by the Institute for Apprenticeships.

Action:	i. Circulate external report on programme length and preceptorship
For:	ii. Schedule future discussion on preceptorship
By:	Director of Education and Standards 27 March 2019
Action:	Provide feedback on the findings of the online survey to Council and Midwifery Panel as well as outcomes of wider communications and engagement activities with women and families
For:	Director of Education and Standards
By:	27 March 2019

NMC/19/10 Future nurse standards implementation update

1. The Director of Education and Standards introduced the paper which provided an update on the future nurse standards implementation.
2. In discussion, the following points were noted:
 - a) The CNOs had each established a board to lead implementation of the new standards in their country and the NMC was working closely with all four boards.
 - b) Implementation events had been held in each of the developed countries and across the four regions in England.
 - c) Engagement was taking place to ensure the readiness of Approved Education Institutions with their practice learning partners to deliver the new standards and confidence to go forward to approval.
 - d) Whilst understanding was getting stronger, there was more work to do with placement providers. HEE was driving this work, however the NMC was offering support as well to help placement providers understand the requirements and practices.
 - e) The development of a National Practice Assessment Document (PAD) in England was welcome. Wales, Scotland and Northern Ireland already had national PADs. Ensuring safety had been a key driver in standardisation in Wales.
 - f) From 28 January 2019, the Royal Pharmaceutical Society's (RPS) Competency Framework came into effect as the NMC standards for nurse and midwife prescriber and for providers of NMC approved prescribing programme. The standards for medicines management were withdrawn on the same date

NMC/19/11 Safeguarding implementation plan

1. The Council considered the high level implementation plan for the policy on safeguarding and protecting people.
2. In discussion the following points were noted:
 - a) As the NMC was a charity, there was a need to follow the Charity

Commission's guidance in England and the guidance of the Office of the Scottish Charity Regulator.

- b) The work in relation to the policy and implementation plan was twofold in that it focussed on the role of NMC staff in terms of external concerns that they may become aware of and also on internally protecting staff from abuse or harassment.
- c) There would be annual reports to the Council but any serious risks would be escalated to Council immediately if identified.
- d) There was a need to determine the Executive safeguarding lead but all Directors were expected to make this a priority responsibility.
- e) Unlike other charities, the NMC did not use volunteers to fulfil its functions, there was no need to have a 'volunteer' policy in place.
- f) It was important that the policy and implementation plan were visible to staff: the more visible things were, the more likely staff were to act.

Action:	Confirm the Executive safeguarding lead
For:	Chief Executive and Registrar
By:	27 March 2019

NMC/19/12 Questions from observers

1. The Chair invited questions and comments. The following comments were made:
 - a) The Unite representative noted that the PAD was unlikely to work well for mental health nurses. The Director, Education and Standards advised that the need for field specific guidance for mental health practice was recognised and issues for mental health nurses would be picked up with Mental Health Association UK. The Chair and the Chief Executive had been invited to the next mental health forum.
 - b) 28 universities were now sharing the same PAD which was a significant improvement, however the input of mental health nurses was important. It was timely to also look at a shared approach for nurses and nursing associates.
 - c) The significant NMC social media output on NAs was welcome. It was a long time since the NMC had promoted School Nurses or Health Visitors in this way and some coverage would be welcome.
 - d) The new approach to the Chief Executive's report was welcome as was the commitment to ensure patient and public engagement across the four countries.
 - e) A student asked about the impact of the new integrated curriculum on current students. The Director of Education and Standards advised that there should be a local transition system in place, including a local mapping of skills to the new standards and a commitment to develop newly qualified nurses.

Action: Raise the issue with mental health nurses and PAD compliance with the Mental Health Association UK
For: Director of Education and Standards
By: 27 March 2019

NMC/19/13 Chair's action taken since the last meeting

1. The Council noted the two Chair's actions and one Decision by correspondence since the last meeting

The next meeting of the Council in public will be held on Wednesday 27 March 2019 at the NMC, 23 Portland Place.

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

SIGNATURE:

DATE:

DRAFT

Council

Summary of actions

Action:	For information.
Issue:	Summarises progress on completing actions from previous Council meetings.
Core regulatory function:	Supporting functions.
Strategic priority:	Strategic priority 4: An effective organisation.
Decision required:	None.
Annexes:	None.
Further information:	If you require clarification about any point in the paper or would like further information please contact the author below.

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Summary of outstanding actions arising from the Council meeting on 29 January 2019

Minute	Action	Action owner	Report back date	Progress to date
NMC/19/06	Apprenticeships Provide a briefing on apprenticeship issues across the four countries	Director of Education and Standards	27 March 2019	To date only England has progressed its apprenticeship programme to include nursing and midwifery apprenticeship standards and we have produced a briefing paper on this. Further details on the devolved country plans for apprenticeships are currently being generated. An initial review suggests that only Wales is working towards apprenticeships in health, but this is yet to be confirmed.
NMC/19/06	Health and Social Care policies Schedule further sessions for Council on latest health and social care policies across the four countries	Secretary/Chief Executive and Registrar	27 March 2019	We will include these in the planning for 2019–2020 Seminar discussions.
NMC/19/06	Nursing Associates Consider using case studies of newly registered nursing associates working in areas such as social care, housing and drug rehabilitation centres	Director of Education and Standards	27 March 2019	We have been collecting and sharing a series of case studies as nursing associates join the register. As and when we can, these will include nursing associates working in a wide range of health and care settings.
NMC/19/06	Health and Character Guidance	Director of Registration and	28 February 2019	The updated Health and Character guidance was circulated to Council

Minute	Action	Action owner	Report back date	Progress to date
	Circulate the updated Health and Character Guidance	Revalidation/Secretary		members on 18 February 2019.
NMC/19/06	Public and Patient engagement Ensure public and patient engagement conducted across all four countries and provide a fuller report on insight, impact and learning from patient and public engagement work	Director of External Affairs	27 March 2019	Public and patient engagement is ongoing and will form a major part of the development of the next strategy. We held our first public and patient roundtable last week which had 35 attendees from across the four countries and received positive feedback.
NMC/19/07	Public Support Service Update the Council on the progress of broadening out to the organisation, the person centred approach being taken in the PSS work	Director of Fitness to Practise	22 May 2019	Not yet due.
NMC/18/83	Public Support Service Provide an update on themes emerging from the work of the Public Support Service	Director of Fitness to Practise	22 May 2019	Not yet due. We will provide an update on themes as part of our routine reports in May 2019.
NMC/19/07	Employee Survey Include themes and issues captured from employees' comments, when sharing the	Director of People and Organisational Development	26 February 2019	This information was included when the findings were shared with the Council in February 2019. Further work on development of values and behaviours will be part of the work

Minute	Action	Action owner	Report back date	Progress to date
	findings from the recent employee survey with the Council in February 2019			on the new Strategy 2020–2025.
NMC/19/07	<p>Clinical Advisers</p> <p>Arrange for Council members to meet with the Clinical advisers and hear more about their work</p>	Director of Fitness to Practise	27 March 2019	We are arranging with colleagues in Governance as part of a potential refresher day for Council members.
NMC/19/07	<p>FtP external work</p> <p>Provide an update to Council on the outcomes of the two external pieces of work in FtP (i.e. referrals from members of the public and initial thresholds)</p>	Director of Fitness to Practise	22 May 2019	Not yet due.
NMC/19/07	<p>FtP referrals</p> <p>Consider if there is a potential pattern and/or seasonal trend in the new referral rates</p>	Director of Fitness to Practise	27 March 2019	We have reviewed monthly referral numbers for the previous five years and have identified no seasonal trends. Referral numbers do drop slightly in December of each year, but we factor this into our planning assumptions.
NMC/19/07	<p>Complaints and customer dashboard</p> <p>i. Provide a deeper analysis of why people are highly dissatisfied and/or strongly</p>	Director of Registrations and Revalidation	i–iii 27 March 2019	i–iii. The actions will be covered in the next dashboard, which will be reported to the Council in May. We intend to report the dashboard quarterly rather than monthly, to enable more meaningful analysis of

Minute	Action	Action owner	Report back date	Progress to date
	<p>disagree, whether this relates to particular areas, and what we are doing to address</p> <ul style="list-style-type: none"> ii. Include a picture of positive feedback in the analysis. iii. Include the numbers as well as well as percentages in the Complaints and Customer Service dashboard, including for Freedom of Information requests. 			the trends.
NMC/19/07	<p>Staff turnover</p> <p>Provide detailed data on why people are leaving within the first 12 months, not just the first six months</p>	Director of People and Organisational Development	27 March 2019	This information has been included in the performance and risk section of the Executive's report on the agenda.
NMC/19/08	<p>Gender pay gap report 2018</p> <p>Ensure that the wording of the report is amended to focus on fairness where applicable</p>	Director of People and Organisational Development	7 March 2019	The wording of the report has been amended and we will publish the report by 28 March 2019.
NMC/19/09	<p>Midwifery update</p> <ul style="list-style-type: none"> i. Circulate external report on programme length and preceptorship ii. Schedule future discussion on preceptorship 	Director of Education and Standards/ Secretary	27 March 2019	<ul style="list-style-type: none"> i The executive summary was shared with the Midwifery Panel on 21 February 2019. ii We will schedule a future discussion on preceptorship after the future midwife consultation

Minute	Action	Action owner	Report back date	Progress to date
				closes on 9 May 2019.
NMC/19/09	<p>Midwifery update</p> <p>Provide feedback on the findings of the online survey to Council and Midwifery Panel as well as outcomes of wider communications and engagement activities with women and families</p>	Director of Education and Standards	27 March 2019	<p>The feedback from the online survey is being independently analysed. The report and its findings will be considered as part of the wider post consultation analysis, taking place after the future midwife consultation closes on 9 May 2019.</p> <p>Independent focus groups with women and families, including 'hard to reach' groups, will be taking place during the second half of the consultation period.</p> <p>Engagement with women, families and advocacy groups is included in the consultation engagement activity. Included are social media 'chats' with Mumsnet with Professor Mary Renfrew on 18 February 2019 and engagement with people with learning disabilities, in conjunction with MENCAP.</p> <p>A social media campaign is planned to include a wide range of stakeholders including women and families.</p>
NMC/19/11	Safeguarding	Chief Executive and	27 March 2019	The Chief Executive and Registrar

Minute	Action	Action owner	Report back date	Progress to date
	Confirm the Executive safeguarding lead	Registrar		is in discussion with Directors and will provide an update to the Council once the safeguarding lead has been confirmed.
NMC/19/12	<p>Questions from observers</p> <p>Raise the issue of mental health nurses and PAD compliance with the Mental Health Association UK</p>	Director of Education and Standards	27 March 2019	<p>A discussion with the Chair of Mental Health Nurse Academics UK took place on 13 December 2018 and the engagement of mental health academics in the development of the PAD had been recommended.</p> <p>Our general messaging to those developing the PAD documents was to ensure that field specific emphasis was included.</p> <p>Mental health representatives have been invited to work with us to develop case studies to support the proficiencies for publication.</p>

Summary of outstanding actions arising from the Council meeting on 28 November 2018

Minute	Action	Action owner	Report back date	Progress to date
NMC/18/101	Future midwife	Director of Education	3 October 2019	Not yet due.

Minute	Action	Action owner	Report back date	Progress to date
	Consider how the impact of the final midwifery standards can be evaluated once implemented and report back to Council on a timeframe for such evaluation	and Standards		
NMC/18/102	English Language Requirements i. Provide clarity on the plan and timescales for monitoring impact and reporting back to Council. ii. Monitor impact of changes visibly and carefully, including any fitness to practise issues	Director of Registration and Revalidation	i. 30 January 2019 ii. TBA	We are continuing to monitor the impact of the changes. Updates will be reported as part of the regular updates on the overseas programme in the Executive Report.
NMC/18/103	Education Quality Assurance Schedule seminar discussion on how to address issues/themes emerging from education quality assurance, remedial actions and how to drive forward improvements in quality	Director of Education and Standards	26 March 2019	On the March Seminar agenda for discussion.
NMC/18/103	Education Quality Assurance Bring forward options and proposals for oversight and more regular reporting and timescales under the new Education QA framework	Director of Education and Standards	27 March 2019	On the March Seminar agenda for discussion.
NMC/18/110	Behaviours and values Articulate what success will look	Director of People and Organisational	27 March 2019	A discussion on values and behaviours took place at Council

Minute	Action	Action owner	Report back date	Progress to date
	like in terms of embedding values and behaviours	Development		Seminar in February 2019.

Summary of outstanding actions arising from the Council meeting on 26 September 2018

Minute	Action	Action owner	Report back date	Progress to date
NMC/18/80	Regulation of nursing associates Bring back proposals for evaluation of 'protected learning time'	Director of Education and Standards	2020	In order to have sufficient meaningful data to evaluate, we now propose to include this evaluation in the 2020–2021 business plan. The comprehensive evaluation of the impact of the new role sponsored by the National Institute for Health Research will get underway next year.
NMC/18/83	Public Support Service Provide an update on themes emerging from the work of the Public Support Service	Director of Fitness to Practise	22 May 2019	Not yet due. We will provide an update on themes as part of our routine reports in May 2019.
NMC/18/88	Annual equality, diversity and inclusion report 2017–2018 Consider: i. how future reports can provide more information about trends over time	Director of Registration and Revalidation	3 July 2019	The next annual report to Council will take these points into account.

Minute	Action	Action owner	Report back date	Progress to date
	and ii. the scope to improve analysis of the data to derive better understanding and intelligence			
NMC/18/89	Welsh language scheme Access to services Consider how to ensure services are accessible to all members of the population in a way that meets their needs	Director of External Affairs/Director of Registration and Revalidation	3 July 2019	The next annual report to Council will take these points into account.

Summary of outstanding actions arising from the Council meeting on 28 March 2018

Minute	Action	Action owner	Report back to: Date:	Progress to date
NMC/18/25	Standards of proficiency for registered nurses and standards for education and training Consider how and when to undertake a stocktake review of the effects and benefits of the new Standards	Director of Education and Standards	6 June 2018 27 March 2019	The task of evaluating the new standards was considered by the Executive in the 2019–2020 budget setting process and it was agreed to defer the standards evaluation to 2020–2021.

Summary of outstanding actions arising from the Council meeting on 31 January 2018

Minute	Action	Action owner	Report back to: Date:	Progress to date
NMC/18/10	<p>Review of Council allowances 2017</p> <p>Develop proposals for a 'remuneration philosophy' for consideration by the Council</p>	Secretary/Chair of the Remuneration Committee	28 November 2018 27 March 2019	This is addressed in the Remuneration Committee's report on the confidential agenda.

Council

Executive report

Action: For discussion.

Issue: The Council is invited to consider the Executive's report on key strategic developments since January 2019, and updates on our performance.

The paper includes the corporate risk register for discussion, at **annexe 1** section 7.

Core regulatory function: All regulatory functions.

Strategic priority: All.

Decision required: None.

Annexe: The following annexe is attached to this paper:

- Annexe 1: Performance and risk 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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- Discussion:**
- 1 The period covered by this report includes the arrival of the Chief Executive, the opening of the nursing associate (NA) register and the launch of the future midwife standards consultation. Detail on the launch of the NA register and the future midwife consultation appears elsewhere on this agenda.
 - 2 This report covers key developments in the external environment, key strategic engagement activity, and provides a progress update against the NMC delivery plan up to 28 February 2019. Good progress is being made against objectives; our financial position is strong; and our risk position is largely stable.
 - 3 This report amalgamates the previously separate Chief Executive's report and performance and risk report. In developing this report, our aim is to provide Council with the appropriate level of information to enable them to exercise effective stewardship and strategic oversight. Subject to Council's feedback, we aim to organise the narrative section of the report more thematically in the coming months.

Key stakeholder engagement

'#ListeningMode' – visits by the Chief Executive

- 4 The arrival of our new Chief Executive in mid-January 2019 and her visits around the UK in her first month were covered on social media with the hashtag '#ListeningMode'. Relevant tweets including blogs and videos have appeared nearly 212,000 times on social media feeds. The videos have been viewed over 25,000 times.
- 5 On 18 January 2019, the Chief Executive met the Chief Nursing Officer for Scotland. Together, they visited the Vale Centre for Health, NHS Greater Glasgow and Clyde. The Chief Executive met front-line staff in integrated services, mental health services and children and families before travelling to the Golden Jubilee Foundation, Clydebank, where she met nursing staff and joined the leadership discussion.
- 6 On 1 February 2019, the Chief Executive visited the University Hospital Llandough, Cardiff where she met ward sisters, heads of mental health nursing and followed the pathway for an adult mental health inpatient. After lunch with the Chief Nursing Officer for Wales, she visited Ty Penrhos Care Home, Caerphilly.
- 7 On 4 February 2019, the Chief Executive travelled to Belfast and met the Chief Nursing Officer for Northern Ireland. Together, they met advanced care practitioners working in primary care, visited the Four Seasons Facility at Domnall, which provides care for people with complex medical needs, and visited the Lagan Valley Hospital midwifery lead unit. The following day, she joined the UK Chief

Nursing Officers at their regular joint meeting.

- 8 On 22 February 2019, the Chief Executive visited the Royal Liverpool University Hospital. She met the senior nursing team, visited the New Royal site, and toured the Emergency Department. She also had an opportunity to meet community nurses and acute liaison learning disability nurses.
- 9 These meetings are a critical part of the Chief Executive's induction to find out first-hand the varied working environment of registrants across the UK, how the challenges and opportunities vary within all four nations, and how we can begin to further strengthen how we work together in the future to deliver better, safer care. The key impressions from these visits are the dedication and professionalism of registrants, the variety of settings where registrants work, the need for us to support and enable them and support for the new Fitness to Practise strategy.

Workforce

- 10 The key theme of our external engagement in January and February 2019, has been the health and care workforce, particularly in the context of the risks that would be presented by a no-deal Brexit.
- 11 The Chair, Chief Executive and the Director of External Affairs held a positive meeting with the Minister of State for Health on 22 January 2019 to discuss how the NMC is improving as an organisation, and how we are supporting and developing the workforce.
- 12 The Minister has agreed to meet with us regularly. Since the meeting, we have shared briefing information with the Minister on improving retention and the working lives of nurses, midwives and nursing associates.
- 13 The Chief Executive and the Director of External Affairs met the Special Advisor to the Secretary of State for Health and Social Care on 7 February 2019. They also met the Special Advisor to the Prime Minister on 26 February 2019. Discussion at both meetings focused on what we are doing to support the workforce, our ongoing engagement with stakeholders and the development of our future strategy.
- 14 On 7 February 2019, the Chief Executive met the interim Chief Executive of the Royal College of Nursing. On 14 February 2019, the Chief Executive met the Director of RCN Scotland for an introductory meeting and to discuss future engagement.
- 15 On 11 February 2019, the Chair attended the launch of the publication of the Topol Review which explores how to prepare the healthcare workforce, through education and training, to deliver the digital future. The review makes recommendations that will enable

NHS staff to capitalise on innovative technologies. The recommendations are designed to support the aims of the NHS Long Term Plan and the workforce implementation plan.

- 16 On 27 February 2019, the Chief Executive met with the Director of Workforce at the Department of Health and Social Care (DHSC) and the Director General for Acute Care and Workforce. They discussed the NHS Long Term Plan, the progress with our overseas review and education standards.
- 17 The Deputy Minister for Health and Social Services in the Welsh Assembly has responded positively to our recent contact and we are arranging a meeting with the Chair and Chief Executive later in 2019.
- 18 In February 2019, we responded to a request from the Professional Standards Authority (PSA) for an update on the work we are undertaking in the event of a 'no deal' Brexit. We highlighted the work that we have undertaken with colleagues at the DHSC on the draft no deal regulations that were reported to Council in January 2019. These no deal provisions maintain automatic recognition of professional qualifications for a two-year period as a period of transition to mitigate the impact of a no deal Brexit on the health and social care workforce.
- 19 In our response to the PSA, we also detailed our communications with the EU nationals on our register and the dedicated Brexit information page on our website.
- 20 The Chair and Chief Executive have been invited to join the long term plan implementation group chaired by Baroness Dido Harding which is responsible for developing the Workforce Implementation Plan for England. They attended the second meeting of the group at the end of February 2019.
- 21 We are also represented on a number of the groups which sit underneath the implementation group, including those on the future clinical workforce: nursing and midwifery and international recruitment. Our involvement on these groups enables us to highlight issues around the recruitment and retention of nurses and midwives; and the importance of supporting their sense of pride and professionalism in their work.

The Professional Standards Authority (PSA)

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

- 23 We are meeting with the PSA to discuss ongoing engagement.

Safety

- 24 On 21 February 2019, the Chief Executive and Director of Fitness to Practise met the National Patient Safety Director at NHS Improvement. They discussed the NMC's response to the national patient safety strategy consultation and the future direction of travel.
- 25 On 22 January 2019, the Chief Executive and the directors of Education and Standards and Fitness to Practise gave evidence to the inquiry which is looking into the activities of the former breast surgeon convicted in 2017 on 17 counts of wounding with intent.
- 26 This independent, non-statutory enquiry was established in December 2017 by the, then, Minister of State for Health, under the Chairmanship of the Lord Bishop of Norwich to review the circumstances and to make recommendations about the safety and quality of care provided nationally to all patients, in the independent sector and in the NHS. The inquiry is ongoing and is expected to report later this year.

Performance against our delivery plan

Lessons Learned, including values and behaviours

- 27 The programme of work following the publication of the Lessons Learned report continues and a table setting out progress with completing each milestone is at **annexe 1**, section 2. Overall the programme remains on track with all areas forecasting significant progress by 31 March 2019.

Engagement with people who use services, patients and the wider public

- 28 We held the third meeting of our Public Support Service Steering Group (PSSG) on 4 March 2019. The Chief Executive met members of the group immediately before the meeting. The group includes patients, carers and representatives of organisations representing patients and the public to ensure that their voice is at the heart of our work.
- 29 On 6 March 2019, we hosted a roundtable event attended by over 30 organisations who work with and speak on behalf of patients, people who use services and the wider public. It was a productive discussion, focusing on how we can work more collaboratively in future and how we can use their experiences and input to help nurses, midwives and nursing associates to provide better, safer care.
- 30 On 11 February 2019, the Chief Executive and the Head of Public Support met a family member to discuss her experience of raising a

fitness to practise concern with the NMC to understand the difficulties she had encountered and the changes we need to make in response. The issues discussed were shared in a subsequent Chief Executive blog on regulation and kindness.

A new strategic direction for Fitness to Practise

- 31 We are nearing the end of the pilot phase and are on track to launch the new approach from April 2019. We are continuing to engage with stakeholders. Recent engagement on the FTP strategy and our person-centred approach includes:
- 31.1 A session at the Westminster Health Forum 'Future for professional regulation' conference.
 - 31.2 A discussion about the value of the patient voice in regulation with directors of fitness to practise from regulators of professions across the UK.
 - 31.3 A series of events in Leeds, London, Cardiff, Belfast and Edinburgh for employers, registrants, and patient groups.
 - 31.4 An information day for representative bodies.
 - 31.5 A meeting with the Parliamentary and Health Service Ombudsman to discuss ways we can work together.
 - 31.6 A presentation at the Chief Nursing Officer for England's summit in Birmingham.
- 32 Feedback about our new approach is generally supportive and there is a real desire to work with us to make it a success.
- 33 We sought to provide assurance about particular fitness to practise cases through:
- 33.1 A meeting with the Solicitor General for England and Wales and the Minister of State for Social Care, regarding a specific case. We have undertaken to update the Solicitor General on progress with the fitness to practise strategy and we are seeking a further meeting with the Minister regarding the upcoming Green Paper on social care reform.
 - 33.2 A telephone meeting with the Northern Ireland Chief Nursing Officer regarding Muckamore Abbey Hospital. We are continuing our investigations into the allegations and working with the trust and the police as well as keeping the families informed.

Education and standards

- 34 Our new education, future nurse, nursing associate and prescribing

standards went live on 28 January 2019. A programme for the implementation of the new standards is underway including supporting the four country implementation boards, attending local and national events, webinars, blogs and supporting information.

- 35 The first applications under our new Quality Assurance framework to approve educational institutions have been received and are progressing. We will need to approve all AEs and education programmes against the new standards over the next two years.
- 36 Our next key milestone is delivering new technology as part of the Modernisation of Technology Services (MOTS) programme in 2019 to process approvals. Further information about MOTS appears later in this report.

Overseas registration

- 37 The first stage of the overseas registration route for NAs is now in place and working well. We are carefully reviewing applications to help our understanding of the potential applicant population and to improve the quality of our advice and guidance. The NA test of competence is also in place and ready to accept applicants. We are on track to deliver the second stage of the registration route by the beginning of May 2019 to allow for submission of full registration applications.
- 38 We will then focus on delivering the new automated and streamlined system for all overseas applicants. To support applicants, we are developing our website and an online tool that will allow applicants to determine how ready they are to apply to the register and what they need to do to meet our requirements.
- 39 Since the beginning of the programme, we have introduced a number of interim improvements where it has been safe and appropriate to do so. These improvements will be embedded within the new overseas registration process and test of competence arrangements. We have also agreed with the test providers a reduction in the cost of the current test of competence; from 1 April 2019, the cost of the computer-based test will be reduced from £130 to £90, and a full OSCE from £992 to £794 (£397 for a partial re-sit).

Engagement with other regulators

- 40 On 25 February 2019, the Chief Executive met with the Chief Executive of the General Medical Council (GMC) for an introductory meeting which covered a range of topics including regulatory reform and Brexit planning.

Our responses to external consultations

- 41 Since the last Council meeting, we have responded to the following

public consultations:

- 41.1 The DHSC's consultation on the concept of introducing a requirement for regulated indemnity cover for all healthcare professionals.
- 41.2 The NHS Improvement Consultation on its Patient Safety strategy.
- 41.3 The GMC's review of its consent guidance.

Enhancing our capability and infrastructure

Accommodation

- 42 The leases for our FtP offices in central London are expiring later in 2019 and we are moving those teams to a new office in Stratford. The lease for the new office has been signed.
- 43 We have finalised the interior design specifications and the IT infrastructure for the new FtP offices. We expect to sign the contract with the fit-out contractor shortly.
- 44 Communication and engagement with employees affected by the move continues and our People and Organisational Development team have held face-to-face meetings with those employees who asked for them. The key concerns are over the approach to 'hot desking' and the ability of the IT infrastructure to support agile working in the new building.

Technology programmes

- 45 Our Modernisation of Technology Services (MOTS) and Digital Workplace programmes address issues around the age and stability of our IT and telephony infrastructure. Council has asked for regular updates on progress. Detailed updates are provided in annexe 1, section 1.

MOTS programme

- 46 In July 2018, the Council approved the business case for the delivery of the first phase of the MOTS programme. This seeks to mitigate the highest corporate risk around the stability of our IT, by replacing the systems that support our register (Wiser) and case management (CMS), which are approaching end-of-life.
- 47 MOTS Phase 1 also includes new solutions for nursing associates (NA), Overseas Registration and Educational Standards Quality Assurance (QA).
- 48 We successfully delivered the solution for NA England and the first part of that for NA Overseas in early 2019. In doing so, we also

established the technical foundations for future MOTS scope i.e. Microsoft Dynamics (MSD) as our core administration platform, integrated with NMC Online, our self-service portal for registrants.

- 49 The interim Director of TBI is reviewing the current resource plan in light of recent discovery work, to ensure adequate arrangements are in place to deliver the remaining items of scope, and that this is done at a sustainable pace for the organisation.

Digital workplace programme

- 50 Key elements of our IT hardware, as well as our telephony and WiFi platforms, are out of support and present a risk to ongoing operations, as well as impacting on workforce agility.
- 51 In response to this, we have started work to create a 'digital workplace' at the NMC, using TBI operating budget. This will replace and upgrade these core services.
- 52 We successfully upgraded the telephony platform in late February 2019, which was both out of support and some three major versions out of date.
- 53 In successfully resolving this key issue, as well as achieving stability for our telephony, we have also put in place the foundations for future improvements with the new version of the telephony software, for the Call Centre in particular.

People Strategy

- 54 The employee engagement survey results were shared with the Executive Team and with Council members at our February 2019 seminar. At an operational level, the Directors are planning their response to local issues. From April 2019 onwards we will introduce regular 'pulse' surveys which will provide us with regular monitoring of employee engagement, and greater insight into key organisational issues in a more timely manner.
- 55 In accordance with the governance arrangements approved by the Council, any cases involving a settlement agreement with an employee are reported to the next open Council meeting, as well as in our annual report and accounts.
- 56 There is one such case to report. The Remuneration Committee approved a settlement agreement with an employee on the basis that the relationship with the NMC had broken down. The Committee was satisfied on the basis of information provided by the Executive that approval was justified and defensible in accordance with the approved criteria. The value of the settlement agreement, including the normal contribution to the employee's legal fees, does not exceed £35k.

Corporate KPIs

- 57 Our performance against the five corporate KPIs, the performance of the call centre and performance against our employee turnover indicators are detailed in **annexe 1**.
- 58 January and February 2019 performance against our UK and EU/Overseas registration KPIs exceeded our targets and we expect to meet the targets at year-end. Many registrations staff are now heavily involved in the development of new systems as part of the MOTS programme. This is expected to yield further improvements to registration performance once implemented, but credit is due to the teams for continuing to deliver against the key targets whilst involved in this additional work.
- 59 The performance of the call centre is amber with a year-end figure of 88 percent expected. The telephony issues that affected performance in October were previously reported to Council. Higher than expected call volumes and reduced staff capacity as the result of absences have also impacted performance. Extra temporary staffing has been introduced from 10 January but statistically it will not now be possible to meet the 90 percent target.
- 60 Employee turnover stands at 22.3 percent, with current forecasts suggesting a turnover of 21.8 percent by March 2019.

Financial performance against 2018–2019 corporate budget

- 61 Detailed financial performance commentary is provided at **annexe 1**.
- 62 The accounts show a year to date surplus of £13.3m, which is £15.8m ahead of budget.
- 63 The forecast year end surplus has increased from £8.9m reported in January 2019 to £11.5m.

Corporate Risk Register

- 64 In January 2019, Council agreed that the full risk register will now be discussed at in open session to improve clarity and transparency. Confidential issues relating to specific individual risks may still be discussed in closed session where necessary.
- 65 The corporate risk register is at **annexe 1**, section 7.
- 66 The Executive most recently reviewed the risk register in March 2019, and have concluded that our overall risk position is largely stable. Only one of our nine corporate risks continues to be rated as red (Risk INF18/02: Risk that ICT failure impedes our ability to deliver effective and robust services), with the key long term mitigations being delivered as part of our MOTS programme.

- 67 Since January 2019 there have not been any significant events or indications that the corporate risk context has significantly deteriorated. No risks were escalated for corporate consideration from Directorates.
- 68 Items of note are:
- 68.1 **NMC workforce (PEO18/01):** The Council agreed in January 2019 to increase the current likelihood of our workforce risk from medium (score 3 / 21–50 percent chance of occurrence) to high (score 4 / 51–80 percent chance of occurrence). The Council felt that the previous reduction in November 2018 was too optimistic given the planned scale of change over the next 6–9 month (such as our accommodation move and FtP change programme). Overall the risk remains amber.
- 68.2 **Stability of IT infrastructure (INF18/02):** As reported above, various initiatives are underway.
- 68.3 **External Expectations (EXP18/01):** The Council agreed in January 2019 to reduce the current likelihood of our External Expectations risk from high (score 4 / 51–80 percent chance of occurrence) to medium (score 3 / 21–50 percent chance of occurrence), reducing our risk exposure from Red to Amber. The Council and Executive felt that there had been sufficient progress with mitigations and controls to enable the reduction in risk exposure rating.
- 68.4 **Accurate Register (REG18/01):** The Executive has proposed a reduction in the target likelihood rating post planned actions from medium (score 3 / 21–50 percent chance) to low (score 2 / 6–20 percent chance) to reflect the expected benefits from the MOTS programme by March 2020.
- 69 Work continues to review and refine our controls and mitigations, with changes to the register since January 2019 reflected in red text.
- Public protection implications** 70 Public protection implications are considered when reviewing performance and the factors behind poor or good performance.
- Resource implications:** 71 Performance and risk reporting are a corporate requirement and are resourced from within BAU budgets. No external resources have been used to produce this report.
- Equality and diversity implications:** 72 Equality and diversity implications are considered in reviewing our performance and risks.

Stakeholder engagement: 73 Not applicable.

Risk implications: 74 The impact of risks is assessed and rated within our corporate risk register.

Legal implications: 75 None.

NMC Performance and risk report for 2018–2019

Report period: January 2019 – February 2019

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Section 1: Delivery plan progress update

Milestones to March 2019

Key deadline	Activity	Status at Mar 19	Status commentary
1. Changing our approach			
<i>No milestones due in period January to March: see narrative on progress in covering paper paragraphs 23 to 29</i>			
2. Core business and new initiatives			
Overseas (Emma Broadbent)			
Jan-19	Open overseas route for NAs	Green	As of 28 January, applicants have been able to submit the first part of their application. We are on track to release the second stage of the overseas registration route at the end of March. Applicants who have passed the test of competence will be able to submit their full registration application. Additional releases post March have been planned to ensure that the full system, including internal assessment processes, are in place by the end of April.
Education (Geraldine Walters)			
Feb-19	Midwifery standards consultation launched	Green	Our midwifery standards consultation launched in February 2019 accompanied by a full programme of engagement events, focus groups, user testing groups, webinars and social media activity.
3. Enhancing our capability and infrastructure			
Accommodation (Andy Gillies)			
Oct-18	New lease signed	Green	The lease for FtP's new offices in Stratford was signed in February. Procurement for the fit out is under way and the overall timetable for moving into the new offices is achievable.
Digital Workplace (Ric Sheldon)			
Feb-19	Telephony Upgrade	Green	We successfully upgraded the telephony platform in late February 2019, which was both out of support and some three major versions out of date.

Key deadline	Activity	Status at Mar 19	Status commentary
	Telephony enhancements	Status TBC	Building on the software delivered by the recent upgrade, we will implement a second phase of enhancements – to benefit the Call Centre in particular. Planning is in progress.
Mar-19	WiFi Upgrade	Green	We expect to complete the implementation of our new solution by the end of March 2019.
Apr-19	Collaboration tools	Green	We are progressing well with assessing a potential replacement for our corporate Intranet (Workplace by Facebook) and will report back on this in due course.
Apr -19 (Revised)	Backup phone lines	Amber	After the major outages in September and October 2018, we intend to implement a backup solution. We have revised the delivery date for this from the end of March 2019 to mid-April 2019, to give our telephony platform time to bed down after the recent upgrade.
Apr-19	Laptop Fleet	Green	To support agile working in the new Stratford office (and our other sites), as well as replacing our ageing desktops, we have tendered for a fleet of 650 laptops (and peripherals – docking stations etc).
Aug-19	Office Move	Green	We have started the implementation of Windows 10, laptops and telephony, with the aim of being complete in time for the FtP office move in August 2019.
Modernising Our Technology (Ric Sheldon)			
Apr-19 (Revised)	Education Standards QA	Amber	Status is amber due to build slippages, with the delivery date having been revised from March 2019 to April 2019. Mitigation strategies are in place to ensure the July 2019 deadline for the Education Programme overall is met.
May-19 (Revised)	NA Overseas	Amber	Status is amber to reflect that the delivery date of the second half of the application process has been revised from March 2019 to May 2019, based on a better understanding of requirements. This does not affect the programme overall.
Jul -19	Overseas nurses and midwives registration	Green	Discovery work is in progress, with development scheduled to start after successful completion of NA overseas, leveraging the solution from the same.

Key deadline	Activity	Status at Mar 19	Status commentary
Sept 19	Wiser replacement	Green	<p>Following completion of implementation planning, we have reprogrammed delivery from July to September 2019, which we will keep under close review.</p> <p>This does not represent a risk to the overall programme and we will report back once development is better progressed.</p>
Mar 2020	Case Management	Green	<p>We have started work earlier than planned on this part of MOTS scope, which will also include work on complaints and enquiries processes.</p> <p>Timelines for delivery will be confirmed once planning is completed at the end of the current quarter. Discovery work is progressing well.</p>

Additional future milestones up to 31 March 2020 will be set following approval of the corporate plan for 2019–2020.

Section 2: Progress against the Lessons Learned programme

Lessons Learned programme

- 1 Our Lessons Learned programme is delivering a number of outcomes under 13 workstreams. Progress is:
 - 1.1 Establishment of the Public Support Service. On track; public support meetings pilot on target. 24 hour independent support line up and running and advocacy support pilot underway. Third meeting of the Public Support Steering Group on 5 March. Staff training continues, the next phase will focus on bereavement and will take place in April and May. Phase two of the web site development is underway with the creation of videos of staff talking about their role.
 - 1.2 The Fitness to Practise strategy. On track; we are past the mid-point of the pilot phase which is testing new ways of working, the focus now is on collecting feedback in order to create an implementation plan from April 2019.
 - 1.3 Exploring new sources of assurance for Fitness to Practise. Internal review on case progression complete. Recommendations being considered.
 - 1.4 Continuing to develop Employer Link Service and Regulatory Intelligence Unit. On track; we are focusing on the type of intelligence that we should collect and how we effectively make use of that intelligence.
 - 1.5 Improving access to clinical advice. On track; all appointments have now been made. Tool kit created so that staff can recognise when clinical advice is required and can access it appropriately.
 - 1.6 Review of Complex and High Profile team. Delayed; work to draw together current case management/case work guidance into an overarching strategy, due to input required from various stakeholders this work will be completed post March 2019.
 - 1.7 A programme of engagement with groups representing patients, families and the public. On track; on 6 March we held a roundtable with senior leaders from charities and public facing organisations, as reported in the cover paper.
 - 1.8 Developing a programme of research to better understand how regulation can better meet the expectations of patients and the public. On track; presented initial findings at the Council Seminar on 26 February and returning to Council Seminar in March and April to discuss progress.

Lessons Learned programme

- 1.9 Reviewing our correspondence and communication to make sure it is helpful and easy to understand. On track; all key work due to be completed by the end of March 2019.
- 1.10 Introducing a new approach to complaints and enquiries. On track; the creation of new team is scheduled to complete by 1 April 2019.
- 1.11 Embedding our values and behaviours. On track; feedback from the staff conferences informed a discussion at both Leadership Team and Executive Board in January/February. In partnership with information from the engagement survey, a presentation was made to Council on 26 February for discussion on how the values are influenced and embedded by both the Council and the Executive team.
- 1.12 A refreshed approach to recruitment and induction. Delayed; the onboarding page will be live on w/c Monday 4 March and the welcome guide will be uploaded w/c 11 March. Refinements were made following the pilot and delays were due to technical uploads not taking effect.
- 1.13 Enabling improved record keeping through our Modernisation of Technology strategy. On Track; we are building into the design of Microsoft Dynamics the concept of a team level “manager role” and “officer role”. This will control the access to different areas of the database to the specific teams that use that data.

Section 3: Traffic light summary of corporate performance

Year to date income and expenditure at February 2019	Current status
Income (February actual: £84.9 million / 7% over budget)	Green
Expenditure (February actual: £74.3 million / 9% under budget. The size of the underspend may indicate risk of slippage in delivery against plans)	Amber

Registration & Revalidation performance metrics	Current status
% of UK registrations applications completed within 10 days – (corporate KPI)	Green
% of UK registrations applications completed within 30 days – (corporate KPI)	Green
% of EU/OS registrations applications assessed within 60 days – (corporate KPI)	Green
% of calls answered by the call centre	Amber

Fitness to Practise performance metrics	Current status
% of interim orders imposed within 28 days of opening the case – (corporate KPI)	Green
Proportion of FtP cases concluded within 15 months of opening – (corporate KPI)	Green

People and Organisational Development performance metrics	Current status
Overall staff turnover (12 month rolling)	Reduce
Staff turnover within six months of joining	Reduce

Section 4: Financial performance

a. Actuals to 28 February 2019. Forecast to 31 March 2019

Nursing and Midwifery Council Financial Monitoring Report

	Year-to-date February 2019				Full Year Outturn			
	Actual £'m	Budget £'m	Var. £'m	Var. %	Forecast £'m	Budget £'m	Var. £'m	Var. %
Income								
Registration fees	76.5	75.4	1.1	1%	83.3	82.3	1.0	1%
Other	6.2	1.3	4.9	382%	6.5	1.4	5.1	364%
Nursing Associates funding	2.2	2.7	(0.5)	(19%)	2.3	2.7	(0.4)	(15%)
Total Income	84.9	79.4	5.5	7%	92.1	86.4	5.7	7%
Expenditure								
Directorates								
Fitness to Practise	33.3	35.0	1.7	5%	37.8	38.2	0.4	1%
Resources	8.9	9.4	0.5	5%	9.8	10.3	0.5	5%
Technology and Business Innovation	5.4	5.8	0.5	8%	6.1	6.4	0.3	5%
Registration and Revalidation	5.5	5.7	0.2	4%	6.1	6.6	0.5	7%
OCCE	2.5	2.7	0.2	6%	2.8	3.1	0.2	8%
Education and Standards	2.4	2.8	0.4	13%	2.8	3.0	0.2	8%
People & Organisational Development	2.1	2.1	0.0	0%	2.4	2.4	0.0	0%
External Affairs	1.6	1.6	0.0	0%	1.8	1.8	0.0	0%
Directorate BAU	61.7	65.1	3.4	5%	69.7	71.7	2.0	3%
Corporate								
Depreciation	2.6	2.5	(0.2)	(6%)	2.9	2.7	(0.2)	(9%)
PSA Fee	1.6	1.6	0.0	0%	1.8	1.8	0.0	0%
Other	0.1	0.1	0.0	0%	0.1	0.2	0.0	17%
Contingency	0.0	0.6	0.6	100%	0.0	0.8	0.8	100%
Total Corporate	4.4	4.9	0.5	11%	4.8	5.4	0.6	11%
Total BAU Expenditure	66.1	70.0	3.9	6%	74.5	77.1	2.6	3%
Surplus/(Deficit) excluding Programmes	18.8	9.4	9.4	101%	17.6	9.3	8.3	89%
Programmes & Projects								
Modernisation of Technology Services	2.0	2.9	0.8	30%	2.6	3.5	0.9	26%
Nursing Associates	2.2	2.7	0.5	18%	2.3	2.7	0.4	13%
Education Programme	1.4	1.5	0.2	10%	1.5	1.7	0.2	12%
Overseas Programme	0.4	1.2	0.8	64%	0.5	1.4	0.9	61%
Lessons Learned Programme	0.4	1.0	0.6	57%	0.6	1.2	0.6	53%
Accommodation Project	0.5	0.8	0.3	40%	0.6	1.0	0.4	44%
FitP Change Strategy	0.7	0.8	0.1	16%	0.8	0.9	0.1	12%
People Strategy	0.3	0.5	0.2	35%	0.4	0.5	0.1	17%
Other Projects	0.3	0.4	0.0	11%	0.3	0.4	0.0	8%
Strategic Projects Reserve	0.0	0.1	0.1	100%	0.0	0.1	0.1	100%
Total Programmes/Projects	8.3	11.8	3.6	30%	9.7	13.4	3.8	28%
Total Expenditure	74.3	81.9	7.5	9%	84.2	90.5	6.3	7%
Capital	2.8	0.0	(2.8)		3.6	0.0	(3.6)	
Surplus/(Deficit) excluding CAPEX	13.3	(2.5)	15.8		11.5	(4.1)	15.7	
Free Reserves	35.5	19.7	15.8	80%	33.2	18.3	14.9	82%

b. Balance sheet at 28 February 2019

BALANCE SHEET	Mar-18	Feb-19	Change	Change
	£'m	£'m	£'m	(%)
Fixed Assets				
Tangible Assets	18.9	19.0	0.1	1%
Current Assets				
Cash	16.7	28.6	11.9	72%
Debtors	4.1	2.3	(1.8)	(44%)
Investments	65.5	65.9	0.4	1%
Total Current Assets	86.3	96.8	10.5	12%
Total Assets	105.2	115.8	10.6	10%
Liabilities				
Creditors	(50.9)	(49.6)	1.3	3%
Provisions	(1.4)	(1.2)	0.2	15%
Total Liabilities	(52.3)	(50.8)	1.5	3%
Net Assets (excl pension liability)	52.9	65.0	12.1	23%
Pension Liability	(11.7)	(10.5)	1.2	10%
Total Net Assets	41.2	54.5	13.3	32%
Total Reserves	41.2	54.5	13.3	32%

Notes:

- Where totals and variances do not calculate exactly this is due to rounding.
- Results do not include any adjustments that will come from the year-end actuarial review for 2018-2019 of the defined benefit pension scheme for the statutory accounts. This may result in an increase or decrease in the valuation of the net pension liability and a corresponding charge or credit to the statement of financial activities in the statutory accounts.

c. Detailed financial commentary

Year to date financial performance			
<p>Overview: After 11 months, we have recorded a surplus of £13.3m, and we forecast a surplus for the full year of £11.5m, subject to audit and the revaluation of the pension liability. This is due to a combination of higher income than expected and lower than planned spend on BAU activities and programmes.</p>			
	YTD Actual at February 2019 £'m	YTD Budget at February 2019 £'m	Variance to budget %
Income	84.9	79.4	7% above
Expenditure	74.3	81.9	9% below
<h4>Income</h4> <p>YTD: Income is £5.5m above budget partly due to a £2.1m refund from HMRC for income tax and National Insurance payments on FtP Panellists in previous years. The number of nurses and midwives on the register has been higher than anticipated so registration fees are £1.1m above budget, as are some other smaller sources of income. Nursing associates income reflects cost of the NA implementation project being refunded by the Department of Health and Social Care. Variances from income budget are, therefore, matched by the variance in cost discussed below.</p> <p>Full year forecast: is £92.1m and 7% (£5.7m) above budget.</p>			
<h4>Expenditure on business as usual (BAU) activities</h4> <p>YTD spend on BAU is £3.4m (5%) below budget but underspend is expected to reduce to £2.0m by year-end.</p> <p>Underspends:</p> <ul style="list-style-type: none"> • Fitness to Practise (FtP): (Spend on FtP accounts for over 50% of our BAU budget) <ul style="list-style-type: none"> – YTD spend: is £1.7m below budget. This is primarily due to lower staff costs (from vacancies) and fewer cases at adjudication resulting in lower spend because of less hearings than planned. – Full year forecast: we anticipate 235 fewer hearings this year compared to the 966 originally planned (a reduction of 24%). We forecast that the underspend will reduce to £0.4m by year end mainly due to the increased investment in investigations aimed at reducing the backlog to an optimum caseload. 			

- **Other directorate underspends:**

- **YTD spend:** there were a total of £1.8m underspends across other directorates. Items of note: within Resources, rephasing of planned estates maintenance spend; lower staff costs resulting from vacancies across a number of directorates; and reduced Quality Assurance activity within Education and Standards. In OCCE, underspend is driven by lower than planned spend on external legal fees.
- **Full year forecast:** we anticipate that the underspend will remain at a similar level (£1.6m) at 31 March 2019.

Risks:

- A possible implication of fewer FtP hearings this year is that there are more during 2019-2020 increasing associated expenditure. This could be mitigated through improvements we are piloting as part of FtP Strategy.
- Delayed activities will be taken forward into next year's budget. The risks arising from the delays are manageable within 2019-2020.

Expenditure on strategic programmes and projects

YTD expenditure on Strategic Programmes and Projects is £3.6m (30%) below budget.

The Programmes with significant underspends include:

- **Modernisation of Technology:** is £0.8m below budget YTD mainly due to the transfer of a portion of systems costs to the nursing associates programme. Also, staff costs are lower than planned as a result of using fewer external contractors. We forecast an underspend of £0.9m by year-end for the same reasons.
- **Overseas Programme:** YTD spend is £0.8m below budget mainly due to activities being deferred into next financial year. The implementation of the 'Future Nurse' route is now scheduled for July 2019 and so the year end forecast spend is £0.9m below budget.
- **Lessons Learned Programme:** High initial estimates have resulted in an underspend of £0.6m. We forecast the same underspend for year-end as some activities become BAU in 2019-2020.
- **Nursing Associates:** The programme is delivering in line with expectations. The underspend of £0.4m is mainly due to VAT being included in the budget agreed with DHSC but netted off internally in the actuals.

Section 5: Performance against the corporate business plan

5.1. Corporate KPIs

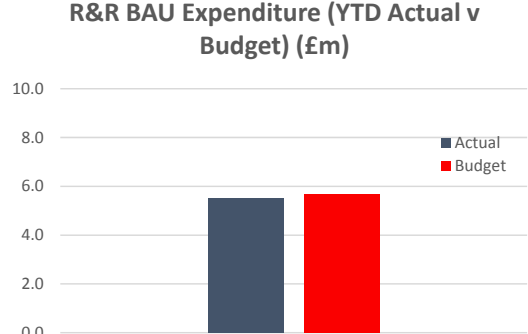
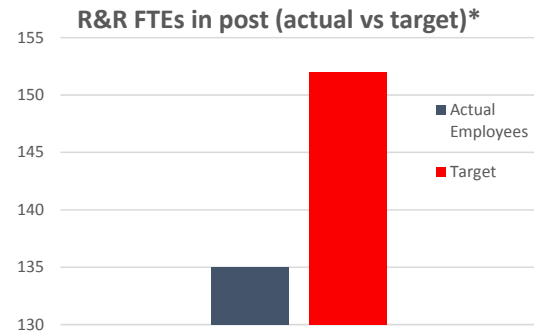
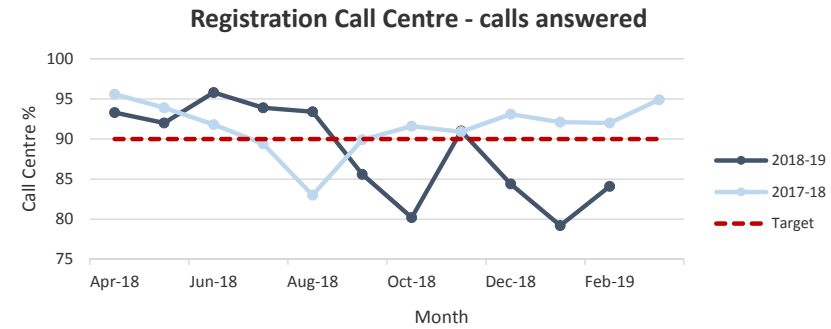
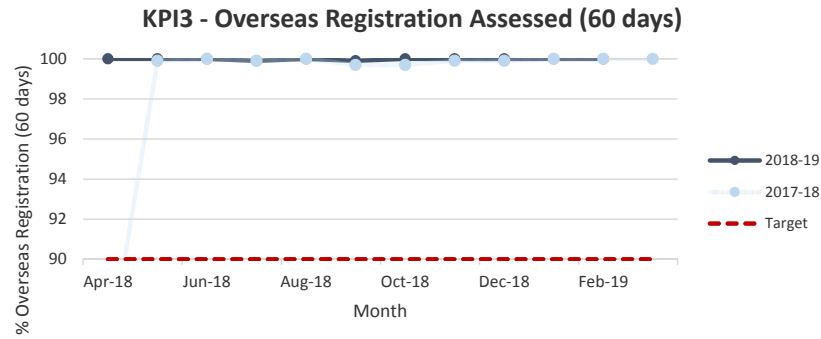
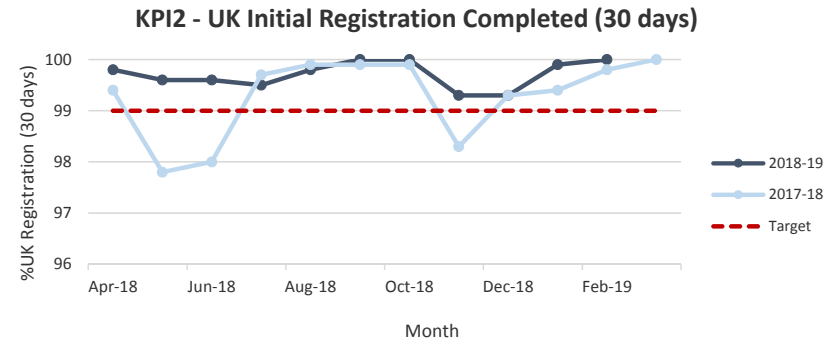
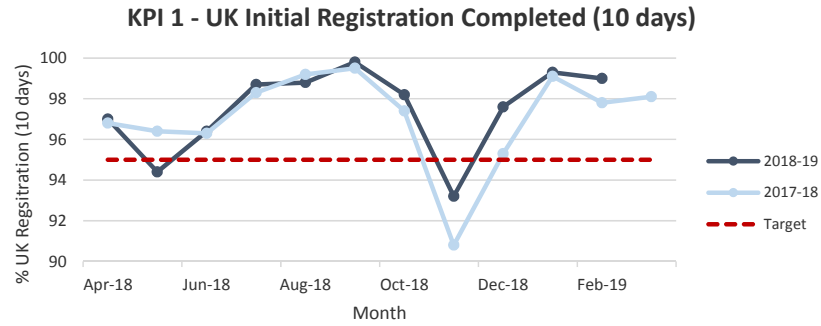
a. Current status at February 2019

5 Currently above target <i>(R&R = 3; FTP = 2)</i>	1 Marginally below target <i>(R&R = Contact centre)</i>	0 Significantly below target
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b. Registration and Revalidation commentary and metrics

- Both of the UK initial application KPIs have been exceeded for January and February. Year end prediction is for overall targets to be exceeded.
- Nursing Associates are now included in the UK KPI for January and February. We processed 309 applications to end of February.
- The EU/Overseas KPI was also exceeded in January and February, and this performance is set to continue until year end.
- Contact Centre - 2019 has had a challenging start to the year with call volumes above forecast. End of year performance is expected to come in at approximately 88% of calls answered.
- Contact Centre - Calls offered were 38% above forecast in January and 31% up in February.

Registration and Revalidation performance metrics at February 2019



Corporate risk (current status)

REG18/01: Risk that we fail to maintain an accurate register of people who meet our standards

Likelihood	Impact	L X I	Trend	Response
3	5	15	Stable	Tolerate

* as at January 2019

c. Fitness to Practise

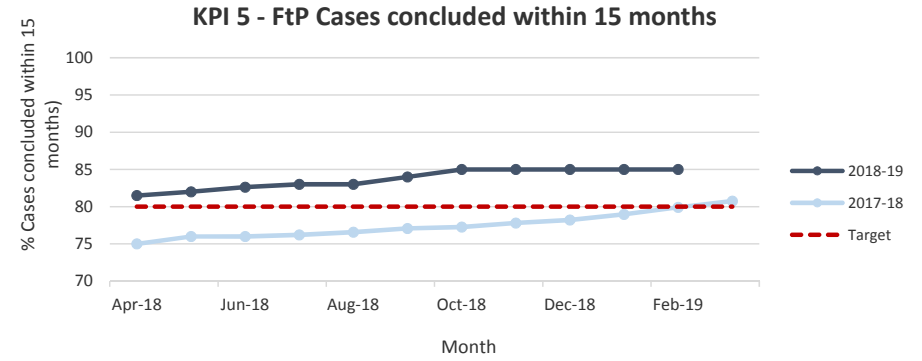
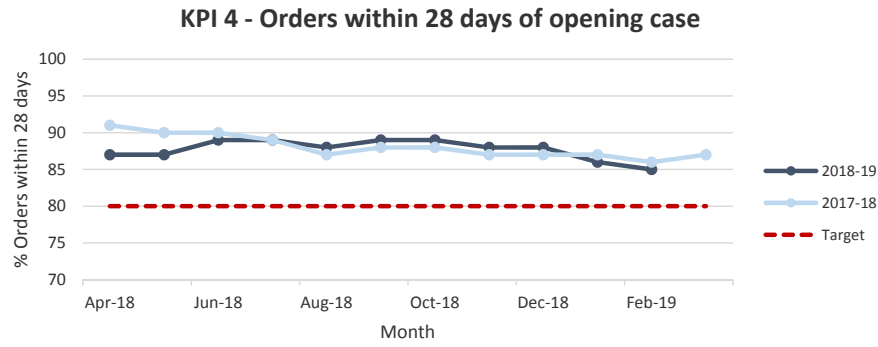
Fitness to Practise performance summary

- We expect to end the year with a slightly higher overall caseload than planned, largely as a result of lower throughput at the investigation stage. We have been working to stabilise and improve performance in investigations throughout the year by: (1) refocussing the investigation teams; (2) investing in additional external investigations. In 2019-2020, we have budgeted additional internal resources in investigations.
- Performance against the interim order (IO) KPI remains above the 12 month rolling average target of 80% of IOs imposed within 28 days of receipt of the referral. However, the monthly spot rate in both January and February was below 80%. The reasons for this are:
 - Eight cases missed the KPI in January 2019 because of case management delays. The average time from receipt to IO for these cases was 42 days and the maximum was 93 days. We have improved our management checks to avoid this recurring.
 - 46 referrals from employers were held up in the new online referral system between 7 December 2018 and 25 January 2019. Once we discovered the problem and released them, all the cases were risk assessed in 48 hours. As a result, four IOs were imposed outside the 28 day timeframe. The average time from receipt to IO for these cases was 43 days and the maximum was 71 days. Two further IO hearings will be held in March, outside the 28 day timeframe. We have contacted all employers affected to explain the situation and apologise. Additional checks have been introduced to ensure no further cases are held up in the system. We also identified learning around IT requirement scoping and system testing processes.
- The strategic change programme continues to be on track and on budget. We have been holding a series of engagement events across all four nations and feedback has been very positive. We are nearing the end of the pilot phase and expect to decide our new ways of working by the end of April 2019.

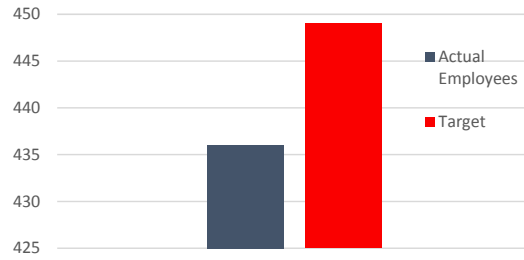
Notes on the dashboard

1. Graph A1 shows the historical caseload data for comparison. Caseload has reduced significantly over the last three years.
2. Graph A2 shows the caseload forecast for 2018–2019. We expect the caseload to be broadly stable during the year.
3. Graph A3 shows the referral rate; a high number of referrals was received in January 2019, offset by lower numbers in February 2019.
4. Graphs B1 to B3 show the median ages of cases in the caseload and at the key decision points.
5. Graphs C1, C2, C3, and C4 reflect the ages of the cases at each stage of the process, split between active cases and cases on hold because of third party proceedings. The dotted lines reflect the timeliness pathway: we are aiming not to have any active cases older than the dotted line at each stage. Achieving the timeliness pathway is largely dependent on improving output at the investigation stage.

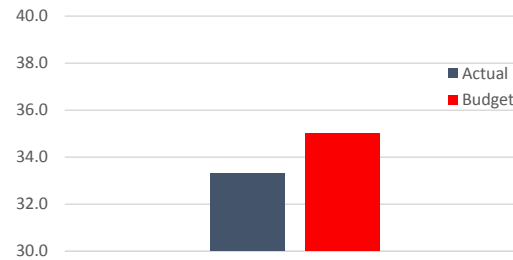
Fitness to Practise performance metrics at February 2019



FtP FTEs in post (actual vs target)*



FtP BAU Expenditure (YTD Actual v Budget) (£m)



Corporate risk (current status)

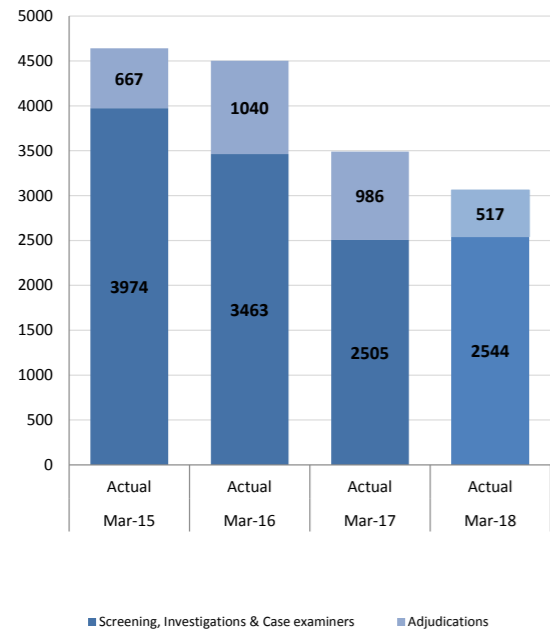
REG18/02: Risk that we fail to take appropriate action to address a regulatory concern

Likelihood	Impact	L X I	Trend	Response
2	5	10	Stable	Tolerate

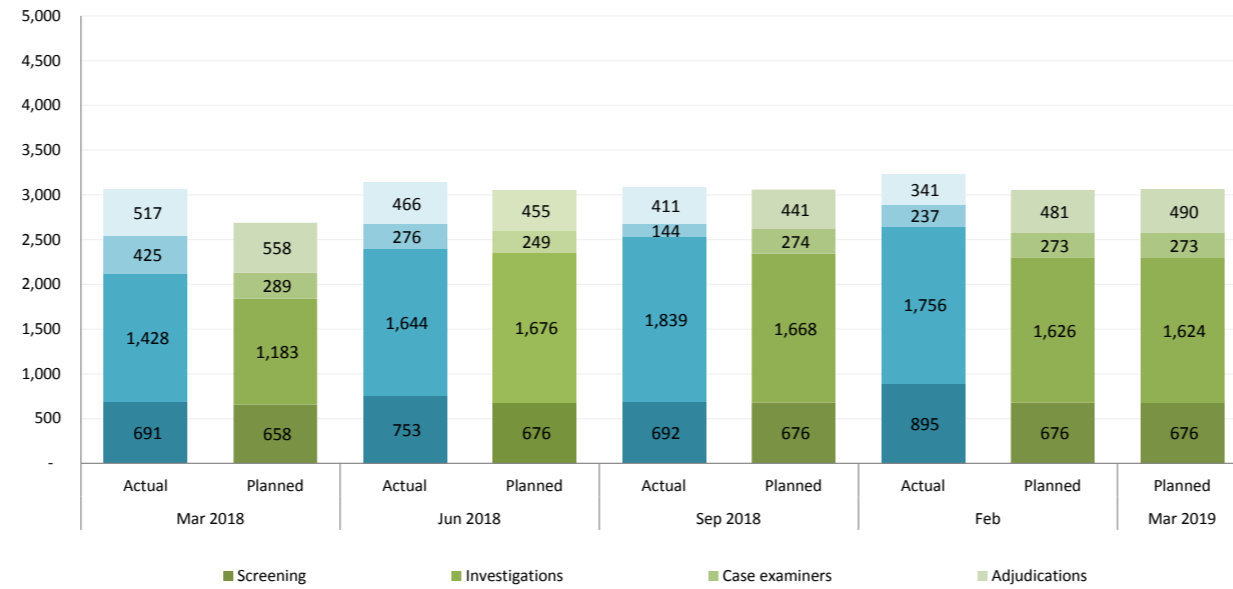
* as at January 2019

FtP performance dashboard February 2019 Final Master

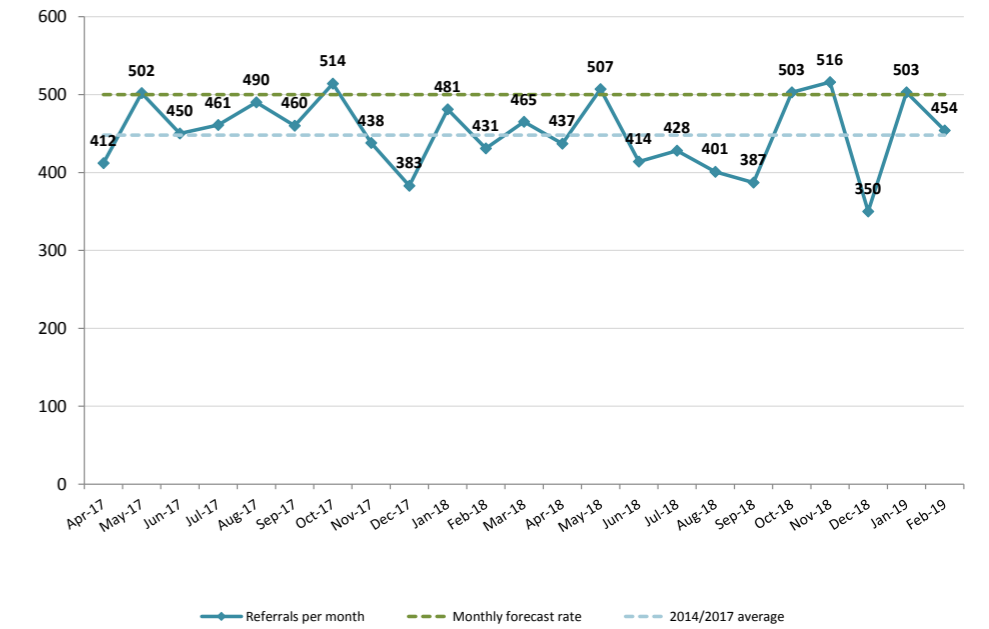
A1 Historic Caseload



A2 FtP Caseload

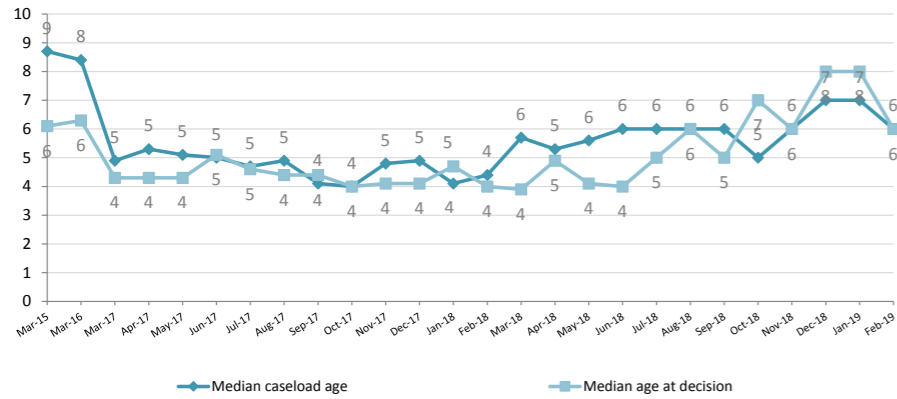


A3 New Referrals

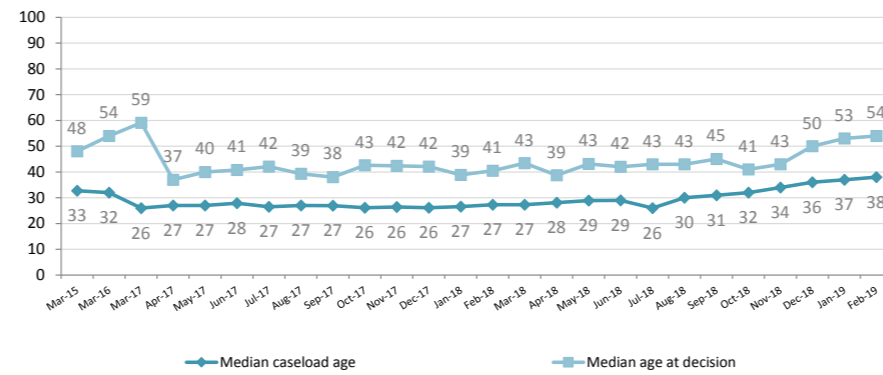


Note: The Case Examiner and Investigation caseloads were realigned in April 2018 to reflect the operational handover point between the two case stages. As a result, Case Examiners has decreased and Investigations has increased when compared to prior reporting periods.

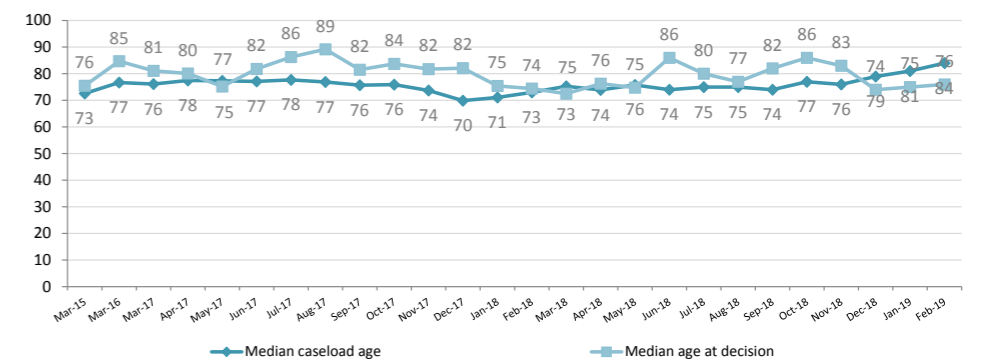
B1 Median age at Screening



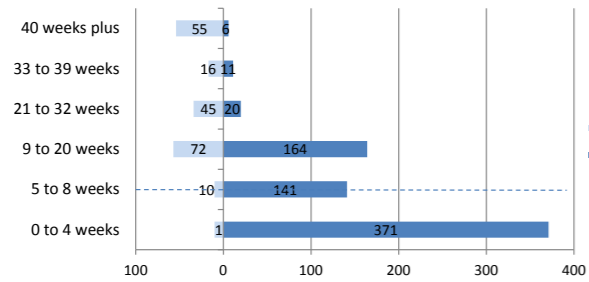
B2 Median age at Investigations and Case Examiners



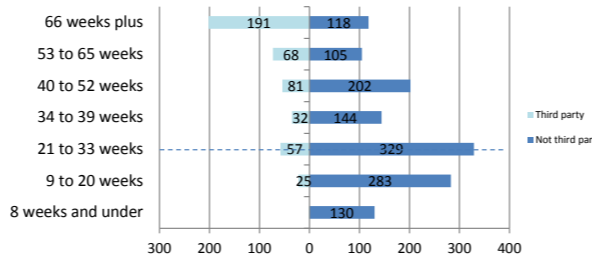
B3 Median age at Adjudications



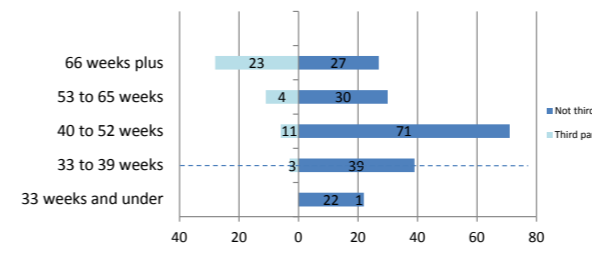
C1 Screening Caseload



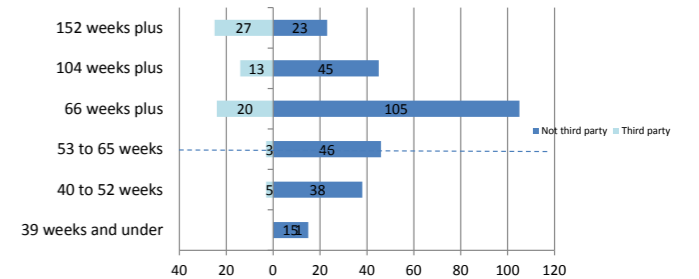
C2 Investigations Caseload



C3 Case Examiner Caseload



C4 Adjudication Caseload



Caseload Movement Summary
December 2018

Opening caseload 3,238

957 cases received

930 cases closed

3,229 Closing caseload

Section 6: People

People

Measure 1: Overall staff turnover (12 month rolling)

Target: Reduce

Overall staff turnover has reduced since December 2018 and stands at 22.3% (a reduction of 0.5%). 157 employees have left in the last 12 months. This rate is comparable with the same period last year (a reduction of 0.1% compared to February 2018).

The number of people leaving the organisation has slowed during the latter part of the year, if the trend continues over the next 12 months we forecast that overall turnover will reduce to approximately 19%.

Exit data over the last 12 months shows that the main reason for people leaving is career progression (cited by 27 leavers / 44% of total leavers interviewed). However over the last three months we have asked leavers to tell us more about why career progression prompted them to leave. There were 3 main reasons:

1. **Accuracy of job descriptions** (3 leavers / 42% of those citing career progression as main reason) leavers felt that the amount of work they do no longer reflect the jobs they were hired to do.
2. **Pay** (2 leavers / 29%) - felt pay was too low and not competitive to market.
3. **Relocation** (2 leavers / 29%) - employees informed us that the move to Stratford prompted them to look for employment elsewhere (a continuing risk for the next 6-9 months which should then plateau off).

This indicates that reasons for leaving are more complex than simple lack of progression. In addition to the 44% citing progression as their main reason, a further 10% of colleagues named pay as their main reason for leaving and another 10% gave planned relocation. But note that these are small samples.

We will continue to improve the way we collect insights from employees leaving the NMC so that we can understand more accurately why colleagues are choosing to move on.

Measure 2: Staff turnover within 6 months of service (Probation) **Target:** Reduce

Turnover of staff within the first six months of service has decreased to 21.8% (a reduction of 0.4% since December 2018). That is, there were 180 total joiners in the last 12 months, and 22 or 21.8% leavers who left within the first 6 months of their service.

People

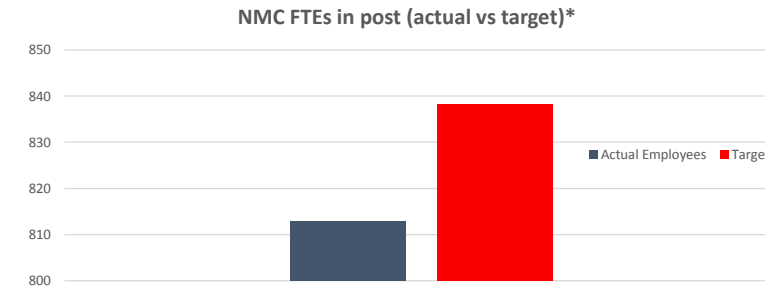
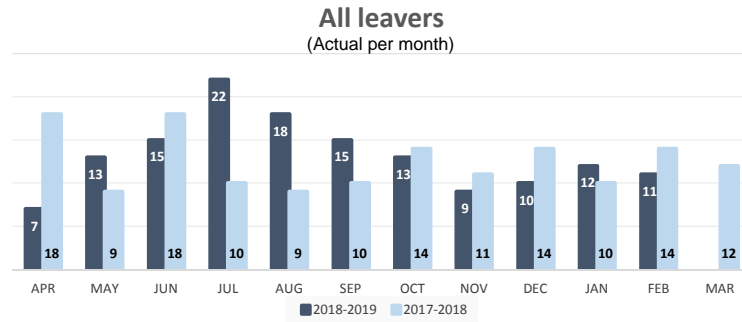
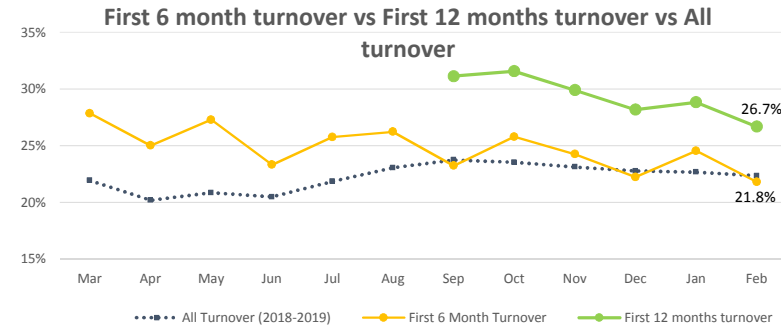
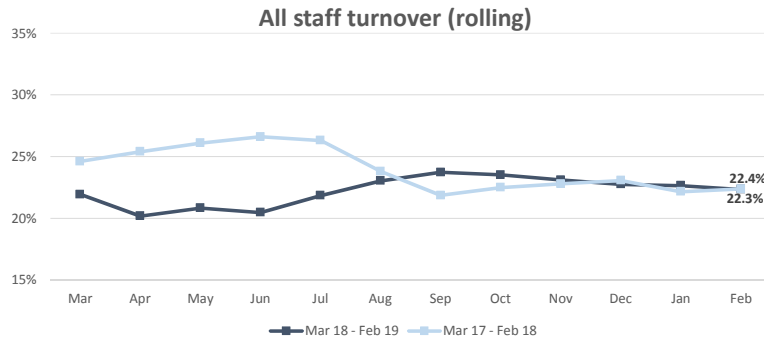
Based on leaver trends for service under 6 months, we forecast a further reduction to 20.8% by March 2019. This would be a significant reduction when compared to last year (Mar 18) which stood at 27.8% (a reduction of 7%).

Measure 3: Staff turnover within the first year of service (new measure)

In January 2019, Council requested a review of the trend data for employees leaving the NMC within 12 months of joining. Compared to the same period last year (Feb 2018), turnover within this group has reduced to 26.7% (a reduction of 0.6%). That is 48 or 26.7% of leavers who left within the first 12 months of their service.

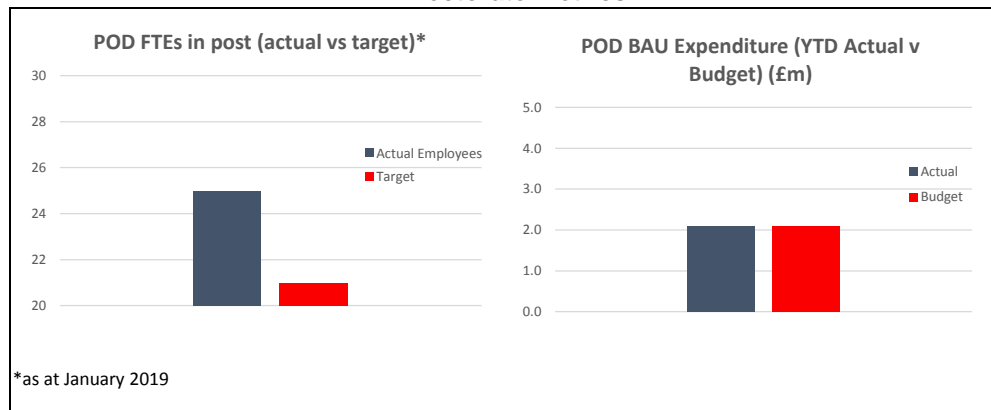
Next steps: Turnover across the organisation is beginning to slowly reduce, and we expect this trend to continue as we deliver key elements of the People Strategy. In 2019-2020 we will complete the first phase of the reward strategy, develop targeted action plans to respond to the results of our detailed employee engagement survey, modernise our recruitment service, build on the strength of our Leadership Development Programme, and focus on how we induct our employees and how we look after their wellbeing during their time at the NMC.

Section 6: People (at February 2019) Corporate metrics



*as at January 2019

Directorate metrics



Corporate risk (current status)

PEO18/01: Risk that we fail to recruit and retain an adequately skilled and engaged workforce (permanent and temporary staff, contractors, and third parties)

Likelihood	Impact	L X I	Trend	Response
4	3	12	Increasing	Treat

Corporate risk register for 2018-2019 (February 2019)

Reference	Risk	Current Rating
REG18/01	Risk that we fail maintain an accurate register of people who meet our standards	AMBER
REG18/02	Risk that we fail to take appropriate action to address a regulatory concern	AMBER
PEO18/01	Risk that we fail to recruit and retain an adequately skilled and engaged workforce	AMBER
INF18/01	Risk that we fail to recover from adverse infrastructure incidents	AMBER
COM18/0	Risk that we fail to prevent a significant data loss or we experience an information security breach	AMBER
COM18/0	Risk that we fail to recover from legal and compliance breaches	AMBER
EXT18/01	Risk that we may lack the right capacity and capability to influence and respond to changes in the external environment	AMBER
EXP18/01	Risk that we fail to meet external expectations affecting stakeholders' trust in our ability to regulate	AMBER
INF18/02	Risk that ICT failure impedes our ability to deliver effective and robust services for stakeholders or value for money	RED

Risk Ref. Number	Risk Description (2018-19)	Contributing Factors / Causation	Inherent Risk (without controls)			Mitigations and Controls (In place)	Current Rating (with controls controls)			Planned Mitigations and Controls	Target Rating (after planned actions are delivered)			Executive Lead (responsible for assuring risk treatment)	
			L	I	L X I		L	I	L X I		L	I	L X I		
REG18/01	<p>Risk that we fail to maintain an accurate register of people who meet our standards</p> <p>i) Potential Impact: - Public are not protected - Loss of confidence in NMC - Undermines public trust</p> <p>ii) Appetite: Averse: but always some residual risk</p>	<p>a. We register people that don't meet our standards due to processing errors, fraudulent applications, or Approved Education Institutions (AEIs) providing the wrong details or qualifications.</p> <p>b. AEIs do not continue to deliver programmes of education and training that meet our standards. Increased risk as the new Quality Assurance (QA) model is implemented and we enter a transition period where we reassess 80+ AEIs and 900+ programmes between now and September 2020.</p> <p>c. Selection and admissions of students onto NMC approved programmes by AEIs may not meet our standards for education and training.</p> <p>d. We fail to reflect a Fitness to Practise (FtP) outcome on the register due to errors or processing gaps.</p> <p>e. Overseas process does not assess risk or map to our current standards.</p> <p>f. A failure of core registration systems (Wiser and Case Management System (CMS))</p> <p>g. Poor data quality erodes our credibility and trust with stakeholders, including that we do not have seamless case management.</p>	5	5	25	<p>a. e. Identity and quality checks for UK, EU and Overseas initial registrations, and renewals and readmissions to limit fraudulent entry and human errors.</p> <p>a. Revalidation ensures the details of registrants are kept up to date and that their fitness to practise is confirmed.</p> <p>a. e. Self serve and Wiser improvements provide automation of core processes to reduce errors.</p> <p>a. b. Staff training and induction in required standards and core processes.</p> <p>a. b. e. Risk based quality assurance approach of AEIs. The new QA Framework for Education of Nurses, Midwives and Nursing Associates includes a requirement for annual self reporting, including an annual declaration from AEIs that they continue to comply with our standards. This is supported by thematic reporting and analysis, additional requirements for programmes under enhanced scrutiny, and data driven monitoring with action taken when concerns emerge.</p> <p>d. Daily reconciliation processes to reconcile FtP outcomes and International Market Information (IMI) alerts which are added to register.</p> <p>a. d. Serious Event Reviews, complaints and assurance controls.</p> <p>f. Business continuity processes in place to manage system down time.</p> <p>f. Implementation of lessons learned from Wiser incident serious event reviews (2018) with Audit Committee oversight.</p> <p>g. Manual quality assurance mechanism to check of registrant data before our data publications.</p>	3	5	15	<p>a, b, f. Ongoing data, systems and registration process improvement work to resolve gaps and improve robustness.</p> <p>a, b, c. Updated guidance to Higher Education Institutions (HEIs) to clarify their obligations regarding approval of programmes and requirements when uploading students' qualifications for application to the register.</p> <p>a, b, c. In rolling out our new education standards and QA framework, we will: - actively monitor programmes in line with our new QA framework. - approve programmes against our new standards before September 2020 (2021 for midwifery)</p> <p>b. AEI annual reporting will be part of the new QA of Education framework. Including declarations from AEIs that they continue to comply with our standards, and thematic analysis of the year and action taken when concerns emerge.</p> <p>e. Overseas review during 2019.</p> <p>a and f. Modernising our Technology (MOTS) programme will deliver core systems replacement for Wiser and CMS and improved case management. Implementation started from November 2018. (see risk INF18/02).</p> <p>f. See risk INF18/01 (business continuity and disaster recovery)</p>	2	5	10	<p>Date change expected: March 2020</p> <p>Comments: Maintain controls and monitor outcomes for any changes. Implementation of new systems via MOTS will reduce the potential for processing errors, and data governance controls will be put in place as part of the work. We anticipate the risk will reduce by March 2020 once these systems have bedded in.</p>	Director, Registrations and Revalidation

Risk Ref. Number	Risk Description (2018-19)	Contributing Factors / Causation	Inherent Risk (without controls)			Mitigations and Controls (In place)	Current Rating (with controls controls)			Planned Mitigations and Controls	Target Rating (after planned actions are delivered)			Executive Lead (responsible for assuring risk treatment)
			L	I	L X I		L	I	L X I		L	I	L X I	
REG18/02	<p>Risk that we fail to take appropriate action to address a regulatory concern</p> <p>i) Potential Impact: - Public are not protected - Loss of confidence in NMC - Undermines public trust</p> <p>ii) Appetite: Averse: but always some residual risk</p>	<p>a. We fail to action referrals in a timely or appropriate way.</p> <p>b. We fail to process FtP cases effectively or make the wrong decision about a case outcome.</p> <p>c. Intelligence and insights are not escalated, used effectively, or shared with key stakeholders.</p> <p>d. FtP, Registrations and Education functions work in silos or fail to communicate effectively resulting in process gaps and inaccurate data sharing.</p> <p>e. We do not engage effectivity with members of public.</p>	5	5	25	<p>a. d. Existing FtP, Registrations and Education policies and processes.</p> <p>a. Monthly monitoring of FtP timeliness pathway. Council/public visibility via KPIs presented at open Council meetings.</p> <p>a. b. Extended powers for case examiner disposals (from 31 July 2017) to manage FtP cases more quickly and effectively.</p> <p>a. b. c. Targeted recruitment for high turnover roles and staff induction, training and L&D.</p> <p>c. Collaboration and data sharing with external stakeholders and partners.</p> <p>d. Routine information sharing regarding processes and risks between FtP, Registrations and Education and Standards.</p> <p>a. c. Employer Link Service supports early engagement with employers and relevant stakeholders to improve knowledge of FtP processes.</p> <p>e. Public Support Service provides tailored support to patients, families and parents.</p>	2	5	10	<p>a, b. Implementation of the Lessons Learned Programme during 2018-2019. (See risk EXP18/01)</p> <p>a - e. Pilots in 4 key areas are being tested between October 2018 - March 2019. The new model for FtP will be operational from April 2019.</p> <p>c - d. Regulatory Intelligence Unit will continue to develop our capabilities in trend analysis and risk assessment, and we will enhance processes sharing information with internal and external stakeholders. (3 year expansion programme from March 2019)</p> <p>d. Continue to deliver process improvements between FtP and Registrations and Revalidation to ensure more consistency in regulatory actions and approach. FtP and Education and Standards working together to develop new data driven approach to QA.</p>	2	5	10	Director, Fitness to Practise
PEO18/01	<p>Risk that we fail to recruit and retain an adequately skilled and engaged workforce (permanent and temporary staff, contractors, and third parties)</p> <p>i) Potential Impact: - Reduced capacity - Inadequate skills - Low staff engagement / resilience - Increased costs - Delays or failure to deliver commitments</p> <p>ii) Appetite: Open: willing to consider all potential delivery options</p>	<p>a. Weak recruitment and high vacancies.</p> <p>b. Poor retention and high turnover.</p> <p>c. Low resilience and poor engagement including over reliance on key individuals / teams and high staff sickness.</p> <p>d. Failure to embed a high performance and development culture.</p> <p>e. Gaps in BAU capacity resulting from staff being redeployed to deliver programmes and projects.</p> <p>f. Our workforce does not keep pace with the capacity and / or capability needed to deliver our corporate plan</p> <p>g. High turnover of Executive Team leads to destabilised leadership and lost skills and knowledge and diverts attention from the plan (two interim directors and a new CEO and Registrar)</p> <p>h. Short term capacity risks posed by accommodation moves from OKS and 61 Aldwych</p>	5	4	20	<p>a. Targeted recruitment and procurement of specialist advertising partner for hard to recruit to roles.</p> <p>a-f. Focused People Directorate which facilitates business partnering, provides targeted people insights (monthly directorate dashboard), and provides focused analysis and solutions for high risk areas.</p> <p>a-c. HR policies, procedures and L&D. HR polices review during 2018-19 continues.</p> <p>b. d. Rolling leadership development programme majoring on performance management from March 2018.</p> <p>a-d. People strategy with 3 year plan covering attraction, recruitment and retention and reward.</p> <p>a, b, c. Annual staff engagement survey and engagement action plans.</p> <p>c. Updated appraisal format implemented from May 2018.</p> <p>e. Staff backfilled when employees are redeployed onto programmes and projects.</p> <p>h. Ongoing staff engagement regarding the FtP accommodation move, including survey work, workshops, and staff support meetings.</p>	4	3	12	<p>a and b. Continuous improvement of NMC employer brand to attract and retain staff.</p> <p>a-c, e. Staff capacity improvement plan to relieve current capacity/capability pressure points (e.g. FtP investigation).</p> <p>a, b. Pay envelope analysis to develop options for strengthening staff pay and reward. (Proposals submitted to the Council in March 2019)</p> <p>a, b, c. Monthly staff engagement survey from 2019 to take regular measurements of employee engagement.</p> <p>a, b, g. Succession planning for critical leadership roles.</p>	2	3	6	Director, People and Organisational Design

Risk Ref. Number	Risk Description (2018-19)	Contributing Factors / Causation	Inherent Risk (without controls)			Mitigations and Controls (In place)	Current Rating (with controls controls)			Planned Mitigations and Controls	Target Rating (after planned actions are delivered)			Executive Lead (responsible for assuring risk treatment)
			L	I	L X I		L	I	L X I		L	I	L X I	
INF18/01	Risk that we fail to recover from adverse infrastructure incidents i) Potential Impact: - Disrupted service delivery - Short term heightened risk of significant harm to the public ii) Appetite: Cautious: preference for safe delivery options that have a low degree of residual risk	a. Shifts in terrorist threat levels particularly in central London where the majority of staff are based. b. Failure of Business Continuity Plans and ICT contingency plan. i) Significant interruption to premises due to inadequate recovery arrangements ii) Significant interruption to IT services due to inadequate IT service recovery arrangements c. Accommodation moves from OKS and 61 Aldwych d. 23 Portland Place maintenance programme	4	5	20	a and b. Business Impact Analysis (BIA) to understand the operational resource needed in the event of infrastructure incidents. Business Continuity Plans, lockdown procedures, and ICT infrastructure disaster recovery arrangements in case of incident. b. Training and desktop exercises with lead directorate representatives undertaken in London and Edinburgh - Oct and Nov 2018. c. Accommodation programme and roadmap including risk monitoring and risk treatment. d. 23 Portland Place maintenance programme has been scoped within the 2019+ business plan.	3	4	12	a, b. Review of business continuity plans including annual tests. A programme of Business Continuity training and exercises. Senior strategic management training and exercises planned for March 2019 b. Annual IT infrastructure disaster recovery test (next test early 2019). Business continuity plans updated following tests. (see risk INF18/02)	2	4	8	Director, Resources
COM18/01	Risk that we fail to prevent a significant data loss or we experience a major information security breach i) Potential Impact: - Disrupted service delivery - Loss of stakeholder data - Compliance breach - ICO fines - Negative perceptions - Bank sanctions ii) Appetite: Cautious: preference for safe delivery options that have a low degree of residual risk	a. Potential cyber vulnerabilities in our IT applications and servers and lack of staff awareness. b. Failure to put in place adequate safe guards for data protection. Lack of staff awareness and literacy of data protection obligations. c. Data protection breaches lead to unauthorised disclosure of personal data, inaccuracy of personal data, failure to comply with the data protection principles. d. Information and records management does not comply with relevant legal requirements or business requirements. e. Non-compliance with the Payment Card Industry Standards	5	5	25	a. Insurance cover for cyber security threats. Mandatory Information security training for all employees. Work continues to address vulnerabilities in our IT systems. a. Technical controls e.g. software security patches (where possible), IT security measures, encrypted email. b. Second phase of GDPR project underway. b and c. Oversight provided by Information Governance and Security Board which includes the Business Continuity Working Group. b and c. Information security risk register, treatment plan and monitoring in accordance with ISO standard.	3	3	9	a. Investment in cyber vulnerabilities during 2018-19 and implementation of MOTS over the next 3 years (see risk INF18/02) b and c. Continue to maintain and strengthen controls around information governance (a-d) by: i) implementing the treatment plan. ii) maintaining staff awareness - comms. iii) ongoing BAU work on technical side.	2	3	6	Director, TBI
COM18/02	Risk that we fail to recover from legal and compliance breaches i) Potential Impact: - Wasted resources - Negative perceptions - Bank sanctions - Fines ii) Appetite: Cautious: preference for safe delivery options that have a low degree of residual risk	a. Failure to meet statutory, legal and mandatory responsibilities (e.g. regulatory processes, data protection, health and safety, Freedom of Information, procurement, employment law etc) b. Risk of significant internal and external legal and other staff costs and damages to pay	4	4	16	a. Centralised corporate legal services team to advise on achieving legal compliance and support the business if breaches occur. a. Legal knowledge management system in place to identify changes in law and assess impact a-b. Overseas legal review completed leading to a new process being developed a-b. Legal support for all corporate programmes to improve legal awareness and compliance	3	3	9	a. Improvement plan to resolve weaknesses in contracting and procurement processes including increased oversight from corporate legal services. a-b. Improvements to handling of information requests b. Phase 2 of legal services review will include further legal compliance reviews to identify and areas of increased legal risk and plan appropriate changes.	2	3	6	General Council

Risk Ref. Number	Risk Description (2018-19)	Contributing Factors / Causation	Inherent Risk (without controls)			Mitigations and Controls (In place)	Current Rating (with controls controls)			Planned Mitigations and Controls	Target Rating (after planned actions are delivered)			Executive Lead (responsible for assuring risk treatment)
			L	I	L X I		L	I	L X I		L	I	L X I	
EXT18/01	Risk that we may lack the right capacity and capability to influence and respond to changes in the external environment i) Potential Impact: - Inability to influence - Failure to maintain trust - Undermine public trust - Missed opportunities - Wasted resources ii) Appetite: Open: willing to consider all potential delivery options	a. Complex stakeholder relationships affects our ability to collaborate or influence. b. We fail to be part of key discussions eroding our ability to influence (e.g. NHS workforce planning). c. Significant changes are not anticipated and our response is reactive or unplanned. (e.g. Brexit; change of government and/or ineffectiveness of government as a consequence of Brexit) d. External pressure to adopt further commitments. e. We fail to invest appropriately in our External Affairs Directorate	4	4	16	a, b, e. Investment in External Affairs directorate to focus on managing external stakeholders and perceptions (from May 2018). c. Brexit lead and working group.	3	3	9	a. Research into the stakeholder perceptions of patients, families, patients and employees during Q3 and Q4 will inform our engagement strategy and future direction from 2019. c. New Strategy for 2020-2025 to be developed during 2019. e. Additional investment in External Affairs directorate as part of 2019-2022 business planning to build capacity. a-e. Clearer internal roles and responsibilities regarding procedures for managing external stakeholders.	2	3	6	Director, External Affairs
EXP18/01	Risk that we fail to meet external expectations significantly affecting our ability to maintain stakeholders' trust in our ability to regulate i) Potential Impact: - Inability to influence - Failure to maintain trust - Undermine public trust - Missed opportunities - Wasted resources ii) Appetite: Minimalist: reference for ultra-safe business delivery options that have a low degree of inherent risk	a. We fail to demonstrate learning from adverse incidents such as core business failure or meet expectations such as PSA Lessons Learned Review, Gosport, Shrewsbury and Telford b. We fail to appropriately manage a negative media publicity/campaign. c. Failure to deliver significant regulatory change programmes eg NA, FtP change or overseas programmes. d. Core business failure leads to negative publicity e. Fail to maintain the trust of key stakeholders (Links to risks REG18/01 (register) and REG18/02 (dealing with regulatory concerns) - but the focus here is a corporate wide loss of trust rather than a small number of stakeholders)	4	4	16	a. Public apology and acknowledgements of mistakes at the June 2018 Council meeting supported by media communications. a. Public Support Service providing tailored support to patients, families and parents. b, e. Dedicated press office, schedule of authorised people that can speak with the media, and regular analysis to anticipate potential media publicity. c. Regular monitoring of programme performance at Council and dedicated programme boards for strategic programmes to tackle issues early.. c. NA register launch in January 2019. e. Stakeholder engagement and crisis management processes.	3	4	12	a. Lessons Learned programme to deliver recommendations over the next 9-12 months. This will be underpinned by engagement events with families and staff to identify key changes required and an assurance framework to ensure recommendations have been delivered. c. Pilots in 4 key areas of the FtP change programme are being tested between October 2018 - March 2019. The new model for FtP will be operational from April 2019. e. New Strategy for 2020-2025 to be developed during 2019-2020.	3	3	9	Director, External Affairs
INF18/02	Risk that ICT failure impedes our ability to deliver effective and robust services for stakeholders or value for money for the organisation i) Potential Impact: - Service disruption - Negative customer feedback - Wasted resources ii) Appetite: Open: Willing to consider all potential delivery options	a Our core systems (e.g. Wifi, TRIM, Wiser, CMS) and servers are on unsupported hardware and are obsolete, risking potential business interruption, data loss or registering people inappropriately. b. Our network infrastructure has cyber vulnerabilities which could result in data and information security breaches. (Also see risk COM18/01) c. Ageing IT infrastructure and processes and incompatibility between legacy and modern systems and applications results in reduced capability impeding efficient delivery and risking compliance obligations.	5	5	25	b. Management plan for systems failures. b. External review of most recent failures and escalation plan now in place. b. Regular penetration and vulnerability testing for data breaches and business continuity. b-c Network penetration test planned for Q4 2018-2019 successfully carried out in Q3 2018-2019	4	5	20	a, b, c. Investment plan to resolve immediate cyber risks and threats in 9 key areas (including license compliance) b. Implementation of findings from most recent network penetration test by end Q1 2019-20. a-b. MOTS programme will deliver core systems replacement for Wiser and CMS. Implementation starts from November 2018. a-c. Business planning will take a holistic view of all technology commitments being proposed to ensure interdependencies and capacity are sufficiently managed. a, b, c A plan to improve cyber and other vulnerabilities is being implemented by end Q1 2019-20.	2	4	8	Director, TBI

Glossary

A. Performance Traffic Light Definitions

Red	Significant challenges that put successful delivery at risk
Amber	Challenges to delivery exist but management action is being taken to bring on track
Green	On track

B. Income and Expenditure Traffic Light Definitions

	Income	Expenditure	Actions
Red	2% or more below budget	<input type="checkbox"/> 2% or more over budget <input type="checkbox"/> 10% or more under budget	<ul style="list-style-type: none"> • Escalate to Council • Check whether underspend have affected delivery of the corporate plan • Re-prioritise corporate business plan
Amber	1-2% or more below budget	<input type="checkbox"/> 1-2% over budget <input type="checkbox"/> 5-10% under budget	<input type="checkbox"/> Managed by Executive Board <input type="checkbox"/> Check whether underspends have affected delivery of corporate plan <input type="checkbox"/> Adjust the budget to manage variances
Green	Under 1% below budget	<input type="checkbox"/> Less than 5% under budget	<input type="checkbox"/> No action

C. Corporate Risk Traffic Light Definitions

Red	<input type="checkbox"/> High likelihood with high impact
Amber	<input type="checkbox"/> Medium to low likelihood but high impact <input type="checkbox"/> High likelihood but moderate to minor impact
Green	<input type="checkbox"/> Low likelihood but moderate to minor impact <input type="checkbox"/> High likelihood but minor to insignificant impact

D. Programme Traffic Light Definitions

Red	Progress between 1% - 49% against milestones or benefits
Amber	Progress between 50% - 79% against milestones or benefits
Green	Progress between 80% - 100% against milestones or benefits

Council

Standards for Return to practice

- Action:** For decision.
- Issue:** To agree new Return to practice standards (RtP) for those unable to meet the practice hours requirements for renewal of registration and those seeking readmission to the register after a period of lapse.
- Core regulatory function:** Education
Setting standards
- Strategic priority:** Strategic priority 1: Effective regulation.
- Decision required:** The Council is recommended to:
- approve Standards for Return to Practice programmes (**Annexe 3**) (paragraph 32.1);
 - agree the use of the NMC Test of Competence as an additional option to the current Return to Practice programme for returning to the register or renewing registration after a period of time away from practice (**option 3**) (paragraph 32.2);
 - approve the new Return to Practice standards (**Annexe 2**) (paragraph 32.3).
- Annexes** The following annexes are attached to this paper:
- Annexe 1: Extracts from the public consultation on Return to Practice
 - Annexe 2: Draft Return to Practice standards
 - Annexe 3: Draft Standards for Return to Practice programmes
- 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 Council's Strategy 2015–2020 identifies education as a key area of focus for our strategic direction. As part of our five year programme of change for education we have undertaken a review of our Return to Practice (RtP) standards: how nurses and midwives remain on, or re-join our register, after a period of time away from practice.
 - 2 Current RtP standards include programme requirements for NMC Approved Education Institutions (AEIs) as well as individual learning outcomes, but they do not align with our new Standards for education and training (May 2018) (SET 2018).
 - 3 Currently, nurses and midwives are required to complete an NMC approved RtP programme¹ if they do not meet the practice hours requirements when seeking to renew their registration, or be readmitted to the register following a period of lapsed registration².
 - 4 There are 79 RtP programmes approved across 86 AEIs. We are aware of difficulties of access to these programmes due to factors such as location, programmes not running and restrictive entry criteria. We want to provide more flexibility in this area of regulation while ensuring safe and effective practice.
 - 5 The number of individuals able to complete an RtP programme is currently limited by the appetite and capacity of AEIs. This is currently estimated at 80 AEIs x 20 RtP students per year equalling a maximum of 1600 RtP students per year.
 - 6 Following extensive stakeholder engagement, we held a public consultation on RtP between 24 September and 19 November 2018. We sought people's views on what barriers existed for people wishing to return to professional practice and on new draft Standards for RtP (see **Annexe 1**).
 - 7 We also sought views on some additional options for returning to our register. These were the use of the NMC Test of Competence³ (ToC) which is undertaken by nurses, midwives and nursing associates trained outside the EA/EEU who seek to join our register, and the option of self-declaration with a portfolio demonstrating, for example, continuing professional development and some supervised practice.
 - 8 In the consultation we identified four groups for whom RtP standards apply:

¹ Programmes are run by NMC approved education institutions (AEIs). Programme criteria was set out in the PREP handbook and maintained in Revalidation and readmission standards (October 2015).

² Rule 3(4) of the Registration Rules allows Council to specify through standards, education and training or experience in accordance with Article 19(3) of the Nursing and Midwifery Order (2001) where an applicant does not meet the initial registration, renewal or readmission requirements.

³ The ToC: Part 1 of a multiple choice examination can be taken at one of many test centres worldwide. Part 2 an objective structured clinical examination (OSCE) is offered at 3 OSCE test centres. For ToC to be termed 'registration test' in accordance with Article 9 (2) b) of the Order (2001).

- 8.1 those who have lapsed from our register;
- 8.2 people who have been practising outside the UK;
- 8.3 people who want to remain on our register but do not have the required number of practice hours to renew by revalidation, perhaps due to maternity leave or ill health; and
- 8.4 individuals struck off our register following a fitness to practise (FtP) hearing and who, after five years, have been allowed by an FtP panel to apply to rejoin.

Four country factors: 9 These changes will affect all four countries of the UK. We listened to views from all four countries during our engagement and consultation period. Funding arrangements for RtP programmes vary across the UK.

Discussion: 10 We received 611 responses from individuals and 54 responses from organisations to the full consultation. 73 individuals responded to a shorter version of the consultation.

- 11 **Annexe 1** includes a summary of the consultation responses. Key points were:
 - 11.1 A majority, 90 percent of individuals and 85 percent of organisations, felt the NMC should utilise different approaches for RtP depending on the circumstances of individuals.
 - 11.2 Completion of an RtP programme at an NMC AEI was felt to be a barrier for many seeking to remain on or rejoin our register.
 - 11.3 Views on the use of a ToC were mixed. There was stronger support using this option for those seeking to remain on the register: 73 percent of individuals and 63 percent of organisations agreed with this. There was less support for use of the ToC for people who had not been practising: 51 percent of individuals and 25 percent of organisations agreed with its use in these circumstances.
 - 11.4 There was some support for exploring a form of self-declaration for those who do not meet the minimum practice hours: 58 percent of individuals and 31 percent of organisations agreed with this option and for people who have been practising outside the UK: 56 percent of individuals and 40 percent of organisations supported the use of self-declaration in these circumstances. 42 percent of individuals agreed with the use of self-declaration instead of an RtP programme for those who have not been practising, however only 17 percent of organisations agreed.

12 Many respondents indicated they would expect more stringent

processes for individuals who have been struck off our register and who, after five years, have been allowed by an FtP panel to apply to rejoin. However an FtP panel has responsibility for confirming remediation prior to an individual embarking on RtP and subsequently applying to rejoin our register. There is no available evidence that such individuals pose a greater risk when they return to practice. The consultation responses and engagement have not provided any additional information which would support setting different criteria for assessing competence for returning to practice for this group.

Option 1: Do nothing: maintain the current RtP standards

- 13 For the reasons stated in paragraph 3 and the level of risk attached, we do not consider this a viable option.

Option 2: Revoke current outdated standards and publish new RtP standards and Standards for RtP programmes

- 14 The new RtP standards will apply to all parts of our register and be available for those seeking to renew their registration or return to practice (subject to Council approval on the use of a ToC).
- 15 The RtP standards reflect the existing flexibility which we apply to applicants who have been working while registered with the relevant regulator overseas.
- 16 Draft standards for RtP programmes align with SET (2018). The new outcome focused standards will no longer state a minimum length of programme nor a required number of practice hours. The length and content of a programme is to be determined by education providers. The standards will enable recruitment of a mixed cohort from all parts of our register: nurses, midwives, nursing associates and specialist community public health nurses. We anticipate this approach will result in improved inter-professional working and opportunities to increase the number of students and the viability and availability of courses.
- 17 The programme standards require students to be supported in returning to their intended area of practice as we are aware that career paths can result in a person's scope of practice varying from the field in which they originally qualified. We anticipate these standards will enable programmes to support people returning to specialist community and public health roles.
- 18 The new programme standards can be used as part of a more flexible approach including employer led recruitment to programmes, work based learning and use of distance learning.

Option 3: Publish the new standards outlined in option 2 and allow the additional option of RtP readmission with ToC

- 19 This is our preferred option for the reasons set out below.

- 20 The ToC offers a standardised, consistent and outcome based benchmark for nurses, midwives and nursing associates seeking to re-join our register. The ToC has been reviewed and capacity for Part 2, the objective structured clinical examination, expanded to three test centres located in: Northampton, Oxford and Ulster.
- 21 This provides an alternative to the RtP programme for suitable applicants who were able to travel to the available test centres.
- 22 It should be noted that return to specialist community public health nursing (SCPHN) cannot currently be achieved via the ToC. People seeking to rejoin as SCPHN can only achieve this through completion of an RtP programme. As part of our education programme of change, we are beginning to consider our post-registration standards. During 2018, we commissioned an independent evaluation of our specialist community public health nursing and specialist practice qualification standards. These findings will inform the next stages of our review and in early summer 2019, we will start to engage with interested nurses and midwives.
- 23 Some consultation responses were not supportive of the use of the ToC for RtP. Stakeholders expressed concern about lack of practice learning opportunities in comparison to the traditional RtP programme. Further engagement informs us that the ToC does have support from employers and individuals as an 'earn and learn' option, potentially helping address financial barriers for students. This is a new route for RtP which improves flexibility and could increase future numbers of nurses, midwives and nursing associates returning to practice.
- 24 The ToC mirrors the assessment which overseas applicants must complete before joining our register.
- 25 The fees for the ToC will be the same for all candidates.
- 26 Fees can be paid by commissioners or employers but may also be paid by individuals.

Option 4: Publish the new RtP standards and programme standards, allow the ToC and the addition of self-declaration for certain circumstances

- 27 Responses to the consultation did not support self-declaration by submission of a portfolio for assessment as an option for every group seeking to rejoin our register. There was some support from individuals who responded to the consultation where people are seeking to renew their registration through revalidation but do not meet minimum practice hour requirements.
- 28 However, as numbers in this category are very low, benefits would be limited. It is expected that in order to meet the other revalidation requirements a registrant would need to complete the required

hours. In addition, following the recent revalidation review, NMC registrations will be communicating availability of a short extension for individuals who believe they can meet all of the revalidation requirements. As such, allowing more time to complete any shortfall in hours rather than accepting reduced hours and self-declaration, ensures public protection. Whilst some UK regulators use self-declaration with a portfolio for RtP, for a register of our size it would be resource intensive. We have therefore concluded that self-declaration is not a necessary or viable option.

Employer-led approach

- 29 In response to stakeholder feedback prior to and during the consultation, we explored variations of employment-only models for return to practice. Whilst we are able to encourage employer involvement in RtP, we cannot mandate it. Both the proposed options (new RtP programme standards and the ToC) can be used in a variety of ways as part of employer-led approaches for RtP.
- 30 We plan additional communication to encourage the development of more flexible applications of our standards including employer-led approaches to support an increased number of returners.

Timelines

- 31 Subject to agreement, we aim to publish the new RtP standards and new standards for RtP programmes in May 2019. The timescale for offering the ToC for RtP is to be confirmed as this will require some adaptation of internal systems and processes. Programmes would continue and we would work with AELs to manage the transition.

Recommendation

- 32 **The Council is recommended to:**
- 32.1 **approve Standards for Return to Practice programmes (Annexe 3);**
- 32.2 **agree the use of the NMC Test of Competence as an additional option to the current Return to Practice programme for returning to the register or renewing registration after a period of time away from practice (option 3);**
- 32.3 **approve the new Return to Practice standards (Annexe 2).**

Public protection implications:

- 33 Increasing concerns regarding lack of accessibility and concerns around variability of RtP programmes have potential for compromising public protection, particularly with the current pressures facing the nursing workforce.
- 34 Current RtP programmes lack a clear outcomes-based framework

and opportunities are inconsistent across all areas.

- 35 Workforce shortages are placing increasing pressure on services and our role is to ensure unnecessary regulatory barriers do not contribute to this.

Resource implications:

- 36 Provisions for this work have been included in the current education and standards business plan. The number of NMC approvals may be lower if AEs run RtP programmes as mixed cohorts. Cost for implementation of the ToC will be covered by Registrations as part of the readmissions work stream.

Equality and diversity implications:

- 37 In accordance with the Equality Act 2010, an equality and diversity impact analysis and Welsh language assessment was completed in June 2016, both have been updated in 2018. The options seek to further the aims of the NMC in providing equitable and more flexible access to the register.

Stakeholder engagement:

- 38 Extensive and ongoing stakeholder communications are critical in the transition to new standards.

Risk implications:

- 39 Variability in delivery and programmes using outdated standards present a risk to public protection and public confidence in the NMC as a regulatory body. Lack of available RtP programmes and alternative routes to readmission pose a risk to public protection, particularly with the current workforce shortages in the sector.
- 40 Risks in programme delivery are currently mitigated through the QA framework; annual self-assessment reporting, scheduled monitoring visits and where there is particular concern, unscheduled extraordinary review visits that may take place.
- 41 Risks to the commencement of this work-stream include:
- 41.1 The challenging timelines associated with the project.
- 41.2 The need to engage with all stakeholders. A comprehensive project and communications plan will be vital to the transition.

Legal implications:

- 42 In accordance with Article 19(3) of the Nursing and Midwifery Order 2001 the Council shall set standards for those who have not practised for, or during, a prescribed period, and specify such education or training or to gain such experience in those standards.
- 43 Legal colleagues have been involved in the development of this paper.

Extracts from the public consultation on Return to Practice September to November 2018

Data analysis and graphs provided by Alpha Research Ltd.

Figure 1: Q1. Do you agree that there are barriers facing nurses and midwives currently seeking to return to practice? – Summary

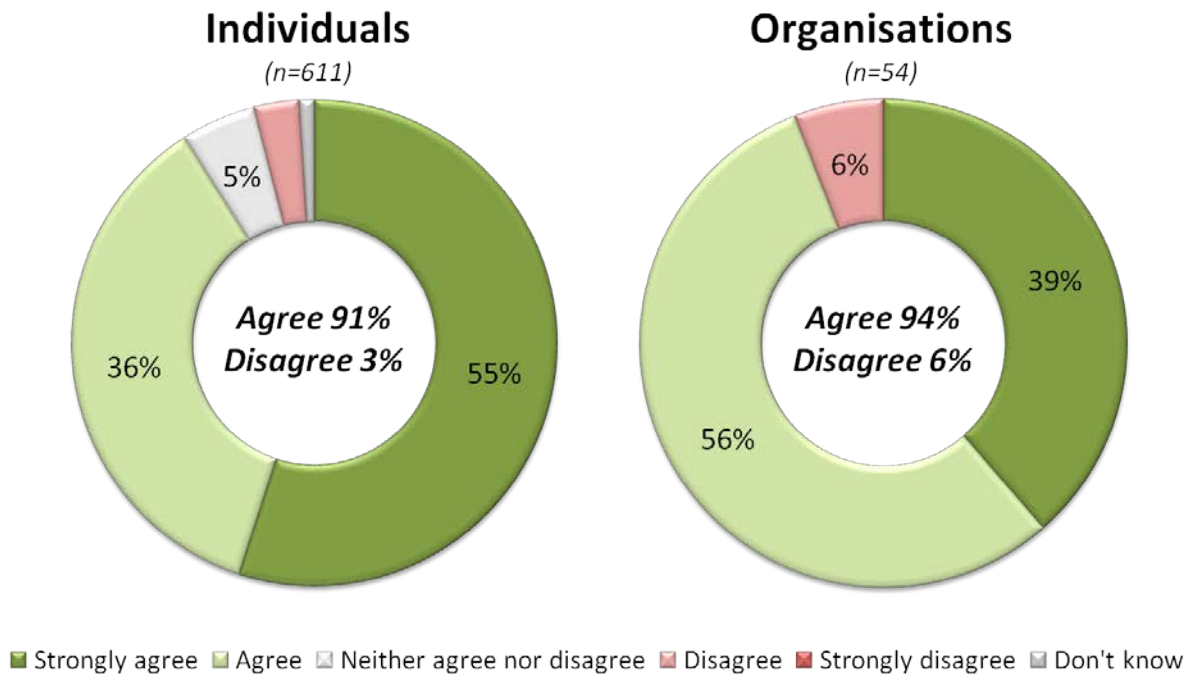


Figure 3: Q2. What would you say are the most common barriers?

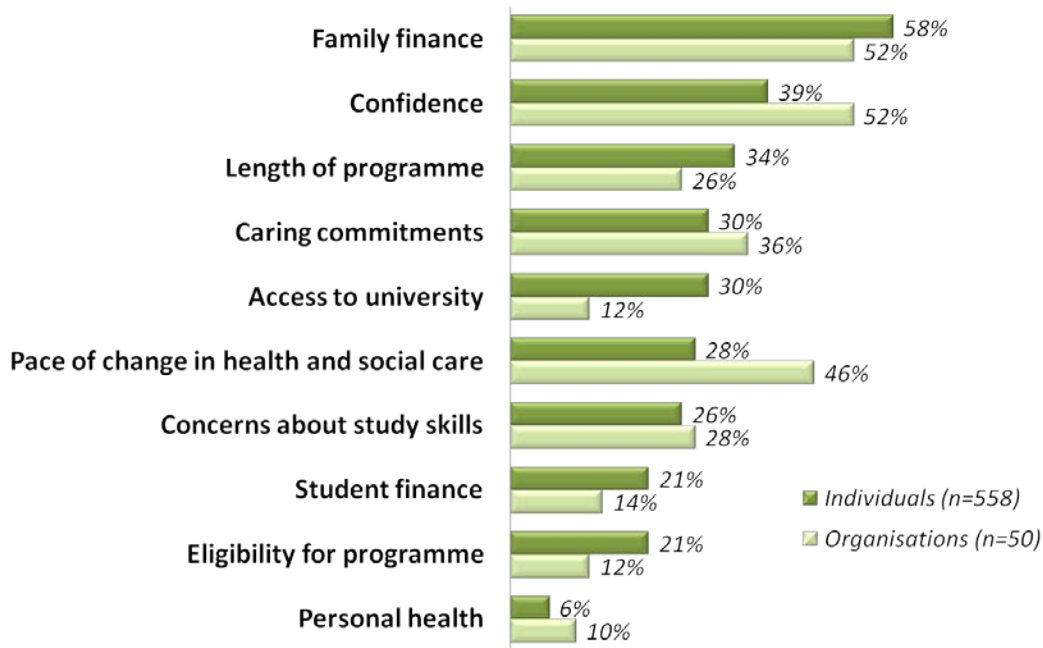


Figure 13: Q14. Do you agree or disagree that the following individuals, who have previously been registered and are now seeking to rejoin our register, should be able to rejoin by successfully completing a ToC instead of completing an RtP programme?

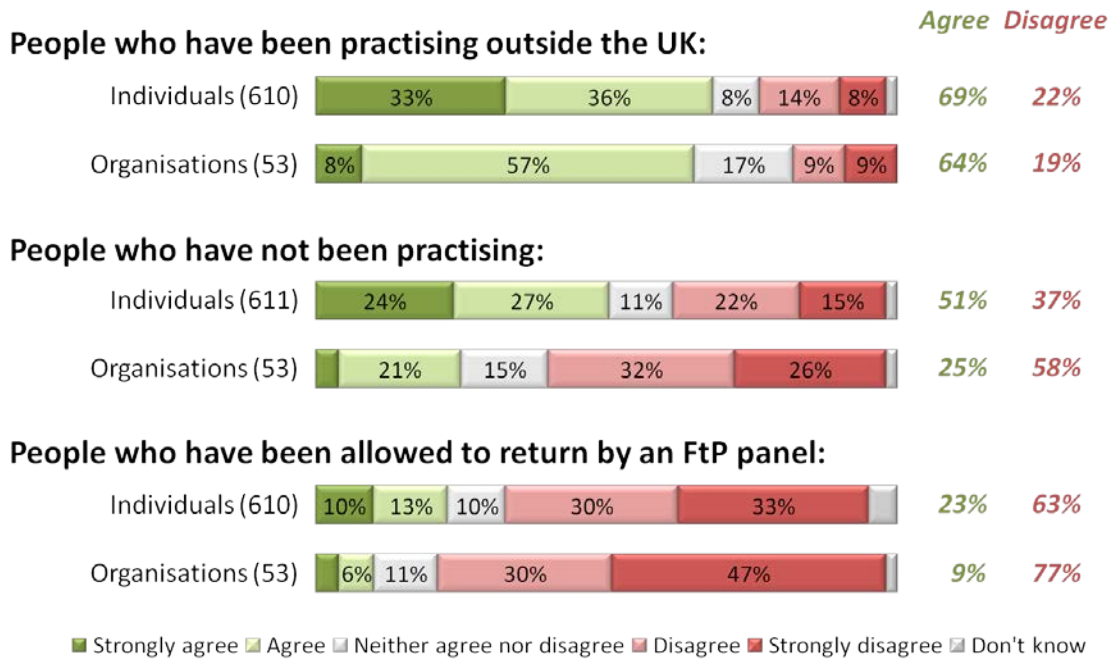


Figure 14: Q15. Do you agree or disagree that an individual, who is seeking to renew their registration through revalidation but does not meet out minimum practice hours requirement, should be able to renew their registration by successfully completing a ToC instead of completing an RtP programme?

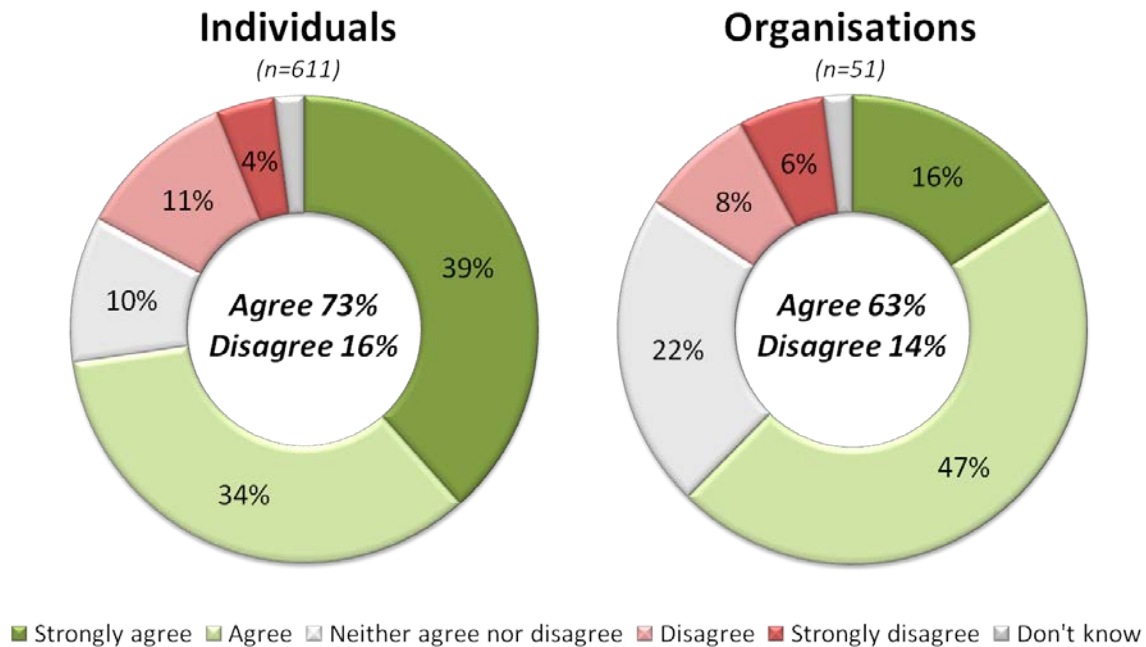


Figure 16: Q16. Do you agree or disagree that we should explore an option for the following individuals, who have previously been registered and are now seeking to rejoin the register, to be able to rejoin our register through a form of self-declaration?

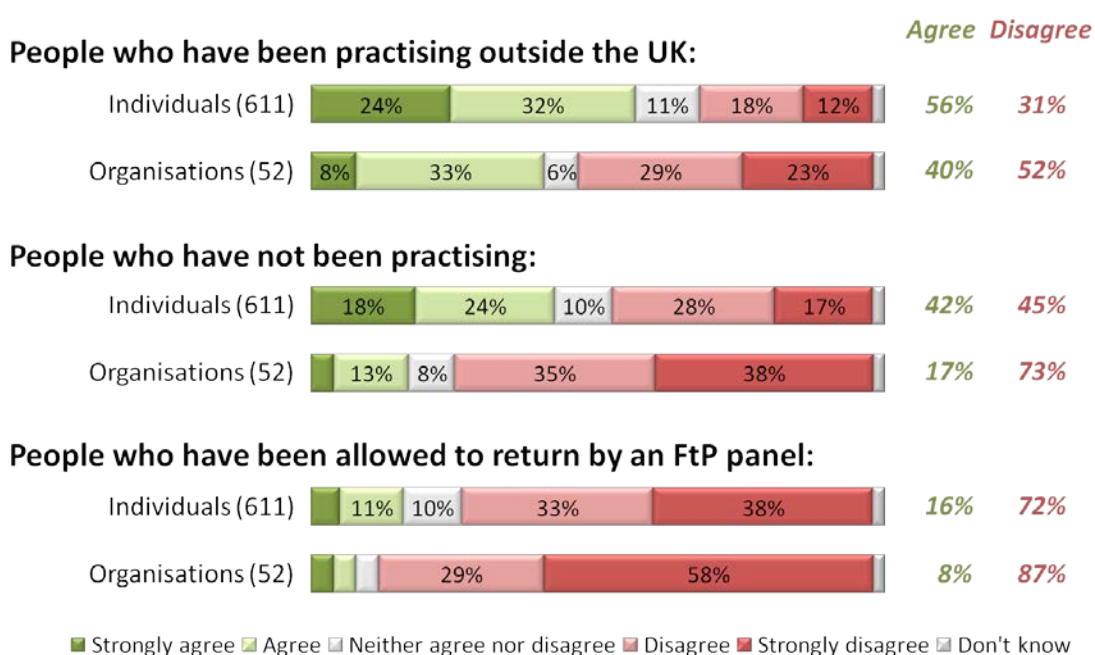


Figure 17: Q17 Do you agree or disagree that we should explore an option for and individual, who wishes to renew their registration through revalidation but does not meet our minimum practice hours requirement, to be able to renew their registration through some form of self-declaration?

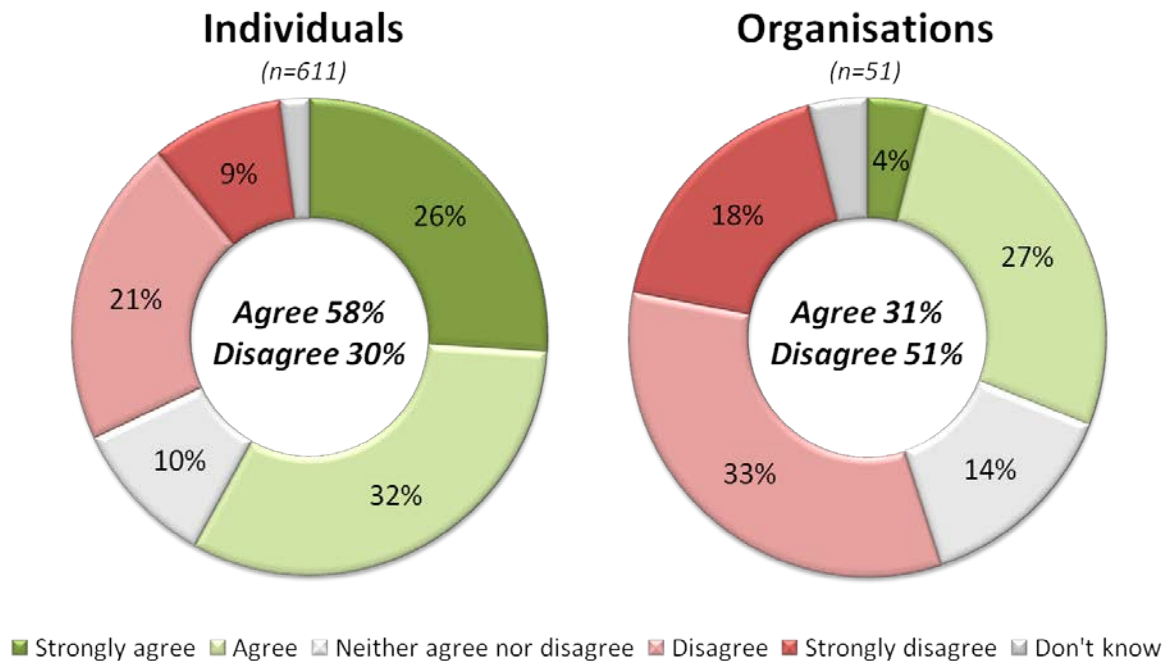
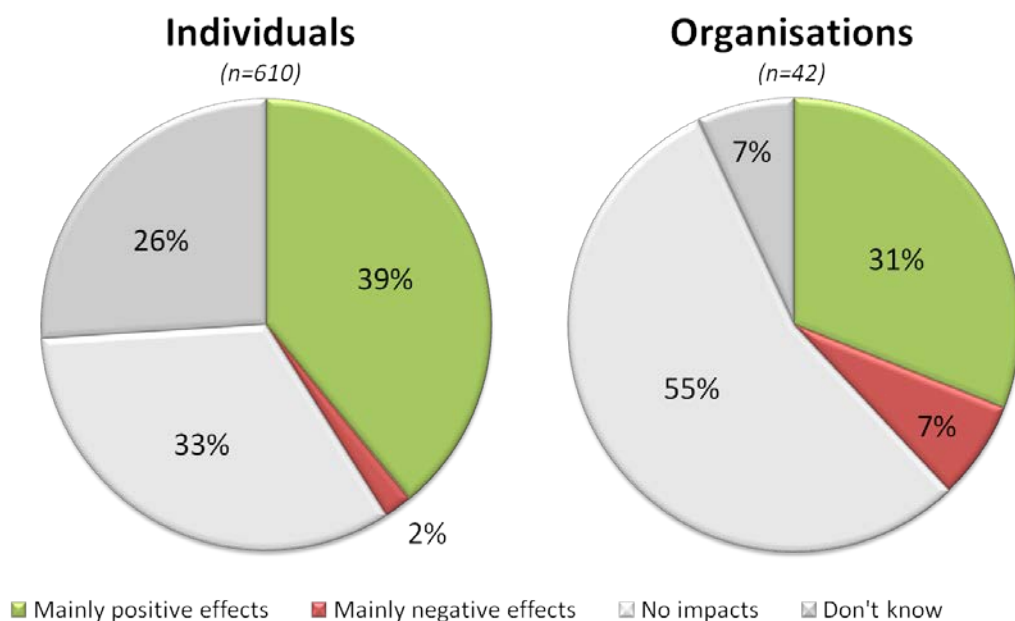


Figure 18: EQIA Q1 Will any of these proposals have a particular impact on people who share these protected characteristics (including nursing associates, nurses, midwives, patients and the public)?



Return to practice standards

Published xxxx



Introduction

1. Readmission standards

In order to be eligible for readmission to the register you must have:

- completed 750 hours of practice in the previous five years¹, or
- completed 450 hours of practice in the previous three years, or
- completed the equivalent number of registered practice hours while registered with the relevant regulator overseas, or
- successfully completed an NMC approved return to practice programme, or
- passed an NMC registration test² for the relevant part of the register

2. Revalidation standards

For those who have not completed minimum practice hours⁴

If you have practised for fewer than the required number of hours in the three year period since your registration was last renewed (or you joined the register) then before the date of your application for renewal of registration you must either:

- a. successfully complete an NMC approved return to practice programme or
- b. passed an NMC registration test for the relevant part of the register.

¹ [These standards are set under Article 19\(3\) of the Nursing and Midwifery Order 2001 \(the Order\) Rule 3\(4\) of the Education, Registration and Registration Appeals Rules 2004.](#)

² Article 9(2)b) of the Nursing and Midwifery Order

Standard set under Article 19(3) of the Order.

You must have practised for a minimum number of hours over the three year period since your registration was last renewed or you joined the register (Article 10(2)(c) of the Order, Rule13(1)(b)(ii) of the Registration Rules).

Registration	Minimum total practice hours required
Nurse	450
Midwife	450
Nurse and SChPN (Nurse/SCPHN)	450
Midwife and SChPN (Midwife/SCPHN)	450
Nurse and midwife (including Nurse/SChPN and Midwife/SChPN)	900 (to include 450 hours for nursing, 450 hours for midwifery)
Nursing Associates	450

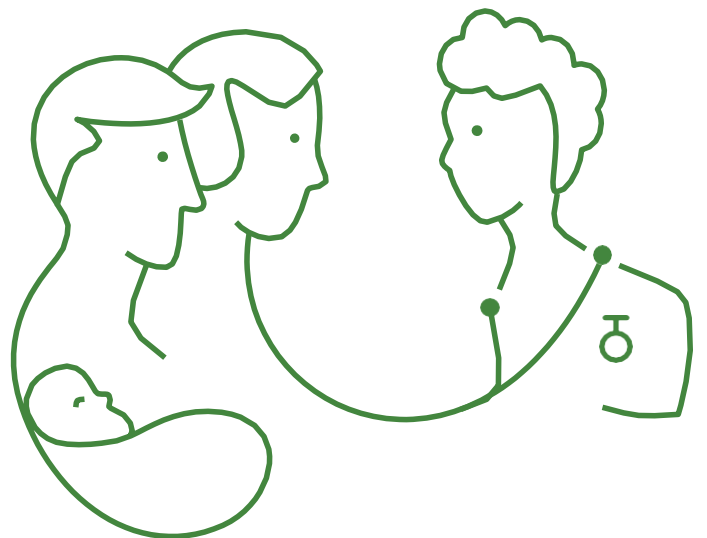
Standards for return to practice programmes

Published xxxxxx



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Introduction

Our Standards for return to practice programmes set out the legal requirements, entry requirements, programme content, methods of assessment and information on the credits/award for return to practice (RtP) programmes.

Nurses, midwives and nursing associates seeking [readmission](#) to the register, who have practised for fewer than 750 hours in the previous five years, or 450 hours in the three years before their application for readmission to the register, must successfully complete an NMC approved return to practice programme or pass the NMC registration test¹ to be eligible to apply for readmission to the register.

Nurses, midwives and nursing associates approaching [revalidation](#) who have practised for fewer than 450 hours in the three year period since registration was last renewed (900 hours if dual registered) or since joining the register, must successfully complete an NMC approved return to practice programme or pass the NMC registration test before the date of application for renewal of their registration.

Individuals must complete an approved return to practice programme or pass an NMC registration test to demonstrate that they meet the required proficiencies² to remain on, or be readmitted to, the NMC register.

Public safety is central to our standards. Experienced nurses, midwives and nursing associates returning to practice, are in this context students, and will be in contact with people throughout their education and it's important they gain confidence, and update their skills and knowledge in a safe and effective way.

These programme standards should be read with our [Standards framework for nursing and midwifery education](#) and [Standards for student supervision and assessment](#) which apply to all NMC approved programmes. Return to practice programmes must comply with all these standards for an education institution to be approved to run an approved programme.

¹ A 2 part Test of Competence: Part 1 a computer based test of knowledge, Part 2: an objective structured clinical examination.
² The NMC publishes proficiencies for nurses, midwives and nursing associates

DRAFT

Education providers structure their programmes to comply with our programme standards. They design their curricula around the proficiencies we set. Proficiencies are the knowledge, skills and behaviours that nurses, midwives and nursing associates need in order to practise.

[Students](#) are assessed against proficiencies to make sure they are capable of providing safe and effective care. We publish [Standards of proficiency for registered nurses](#), [Standards of proficiency for midwives](#), standards for NMC approved [post registration programmes](#) and, [Standards of proficiency for nursing associates](#).

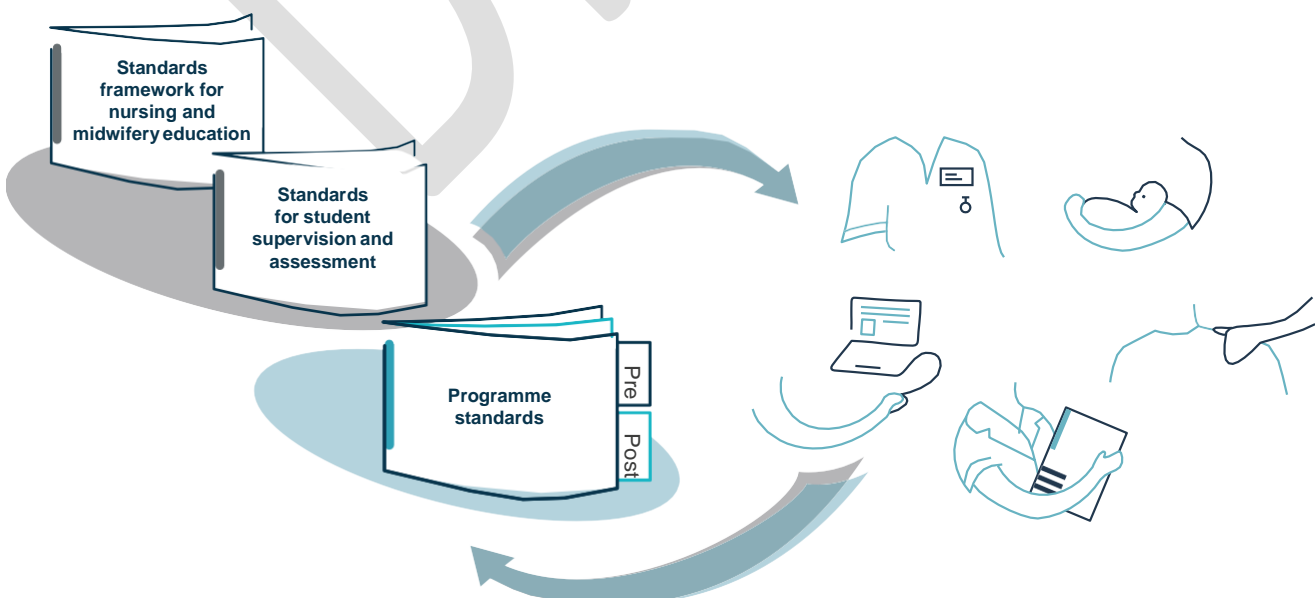
Through our [quality assurance](#) (QA) processes we check that education programmes meet all of our standards, that the programme outcomes relate to the proficiencies for particular qualifications and that the approved education institutions ([AEIs](#)) and [practice learning partners](#) are managing risks effectively. We monitor risks to quality in education and training using internal and external intelligence; this intelligence gathering includes analysis of system regulators' reports.

Before a programme can run, we make sure it meets our standards. We do this through an approval process in accordance with our [Quality assurance framework](#).

Overall responsibility for the day to day management of the quality of any educational programme lies with the AEI in partnership with its practice learning partners.

Standards for education and training

Standards of proficiency for nursing and midwifery professions



Legislative framework

Article 19(3) of the [Nursing and Midwifery Order 2001](#) allows our Council to set standards for those who have not practised for, or during, a prescribed period, for them to undertake such education or training or to gain such experience as it shall specify in standards.

Article 19(4) of the Order states that for standards established under Article 19(3) our approval and enforcement for education and training (Part IV of the Order) can apply.

Returning to, and remaining on, the NMC register

Standards for return to practice programmes follow the student journey and are grouped under the following five headings:

1. Selection, admission and progression

Standards about an applicant's suitability and participation in a return to practice programme

2. Curriculum

Standards for the content, delivery and evaluation of the return to practice programme

3. Practice learning

Standards specific to learning for nurses, midwives and nursing associates that takes place in practice settings as part of a programme

4. Supervision and assessment

Standards for safe and effective supervision and assessment for return to practice programmes

5. Qualification or credits to be awarded and information on NMC registration

Standards which outline the award for each profession and how to apply to re-join the NMC register for those seeking readmission.

1. Selection, admission and progression

Approved education institutions, together with practice learning partners, must:

- 1.1 confirm on entry to the programme that students are, or were, registered with the NMC
- 1.2 **confirm on entry to the programme that students:**
 - 1.2.1 demonstrate values in accordance with [the Code \(2015\)](#)
 - 1.2.2 have capability to behave in accordance with the Code (2015)
 - 1.2.3 have capability to update numeracy skills required to meet programme outcomes
 - 1.2.4 can demonstrate they meet [NMC English language requirements](#)
 - 1.2.5 have capability in literacy to meet programme outcomes
 - 1.2.6 have capability for digital and technological literacy to meet programme outcomes
- 1.3 ensure students' [health and character](#) is sufficient to enable safe and effective practice on entering the programme, throughout the programme and when submitting the supporting declaration of health and character in line with the NMC's [health and character guidance](#). This includes facilitating satisfactory and timely occupational health assessment and criminal record checks.
- 1.4 ensure students are fully informed of the requirement to declare immediately any police charges, cautions convictions or conditional discharges or determinations that their fitness to practise is impaired made by other regulators, professional bodies and educational establishments, and that any declarations are dealt with promptly, fairly and lawfully
- 1.5 ensure the person responsible for directing the educational programme or their designated substitute is able to provide supporting declarations of health and character for students who have completed a return to practice programme
- 1.6 consider students' prior learning and experience in relation to the standards of proficiency, programme outcomes, and the students intended scope of practice upon readmission , and
- 1.7 support students throughout the programme in updating their abilities in numeracy, literacy, digital and technological literacy to meet programme outcomes.

2. Curriculum

Approved education institutions, together with practice learning partners, must:

- 2.1 ensure programmes comply with the NMC [Standards framework for nursing and midwifery education](#)
- 2.2 comply with the NMC [Standards for student supervision and assessment](#)
- 2.3 ensure that programme learning outcomes reflect relevant standards of proficiency
- 2.4 design and deliver a programme that supports students to return to their intended area of practice
- 2.5 ensure that programmes delivered in Wales comply with legislation which supports use of the Welsh language
- 2.6 state routes within the return to practice programme that allows:
 - 2.6.1 nurses to be readmitted to, or remain on, the register in one or more of the specific fields of nursing practice: adult, children, learning disabilities and mental health nursing
 - 2.6.2 midwives to be readmitted to, or remain on, the register as midwives
 - 2.6.3 specialist community and public health nurses (SCPHNs) to be readmitted to, or remain on, the register as specialist community and public health nurses
 - 2.6.4 nursing associates to be readmitted to, or remain on, the register as nursing associates
- 2.7 set out the content necessary to meet the programme outcomes for each field of nursing practice: adult, children, learning disabilities and mental health nursing
- 2.8 set out the general and professional content necessary to confirm the relevant standards of proficiency and programme outcomes for each part of the register
- 2.9 ensure that specific content such as: safeguarding, consent, pharmacology and medicines administration and optimisation is included for the student to be readmitted to, or remain on, the register
- 2.10 ensure the curriculum uses a range of learning and teaching strategies which may include flexible or distance learning, which must be used effectively and proportionately to support learning and assessment ,and
- 2.11 ensure that all return to practice programmes are an appropriate length to support programme outcomes.

3. Practice learning

Approved education institutions, together with practice learning partners, must:

- 3.1 provide practice learning opportunities that confirm students deliver safe and effective care in their intended area of practice to a diverse range of people
- 3.2 provide practice learning opportunities that confirm students meet the communication and relationship management skills and procedures in their intended area of practice, as set out in the relevant standards of proficiency
- 3.3 ensure that students experience a range of settings for their intended area of practice demonstrating an ability to meet the holistic needs of people
- 3.4 ensure technology enhanced and [simulation](#)-based learning opportunities are used effectively and proportionately to support learning and assessment
- 3.5 take account of students' individual needs, personal circumstances and intended area of practice when allocating their practice learning including making [reasonable adjustments](#) for students with disabilities, and
- 3.6 ensure that students are [supernumerary](#).

4. Supervision and assessment

Approved education institutions, together with practice learning partners, must:

- 4.1 ensure that support, supervision, learning and assessment provided complies with the NMC [Standards framework for nursing and midwifery education](#)
- 4.2 ensure that support, supervision, learning and assessment provided complies with the NMC [Standards for student supervision and assessment](#)
- 4.3 ensure they inform the NMC of the name of the person responsible for directing the education programme
- 4.4 provide students with feedback throughout the programme to support their development
- 4.5 ensure throughout the programme that students meet the required standard of proficiency and programme outcomes to be readmitted, or remain on, the register

- 4.6. ensure that students meet communication and relationship management skills and procedures
- 4.7. assess students to confirm proficiency in preparation for being readmitted to, or remaining on, the register
- 4.8. ensure that relevant proficiencies are recorded in a record of achievement which confirms these proficiencies and skills have been met, and
- 4.9. confirm students' safe and effective practice and suitability to be readmitted or remain on the register.

5. Qualification or credits to be awarded and information on NMC registration

Approved education institutions, together with practice learning partners, must:

- 5.1 ensure that the minimum credits/award for a return to practice programme for nurses and midwives is at bachelor's degree level
- 5.2 ensure that the minimum credits/award for a return to practice programme for nursing associates is at foundation degree level, and
- 5.3 notify students during and before completion of the programme how they apply to re-join the NMC register.

Glossary

Approved education institutions (AEIs): the status awarded by the NMC to an institution, or part of an institution, or combination of institutions that works in partnership with practice placement and work-place learning providers. AEIs will have provided us with assurance that they are accountable and capable of delivering NMC approved education programmes.

Educators: in the context of the NMC Standards for education and training, educators are those who deliver, support, supervise and assess theory, practice and/or work placed learning.

Health and character requirements: people applying to renew or be readmitted to the NMC register must meet the requirements for health to ensure they can practise safely and effectively either with or without reasonable adjustments. It does not mean the absence of a health condition or disability. Each applicant seeking admission to the register or to renew registration, whether or not they have been registered before, is required to declare any police charges, cautions, convictions, conditional discharges and determinations made by other regulatory bodies.

Practice learning partners: organisations that provide practice learning necessary for supporting pre-registration and post registration students in meeting proficiencies and programme outcomes.

Quality assurance: NMC processes for making sure all AEIs and their approved education programmes comply with our standards.

Reasonable adjustments: are where a student requires a reasonable adjustment related to a disability. We also use it to mean adjustment relating to any protected characteristics as set out in the equalities and human rights legislation.

Simulation: an artificial representation of a real world practice scenario that supports student development through experiential learning with the opportunity for repetition, feedback, evaluation and reflection. Effective simulation facilitates patient safety by enhancing knowledge, behaviours and skills.

Student: any individual enrolled onto an NMC approved education programme whether full time or less than full time.

Supernumerary: Students in practice or work placed learning must be supported to learn without being counted as part of the staffing required for safe and effective care in that setting. For employer led return to practice, this includes practice placements within their place of employment; this does not apply when they are working in their substantive role. Placements should enable students to learn to provide safe and effective care, not merely to observe; students can and should add real value to care. The contribution students make will increase over time as

they gain proficiency and they will continue to benefit from ongoing guidance and feedback. Once a student has demonstrated that they are proficient, they should be able to fulfil tasks without direct oversight. The level of supervision a student needs is based on the professional judgement of their supervisors, taking into account any associated risks and the student's knowledge, proficiency and confidence.



The role of the Nursing and Midwifery Council

What we do

We regulate nurses, midwives and nursing associates in the UK. We exist to protect the public. We set standards of education, training, conduct and performance so that nurses, midwives and nursing associates can deliver high quality care throughout their careers.

We make sure nurses, midwives and nursing associates keep their skills and knowledge up to date and uphold our professional standards. We have clear and transparent processes to investigate nurses, midwives and nursing associates who fall short of our standards. We maintain a register of nurses, midwives and nursing associates allowed to practise in the UK.

These standards were approved by Council at their meeting on (DATE TBC).

Council

Financial Strategy and Investment Policy

Action: For decision.

Issue: Agreeing our financial strategy and our investment policy.

Core regulatory function: Supporting functions.

Strategic priority: Strategic priority 4: An effective organisation.

Decision required: The Council is recommended to approve:

- the financial strategy, including the reserves policy (paragraph 11.1).
- the initial values for the lower and upper limits of the target range of free reserves of £0 and £25 million respectively, and the initial value for the minimum cash and investments balance of £20 million (paragraph 11.2).
- the fees strategy, and the proposal to maintain the registration fee at £120 for 2019-2020 (paragraph 15).
- the investment policy, including the ethical investment policy (paragraph 26).

Annexes: The following annexes are attached to this paper:

- Annexe 1: Financial strategy, including the reserves policy.
- Annexe 2: Proposals for target lower and upper limits of free reserves, and minimum cash and investments balance.
- Annexe 3: Investment policy, including the ethical investment policy.

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 Council has discussed the development of a financial strategy for the NMC on several occasions in recent years. Council has approved a reserves policy and an investment policy, but no overall financial strategy has been formally approved since 2013.
 - 2 The draft Financial strategy, now presented for approval, follows discussion at the Council Seminars in November 2018 and January 2019.
 - 3 The draft Financial strategy includes the reserves policy and the fee strategy, and links to the Investment policy.
 - 4 Council approved the outline of an investment policy in September 2018, and established the Investment Committee. Since then, the Investment Committee has overseen the detailed development of the policy, which is now presented for approval by Council.
- Four country factors:**
- 5 Not applicable for this paper
- Discussion**
- 6 The Financial strategy at **annexe 1** is intended to guide our financial management for the period to 2025.
 - 7 The goals of the Financial strategy are to achieve financial sustainability and value for money, for the benefit of registrants and the public, keeping registration fees affordable and stable over time.
 - 8 The Financial strategy includes the reserves policy (section 6 of **annexe 1**) and the fees strategy (section 9 of **annexe 1**).

Reserves policy

- 9 The reserves policy is very similar in principle to the policy that the NMC adopted in September 2012. As with the previous approach, the revised policy has a target range of free reserves, based on an assessment of the potential financial impact of the risks facing the organisation. It also includes a minimum level for the forecast cash and investments balance, to ensure ensure liquidity without the need for borrowing facilities. These limits will be reviewed each year.
- 10 The proposed initial values for the lower and upper limits of the target range of free reserves are £0 and £25 million respectively, and the proposed initial value for the minimum cash and investments balance is £20 million. The rationale for these levels is set out in **annexe 2**.
- 11 **Recommendation: The Council is recommended to approve**
 - 11.1 **the financial strategy, including the reserves policy**

- 11.2 **the initial values for the lower and upper limits of the target range of free reserves of £0 and £25 million respectively, and the initial value for the minimum cash and investments balance of £20 million.**

Fees strategy

- 12 The fees strategy aims to ensure that the fee is affordable by nurses, midwives and nursing associates while at the same time providing sufficient funding to enable us to operate effectively as the regulator. Provided registrant numbers remain stable and inflation remains low, we aim to maintain the registration fee at the current £120 level for as long as possible. We aim to do this by generating cost savings through investment in new systems and continuous improvement of our processes, and through our new investment policy, which aims to earn an above-inflation rate of return on our investable cash balances.
- 13 Paragraph 9.6 of **annexe 1** proposes that the registration fee should remain at £120 for 2019-2020. Although the draft budget for 2019-2020 shows a deficit, that deficit is the consequence of investment in programmes and projects, including new accommodation for the Fitness to Practise directorate in Stratford, and the Modernisation of Technology Services programme, which will generate cost savings in future years. The indicative budget for 2021-2022 shows a surplus, demonstrating that our finances remain sustainable with the fee at £120.
- 14 Because the risks to our budget related to inflation and registrant numbers are significant, we will continue to review the registration fee annually, as part of the budget setting process.
- 15 **Recommendation: The Council is recommended to approve the fees strategy, and the proposal to maintain the registration fee at £120 for 2019-2020.**

Investment policy, including the ethical policy

- 16 The Investment Committee has overseen the detailed development of the investment policy, including the ethical investment policy, which is now presented for approval by Council.
- 17 The policy is consistent with the outline agreed by Council in September 2018. It splits our investable funds into three sections or “pots” as follows:
- 17.1 An amount to cover our short term working capital needs, to be held in cash and fixed term deposits and managed

internally by the NMC. Cash and fixed term deposits will have zero risk of capital loss¹, but will only attract low rates of interest, and will therefore achieve a *negative* real rate of return, of 1 to 2 percent *below* the Consumer Price Index (CPI).

17.2 An amount to cover our planned capital expenditure and other financial commitments over the medium to long term, such as a future building renovation project. This element will be externally managed and invested in a relatively low risk portfolio of funds and bonds. It will be exposed to the risk of capital loss but will be managed with a low risk appetite and with the aim of ensuring low volatility. The target rate of return net of all fees is 1% above CPI.

17.3 The balance of investable funds, for which we have no foreseeable commitments and so can invest for the long term. This element will also be externally managed, invested in a medium risk portfolio of equities and funds. The target rate of return net of all fees is up to 3% above CPI.

18 The characteristics of the different elements of the investable funds are summarised in the table below.

	Indicative invested in portfolio £million	Target rate of return after fees and CPI	Maximum value drop tolerance over 12 months	Risk appetite	Volatility
Short term policy	20	-2%	Nil	Averse	Nil
Medium term policy	30	1%	10%	Cautious	4%-6%
Long term policy	30	Up to 3%	20%	Balanced (<i>“Open”</i>)	7%-12%
Total portfolio	80	1%	10%	Cautious to Balanced (<i>“Cautious to Open”</i>)	5%-9%

For the “risk appetite” descriptors, the investment policy uses terminology for the total portfolio and medium and long-term policies is that recognised by the wider investment community. Where different, equivalent terminology used by the NMC for its corporate risk register is also shown (*in brackets/and italics*). Under these definitions, “Cautious” is defined as “preference for safe options that have a low degree of residual risk and may only have limited potential for reward”; “Open” is defined as “willing to consider all options and choose one that is most likely to result in successful delivery while also providing an acceptable level of reward”.

¹ Except for the risk of loss due to bank failure, which is very remote, and will be mitigated by only placing deposits with banks or building societies with strong credit ratings, and spreading deposits across a number of banks or building societies.

Ethical policy

- 19 The ethical investment policy sets out the ethical criteria we will require investment managers to follow when they are managing our investments in line with the medium and long term policies.
- 20 Our ethical policy excludes direct investment in producers of tobacco or pornography: tobacco because of the inherent damage to health; pornography because of the inherent conflict with our values.
- 21 In addition, we will require our investment managers to screen potential investee companies for association with other business sectors that are potentially incompatible with our objectives, role or values, including alcohol, gambling and arms, and for association with human or labour rights abuses, environmental damage, or tax evasion.
- 22 We expect that our investment managers can demonstrate rigorous implementation of the Principles of Responsible Investment supported by the United Nations (www.unpri.org) and preferably be signatories.
- 23 We will work closely with our investment managers in the early stages of their appointment to ensure they understand and can apply our ethical stance and our values.
- 24 The Charity Commission's guidance allows ethical considerations to influence investment policies in any of the following three circumstances:
 - 24.1 When a particular investment conflicts with the aims of the charity;
 - 24.2 When the charity might lose supporters or beneficiaries if it does not invest ethically; or
 - 24.3 When there is "no significant financial detriment", ie the exclusion of particular investments on ethical grounds does not significantly reduce the expected financial return of the charity's investment portfolio².
- 25 Our proposed ethical policy complies with the Charity Commission's guidance. Investment in tobacco producers would conflict with our objective of promoting public health. The exclusion of producers of pornography, the requirement to screen potential investee companies in certain other business sectors, and the expectation that our investment managers should work within the UN Principles of Responsible Investment will not significantly reduce our expected

² Source: <https://www.gov.uk/government/publications/charities-and-investment-matters-a-guide-for-trustees-cc14/charities-and-investment-matters-a-guide-for-trustees>

financial return.

- 26 **Recommendation: The Council is recommended to approve the investment policy including the ethical policy.**

Next steps

- 27 If the Council approves the investment policy, the procurement of investment managers for the medium and long term elements of the portfolio will proceed, and would be expected to complete in September.
- 28 Once investment managers have been appointed, we will begin placing funds with the managers, probably in stages over a period of months.

Public protection implications:

- 29 None

Resource implications:

- 30 Covered in the body of the paper

Equality and diversity implications:

- 31 None

Stakeholder engagement:

- 32 The draft financial strategy has been discussed with the internal and external auditors, the NAO, and colleagues at the Department of Health and Social Care.

Risk implications:

- 33 The proposed new investment policy will expose us to the risk of capital losses on our investments. A significant fall in the value of our investments also risks a loss of trust in the competence of the NMC. Stakeholders are likely to have an asymmetric view of risk; that is, they may see more disbenefit in a given percentage downward movement than they see benefit in the same percentage upward movement.
- 34 The investment policy mitigates but does not eliminate the risk of capital losses through the clear delineation of our funds into three sections or “pots” with different levels of risk and the setting of clear criteria for investment managers on target return, maximum acceptable loss and volatility.
- 35 There is a risk that we will invest directly or indirectly in companies whose activities are or are perceived to be in conflict with our objectives or values. Our ethical investment policy mitigates but does not eliminate this risk.

Legal implications: 36 Covered in the body of the paper.

Draft Financial strategy

1. Summary

- 1.1. This financial strategy was approved by Council in [March] 2019 and is intended to guide our financial management for the period to 2025. During 2019-2020, we will develop a new organisational strategy for the period 2020-2025. We do not expect the financial strategy to limit the options or be inconsistent with the new organisational strategy when the latter is agreed, but we will review the financial strategy alongside the new overall strategy to confirm that the two are indeed consistent.
- 1.2. We are financed by the fees paid by nurses, midwives and nursing associates. We are very conscious of the impact that increases in our fees can have on our registrants. We do face significant financial risks, which could mean that we have to increase our fees: particularly, the risk of increasing inflation combined with static fee income.
- 1.3. But overall, we are fortunate to be in a strong and privileged financial position. Nurses, midwives and nursing associates are required by law to pay their registration fees in order to practise their professions, and this makes for a highly secure source of income. We also have strong reserves, built up through careful financial management since we last increased our fee in 2015.
- 1.4. We have both a responsibility and an opportunity to use these funds well. This financial strategy seeks to more actively use our strong financial position to invest in modernising our systems, improving services and efficiency, to make financial investments that will protect us from inflation, and to manage financial risks.
- 1.5. The strategy also emphasises the importance of medium and long term¹ planning, and an enabling and collaborative internal approach to the use of resources, alongside appropriate financial controls.
- 1.6. The goals of the strategy are to achieve financial sustainability² and value for money³, for the benefit of registrants and the public, keeping registration fees affordable and stable over time. We will promote trust and confidence in our finances and the value for money we provide through transparency and integrity in our financial conduct.

¹ In this strategy, short term means within one to two years, medium term means from the third to fifth years, and long term means after more than five years.

² Sustainability in our context means the registration fee should be affordable by registrants, and stable over time. With the income provided by registrant fees, our budgets must be balanced over the medium and long term. We must also have access to sufficient working capital and longer term financing.

³ Value for money is defined as the optimal use of resources to achieve the intended outcomes.

2. Framework of authorities

Financial governance

- 2.1. Our Council is the NMC's governing body. Council's responsibilities are set out in the Nursing and Midwifery Order 2001, and the Scheme of Delegation. Council's financial responsibilities include:
- 2.1.1. approving the financial strategy, reserves policy, investment policy and fee strategy;
 - 2.1.2. approving the budget;
 - 2.1.3. reviewing financial performance during the year;
 - 2.1.4. agreeing the top level system of internal control, including the Financial Regulations;
 - 2.1.5. approving the annual report and accounts.
- 2.2. The Chief Executive and Registrar is appointed as Accounting Officer by the Privy Council. The responsibilities of an Accounting Officer are set out in HM Treasury's rules, Managing Public Money⁴, Chapter 3.

Our status as a public body

- 2.3. We are a public body, established by statute. Although our closest relationship within government is with the Department of Health and Social Care and our accounts are consolidated into the DHSC's group accounts, we are independent and not controlled by DHSC or any other government department. We are accountable to Parliament through the Privy Council. We take into account the principles in Managing Public Money.
- 2.4. We are subject to the Public Contracts Regulations and our policies and processes comply with those Regulations in full. We follow the Treasury's Financial Reporting Manual in the preparation of our statutory accounts, to the extent that it clarifies or builds on the financial reporting requirements in the Charities SORP⁵.

Our charitable status

- 2.5. Our objectives are charitable and we are registered as a charity with the Charity Commission in England and Wales and the Office of the Scottish Charity Regulator⁶. Council members are the trustees of the NMC with

⁴ <https://www.gov.uk/government/publications/managing-public-money>

⁵ Statement of Recommended Practice: Accounting by Charities
http://charitiessorp.org/media/619101/frs102_complete.pdf

⁶ We will also be registered with the Charity Commission for Northern Ireland when it begins to register non-Northern Ireland bodies

responsibilities under charity law very similar to their responsibilities under the Scheme of Delegation⁷.

- 2.6. As a registered charity we benefit from business rates relief worth over £1m a year and exemption from corporation tax on our charitable income, investment income and capital gains.

3. Sustainability

- 3.1. Sustainability in our context means the registration fee should be affordable and stable over time. It requires budgets that are balanced over the medium and long term, and access to working capital and longer term financing, including an appropriate level of reserves or other source of financing.

4. Effective financial management and value for money

- 4.1. Our objective is to ensure through good financial management that registrants' money is well spent.

Planning and budgeting

- 4.2. We will maintain a rolling three year business plan and budget, linking resources to outputs and outcomes. Planning and budgeting over a three year period enables more effective delivery and value for money. It also enables us to see the financial impact of medium term capital projects, and to model the possible impacts of financial risks such as changes in the number of nurses and midwives on the register, or changes in the rate of inflation.
- 4.3. For our finances to be sustainable, our budget for recurrent, operating or "business as usual" (BAU) expenditure⁸ must not exceed our recurrent operating income.
- 4.4. Our overall budget, including non-recurrent or project costs, must be balanced over the medium and long term⁹. However, our overall budget does not need to balance every year. In order to fund non-recurrent or project costs, we can reasonably set deficit budgets and accept negative cash flows over the short term, provided that the budget deficit is the result of those non-recurrent or project costs, and that we have plans for the overall budget to return to balance in the medium and long term.
- 4.5. If our planning and budgeting shows that our operating income cannot cover our recurrent, operating, BAU costs over the short term, or our total costs over the long term, then we will need to take steps to correct the position. In the first instance, we would look for further options to reduce costs, including the possibility of reducing the scope of our services. If those options were not viable or were not sufficient, we would need to consider a fee increase.

⁷ See Charity Commission guidance "The essential trustee (CC3)"

<https://www.gov.uk/government/publications/the-essential-trustee-what-you-need-to-know-cc3>

⁸ Including depreciation

⁹ In this strategy, short term means within one to two years, medium term means from the third to fifth years, and long term means after more than five years

Efficiency programmes in business plans and budgets

- 4.6. To promote value for money, we will target and track efficiencies through the business planning, budgeting and financial reporting processes, both from change programmes and from continuous improvement activities.

Business cases for major projects and significant investments

- 4.7. When we invest significant amounts of registrants' money in a project, we need to ensure we are making the right choice from the available options, which we expect to provide the best value for money. We do this through business cases that are proportionate to the scale of the investment, based on the Treasury's Green Book¹⁰. Where appropriate, this needs to include an impact assessment on the wider healthcare system – including patients, families, our registrants, other healthcare staff, employers, education providers.
- 4.8. Projects relating to our regulatory functions will often not have a positive *financial* return for us, for example if their purpose is to improve services to registrants or the public, but we need to test and be able to demonstrate that our chosen option is better value for money than the alternatives, including doing nothing. We also need, as part of the impact assessment, to consider their financial and economic impacts on the wider healthcare system. Projects relating to our corporate support functions should normally have a positive financial return. For all significant projects, we will identify the expected benefits at the outset and track the realisation of those benefits.

Approach to procurement

- 4.9. Value for money is also assured by our procurement policy and processes. We are subject to the Public Contracts Regulations, and our own processes go further, requiring competition for all contracts over £10k in value, and formal tenders for all contracts over £75k in value. However, value for money is not just about getting the lowest price: it is more important to buy the right product or service to meet our needs. Our procurement department supports budget holders in drawing up the specification for tenders, evaluating proposals, and managing contracts, all of which are key to achieving value for money.
- 4.10. Our procurement policy also aims to ensure that our purchasing and our supplier relations reflect our values, so that our environmental impact is minimised, and our suppliers treat their own employees fairly.

Approach to financial control

- 4.11. Financial controls are the rules and processes that help to ensure that we collect our income, protect our assets, and that our spending is effective.

¹⁰

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685903/The_Green_Book.pdf

Income controls

- 4.12. One of our main points of contact with nurses, midwives and nursing associates is when they pay our fees. The process is normally quick and simple, but if registrants' payments fail for any reason, they are at risk of being removed from the register and prevented from practising. This has a potentially severe impact on the individual and runs contrary to our aim to support nurses, midwives and nursing associates to work.
- 4.13. Like every organisation, we need processes and controls to ensure that we receive the income we are due. But paying the registration fee is a precondition for legally practising as a nurse, midwife or nursing associate, which means that we are at much less risk than most organisations of our customers failing to pay us.
- 4.14. We need to demonstrate empathy and understanding for registrants who may be in financial difficulty. Within the limitations of the Fees Rules¹¹ and our systems, we will provide flexibility to support registrants and avoid as far as possible them being removed from the register for non-payment. We will seek reform of our Fees Rules in due course to enable greater flexibility.

Expenditure controls

- 4.15. Controls over expenditure are essential to ensure that our spending is effective for our regulatory and charitable purposes. Effective financial controls prevent improper use of funds and ensure financial information is accurate, relevant and reliable. They support management in making good planning and financial decisions, and ensure value for money, accountability and transparency.
- 4.16. The risk of improper use of funds and errors cannot be absolutely eliminated, and excessive controls are inefficient and tend to drive the wrong behaviours in terms of customer service, innovation and risk management. Therefore financial controls must be appropriate and proportionate. Controls must reach the appropriate threshold level, to reduce the risk of loss to an acceptable level, but beyond that threshold level, further increases in controls reduce value for money and employee satisfaction. Determining the appropriate level of control is a matter of judgement reflecting the organisation's risk appetite.
- 4.17. We want to trust and empower employees to be responsive and innovative in delivering excellent services to nurses, midwives and nursing associates and the public. We will keep processes and controls under review to ensure they are appropriate and proportionate, and we will promote a culture of customer focus, collaboration and business partnering in Finance and Procurement's support for the rest of the organisation.

Collaboration

- 4.18. We will maintain a collaborative approach to financial management where budget holders are trained in financial management and encouraged to work

¹¹ Our Fees Rules are set via secondary legislation

in partnership with each other and Finance to ensure the best allocation of resources across the organisation. While providing constructive challenge, finance will work with a premise of trust in the good faith and competence of budget holders, and with the objective of enabling budget holders to spend funds well.

- 4.19. Similarly, in our work with suppliers, we aim to build partnerships with a fair allocation of risk and benefit, which deliver value for money in the long term.
- 4.20. We will also look for opportunities to work with other organisations, and other health and social care regulators in particular. We will share expertise and good practice and improve value for money through joint activities such as joint procurement where practical.

Approach to outsourcing

- 4.21. In deciding whether to provide services in house or to outsource them, our overall objective is to achieve the optimum value for money. This includes consideration of:
 - 4.21.1. The technical complexity and level of specialism of the service. Generally, the more technically complex and specialist a service is, the more difficult it is to maintain a cost effective in house capability to deliver it.
 - 4.21.2. The external market for the provision of the service. Services with more developed external markets, for example catering services, will normally provide better value for money from outsourcing. Conversely, some services may be so technically complex or specialist that the external market for them is limited.
 - 4.21.3. Economies of scale. Organisations often contract out services because their own demand for them is not enough to support an efficient in house service, or the service can be provided more efficiently by a large specialist contractor.
 - 4.21.4. The period over which the services will be needed, and the variability of demand/workload over that period. A short term, one off service, or a service with uneven demand will be more difficult and less cost effective to provide in house.
 - 4.21.5. The degree of independence required. Services where a high level of independence from management and objectivity are required are usually better outsourced, since an external firm is more able to provide independent advice, and more likely to be seen as independent.
 - 4.21.6. The sensitivity of the service will be relevant, including data security considerations, although whether those factors make it more or less appropriate to contract out may vary from one service to another.
 - 4.21.7. Risks and benefits relating to a change from in house to contracted out or vice versa. Risks of moving to outsourced provision may include

loss of corporate memory, loss of accountability, or a drop in service levels arising from the change and consequential loss of trust in the organisation.

- 4.22. We will evaluate services using these criteria and others that are relevant to the particular service. If we conclude that contracting out is likely to provide better value for money overall, we will procure the service in compliance with the Public Contracts Regulations and the guidance on outsourcing in Managing Public Money¹². As each significant contracted out service comes up for renewal, we will re-evaluate it to assess whether contracting out remains appropriate, or whether it should be brought back in house.

5. Transparency and integrity

- 5.1. All our financial conduct and decision making must be informed by the fact that we are funded by the registrants' fees. We need to ask ourselves if the financial decisions we take can be positively and confidently presented to nurses, midwives and nursing associates as a good use of their money¹³.
- 5.2. Our Council's Code of Conduct commits members to the seven principles of public life (the Nolan principles): selflessness, integrity, objectivity, accountability, openness, honesty and leadership¹⁴. We apply these principles in our financial management. In particular:
- 5.2.1. We will publish our expenditure transactions and our key financial policies under our Freedom of Information publication scheme. Council and Executive members' remuneration and expenses will be published annually in the Annual report and accounts.
- 5.2.2. Council receives a report from the Executive at each open meeting, which is published on our website, and includes financial and operational management information, key performance indicators, and the corporate risk register.
- 5.2.3. The Code of Conduct for Council members includes conflict of interest and gifts and hospitality policies, and similar policies apply to our employees.

6. Reserves policy

Charity Commission guidance on reserves

- 6.1. The Charity Commission¹⁵ expects charities to develop and publish their reserves policies. The purpose of a reserves policy is to demonstrate sustainability, good stewardship and active financial management by the

¹² Managing Public Money chapter 7.12

¹³ This relates to the concept of regularity and propriety. See https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/212460/Regularity_Propriety_and_Value_for_Money.pdf

¹⁴ <https://www.nmc.org.uk/about-us/governance/the-council/council-governance/>

¹⁵ See Charity Commission guidance "Charity reserves: building resilience (CC19)" https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/589406/CC19.pdf

trustees, including showing that the charity will be able to meet its commitments in the event of a shortfall in income. Charities' reserves policies are often expressed in terms of a target range of free reserves. The term "free reserves" means reserves that are not tied up in fixed assets or restricted for specific purposes.

- 6.2. A target minimum level of free reserves is a source of assurance that the charity's services are sustainable. Conversely, a target maximum level of free reserves acts to ensure that the charity's resources are applied and not simply accumulated to no purpose. By maintaining free reserves within the target range, the charity trustees are more likely to be balancing the interests of their current and future beneficiaries and supporters and exercising good stewardship.
- 6.3. Free reserves are particularly important in the charity sector because they are often the main or the only available source of long term financing and financial security. Charities do not have share capital and often do not have access to borrowing. Charities' income streams are often inherently insecure, for example if they are dependent on a small number of large grants.

Our need for free reserves

- 6.4. We have a highly secure income stream and cash flow. Nurses, midwives and nursing associates are required by law to pay our registration fees in order to practise. They are also required to pay either annually or quarterly in advance, so we hold large cash balances, over and above our free reserves. Provided that our budget is balanced over the medium and long term (see paragraph 4.3 above), these large cash balances and the security of our income stream ensure our financial sustainability. Therefore our need for free reserves is much lower than many other charities.

Target range for free reserves, and lower limit for cash and investments

- 6.5. We aim to maintain free reserves within a target range. The target minimum level of free reserves will be set so as to ensure our sustainability, taking account of the security of our income stream, our cash and investment balances, and an assessment of the potential financial impact of risks faced by the NMC. The target maximum level of free reserves will be set so as to ensure our resources are applied effectively, balancing the interests of registrants who finance us through the fees that they pay, and the public who benefit from our work.
- 6.6. The extent to which our cash and investment balances exceed our free reserve balances is dependent on the proportion of registrants paying by quarterly direct debit and the level of the pension deficit. There is a risk that over time, these factors could change.
- 6.7. Therefore, in addition to the target range of free reserves, we will set a minimum level for the aggregate forecast cash and investments balance in

the course of the coming financial year. The purpose of this additional limit is to ensure liquidity¹⁶ without the need for borrowing facilities.

- 6.8. The target range for free reserves and the minimum forecast aggregate cash and investments balance will be reviewed at least annually by the Council.
- 6.9. Our reserves policy fully complies with the Charity Commission's guidance on reserves as set out in paragraph 6.1. We will continue to publish the policy within our Annual Report and Accounts.
- 6.10. There are no specific requirements that would determine our reserves policy in the Order, or the Scheme of Delegation, or Managing Public Money.

7. Investment policy

- 7.1. The large cash balances that we hold as a product of receiving fees in advance and our free reserves gives us the opportunity to invest funds that are surplus to immediate requirements. We are able to take a long term view and accept some risk.
- 7.2. Our investment policy will be developed consistent with this financial strategy, reviewed by the Investment Committee and approved by Council, and will set out the classes of asset we may invest in and the level of risk we are prepared to take, and ethical investment parameters. Appropriate classes of investment may include equities, funds and bonds. While the value of non-cash investments may be volatile and may fall in the short term, over the long term, equities and funds have proven to be the best performing form of investment assets.
- 7.3. We expect that by investing in equities, funds and bonds, we will obtain an above-inflation return over the long term, and thereby avoid or mitigate the need to increase our fees. Therefore we expect that applying part of our cash and reserves in investments will benefit nurses, midwives and nursing associates in the long term.

8. Pension schemes

- 8.1. Our main pension scheme, which has been offered to new starters since November 2013, is a defined contribution or "money purchase" scheme. Employer contributions to the scheme are within a fixed range so there is very little financial risk to the NMC. Pensions are one of the most effective ways for individuals to save for their retirement so we will continue to promote the scheme and encourage maximum uptake by employees.
- 8.2. We also have a defined benefit scheme, where pension is based on employees' final salary and number of years of service. This scheme closed to new starters in November 2013. The defined benefit scheme carries significant financial risks for the NMC: changes in life expectancy, interest

¹⁶ Our investments will be equities, funds and bonds capable of being liquidated within 14 days, so can be treated as a liquid asset and combined with cash for this purpose

rates or investment performance of the scheme assets could all have significant impacts on our net pension deficit.

- 8.3. At 31 March 2018, the defined benefit scheme had assets of £72.4m, liabilities of £84.1m and a deficit of £11.7m¹⁷. The NMC makes additional contributions to the scheme of over £1m a year under a Recovery Plan, over and above our normal employer contributions, with the intention of eliminating the deficit by 2026.
- 8.4. The high level of financial risk inherent in a defined benefit pension scheme was a primary reason why we closed the scheme to new entrants in 2013. There are other options to reduce the financial risk further. We could make further payments into the scheme, or we could sell the scheme to an insurer.
- 8.5. The first of those options, making further payments, would only reduce financial risk if the new funds were invested in order to hedge the risk on the liability side. For example, the scheme trustees could invest in long term bonds, which would hedge against the risk of an increase in the liability resulting from a fall in bond yields. However, by making further payments into the scheme we would be limiting our own opportunity to make positive returns on those funds through our own investments.
- 8.6. The second option, selling the scheme, would completely eliminate our risk, but it would only become an option if the scheme were to be closed to new accrual of benefits, and it would be extremely expensive¹⁸.
- 8.7. Therefore we propose to continue with the present approach of making additional employer contributions. The potential impact of the financial risk within the scheme is manageable within our reserves, and the risk will diminish gradually over time.

9. Fees strategy

- 9.1. Our fees are set by secondary legislation. Any change in fees requires the Council's approval to start the process, a public consultation on our proposed changes, approval by the Privy Council, and a statutory instrument approved by the Westminster Parliament via the negative procedure. The process takes a minimum of six months from the point of Council approval to the new fees taking effect. Nurses, midwives and nursing associates would pay the new fee from the point of their next annual renewal of registration following the change, so there is a lag before the full effect of any change is felt in our income.
- 9.2. Our renewal fee has been £120 per year since February 2015¹⁹. It had been £76 until February 2013, and £100 from February 2013 to February 2015.

¹⁷ As recorded in our Annual report and accounts, under the FRS102 valuation.

¹⁸ The actuarial valuation estimated that had the scheme been wound up on 31 March 2016, the deficit would have been £42.8m. The price which an insurer would charge to buy out the scheme would be much nearer that value than the £11.7m at which the deficit is carried in the accounts, representing the risk premium that an insurer would charge to assume the risk.

The last two increases, which represented nearly 60% in the space of two years, were very unpopular with nurses and midwives. The government has stated that fee rises should be kept to a minimum²⁰.

- 9.3. We intend that the fee should be affordable by nurses, midwives and nursing associates. We should avoid large, sudden increases in the fee: registrants are more likely to be able to manage small, more regular increases, than infrequent but large increases. Council will continue to review the need for fee changes each year, using our rolling three year budget to identify when fee increases are necessary and plan for them so as to minimise the impact on registrants.
- 9.4. In the medium and longer term, we expect that investment in new systems and continuous improvement of our processes will produce cost savings, offsetting the impact of inflation. Also, through our new investment policy (see section 7 above), we expect to earn an above-inflation rate of return on a portfolio of surplus funds, initially around £50m.
- 9.5. The Order enables us to generate other sources of income “in connection with the exercise of its functions”. We will take advantage of opportunities to generate other income that are consistent with our values and our role as a professional health regulator, so as to supplement registrants’ fees and help keep them at the current level.
- 9.6. At the time of approving this financial strategy in [March] 2019, Council agreed to maintain the registration fee at £120 for 2019-2020. Provided registrant numbers remain stable and inflation remains low, we aspire to use the cost savings and investment income referred to above to keep our budget balanced over the medium to long term, and maintain the registration fee at the current £120 level for as long as possible.
- 9.7. However, because the risks to our budget related to inflation and registrant numbers are significant, we will continue to review the registration fee annually, as part of the budget setting process.

¹⁹ Note that while the registration fee remains fixed at £120, it is falling in real terms. The cumulative increase in CPIH since February 2015, when the £120 fee took effect, is 7.1%, meaning that in 2015 prices, today’s fee is £112.

²⁰ *Promoting professionalism, reforming regulation* consultation paper, paragraph 4.25

https://consultations.dh.gov.uk/professional-regulation/regulatory-reform/supporting_documents/Promoting%20professionalism%20reforming%20regulation.pdf

Reserves policy: proposals for target lower and upper limits of free reserves, and minimum cash and investments balance

1. Our reserves policy, contained within the financial strategy approved by Council in [March] 2019, is to maintain free reserves within a target range, and to set a minimum level for the aggregate forecast cash and investments balance in the course of the coming financial year. The target range of free reserves and the minimum cash and investments balance will be reviewed at least annually by the Council.
2. The target minimum level of free reserves will be set so as to ensure our sustainability, taking account of the security of our income stream, our cash and investment balances, and an assessment of the potential financial impact of risks faced by the NMC. The target maximum level of free reserves will be set so as to ensure our resources are applied effectively, balancing the interests of registrants who finance us through the fees that they pay, and the public who benefit from our work.
3. The purpose of the minimum level for the aggregate forecast cash and investments balance is to ensure liquidity¹ without the need for borrowing facilities.
4. This paper proposes the target range of free reserves and the minimum cash and investments balances for the financial year 2019-2020. If approved, the target range will supersede the target range of £10 million to £25 million set under the previous reserves policy.
5. Because our registrants are required by law to pay our registration fees in order to practise, and they are required to pay their fees in advance, we have a highly secure income stream and we hold large cash balances, over and above our free reserves. Therefore our need for free reserves is much lower than many other charities.

Current reserves position

6. At 31 March 2018, our free reserves were £22.3 million, but our aggregate balance of cash and investments was £82.2 million. In addition to the free reserves, our cash and investments balance included fees paid in advance of £43.3 million. The balance of fees paid in advance fluctuates through the year, but during 2017-2018, the lowest value of fees paid in advance was £37.9 million.
7. Our pension deficit, £11.7 million at 31 March 2018, is a form of long term financing, which also has the effect of increasing our cash and investment balances relative to our free reserves.

¹ Our investments will be equities, funds and bonds capable of being liquidated within 14 days, so can be treated as a liquid asset and combined with cash for this purpose

8. Other things being equal, this means that £10 million of free reserves, which is currently the lower end of our target range, implies a cash and investments balance of at least £60 million throughout the year.
9. The following table shows how our free reserves at 31 March 2018 reconciles to our cash balance at 31 March 2018, and what our expected cash balance would be if free reserves fell to £10 million, the lower limit set under the previous reserves policy.

	At 31 March 2018	If free reserves were £10m	If free reserves were £0
	£m	£m	£m
Total reserves Accumulated net total of all surpluses and deficits since NMC began	41.2	(say) 35	(say) 35
Less: fixed assets	18.9	(say) 25	(say) 35
Total reserves less fixed assets = available free reserves Calculation of free reserves is total reserves less the value that is tied up in buildings, equipment etc and so is not held in net liquid assets	22.3	10	0
Add: Registrants' fees received in advance Amount of fees received in advance fluctuates during year, so the table shows the value at the year end, but also the lowest value during 2017-18 Balance at 31-3-18 (note 16 in the statutory accounts) Lowest balance during 2017-18	43.1	38	38
Add: Pension deficit	11.7	11.7	11.7
Add: Other net working capital balances This is the net value of trade creditors and accruals, less debtors. Working capital balances are a form of financing. For a given level of reserves, the more net creditors we have, the more cash we will have	5.1	5.1	5.1
Cash + investments	82.2	64.8	54.8

Proposed target minimum level of free reserves

10. The table shows that the £10 million target minimum level of free reserves set under the previous reserves policy is more than is necessary to ensure our financial sustainability.
11. The current proportion of registrants paying by quarterly direct debit and the current value of the pension deficit mean that, with zero free reserves, we would still have a cash and investments balance of at least £50 million throughout the year. Therefore we propose reducing the £10 million target minimum level of free reserves to zero.

Proposed target maximum level of free reserves

12. During 2018-2019, our free reserves have exceeded the £25 million upper limit of target range, and are likely to remain above the upper limit at the end of the financial year. At 31 March 2019, subject to the revaluation of the pension liability and our audit, we expect our free reserves to be approximately £33 million, and our aggregate balance of cash and investments to be approximately £95 million.
13. However, we are already committed to a substantial programme of capital investment including the Modernisation of Technology Services (MOTS) programme (estimated total through 2019-2020 £6.7 million) and the London Accommodation project (estimated fit out costs in 2019-2020 £3 million). Within the next five years, we may also need to undertake a major refurbishment of 23 Portland Place.
14. Our plans for capital investment mean that our free reserves should return back beneath that level by the end of 2019-2020. £25 million remains an appropriate upper limit of the range: it allows us to hold reasonable but not excessive reserves, enabling operational and financial investments and ensuring sustainability, without significantly disadvantaging the current generation of registrants.

Proposed minimum level for cash plus investments

15. The extent to which our cash and investment balances exceed our free reserves balance is dependent on the proportion of registrants paying by quarterly direct debit and the level of the pension deficit.
16. Since 2016, registrants have been able to pay by quarterly direct debit, as well as annually. As at December 2018, 17% of registrants pay quarterly, and that percentage is rising by about 5% each year. Over time this trend will reduce our cash balances. If 75% of registrants paid quarterly in advance, we would have between £20m and £25m of fees paid in advance throughout the year.
17. The pension deficit is a form of long term financing for the NMC. We have a Recovery Plan in place under which we pay an additional £1m a year into the pension scheme, which is intended to clear the deficit by 2026. When the pension deficit is cleared, whether by actuarial gains and/or by the NMC making additional cash contributions, our cash balance relative to our free reserve balance will fall.
18. We propose a minimum level of £20 million for the aggregate forecast cash and investments for the coming financial year. That level is consistent with zero free reserves combined with 75% of registrants paying by quarterly direct debit, and the

clearing of the pension deficit. It is also sufficient to ensure liquidity without the need for borrowing facilities.

Benefits of reducing the target minimum level of free reserves

19. The £10 million target minimum level of free reserves set under the previous reserves policy could lead to decisions which conflict with our objective of providing value for money. For example, the £10 million limit could prevent us from refurbishing the 23 Portland Place building without a period of further accumulation of reserves and possibly a fee increase. The £10 million limit could also push us towards prematurely implementing a fee increase to manage financial risks, like inflation or a fall in registrant numbers, and maintain our reserve levels.
20. Reducing the target minimum level of free reserves does not mean we will actively seek to reduce reserves or incur deficits. But it will enable us to better use our reserves to invest and manage risk for the longer term benefit of the organisation and nurses, midwives and nursing associates. The target range, with the reduced lower limit, will act as an appropriate constraint on our budgeting and financial planning, ensuring that we maintain sustainability.
21. **Council is asked to approve:**
 - 21.1. **The target minimum level of free reserves of zero.**
 - 21.2. **The target maximum level of free reserves of £25 million.**
 - 21.3. **The minimum level for the aggregate forecast cash and investments for the coming financial year of £20 million.**

Investment policy

1. Statement of investment principles

Financial aims and objectives

- 1.1. The goals of our financial strategy are to achieve financial sustainability and value for money, for the benefit of registrants and the public, keeping registration fees affordable and stable over time.
- 1.2. Our investment policy supports the aim of financial sustainability. We expect that by investing in equities, funds and bonds, we will obtain an above-inflation return over the long term, and thereby avoid or mitigate the need to increase our fees. Therefore we expect that applying part of our cash and reserves in investments will benefit nurses, midwives and nursing associates in the long term.
- 1.3. The overarching objectives for our investments are set out below.

Primary

- 1.4. **Increase real value:** We aim to achieve long term financial sustainability so that our charitable objects can be delivered indefinitely. The primary objective of our investment policy is, therefore, to generate a total return (i.e. a combination of income and growth, net of fees) of 1% above the rate of inflation on a 5 year rolling basis.
- 1.5. **Liquidity and flexibility:** Being a large organisation with substantial operating costs, it is vital that our investment assets provide diversification, flexibility and liquidity to cater for possible changes in our situation and funding requirements.

Secondary

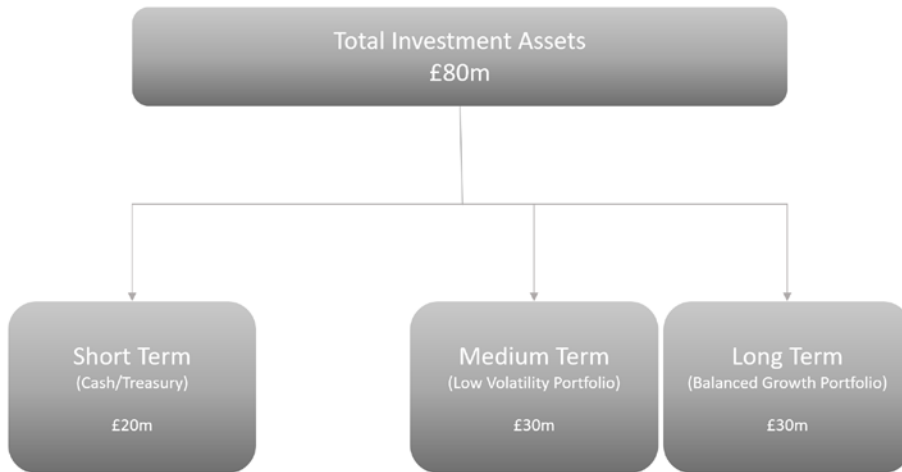
- 1.6. **Income generation:** Investment income represents a small proportion of our overall income, and while we would expect to generate some income from our investments, this should not be at the expense of our primary objectives.

Investment policy and liquidity management

- 1.7. For the purpose of our reserves policy, all investment portfolios will be treated as liquid and therefore part of free reserves.

Investment asset overview

- 1.8. Our investment assets will be broken down into three portfolios, as shown below¹²:



Short-term investment policy

- 1.9. The short-term investment policy is to hold for working capital purposes a portfolio of very low-risk, cash based investments in a target range of one to three months operating costs, the exact amount being decided on a tactical basis. In addition, the funds held in the short term portfolio need to be sufficient to cover planned capital expenditure within three years that will not be covered by fee income.
- 1.10. Further details can be found in section 2.

Medium-term investment policy

- 1.11. This portfolio has been put in place to fund planned expenditure in three or more years that will not be covered by fee income (such as future building renovation projects).
- 1.12. Further details can be found in section 3.

Long-term investment policy

- 1.13. Any capital not required for ongoing operational purposes or planned future projects is to be invested in the long-term portfolio. It is expected that this part of the portfolio will provide the greatest long-term protection against inflation.
- 1.14. It is accepted that these investments will rise and fall during the short term due to investment market volatility.

¹ The value (as at December 2018) and allocation between the three portfolios are indicative only and will change over time, in line with our requirements.

² Note that for the purpose of the investment policy, short term means up to three years, medium term means three to five years, and long term means over five years.

Investment risk

- 1.15. Our overall appetite for investment risk is “**Cautious to Balanced**”, as described below:

“A Cautious to Balanced Investor is looking for an investment which, while giving some potential for real returns, aims to produce returns that are at least as good as those from a high street deposit account. A high level of security of their capital is a priority. While recognising that investment values will change, they would feel uncomfortable if their investments rose and fell in value very quickly.”

- 1.16. It is accepted that certain elements of the investment portfolio will differ in risk level when viewed in isolation; however, we aim to ensure that the overall *blended* portfolio remains within this tolerance.
- 1.17. We understand that all investments carry some form of risk. While we prefer not to make any loss on investments we accept that there is always a possibility that losses may occur.
- 1.18. We have discussed our tolerance / capacity for loss and agreed that we want to avoid a drop of more than 10% in the nominal value of the overall portfolio over any 12-month period. We understand that there is always a possibility that this amount of loss could be exceeded, which must be considered when deciding on the allocation between the three portfolios.

Ethical and responsible investment

- 1.19. We seek a constructive and positive engagement with the corporate world. We require that our funds in the medium and long term portfolios are managed in line with our ethical investment policy set out in detail in section 5.

Monitoring and reviewing

- 1.20. It is important that we continue to monitor our investments to ensure they remain within our policy guidelines.
- 1.21. There will also be an ongoing requirement to review the valuations of the three portfolios so that (if appropriate) funds can be re-allocated in line with our investment policy. For example, if the value of our short-term cash investments exceeds the required amount, a discussion will take place to determine when this excess should be placed into the medium-term or the long-term portfolio, depending on our projected cash flow needs.

1.22. The following monitoring policy will be adopted to ensure this is carried out:

What	Who	Frequency	Output
Review suitability of overall investment policy and portfolio allocation	Investment committee	Half yearly (quarterly at least initially)	Report to the Council summarising findings and any proposed action
High level investment performance, policy compliance and suitability review	Investment committee		
Detailed investment performance and suitability review		Annually	
Investment portfolio ethical policy audit			
Investment policy, including ethical policy	Council	Every two years	Revised or confirmed policy
Significant deterioration in the value of any of the investment portfolios will be reported to the Chair of the Investment Committee in line with the Markets in Financial Instruments Directive (MiFID). In summary, this requires investment managers to inform us where the overall value of the portfolio depreciates by 10% compared to the previously reported value no later than the end of the business day in which the threshold is exceeded.			

Charges

1.23. Complete transparency is required for all charges associated with the investment portfolio. This includes, but is not limited to, fund and investment manager fees, transaction costs, investment adviser fees, commissions. A clear statement of all charges applied to the portfolio is required as part of the annual report as well as interim reports.

2. Short term investment policy

Financial aims and objectives

Primary

- 2.1. **Liquidity:** to maintain sufficient immediately available cash holdings to provide working capital with which to operate on a day to day basis with sufficient contingency to be able to absorb a reasonable level of unexpected cash calls, and to meet planned capital expenditure in less than three years. The maximum term for any fixed term deposits is 24 months.
- 2.2. **Manage risk:** investments in the form of cash deposits are maintained only in appropriately credit rated banks or building societies regulated by the Prudential Regulation Authority. The total placed with any individual bank or building society shall not exceed 40% of the funds within the short term portfolio.

Secondary

- 2.3. **Minimise the impact of inflation on real terms value:** within the restrictions of the primary aims, maximise the income from deposits reflecting market conditions.

Investment risk

- 2.4. Our risk appetite for the short term portfolio is Averse. The short term portfolio will be managed in house, using bank and building society deposits, so as to reduce the risk of capital loss to the lowest level practically possible. There will be zero volatility.
- 2.5. We would expect the level of the short term portfolio to be between one and three months operating costs, so as to cover changes over the year in working capital caused by monthly variations in registrant fee receipts, plus any amounts for additional planned spend (such as major improvement or capital investment projects) falling within three years.

3. Medium term investment policy

Financial aims and objectives

Primary

- 3.1. **Increase real value:** The targeted total return (income plus capital growth) for this portfolio is CPI + 1% per annum (net of all fees).
- 3.2. **Manage risk / absolute return:** This portfolio will be managed within a low volatility / absolute return framework. This is to reduce the risk of crystallising losses in the event of an unforeseen liquidity requirement.
- 3.3. **Liquidity:** It is important that the underlying investments, although designed to be invested for three or more years, are readily available. We expect to be able make withdrawals from the portfolio at any time and receive the proceeds within 14 days.

Secondary

- 3.4. **Low correlation to traditional (predominantly stock market based) portfolio:** We aim for the correlation of this portfolio to our long-term portfolio to be as low as it can be without jeopardising our primary objectives.
- 3.5. **Income:** We expect the medium term portfolio to generate dividend and interest income, but income should not be targeted at the expense of our primary objectives.

Investment risk

- 3.6. Our risk appetite for the medium term portfolio is Cautious. The medium term portfolio will be managed with the objective of avoiding a drop of more than 10% in its value on any given anniversary. We understand that all investments carry some form of risk, and we accept that there is always a possibility that losses may occur.
- 3.7. The portfolio will be managed with the objective of achieving low volatility, between 4% and 6%. Volatility is a measure of short term variation of a portfolio's value from its longer term trend. The lower the volatility, the lower the risk.
- 3.8. For clarity, a **Cautious** Investor is looking for an investment where the long-term priority is capital preservation, although acknowledging that the investment could still fall in value. The investment should aim to produce returns that are comparable with those from a high street deposit account, but have the potential for some long-term growth. A Cautious investor would feel very uncomfortable if their investment rose and fell in value very quickly.

4. Long term investment policy

Financial aims and objectives

Primary

- 4.1. **Increase real value:** The targeted total return (income plus capital growth) for this portfolio is CPI plus up to 3%³ per annum (net of all management fees).
- 4.2. **Manage risk:** To pursue a balanced overall long-term risk.

Secondary

- 4.3. **Income:** We expect the long term portfolio to generate dividend and interest income, but income should not be targeted at the expense of our primary objectives.
- 4.4. **Liquidity:** It is important that the underlying investments are relatively liquid. We would expect to be able make withdrawals from the portfolio and receive the proceeds within 30 days.

Investment risk

- 4.5. Given the long-term nature of this portfolio and the lower risk investments held by the charity in the short and medium term portfolios, we are content to take a balanced approach to risk with the regard to the long term portfolio.
- 4.6. However, the long term portfolio will be managed with the objective of avoiding a drop of more than 20% in its value on any given anniversary.
- 4.7. We want to maximise diversification, while ensuring that the primary and secondary aims are achieved. The purpose of this diversification is to maximise opportunities for income and growth, while managing risk and both preserving and developing the capital value of the portfolio.
- 4.8. We will not set a volatility objective for the long term portfolio, but we expect volatility to be typically between 7% to 12%.
- 4.9. For clarity, a **Balanced** Investor is looking for a balance of risk and reward, and while seeking higher returns than might be obtained from cash deposits, recognises that this brings with it a higher level of risk and that the value of their investment may fluctuate in the short term. They would feel uncomfortable if the overall value of their investments were to fall significantly over a short period or if their capital was eroded.

³ The target return will be set by the Investment Committee and communicated to the investment managers. The Investment Committee may set a target lower than 3% in order to achieve the appropriate level of risk.

5. Ethical investment policy

- 5.1. Our charitable objectives include promoting public health and well-being through better, safer care. Our investments must be consistent with those objectives, with our role as a regulator of health and social care professionals in the United Kingdom, and with our organisational values. At the same time, we must have particular regard to the fact that, while investment returns should help us reduce upward pressure on registrants' fees, our cash reserves have built up as a result of fees paid in the past by our registrants and must be protected.
- 5.2. Therefore we will select investment managers who are skilled not only in generating good investment returns but are also committed to and expert in ethical investment. We will set an ethical investment mandate that reflects our objectives, our role and our values, and we will monitor the managers' performance against that mandate.
- 5.3. Our investment mandate identifies two categories of investment: those that are subject to absolute exclusion from our portfolio and those subject to potential exclusion.

Category one: absolute exclusion

- 5.4. We exclude all direct investment in business sectors where the core business has an inherent, fundamental conflict with our objectives, role or values. For example, smoking is inherently damaging to health; therefore our investment mandate totally excludes direct investment in companies that produce tobacco or tobacco related products.
- 5.5. In the initial mandate, approved by Council in [March] 2019, the absolute exclusions are:
 - Direct investment in any company that produces tobacco or tobacco related products
 - Direct investment in any company that produces pornography

Category two: potential exclusion

- 5.6. The second category includes business sectors and companies which are potentially excluded because they are at increased risk of being incompatible with our objectives, role or values. This includes business sectors, for example, manufacture or sale of alcohol and gambling, which are likely to be damaging to health if done to excess but are not *inherently and unavoidably* damaging to health. Likewise, there are activities which could occur in **any** business sector, which conflict with our values: for example, human rights abuses, unacceptable labour practices and tax evasion. We wish to avoid investing in companies that are involved in these or similar activities.
- 5.7. On the other hand, reducing our investment risk while maximising our long term returns depends on maintaining a sufficient diversification of our investments. Therefore we need to be careful that our ethical investment policy does not exclude companies within a sector that is at risk of damaging health, *if those*

companies are operating responsibly, taking steps to minimise the negative health, environmental or social impact of their activities.

- 5.8. Cases in the second category are difficult to assess because they will often be a matter of judgement or opinion rather than objective fact. Our approach to these cases is therefore to require our investment managers to screen all companies in which direct investment is proposed for evidence of specified irresponsible or unethical activities. Where the evidence of irresponsible or unethical activity is found to be current and credible, we will not directly invest in the company.
- 5.9. In the initial mandate, approved by Council in [March] 2019, we will require our investment managers to screen companies in which they propose to invest our funds for association with the manufacture, marketing, sale or distribution of
- alcohol
 - gambling
 - arms, particularly cluster munitions and landmines
 - infant formula milk
 - products or services in our absolute exclusions list
 - products that are in direct conflict with our aims of public health promotion and safer care
- and/or association with
- systematic human or labour rights abuses
 - systematic environmental damage, without active plans to restore the environment or offset the harm done
 - systematic tax evasion.
- 5.10. Where the association with any of these activities is found to be contrary to the UNPRI principles (see below) and current, and the company or sector has no credible plans to mitigate the adverse impact, direct investment will be excluded.
- 5.11. Our investment policy and performance is reviewed by the Investment Committee, who report back to Council. The investment mandate will be reviewed at least annually by the Investment Committee, who will consider whether there should be changes to the companies or sectors in either of the two categories. We will require an active dialogue between the investment managers and the Investment Committee before any new investment is made in areas covered by the second category, where there is ambiguity about whether the ethical investment restriction should apply or not.

Indirect investment

- 5.12. When we invest indirectly, for example through a fund or unit trust, the proportion of the underlying investments that would fail the above tests must not exceed 5%.

UNPRI

- 5.13. In addition to this there is an expectation that each manager can demonstrate rigorous implementation of the Principles of Responsible Investment supported by the United Nations (www.unpri.org) and preferably be signatories.

- 5.14. The initiative consists of an international network of investors working together to put the six principles for responsible investments into practice. Its goal is to understand the implications of sustainability issues for investors and support signatories to incorporate these into their investment decision-making and ownership practices. By implementing the principles, signatories contribute to the development of a more sustainable financial system.
- 5.15. The six principles state:
- We will incorporate environmental, social and corporate governance (ESG) issues into investment analysis and decision-making process.
 - We will be active owners and incorporate ESG issues into our ownership policies and practices.
 - We will seek appropriate disclosure on ESG issues by the entities in which we invest.
 - We will promote acceptance and implementation of the Principles within the investment industry.
 - We will work together to enhance our effectiveness in implementing the Principles.
 - We will each report on our activities and progress towards implementing the Principles.
- 5.16. For further information, visit – www.unpri.org.

Council

Corporate plan and budget

Action:	For decision.
Issue:	Seeks Council's approval for the corporate plan and corporate key performance indicators (KPIs) for 2019–2020, and for the budget for 2019–2020.
Core regulatory function:	All regulatory functions.
Strategic priority:	Strategic priority 1: Effective regulation Strategic priority 2: Use of intelligence Strategic priority 3: Collaboration and communication Strategic priority 4: An effective organisation.
Decision required:	The Council is recommended to approve: <ul style="list-style-type: none"> • the corporate plan for 2019–2020 (paragraph 12.1) • the KPIs and targets for 2019–2020 (paragraph 12.2) • that the annual registration fee for all registrants should remain at the current level of £120 (paragraph 26) • the cost of living award of 2.5 percent for all employees to be paid with effect from 1 April 2019; (paragraph 33) • the budget for 2019–2020 (paragraph 52).
Annexes:	The following annexes are attached to this paper: <ul style="list-style-type: none"> • Annexe 1: draft corporate plan for 2019–2020 • Annexe 2: draft KPIs for 2019–2020 • Annexe 3: draft budget for 2019–2020, including indicative budgets for 2020–2021 and 2021–2022.
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.
	Author: Richard Wilkinson Phone: 020 7681 5172 richard.wilkinson@nmc-uk.org
	Director: Andy Gillies Phone: 020 7681 5641 andrew.gillies@nmc-uk.org

- Context:**
- 1 We prepare our corporate plan each year in the context of our longer term strategy and the developing external environment. The corporate plan sets out our key priorities for the year, including our key performance indicators (KPIs).
 - 2 The budget allocates the resources required to deliver the corporate plan. The financial context in which we are operating includes:
 - 2.1 The NMC remains in a stable and healthy financial position with significant reserves and strong financial controls.
 - 2.2 Subject to the annual audit and the revaluation of our pension scheme, at the end of March 2019 we expect to have total reserves of around £53 million, free reserves of £33 million and cash of £95m.
 - 2.3 Our reserves policy is addressed in the separate paper being considered by Council on our financial strategy.
 - 3 2019–2020 is the last year of our current strategy for the years 2015 to 2020. The strategy for 2020–2025 will be developed during 2019–2020.

Four country factors: 4 Not applicable for this paper.

Discussion Corporate plan and KPIs for 2019–2020

- 5 An early draft of the corporate plan was shared with Council in private session in January. An updated draft of the plan, reflecting the discussion in January, is enclosed at **annexe 1**. The plan summarises what we aim to achieve in 2019–2020, and is consistent with our strategy for 2015–2020. Once approved by the Council, the plan will be published on our website.
- 6 The Council monitors the organisation’s performance against our priorities using KPIs. The proposed KPIs for 2019–2020 are at **annexe 2**.
- 7 The KPIs proposed for 2019–2020 include the following changes from the KPIs used in 2018–2019:
 - 7.1 Registrations and revalidation:
 - We have changed how we measure UK registration applications to better reflect how long applicants wait for us to process their applications. Two new KPIs will focus on our processing times from the point of view of whether registrants either have no concerns or concerns

raised. This will provide a more accurate measure of our efficiency.

- We have split the EU and Overseas registration applications with corresponding targets for each.
- We have replaced our revalidation rates KPI with an assessment of how quickly we process readmissions to the register. Again, this is intended as a measure of efficiency.

- 7.2 Inclusion of a KPI measuring approval decisions of Education Institutions and their programmes against the new standards of education.
- 7.3 Inclusion of new people measures for the average number of days of sick leave and scores for employee engagement.
- 8 In January 2019, the Council asked the Executive to consider whether we could adopt more ambitious targets for the percentage of Interim Orders imposed within 28 days of opening the case, the percentage of FtP cases concluded within 15 months of being opened, and employee turnover.
- 9 The Executive does not recommend changing the FtP KPIs for 2019–2020. FtP will be delivering a number of significant operational changes and a major office move which will put pressure on performance and quality in the short term. We expect these changes to deliver benefits which will improve our performance from 2020.
- 10 In 2018–2019, our objective has been to reduce employee turnover from the very high levels prevailing in 2017–2018, but specific targets for turnover rates were not set. For 2019–2020, we are proposing a target for employee turnover and new starter turnover of 22 percent and 20 percent respectively, which would represent an improvement on current performance levels. The Executive does not recommend setting the targets any lower as we anticipate some fluctuation in turnover due to the FtP accommodation move in the short term, and initiatives to improve workforce retention such as improvements to pay and reward will take time to positively impact on retention rates.
- 11 Once we have developed our new strategy for 2020–2025, we will revisit our KPIs to develop a set of measures aligned to it, reflecting the improvements we expect to see over that period.
- 12 **Recommendation: The Council is recommended to approve:**
- 12.1 **the corporate plan for 2019–2020.**
- 12.2 **the KPIs and targets for 2019–2020.**

Budget for 2019–2020

Budget overview

- 13 The proposed budget for 2019–2020 is set out at table 1 below and in more detail at **annexe 3**. We have included indicative budgets for the two following years to March 2022. These will be reviewed and revised in due course to reflect our new strategy and annual priorities.
- 14 The budget is designed to deliver the corporate plan and the KPIs.
- 15 During 2019–2022 our Business as Usual (BAU) budget will be entirely funded by our income and will generate operating surpluses, before strategic programmes and projects, of £2.2/7.2/8.6 million across the three years. While there are significant efficiencies being made, there are also some key areas of additional investment in services, reflecting greater emphasis on:
- 15.1 A strengthened Regulatory Intelligence Unit which collates, analyses and shares intelligence relating to actual or potential concerns around fitness to practise;
 - 15.2 A strengthened Employer Link Service which provides support and learning for employers;
 - 15.3 Our Public Support Service, focussed on ensuring people using services, patients, families, carers and the public are at the heart of the way we operate and the support we offer;
 - 15.4 A new centralised enquiries and complaints function, bringing better responsiveness and learning from complaints and information requests;
 - 15.5 Quality assurance of new nursing standards, with a greater focus on risk;
 - 15.6 FtP investigations, improving their timeliness and effectiveness; and
 - 15.7 Expansion of IT hardware replacements and disaster recovery work to improve our resilience and efficiency.

Strategic programmes and projects

- 16 There are seven key programmes and projects which underpin the draft corporate plan, with a budgeted cost of £13.0 million in 2019–2020, of which £6.6 million is operating costs and £6.4 million is capital expenditure.
- 17 The seven are Modernisation of Technology Services (MOTS), Digital Workplace, Education, Overseas, Accommodation, the FtP

Strategy, and the People Strategy. Most are existing programmes and projects cutting across financial years. Existing projects have Council approved business cases, but may in some cases require extensions to reflect significant changes since original business cases were presented to the Council. In particular, the extension to the MOTS programme and the FtP Strategy will require Council approval.

- 18 In addition, we are completing the implementation of our regulation of nursing associates during 2019–2020.
- 19 As well as benefitting our registrants, employees and stakeholders directly, investment in key programmes will generate future efficiencies that have been reflected in the planned surpluses in 2020–2022. They will also reduce the significant IT risk we face currently and ensure the level of investment needed in future years is reduced.
- 20 The investment in programmes brings us to a deficit budget of £4.3 million in 2019–2020.
- 21 Proposed programme budgets are set out in **annexe 3**. For 2020-2021 and 2021–2022, we have also made a provision for spend on projects yet to be identified.

Annual registration fee

- 22 Under the fees strategy contained within our financial strategy, Council reviews the registration fee each year as part of the budget setting process, using the three year indicative budgets to identify when fee increases are necessary and plan for them so as to minimise the impact on registrants.
- 23 Our fees were last increased in February 2015. Since then, the Consumer Prices Index has risen from 99.5 to 106.4, meaning that in February 2015 prices, our fee is now the equivalent of £112.
- 24 As noted above, we expect the investment in programmes and projects in 2019–2020 to generate future efficiencies, which are reflected in the planned surpluses in 2020–2021 and 2021–2022. Together with the our free reserves and substantial cash balances, our expectation of returning to break even or better over the three year financial planning horizon means that we are financially sustainable and can hold the fee at £120 for 2019–2020.
- 25 We aim to hold the fee at £120 for as long as possible. But because of the risk of inflation, and the risk that registrant numbers might fall, we will continue to review the fee each year.

- 26 **Recommendation: Council is recommended to approve that the annual registration fee for all registrants should remain at the current level of £120.**

Employee pay award

- 27 For 2019–2020 we propose a cost of living award for all employees of 2.5 percent from 1 April 2019. We have come to this proposal by reviewing market data that indicates wider inflationary pay awards are likely to be between two and three percent in 2019–2020. This approximately tracks inflation which has been between two and three percent since the beginning of 2017. While the latest (January 2019, released on 13 February 2019) Consumer Price Index (CPI) inflation measure has dipped to 1.8 percent, the Bank of England's February 2019 Inflation Report indicates CPI is expected to increase again above two percent during the coming year. The same report cites average private sector pay settlements at 2.8 percent in 2018 and expected to be 2.9 percent in 2019.
- 28 Looking at the labour market more widely, the Regulators' Annual Salary Survey 2018 predicts pay awards for 2019–2020 at between two and three percent, as does the most recent NHS Providers HR Directors survey. A specialist survey of pay provided to us by XpertHR indicates pay awards will be set between two and three percent for 2019–2020.
- 29 The NHS (Agenda for Change) received a three year deal in 2018 (average 6.5 percent over three years) for nurses and midwives that delivered up to three percent for all but the most senior staff, before the end of March 2019.
- 30 The general relaxation of pay controls announced by central government in July 2018 is also resulting in higher pay rises than in the recent past. For instance members of the armed forces will receive an increase of 2.9 percent (of which 0.9 percent is not consolidated); the teachers' award means the main pay range will increase by 3.5 percent; all prison officers will get at least 2.75 percent this year; police officers at least 2 percent, junior doctors 2 percent and GPs 2-3 percent subject to contract reform.
- 31 In addition, many local government, NHS and Civil Service staff are eligible for annual pay increments along a pay spine in addition to any annual cost of living increase. This does not apply to the NMC.
- 32 This proposal is in the context of continuing concern that our pay scales, set in 2013, remain behind market rates. As noted below, work is currently underway to develop a new pay and grading structure and pay scales to address this, and the budget includes provision for further pay changes in addition to the proposed 2.5 percent cost of living award. Proposals will be brought to Council in May 2019. Any changes to the grading structure will be subject to

consultation so could not be implemented before September 2019, but agreed pay changes would be backdated to 1 April 2019.

- 33 Recommendation: The Council is recommended to approve the cost of living award of 2.5 percent for all employees to be paid with effect from 1 April 2019.**

Income

- 34 Total income in 2019–2020 is budgeted at £86.5 million, a £5.6 million reduction compared to our forecast income of £92.1 million in 2018-2019.
- 35 Income from the fees paid by nurses, midwives and nursing associates is stable. The reduction in total income is because income from other sources in 2018-2019 including significant non-recurring items: a £2.1 million refund from HM Revenue and Customs for income tax and national insurance overpaid in previous years, and £2.3 million from the Department of Health and Social Care for the nursing associate programme.
- 36 Despite a minor decline through 2016–2017, registrant numbers appear now to have stabilised. We have therefore planned for a broadly level profile in UK registrant income, taking into the early actual and expected number of nursing associates. The budget for 2019-2020 and the indicative budgets for the following two years assume the annual registration fee remains £120.
- 37 We are currently developing a more detailed model of the number of nurses, midwives and nursing associates on our register to enable more informed estimates of our medium and long term income to be made in future. This will take into account the age profile of the existing register, the number of students on approved programmes expected to join the register in future, and the demographics of the wider population.

Pay and grading review

- 38 The budget includes the 2.5 percent cost of living award discussed above, costed at £0.7 million.
- 39 The proposed budget for 2019–2020 also includes a further £1.4 million for the estimated cost of the expected wider pay and grading reforms currently being developed. By the third year (2021–2022), we expect the total additional cost to be £3.6 million. Those further pay changes are subject to discussion by the Remuneration Committee and Council.

Non-pay inflation

- 40 Pay and pay related costs account for about half of our overall budget. For non-pay costs, contractual price increases have been built in if needed. Elsewhere a general inflation assumption of 2.5 percent has been used if appropriate. Inflation has been noted as a risk associated with Brexit.

Contingency

- 41 We have maintained a central contingency of 3 percent of Directorate BAU expenditure in line with the budget for 2018–2019. The contingency (£2.5 million in 2019–2020) will be used to enable us to respond to significant unforeseen and unplanned events, for example extra work that might arise from Brexit, or work we would need to do if the government were to bring forward regulatory reform changes. Any funding requests will be subject to a business case and signed off by the Executive Board before funds are released.
- 42 Our free reserves are also available in extreme circumstances. Free reserves are currently around £33.3 million, but are planned to reduce to £24.8 million by 31 March 2020 through the deficit budget and capital expenditure.

Efficiency

- 43 We have built significant levels of cash releasing efficiency savings into budgets, building on those already achieved in 2018–2019. The main efficiencies will be available in years two and three of the budgeting period reflecting the heavy investment in capital to support change during the current year and in 2019–2020.
- 44 Efficiencies include:
- 44.1 FtP savings of £0.2/2.1/2.9 million across the three years, as a result of the FtP strategy which is expected to lead to a reduction in the number of hearing days;
 - 44.2 savings of £0.7 million and £1 million in years two and three respectively, in TBI and Registration and Revalidation directorates from investment in our IT infrastructure;
 - 44.3 a reduction of £1 million a year in rent and rates will be generated from our accommodation move to new offices in Stratford, realised in full from year two.
- 45 Our approach to improving efficiency remains focused on realising significant financial and non-financial benefits through the strategic projects and programmes in particular our MOTS programme, and pursuing the continuous improvement agenda already in place.

- 46 While we have had significant successes in making efficiency savings, we believe that an improved cross-cutting focus on efficiencies will help us ensure planned savings are fully realised and maximised. This includes us identifying good practice within the NMC and outside, and communicating this more widely to improve future efficiency planning. The Executive Board will focus specifically on ensuring the expected benefits are realised from the projects and continuous improvement teams.
- 47 These and other efficiencies are not only key to our aspiration of maintaining the registrant fee at its current level for as long as possible, but also to enabling us to focus new resource on key areas needed to modernise and improve our regulatory functions. These include our expanded Public Support Service, Employer Link Service and Enquiries and Complaints teams.

Pension costs

- 48 We have assumed that the minimum employer contribution we will make to the defined contribution pension scheme remains at 8 percent of salary in 2019–2020 onwards. This compares to the statutory minimum employer contribution for next year of 3 percent.

Investment income

- 49 Our approach to investments is addressed in the financial strategy paper being presented to Council. Broadly, we are looking to invest an element of our current cash holdings in stock market investments as a way of preserving its real terms value and to generate higher income.
- 50 We have started the tendering process for investment managers and we expect that by mid-way through 2019–2020 we will be starting to invest some of our cash. We have budgeted prudently for investment income for part of the year, and so as to retain the value of our investments, i.e. not taking all gains as income.

Budget summary

- 51 Our overall budget summary, reflecting these key assumptions, is shown in table 1 below. More detail is at **annexe 3**, including a high level cash flow forecast.
- 52 **Recommendation: Council is recommended to approve the budget for 2019–2020 as set out in table 1.**

Table 1: 2019–2022 budget summary

	2018-19 forecast	2019-20 budget	2020-21 Indicative budget	2021-22 indicative budget
	£m	£m	£m	£m
Registrant fee income	83.3	83.5	83.9	84.1
Other income	8.8	3.0	2.9	2.9
Income	92.1	86.5	86.8	87.0
Directorate BAU	69.7	75.3	70.5	68.0
Corporate BAU	4.9	8.9	9.1	10.5
Surplus/(deficit) after BAU	17.6	2.2	7.2	8.6
Programmes and projects - operating expenditure	6.2	6.6	5.5	6.3
- capital expenditure	3.6	6.4	1.0	0.2
Total programmes and projects	9.8	13.0	6.5	6.5
Surplus/(deficit) (adjusted to remove capital spend)	11.5	(4.3)	1.7	2.3
Total reserves at year end	52.7	48.4	50.1	52.3
Free reserves at year end	33.3	24.8	28.2	32.8

Public protection implications:

53 The corporate plan and budget underpin all our work to protect the public.

Resource implications:

54 Covered in the body of the paper.

Equality and diversity implications:

55 None.

Stakeholder engagement:

56 None.

Risk implications:

57 Risk has been considered as part of the business planning process both at individual directorate and corporate level. The Executive considers that the plans set out do not increase our levels of risk, and reflect key steps to reduce risk as set out in the risk register included as part of the Executive Report. Examples include:

- 57.1 Implementation of the FtP strategy, the expansion of the Regulatory Insight and Employer Link teams, and investment in IT through the MOTS programme to help address the risk that we fail to take appropriate action to address a regulatory concern.
- 57.2 Our investment in the MOTS programme and implementation of our new registration platform will help address the risk that we fail to maintain an accurate register of people who meet our standards and the risk that we fail to prevent a significant data loss or we experience a major information security breach.
- 57.3 Our investment in the People Strategy, in a cost of living pay rise and the review of pay and grading, help address the risk that we fail to recruit and retain an adequately skilled and engaged workforce.

Legal implications: 58 None.

Draft Corporate plan 2019–2020 (pending approval)

Introduction

About us

We are the independent regulator for nurses, midwives and nursing associates. We hold a register of the 690,000 nurses and midwives who can practise in the UK, and nursing associates who can practise in England.

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

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

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

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

Our role

Our regulatory responsibilities are to:

- maintain a register of the 690,000 registered nurses and midwives who meet the requirements for registration in the UK and nursing associates who meet the requirements for registration in England
- set standards for education, training, conduct and performance so nurses, midwives and nursing associates are able to deliver high-quality health and social care consistently throughout their careers
- take action to deal with individuals whose integrity or ability to provide safe care is compromised, so that the public can have confidence in the quality and standards of care provided by nurses, midwives and nursing associates.

Our strategy

Overview

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

- 1 Effective regulation
- 2 Use of intelligence
- 3 Collaboration and communication
- 4 An effective organisation.

Our achievements since 2015

We have continued to strengthen the way we regulate. Changes we have made include:

- introducing a **new Code** of professional standards of practice and behaviour in 2015, which is the cornerstone of good nursing and midwifery care, and updating this in 2018 to reflect our regulation of nursing associates
- continuing delivery of our **education strategy**, a four-year programme to review and update all our nursing and midwifery standards, set new standards of proficiency for nursing associates and change the way we quality assure education programmes
- introduced **revalidation** in 2016, which enables the people on our register to demonstrate they continue to practise safely and effectively
- taking action in 2018 to address the findings of the **Professional Standards Authority's (PSA's)** Lessons Learned Review into our handling of fitness to practise concerns about midwives at Furness General Hospital
- introducing our **Public Support Service** in 2018 to provide tailored support to the public and families who have raised concerns about someone on our register
- launching a new strategic direction in 2018 for fitness to practise, signalling our commitment to moving away from blame culture towards a just culture in health and social care
- expanded **NMC Online** for nurses, midwives and nursing associates to interact with us more easily

- opened a new part of the register for **nursing associates** in England in January 2019
- improved our process for applicants from outside the UK to join our register, including making changes to our English language requirements.

Strategic context

The wider picture

We operate in a fast moving environment. So our corporate plan needs to be responsive to changes in the world around us.

- **Building trust in professional regulation**
In delivering our public policy initiatives, we're asking nursing associates, midwives and nurses to be mindful of their behaviour and their impact on people in their care. We would like the public and wider stakeholders to engage and interact with us in new ways and our employees to think differently about who we are and how we demonstrate our values and behaviours.
- **Rising economic, workforce and performance pressures on the health and social care sectors**
For example, the recent Health Foundation report states there are 41,000 vacant nursing and midwifery posts in the NHS in England – more than 1 in 10. Challenges of recruitment and retention also prevail across the devolved administrations. We need to ensure that our standards and processes enable and encourage safe and effective nurses, midwives and nursing associates to join and remain in the workforce.
- **Changes in the need for care, and how and where care is delivered.**
We need to ensure the education of nurses, midwives and nursing associates adapts to meet these challenges. For example, increased numbers of people living with dementia, greater demands for social care and the impact of the growth in inequalities.
- **Impact of Brexit**
We need to plan for a range of scenarios affecting EU midwives, nurses and nursing associates wishing to join our register and UK nurses, midwives and nursing associates who may wish to work in the EU.
- **Possible regulatory reform**
We, together with other regulators, have long pressed for modernising our legislation. We responded to the Government's consultation in January 2018 and look forward to continuing to help shape and influence the future of health regulation.

- **Strategic collaboration.**

We will continue to develop the potential to share activities and functions with other regulators where it makes sense to do so and can promote better, safer care.

Development of our next strategy

As we approach the end of our 2015-2020 strategy, we need to plan our priorities for 2020 and beyond. During 2019-2020, we will review what we have learned and build on our current progress and achievements. We are carrying out a major piece of research to better understand the values and beliefs of the public, professionals and our partners about professional regulation and the role of the NMC. We will consider potential changes in the wider environment and engage with the public, professionals and our partners, as well as our staff, so we can co-produce our priorities and strategy for 2020-2025.

Working with the devolved administrations

We regulate nurses and midwives in England, Scotland, Wales and Northern Ireland and nursing associates in England. The devolved nature of health and care means that each government sets its own national objectives and priorities.

Our strong relationships with each of the devolved administrations ensures we are able to understand policy objectives in the four countries and the implications for regulation.

Our priorities and commitments for 2019-2020

Our four delivery areas

This plan describes our corporate priorities for the final year of our strategy for 2015-2020. It builds on our past progress and things we've learned so we can deliver our strategic priorities.

The cross-cutting nature of our strategic priorities means that key initiatives often contribute to more than one of the strategic priorities. Since September 2018 we've been planning our work and reporting under three delivery areas:

1. **Changing our approach:** new strategic initiatives that will significantly change how we regulate including our new approach to fitness to practise.
2. **Core regulatory initiatives:** work that ensures our regulatory action is effective and efficient to enable better, safer care. Examples are the delivery of our education programme and regulation of nursing associates.
3. **Enhancing our capability and infrastructure:** ensuring that we are an effective and efficient organisation now and in the future.

And in this plan, we are adding a fourth delivery area:

4. Developing our new strategy for 2020-2025: taking into account the views of stakeholders, and developing our key priorities for 2020-2025.

Our priorities and commitments for 2019-2020

1. Changing our approach

Delivering a new approach to fitness to practise

Our focus is on reducing risks to patients and the public in the future by encouraging openness and learning, not on punishing nurses and midwives for past mistakes.

The changes we're making are about embracing a person-centred approach during fitness to practise. This will make sure we treat professionals and the public with compassion and respect, and properly listen to and resolve the public's concerns about nurses, midwives and nursing associates

We will work more closely with employers so that as many issues as possible can be resolved quickly and effectively at a local level. We'll give greater consideration to the context in which incidents occur, because we know that nurses, midwives and nursing associates will face complex issues and pressures every day.

When concerns are raised with us, we will strongly encourage midwives, nursing associates and nurses to be open and honest about what has happened and to talk to us as early as possible about what they have done to make things right. If more action is needed, we'll seek to agree with midwives, nurses and nursing associates what steps they need to take before they are fit to practise safely and effectively.

In many cases, a full public hearing might not be needed. This will reduce the burden on everyone involved, especially the public, patients and families who would otherwise have to relive distressing experiences. We will continue to give full reasons for the decisions we take so there is transparency about what steps have been taken to promote better, safer care and why.

Our commitments for 2019-2020

Accountable owner: Director, Fitness to Practise

1. By the end of quarter 1, we will evaluate the outcomes of the pilots we started in 2018-2019 and make operational changes to deliver the new strategic direction.
2. To improve the level of support that we provide for nurses, midwives, and nursing associates who go through our fitness to practise process, we will:

- provide better information and sign-posting to sources of support by the end of quarter 2
- launch an emotional support helpline by the end of quarter 3
- introduce a pro-bono legal advice service for unrepresented registrants, in partnership with a law school, by the end of quarter 2.

Embedding the recommendations from Lessons Learned

In May 2018, the Professional Standards Authority published the Lessons Learned Review of our handling of concerns about midwives' fitness to practise at Furness General Hospital. We know that our approach to these cases – in particular the way we communicated with the families – was unacceptable and we are sorry for the impact this had on everyone affected.

On 6 June 2018, our Council fully considered and discussed the Lessons Learned Review, during which we apologised unreservedly to the families. Council asked our Executive to prepare a wide-ranging programme of work to address the recommendations and this was agreed at the Council meeting on 25 July 2018. We have made significant progress against this programme of work including introducing our new Public Support Service. Work will continue in each Directorate during 2019-20 to embed these changes, for example our ongoing work on the Fitness to Practise strategy and our work to embed the Public Support Service.

Our commitments for 2019-2020

Accountable owner: Director, Registrations and Revalidation

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

Reviewing the overseas registration process

We value the essential role overseas nurses and midwives play in the UK health workforce and we also know that choosing to come and work in the UK requires significant personal and financial investment. Our overseas review continues to focus on making the process for overseas applicants as efficient and easy to understand as possible, whilst continuing to ensure our high standards are maintained.

Our commitment for 2019-2020

Accountable owner: Director, Registrations and Revalidation

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

2. Core regulatory initiatives

Delivering our education programme

We want to ensure that our education standards are fit for purpose and that nurses, midwives and nursing associates are equipped with the skills and knowledge they need to deliver high quality and safe care now and in the future.

In 2017 we engaged extensively with professionals, the public and our partners across the UK to help us develop our new education framework and nursing standards. These were published in March 2018 and the first students begin training against the new standards in 2019. In 2018 we also published new standards for prescribing programmes and adopted the Royal Pharmaceutical Society Competency Framework for all Prescribers as our standards of proficiency for nurse and midwife prescribers.

In February 2019 we started consulting on new midwifery standards that set out the skills and knowledge that midwives of the future will need. The draft standards have been developed in partnership with midwives, women and families, advocacy groups, educators, and our partners across the health and care sector.

There are currently around 900 approved education programmes at more than 80 approved education institutions (AEIs) delivering nursing, midwifery and nursing associate education and training. Our quality assurance process makes sure that the education programmes meet our standards to prepare health and care professionals to join our register. In 2019 we will begin to quality assure all education institutions and programmes against the new standards.

Our commitments for 2019-2020

Accountable owner: Director, Education and Standards

1. Developing our standards
 - **Future nurse**
the implementation of our new education framework and our new standards of proficiency for registered nurses will begin from October 2019
 - **Future midwife**
we will complete the consultation on our draft standards for registered midwives, approve the final standards in autumn 2019 and launch in January 2020
 - **Return to practice**
we will publish new return to practice standards for nurses, midwives and nursing associates in May 2019

- **Post registration standards**

we will agree a timescale and work programme to complete our review of post-registration standards by the end of quarter 1.

2. We will quality assure all education institutions and programmes against the new standards using our new model of quality assurance.

Embedding regulation of nursing associates into our core functions

We opened a new part of the register for nursing associates in England in January 2019. They bridge the gap between health and care assistants and registered nurses. The nursing associate role creates opportunity and offers a new entry-point to the health and care professions and a progression route to graduate level nursing. It is a stand-alone role in its own right.

Nursing associates are trained to work with people of all ages and in a variety of settings in health and care. They support (not substitute) registered nurses so nurses can focus on more complex clinical duties.

They practise in line with our Code, which sets out common standards of conduct and behaviour for those on our register. The Code provides a clear, consistent and positive message to the public about what they can expect of those who provide nursing or midwifery care.

Our commitments for 2019-2020

Accountable owner: Director, Education and Standards

1. We will approve nursing associate pre-registration programmes, using our new education framework¹.
2. We will monitor and review our regulatory processes to ensure they work well for nursing associates on an ongoing basis through the year and seek to gain insights from the evaluation being undertaken by the National Institute for Health Research into the introduction of the role.

Enhancing our capability and infrastructure

Modernising our technology

We use a range of technologies to help us to perform our regulatory duties. An example is our online register of nurses, midwives and nursing associates. We need to make sure that these technologies are cost effective and support modern regulation.

¹ Approvals are demand led so this commitment does not have a specific deadline

We are delivering a three-year programme to replace outdated IT systems and deliver solutions that improve the use of intelligence, improve our efficiency, and provide an improved experience for our colleagues, professionals, the public and our partners.

Our commitments for 2019-2020

Accountable owner: Director, Technology and Business Innovation

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

Creating a digital workplace

Alongside our modernisation programme of core systems, over the next two years, we will provide our employees with tools to enable them to do their jobs more effectively while supporting agile and flexible working. This will include new telephone and video conferencing solutions, virtual hearings, improved internal communication tools such as Workplace by Facebook, a new intranet and new online surveying tools, which will transform the ways in which we communicate internally and externally.

Our commitment for 2019-2020

Accountable owner: Director, Technology and Business Innovation

1. Phase 1 of the telephony upgrade has already been delivered. Phase 2, which includes upgraded call centre functionality, will be delivered by the end of quarter 4
2. Most employees will be issued with laptops, and new corporate WiFi will be installed across all NMC sites by the end of quarter 2
3. We will implement a new staff intranet by the end of quarter 1.

Delivering our People Strategy

People are essential to our success and we remain committed to investing in our colleagues.

We will deliver the remaining three years of our four-year People Strategy to develop a progressive, sustainable and engaged working environment that contributes to our development as a great place to work. We aim to attract, develop and retain professional, highly skilled and engaged employees to deliver our ambition of better and safer care.

We will begin modernising our pay and reward framework to ensure that we can attract and retain highly skilled staff.

We will improve our employee engagement through targeted initiatives such as improving career progression and vocational pathways for staff, learning and organisational development interventions and a continuation of the leadership development programme throughout 2019-2020. By implementing these initiatives we can continue to build on the culture of creating high performing teams. All of this work supports our commitment to our equality and inclusion action plan and contributes to our vision of being an employer of choice.

We will continue to develop and promote our values, and establish positive behaviours that support our values and make the NMC a great place to work. We will use feedback already gathered to ensure the employee voice is heard in partnership with the consultation and development of a new values and behaviours framework to underpin our new strategy for 2020-2025.

We will continue to improve our internal HR and organisational development capabilities to ensure we can support colleagues to deliver the best work they can and embrace our people-centred culture.

Our commitments for 2019-2020

Accountable owner: Director, People and Organisational Development

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

Moving our fitness to practise teams to new accommodation

During 2019-2020, we will move our fitness to practise teams from 23 Portland Place, 1 Kemble Street, and 61 Aldwych to new modern offices in Stratford. We will maintain our

existing fitness to practise premises at 2 Stratford Place and George Street in Edinburgh. We will continue to run hearings in London, Edinburgh, Cardiff and Belfast.

Our commitment for 2019-2020

Accountable owner: Director, Resources

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

Delivering proactive strategic communications and engagement

Our goal is to develop a stronger and leading voice in health and social care, building trust and confidence in professional regulation among the public, patients and professionals to play a more significant role in providing better, safer care.

We need to engage more effectively, so that we can better listen to people, and communicate better with them. Central to this will be telling a coherent and compelling story, helping to explain to NMC employees and the public, patients, the professionals on our register and our partners who we are, how we plan to get from where we are to where we want to be, and what these changes and improvements will mean for them.

Our commitments for 2019-2020

Accountable owner: Director, External Affairs

1. By the end of quarter 1, we will coproduce with stakeholders and key audiences the draft themes for the 2020-25 corporate strategy
2. By the end of quarter 2, we will employ the new operating model for communications and engagement to support the successful roll out of our public policy initiatives, and improve engagement with parliamentary and devolved administrations by establishing and growing our network
3. By the end of quarter 4, we will launch the corporate strategy, achieving widespread third party support and high levels of employee knowledge

4. Developing our new strategy for 2020-2025

New strategy for 2020-2025

Our new strategy will be co-produced internally between the Council and our employees, and co-produced externally between us and the professionals, public and our partners.

We commissioned a major piece of research in 2018 to better understand the values and beliefs of the public, professionals and our partners. This work will complete in 2019 and will inform the development of the strategy, alongside horizon scanning and a wide range of other inputs.

We are committed to being a learning organisation. We will use our knowledge about what has worked well in the past and areas where we need to improve. We will build on the progress made under the 2015-2020 strategy including the new approach to fitness to practise and the modernisation of technology, and we will continue to be ambitious, embrace cutting-edge approaches to how we regulate and strive towards even 'better, safer care'.

Our commitment for 2019-2020

Accountable owner: Chief Executive Officer and Registrar

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

Document End

DRAFT

Key Performance Indicators and Metrics

1. Summary

This document summarises the draft Key Performance Measures (KPIs) for 2019–2020 which will be reported to the NMC Council from April 2019. Updated 4 March 2019.

Measure	Dec 2018 actual	2019–2020 target
Registration and revalidation		
UK initial registration applications with no concern raised completed within 1 day	n/a	97%
UK initial registration applications with concerns raised completed within 60 days	n/a	95%
Overseas registration applications assessed within 60 days	n/a	90%
EU applications assessed within 30 days	n/a	90%
Readmission applications completed within 21 days	n/a	90%
Call attempts handled (% of calls answered)	89.7%	90%
Fitness to practise		
Interim orders imposed within 28 days of opening the case	88%	80%
FtP cases concluded within 15 months of being opened	85%	80%
Education		
Approval decisions against the new standards of all 83 current AEs and their programmes by 2020–2021	n/a	65
People		
Total turnover	22.8%	22%
Turnover of new starters within 6 months of joining	22.2%	20%
Employee engagement score	5.8	6.4
Sickness absence average days	8.3 days	7.5 days

The rationale for the new targets and the change to or removal of existing targets is set out below.

2. KPIs detail

Registrations and Revalidation

Measure	Dec 2018 Actual	2019-2020 Target	Rationale for target
<p>Remove: UK initial registration applications completed within 10 days</p> <p>Replaced with:</p> <p>NEW: UK initial registration applications with no concern raised completed within 1 day</p>	97.1%	95%	We want to change how we measure registration applications to better reflect how long our customers wait for us to process their applications.
	N/a	97%	The 2018–2019 measure is taken from the point at which we receive a completed application (with everything we need to make a decision) to the point at which we make a decision and, where appropriate, add someone to the register. The 2019–2020 measure is taken from the point at which we receive an application form (irrespective of whether we need further information) and measures how long it takes us to request further information, process it and make a decision. It counts all the time we have the application, but not the time we wait for our customers to respond to requests.
<p>Remove: UK initial registration applications completed within 30 days</p> <p>Replace with:</p> <p>NEW: UK initial registration applications with concerns raised completed within 60 days</p>	99.6%	99%	We propose changing this to a new measure showing the NMC handling time from the point at which we receive an application for the first time to the point we communicate our decision and, where appropriate, add someone to the register. Specifically, this measure is for those applications where concerns about the applicant's health or character have emerged during the application process.
	N/a	95%	
<p>Remove: EU/Overseas registration applications assessed within 60 days</p>	100%	99%	The overseas target is very likely to change once we have introduced a new process as part of the Overseas Review programme, but we do not propose to change it for the

Measure	Dec 2018 Actual	2019-2020 Target	Rationale for target
<p>Replace with:</p> <p>NEW: Overseas registration applications assessed within 60 days</p> <p>NEW: EU applications assessed within 30 days</p>	<p>N/a</p> <p>N/a</p>	<p>90%</p> <p>90%</p>	<p>beginning of the year.</p> <p>Our current measure is taken from the point at which we receive a completed application (with everything we need to make a decision) to the point at which we make a decision. The new measure is taken from the point at which we receive an application form (irrespective of whether we need further information) and measures how long it takes us to request further information, process it, make a decision and, where appropriate, add someone to the register.</p> <p>We are proposing no change in the short term to the way the EU KPI is measured. This is because we have reviewed the EU data and determined that it is too complex to provide an end-to-end measure every month. This will be addressed as part of the MOTS programme and migration to a new system. The current uncertainty around Brexit and how this might affect EU registrations is also a factor for not changing the measure at this point.</p> <p>Based on the actual EU KPI performance for 2018, and because we are separating out the Overseas data, we propose changing the EU target from 90 percent in 60 days to 90 percent in 30 days.</p>
<p>Remove: % of revalidation rates (of those due to revalidate) for the whole register and by each country</p>	<p>100%</p>	<p>No target (monitor)</p>	<p>We recommend removing this KPI for two reasons:</p> <ol style="list-style-type: none"> 1) We have monitored this measure since April 2016 and have not seen any significant dips or fluctuations in the percentage of people revalidating. 2) In March 2019, we complete a full three-year cycle where all registrants (except recent joiners) will have

Measure	Dec 2018 Actual	2019-2020 Target	Rationale for target
			<p>completed revalidation once. It's reasonable to assume we would have seen any significant impact by now.</p> <p>We will continue to monitor this as part of our ongoing operational management of the process.</p>
NEW: Readmission applications completed within 21 days	N/a	21%	<p>We propose adding a new measure for how quickly we process Readmissions. They are an important and significant part of our workload which we do not currently report on to Council.</p> <p>As per the UK and Overseas targets, this would be a measure of the NMC handling time from the point at which we receive an application for the first time to the point we make a decision and, where appropriate, return the customer to the register.</p>
Call attempts handled (% of calls answered)	89.7%	90%	<p>We recommend no change forthcoming year. The call centre will undergo significant change during 2019–2020, not least of which will be the deployment of a new telephony system. Although the benefits of these changes should enable better performance, the detailed benefits are not yet fully understood. As such, until this picture is clearer, we recommend holding the target at its current level.</p>

Customer Feedback and Enquires

We will develop new measures for both customer service and quality. Our new Complaints and Enquiries function will develop the customer service metrics. The team will be created by 1 April 2019 and we will return to Council mid-year with a baseline and proposed targets for customer service.

We also need time to work with directorates to develop a new quality measure and will return to Council with a proposal in due course. We anticipate one new corporate measure of customer satisfaction which will be introduced mid-year during 2019–2020. In the meantime we will continue to report the customer dashboard as part of the Performance and Risk Report for Council.

Fitness to Practise

Measure	Dec 2018 Actual	2019-2020 Target	Rationale for target
Interim orders imposed within 28 days of opening the case	88%	80%	<p>We propose to retain the KPI targets at their current level with a view to setting more stretching targets from 2020-21 for the following reasons:</p> <ul style="list-style-type: none"> • Following the PSA lessons learned review, the Council recognised that, whilst cases should be resolved expediently, it was important not to focus unduly on speed to the detriment of quality. • In 2019-20, we will make significant operational changes to improve quality and deliver the FTP strategy. We will also move 80% of our employees to new premises. Given that, we expect performance against our two KPIs to reduce in the short term but to improve again in 2020 and beyond. • 2018 employee survey feedback highlighted issues about workload in FTP that we need to resolve.
FtP cases concluded within 15 months of being opened	85%	80%	

Timeliness and Caseload will continue to be reported via the FtP dashboard (provided as part of the corporate performance and risk report).

Education

Measure	Dec 2018 Actual	2019–2020 Target	Rationale for target
New: Approval decisions against the new standards of all 83 education institutions and their programmes by 2020–2021	N/a	63	This represents all AElS and their 900 programmes QA against the new standards using our new QA model.

People

Measure	Dec 2018 Actual	2019–2020 Target	Rationale for target
Total turnover: continue reduce our overall turnover rate and leaver reasons	22.8%	22%	Target reduced by 2 percent compared to 2018–2019. We do not proposed reducing the target further as we expect turnover to fluctuate in the short term due to the FtP accommodation move. Initiatives to improve retention in the longer term such as pay and reward and improving staff engagement will take time longer to positively impact retention rates. We will review the target from 2020 onwards.
Turnover of new starters within 6 months of joining: continue reduce turnover of new joiners and investigate key leaver reasons	22.2%	20%	New target. Although this target is challenging to achieve from our current position, it is essential to reduce new starter turnover as much as possible, and 20 percent is still a relatively high level
New Employee engagement score	5.8	6.4	New target. Following the move to the new Peakon employee engagement platform, the new benchmark score to build upon is 5.8. Our target for 2019-2020 is below Peakon's benchmark score of 7.7, but the improvements in engagement we expect through the People Strategy and other change programmes will take over a year to

Measure	Dec 2018 Actual	2019–2020 Target	Rationale for target
			implement and embed across the organisation and therefore 6.4 is the initial target for the first year.
New Sickness absence average days	8.3 days	7.5 days	New target. New sickness policy and support for line managers to be rolled out in 2019–2020, together with positive measures in people strategy, are expected to lead to reduced sickness absence.

External Affairs

Measures will be confirmed following the outcomes of the research and stakeholder perception audit.

Budgets for the year ending 31 March 2020 and indicative budgets for the years 2020-2021 and 2021-2022

INCOME AND EXPENDITURE	2018-19	2019-20	2020-21	2021-22
	Forecast	Budget	Indicative	Indicative
Income	£'m	£'m	£'m	£'m
Income from registrants' fees	83.3	83.5	83.9	84.1
Other income	8.8	3.0	2.9	2.9
Total Income	92.1	86.5	86.8	87.0
Expenditure				
Directorates				
Fitness to Practise	37.8	38.4	36.9	35.6
Resources	9.8	9.4	9.2	8.8
Technology and Business Innovation	6.1	8.4	6.6	5.9
Registrations & Revalidation	6.2	7.1	6.2	6.2
Office of Chief Executive	2.8	3.2	3.0	3.0
Education and Standards	2.8	3.3	3.3	3.3
People & Organisational Development	2.3	2.8	2.6	2.5
External Affairs	1.8	2.6	2.7	2.7
Directorate BAU	69.7	75.3	70.5	68.0
Corporate				
Depreciation	2.9	2.3	2.7	2.5
PSA fee	1.8	1.9	1.9	2.0
Reward Strategy - pay & grading	0.0	2.1	2.0	3.6
Other	0.1	0.2	0.2	0.2
Contingency	0.0	2.5	2.3	2.2
Total corporate BAU	4.9	8.9	9.1	10.5
Total BAU Expenditure	74.5	84.3	79.7	78.5
Surplus/(deficit) excluding programmes	17.6	2.2	7.2	8.6
Total programmes/projects (see below)	9.8	13.0	6.5	6.5
Total expenditure	84.2	97.2	86.1	85.0
Adjust for capital expenditure included in programmes & projects	3.6	6.4	1.0	0.2
Surplus/(deficit) after capital expenditure (CAPEX)	11.5	(4.3)	1.7	2.2
Total reserves	52.7	48.4	50.1	52.3
Free reserves	33.3	24.8	28.2	32.8

	2018-19	2019-20	2020-21	2021-22
PROGRAMMES & PROJECTS (£'M) (including capital expenditure)	Forecast	Budget	Indicative	Indicative
	£'m	£'m	£'m	£'m
Modernisation of Technology Services	2.6	4.1	0.7	0.4
Nursing Associates	2.3	0.4		
Digital Workplace	0.0	0.5	0.3	
Education Programme	1.5	1.1	0.5	
Overseas Programme	0.5	0.7		
Lesson Learned Programme	0.7			
Accommodation Project	0.6	4.8		
FtP Change Strategy	0.8	0.8		
People Strategy	0.4	0.7	0.5	0.6
Other Projects	0.3	0.0	0.4	0.4
Strategic projects reserve	0.0	0.0	4.1	5.1
Total programmes/projects	9.8	13.0	6.5	6.5

	2018-19	2019-20	2020-21	2021-22
CAPITAL EXPENDITURE (£'M) (included within programmes/projects and directorate BAU above)	Forecast	Budget	Indicative	Indicative
	£'m	£'m	£'m	£'m
Modernisation of Technology Services	2.5	2.3	0.7	0.2
Creating a Digital Workplace		0.5	0.3	
TBI BAU Capex		0.3		
Nursing Associates Systems costs	0.5			
Accommodation Project	0.3	2.9		
Overseas Programme	0.0	0.4		
Education Programme	0.3	0.0		
Total capital expenditure	3.6	6.4	1.0	0.2

FORECAST BALANCE SHEETS	31 March 2019 £'m	31 March 2020 £'m	31 March 2021 £'m	31 March 2022 £'m
Fixed assets				
Tangible assets	19.0	24.0	30.0	28.5
Investments	0.0	60.0	61.5	63.0
Total fixed assets	19.0	84.0	91.5	91.5
Current assets				
Cash	28.6	24.9	27.1	30.4
Debtors	2.3	2.3	2.3	2.3
Short-term investments	65.9	0.0	0.0	0.0
Total current assets	96.8	27.2	29.3	32.7
Total assets	115.8	111.2	120.8	124.2
Total liabilities	(50.8)	(53.1)	(54.5)	(55.8)
Net assets (excl pension liability)	65.0	58.1	66.4	68.4
Pension liability	(10.4)	(9.3)	(8.2)	(7.1)
Total net assets	54.6	48.8	58.2	61.3
Total reserves	54.6	48.8	58.2	61.3

FORECAST CASH FLOWS	2019-20 £'m	2020-21 £'m	2021-22 £'m
Surplus/(deficit)	(4.3)	1.7	2.2
Depreciation	2.3	2.7	2.5
Pension deficit payments	(1.1)	(1.1)	(1.1)
Working capital movements	(0.1)	(0.1)	(0.1)
Net cash inflow/(outflow) from operating activities	(3.2)	3.2	3.5
Cash flows from investing activities			
Purchase of plant, property, equipment and intangible assets	(6.4)	(1.0)	(0.2)
Investments	(60.0)	-	-
Net cash (outflow) from investing activities	(66.4)	(1.0)	(0.2)
Net increase/(decrease) in cash and cash equivalent at year end	(69.6)	2.2	3.3
Cash and cash equivalent at the beginning of the financial year	94.5	24.9	27.1
Cash and cash equivalent at the end of the financial year	24.9	27.1	30.4

Council

Appointment and removal of panel members and legal assessors

Action: For decision.

Issue: Appointment of new lay member to serve on the Investigating Committee for the period 28 March 2019 to 27 March 2023 and removal of panel members from the practice committees and of legal assessors from the approved list.

Core regulatory function: Fitness to practise.

Strategic priority: Strategic priority 1: Effective regulation.
Strategic priority 4: An effective organisation.

Decision required: The Council is recommended to:

- approve the appointment of Alison Sansome as a lay member of the Investigating Committee for the period 28 March 2019 to 27 March 2023 (paragraph 8).
- remove the members listed in Annexe 1 from the practice committees (paragraph 13).
- remove the legal assessors in Annexe 2 from the approved list (paragraph 14).

Annexes: The following annexes are attached to this paper:

- Annexe 1: Panel members to be removed from the practice committees.
- Annexe 2: Legal assessors to be removed from the approved list.

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 Rule 6 and 9 of the Nursing and Midwifery Council (Practice Committees) (Constitution) Rules 2008, the appointment and removal of practise committee panel members is a matter for the Council. Under Article 34 of the Nursing and Midwifery Order 2001, the appointment and removal of Legal Assessors is a matter for the Council.
 - 2 Following its meeting on 6 March 2019, the Appointments Board is recommending the appointment of a lay member to the Investigating Committee.
 - 3 The Board also recommends that panel members and legal assessors who have resigned, or not provided sittings in the last two years, be removed from the practice committees and the approved list.

Four country factors: 4 Not applicable for this paper.

Discussion: Appointment of lay member to Investigating Committee

- 5 At its meeting on 6 March 2019, the Board considered the appointment of Alison Sansome and concluded that she met the criteria for appointment.
- 6 The Appointments Board was provided with assurance on the following aspects of the recruitment:
 - 6.1 The application process
 - 6.2 The interview process
 - 6.3 The scoring criteria and cut off thresholds
 - 6.4 Individual and overall scores for all candidates
- 7 Alison Sansome was previously the NMC's Chief Operating Officer. In order to minimise any perceived conflict of interest we have:
 - 7.1 Ensured a two year gap between the end of her employment with the NMC and the Council's consideration on whether to appoint her as a panel member.
 - 7.2 Discussed the need for recusal from any cases where she may have prior knowledge from her time employed with the organisation.
- 8 **Recommendation: The Council is recommended to approve the appointment of Alison Sansome as a lay member of the Investigating Committee for the period 28 March 2019 to 27**

March 2023.**Removal of panel members and legal assessors**

- 9 At the same meeting, the Board considered requests to remove panel members from the practice committees and legal assessors from the approved list.
- 10 The Board was provided with the details of:
- 10.1 11 panel members who have resigned
- 10.2 Ten legal assessors who have resigned
- 10.3 Six legal assessors who have not sat in the last two years.
- 11 The Board was advised that those legal assessors who had not sat on hearings, had been contacted proactively but had not responded. They had otherwise not engaged with the NMC and had not completed their mandatory training.
- 12 The Board determined that, in order to maintain an accurate view of capacity for future activity, these individuals should be removed from the practice committees and the approved list.
- 13 **Recommendation: The Council is recommended to remove the panel members listed in Annexe 1 from the practice committees.**
- 14 **Recommendation: The Council is recommended to remove the legal assessors in Annexe 2 from the approved list.**
- Public protection implications:** 15 Panel members are required to make decisions at fitness to practise events that protect the public and are assisted by legal assessors who provide independent advice on matters of law and procedure.
- Resource implications:** 16 The recommendations to remove panel members and legal assessors made in this paper will not adversely affect our ability to meet operational requirements.
- Equality and diversity implications:** 17 The recommendations to remove individuals who are not sitting will not impact on the diversity of the pool we are able to use for events.
- 18 We have no information to indicate that these individuals were unable to attend events or engage with us.
- 19 We have not received any requests for a reasonable adjustment to be provided to assist them to attend events.

Stakeholder engagement:	20	Not applicable.
Risk implications:	21	There is a risk that public confidence in the fitness to practise process could be undermined if Alison Sansome was appointed due to her previous employment with the NMC.
	22	This risk is mitigated by the length of time that has elapsed since she was employed by us and that she will be able to recuse herself from any hearing where it is perceived that she will have conflict of interest due to her prior knowledge of a case.
	23	As the recommendation for appointment is to the Investigating Committee that risk is further reduced as the committee primarily considers new cases. Therefore there is little chance of it considering a case which was live during the time she was employed by the NMC.
Legal implications:	24	None.

Council

Panel members to be removed from the practice committees

Name	Reason	Committee
Stuart Gray	Resigned	Fitness to Practise
Mark Hulme	Resigned	Fitness to Practise
Veronica Offreddy	Resigned	Fitness to Practise
Julia Sirett	Resigned	Fitness to Practise
Katrina Hepburn	Resigned	Fitness to Practise
Sarah Roberts	Resigned	Fitness to Practise
Nina Wrightson	Resigned	Investigating
Alison Bradley	Resigned	Fitness to Practise
Wendy Bundy	Resigned	Investigating
Lindsey Rose	Resigned	Fitness to Practise
Andrew Clemes	Resigned	Fitness to Practise

Council

Legal assessors to be removed from the approved list

Name	Reason
Alexander Jacobs	Resigned
Sonja Golding	Resigned
Sarah Bowman	Resigned
Andrew Barcello	Resigned
Michael Ranaghan	Resigned
Iain Harris	Resigned
Anita Coaster	Resigned
Kate Cornell	Resigned
Caroline Maguire	Resigned
Jeff Widdup	Resigned
Anna Burne	Not sat in last 2 years
David Sharpe	Not sat in last 2 years
Duncan Smith	Not sat in last 2 years
Lesley Blair	Not sat in last 2 years
Moira Smyth	Not sat in last 2 years
Timothy Kendal	Not sat in last 2 years

Council

Nursing associates: update on implementation

Action: For information

Issue: To update the Council on our progress with the regulation of nursing associates

Core regulatory function: All regulatory functions

Strategic priority: Strategic priority 1: Effective regulation
Strategic priority 4: An effective organisation

Decision required: None

Annexes: None

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

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- Context:** 1 We successfully opened the nursing associate part of the register on 28 January 2019. This paper provides a short update to the Council on the number of registration applications (across all registration routes), education programme approvals and the remaining risks as the nursing associate programme prepares to formally close down in April 2019.
- Four country factors:** 2 Health policy and workforce are devolved matters. The NMC is a four country regulator, regulating nurses and midwives in England, Wales, Northern Ireland and Scotland. This is the first instance in which the NMC regulates a profession only in England.
- 3 This means that those applicants who wish to join the nursing associate part of the register who trained in Northern Ireland, Scotland or Wales will not have qualifications from an NMC approved provider of nursing associate education. Therefore, we need to evaluate the comparability of their qualifications to determine whether they meet our standards.
- Discussion:** 4 The nursing associate part of the register opened on 28 January 2019. This included opening up routes to registration from the devolved administrations, the EU and from outside of the EU.
- 5 The operational systems and processes across all our regulatory functions also went live following system testing and training of staff.
- 6 On 28 January, an email was sent to all registrants and we launched a social media campaign. Press coverage included the Assistant Director, Strategy discussing the new nursing associate role on Radio 4's 'You and Yours' programme, along with three newly qualified nursing associates.
- 7 On 6 February 2019, in conjunction with Health Education England (HEE), we held a well-attended celebratory event in the Palace of Westminster to mark the opening of the register. Speakers at the event included the Minister of State for Health and Social Care. A number of other prominent parliamentarians attended including the Speaker of the House of Commons and the Chair of the Health and Social Care Select Committee.

Registration numbers – high level overview

- 8 As at 14 March 2019, 15 education providers have held their exam boards and uploaded their students' qualifications, thereby starting their students' registration process:
- 8.1 430 students have started their application process

- 8.2 392 are now registered nursing associates. Those who have started but not completed their applications may be waiting for health and character references. A small number have declared cautions or convictions, some of which need a formal review.
- 9 We have received strong interest from outside of the EU:
 - 9.1 192 non-EU applications have been received,
 - 9.2 65 of these are at the verification stage (this is where we check the information that has been submitted in the application with their education provider). The largest numbers of overseas applications are from people trained in India and the Philippines.
- 10 The majority of these applicants to date are already resident in England. Following evaluation, 20 applicants are now ready to sit the test of competence. The computer-based test element of this test was ready for use on 18 February 2019 (as planned).
- 11 We have received some enquiries about the application process from people with qualifications from the EU and we have received one complete EU application.
- 12 We have also received one application from an individual who trained in a devolved administration.

Nursing associate programme approvals

- 13 We published the nursing associate Standards of proficiency in October 2018 and we have been ready to undertake programme approvals since that date. However, most education providers chose to defer their approval events until they had seen the approved nursing associate apprenticeship standard. This was approved by the Institute for Apprenticeships at the end of the first week in March.
- 14 Four institutions have confirmed dates for an approval event before the end of March 2019. This means that we will face an intensive period of approvals in late spring/early summer. This is because 26 July 2019 is the cut-off date in legislation after which people must start NMC approved programmes to be eligible for registration.

Programme funding

- 15 When Council agreed to become the regulator for nursing associates it was clear that the cost of bringing nursing associates in to regulation must not be borne by nurses and midwives.
- 16 We negotiated a grant from the Department of Health and Social Care (DHSC) that covered our costs, including our engagement of a

delivery partner to boost our capacity over the relevant period. The grant was supported by a Memorandum of Understanding between ourselves and the DHSC which sets out the programme of work to be completed. We meet quarterly to give an account of our delivery. The greater part of the funding we received covered activity in the years 2017-2018 and 2018-2019. We have delivered all of the specified work and received all of the funding save for the final invoice for 2018-2019, payment of which is due shortly.

- 17 We have submitted a business plan for a final sum to cover work in 2019-2020. This covers our nursing associate programme approvals, residual system development work, and some resources to support lessons learned and programme closure activity. The Department has agreed to our submission and it has been factored in to the DHSC budget bid for 2019-2020, although as in previous years, formal confirmation of the funding will not be forthcoming before the start of the next financial year.

Research and evaluation

- 18 A longitudinal evaluation of the new role is being supported by the National Institute for Health Research. We have commented on the draft specification and will review findings when they are available for any insight into aspects of regulation.
- 19 The NMC has committed to evaluating the new approach to learning in practice which is available to nursing associate programme providers – protected learning time. There are unlikely to be significant numbers of NMC approved programmes starting before September 2019 and so this piece of research will not be in the 2019-2020 business plan, but it is logged for action as soon as a sufficient body of students trained under the new arrangements is available.

Oversight of nursing associate developments

- 20 For the foreseeable future, nursing associates will be a small contingent within our register. We are developing proposals for how we will keep in touch with the nursing associate community of interest and ensure Council has an appropriate level of insight into nursing associates.
- 21 All of our standard reporting about our regulatory processes will now include reporting on nursing associates. This includes: registration and revalidation data, fitness to practise data, and education approvals and monitoring.
- 22 We also propose to bring Council a 'one year on' report in January 2020 and to use that as an engagement opportunity, to enable the Council and Executive to hear from nursing associates about their

experiences as registered professionals.

- 23 We are reviewing our communication and engagement activity to ensure that we sustain the positive relationships we have fostered with nursing associates, while balancing this with the needs of the wider student, registrant and stakeholder bodies.

Ongoing risks

Strategic risks

- 24 The government has set a challenging target of 7,500 new nursing associates starting programmes in 2019. Any concerns that arise about risks to delivery of this target may impact on the NMC, whether or not those concerns relate to our remit.
- 25 Similarly, in the current workforce climate there is interest in the extent to which nursing associates progress to train as nurses. This may lead to scrutiny of the options available to nursing associates and the consistency with which they are able to secure the recognition of prior learning into nursing degrees.

Operational risks

- 26 As outlined above, we have deployed the systems and processes to support the initial application, verification and evaluation of applicants from the devolved administrations and from non-EEA countries. This takes the applicant to the test of competence stage.
- 27 The final part of the registration system, for the post test of competence steps, will be live on 31 March 2019. Any delays or issues with the deployment could result in delays for overseas applicants. The Overseas and Modernisation of Technology Services (MOTS) teams are confident that the milestones will be achieved.
- 28 We need to update our registration maintenance systems to allow for registration processes such as renewal, restoration and revalidation. These are relatively small changes and are being taken forward by the MOTS programme. These system changes are due to be completed by July 2019.
- 29 We have been assured by our education QA provider that we have sufficient visitors to cope with the expected 'bunching' of approval visits from April to July 2019. We will keep the situation under review.
- 30 The Council is asked to note this update, including the risks and mitigations which will now be managed by teams across the business as the nursing associate programme prepares to close down.

Public protection implications:	31	We have taken steps to protect the public with regard to the first applicants to the register, who started training before we were the regulator. Every applicant will have met our standards of proficiency and be familiar with our Code. HEE has quality assured all of their programmes and will continue to do so until they are superseded by NMC approved programmes.
	32	There is a risk that the nursing associate role is used inappropriately to fill nurse vacancies. To mitigate this risk we have encouraged those bodies with oversight of services to provide guidance on safe deployment. We have contributed to guidance produced by NHS Employers, to CQC materials for providers and inspectors, and to safe staffing guidance developed by NHS Improvement on behalf of the National Quality Board. We have also supported the case for evaluation of the role, which will look at how it is deployed across a range of settings.
Resource implications:	33	The DHSC is meeting the costs incurred by the NMC in setting up the regulation of nursing associates.
Equality and diversity implications:	34	The nursing associate programme has been subject of a full equality impact assessment which is monitored by the Nursing Associate Delivery Board.
Stakeholder engagement:	35	The report covers plans for sustaining our engagement with the community of interest in nursing associates beyond the life of the programme.
Risk implications:	36	Some risks and related mitigations are set out in this paper. Any future risks arising will be managed within the relevant regulatory function(s).
Legal implications:	37	None.

Council

Midwifery update

Action: For discussion.

Issue: To update the Council on midwifery matters.

Core regulatory function: Education and Standards.

Strategic priority: Strategic priority 1: Effective regulation.

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 report updates the Council on recent midwifery-related activity, including midwifery communications and external engagement activity.
- Four country factors:** 2 Each of the four countries in the UK has its own approach to midwifery and maternity services. We are engaging across the UK to ensure we understand the current issues across the four countries. This reflects our position as a UK-wide regulator.
- Discussion:** **The future midwife consultation**
- 3 The future midwife consultation was launched on 12 February 2019. It will run for 12 weeks and will close on 9 May 2019.
- 4 We are consulting on two sets of draft standards: the *Standards of proficiency for midwives* which specifies the knowledge, skills and attributes a midwife must demonstrate to be able to register with us and practise as a midwife in the UK; and the *Standards for pre-registration midwifery programmes* which set out how the standards of proficiency should be taught.
- 5 There are four versions of the consultation survey which are targeted at different groups of stakeholders, namely:
- 5.1 Midwives, student midwives, educators, employers and related organisations.
- 5.2 Other health and social care professionals.
- 5.3 Members of the public, advocacy groups and charities.
- 5.4 An easy read survey for people who may have literacy difficulties.
- 6 We want to hear from a wide range of groups and individuals, including women and families, during the consultation.
- 7 The survey is being conducted on behalf of the NMC by Pye Tait Consulting, an independent research company.
- 8 As part of our consultation activity, and to ensure the consultation is informed by a wide range of views, we have also commissioned Pye Tait to undertake targeted focus groups and interviews.
- 9 We have also commissioned Blake Stevenson, an independent research company, to carry out user testing of the draft standards with Approved Education Institutions (AEIs) and the Lead Midwives for Education (LMEs).
- 10 After the consultation has closed, the responses will be

independently analysed by Pye Tait, and this will help us finalise the standards. The Council will have an opportunity to discuss the findings, and the views of the Midwifery Panel, before making decisions on the final standards at its meeting in October 2019.

- 11 We aim to publish the finalised standards in November 2019 subject to Council approval.
- 12 At the beginning of March, our website had received over 12,000 page views since the consultation started, and social media content on the consultation had appeared 230,000 times in social media feeds, with 45,000 interactions with our content.
- 13 We have organised a programme of communications and engagement to promote the future midwife consultation, utilising our stakeholder engagement, digital, press, events and corporate communications functions.
- 14 We have commenced a wide-ranging social media campaign to support the launch of the consultation, starting with a launch video from Andrea Sutcliffe, our new Chief Executive, and including a number of interactive infographics. We also launched an updated video on our website promoting the consultation.
- 15 We issued a press release to mark the start of the consultation. In addition to this, Professor Mary Renfrew, Lead Advisor to the NMC for the review of the pre-registration midwifery standards, was interviewed for the Royal College of Midwives (RCM) midwives magazine. Additionally, a question and answer piece, with Jacqui Williams, Senior Midwifery Adviser (Education), was published in MIDIRS journal. We also arranged for a blog by Professor Mary Renfrew on the draft new standards to feature on the Mumsnet website, with a subsequent question and answer session.
- 16 On 4 February 2019, we ran an exhibition stand at the London Maternity Festival, which was visited by over 700 midwives, student midwives, educators and members of the wider public. With our lead advisor, we presented on the draft new standards of proficiency and programme standards for midwives as well as on the consultation.
- 17 During the consultation period, an extensive programme of engagement across the UK is planned. We're hosting a series of events and webinars to help people learn about the draft midwifery standards and to encourage them to respond to the survey. This includes workshops in Belfast, Cardiff, Leeds, Newcastle, Nottingham and London.
- 18 We are also attending events run by other organisations to ensure we engage with as many people as possible. These include events organised by the RCM, the Royal College of Nursing, the Council

of Deans of Health, the Lead Midwives for Education group and the Association of Radical Midwives. We have contacted the Chief Nursing Officers in the four countries of the UK and the regional chief nurses in England to offer our attendance at existing events.

- 19 We are running digital events including a number of webinars and Twitter chats in partnership with other organisations. We advertised these in our launch communications to all midwives and midwifery stakeholders, and on our website. This digital engagement provides an important channel of communication with women and families, midwives, educators and other health and care professionals who want to engage in the consultation but are unable to attend an event.

Engaging with women and families

- 20 In response to feedback from the Midwifery Panel meeting in October 2018, the External Affairs team designed and ran a survey on experiences of midwifery care for women and families. The objective of this survey was to directly engage with women and families on the subject of midwifery care and provide a mechanism for these groups, and other seldom heard groups such as new mothers, to feedback directly to the NMC.
- 21 The survey was promoted using targeted Facebook advertising and was open for most of December 2018 and January 2019. More than 500 people responded to the survey. We are currently undertaking an analysis of the results.

Midwifery strategic engagement

- 22 Following the successful midwifery listening event held in October 2018, we aim to hold further events in 2019 in different areas of the UK. The aim of these events is to hear the views of midwives on issues other than the draft future midwife standards.

Midwifery Panel

- 23 The Midwifery Panel last met on 21 February 2019.
- 24 The Chief Executive invited the Panel to play a part in shaping the new Strategy 2020–2025. It was agreed that the Panel would do this at its next meeting in April 2019.
- 25 The Panel received an update on the *Better Births* initiative arising from the England maternity review, and how the initiative was feeding into the new NHS long term plan.
- 26 The Panel also discussed the findings from the external review on the length of the midwifery programmes and preceptorship. As a result of this evaluation, some questions on programme length

were included in the future midwife consultation.

- 27 To inform future planning and horizon scanning, we also shared the following publications with the Panel:

27.1 The Care Quality Commission's national survey 2018.

27.2 A report from the Centre for Social Justice on supporting fathers during the perinatal period and early parenthood.

Public protection implications:

- 28 None directly arising from this report.

Resource implications:

- 29 None directly arising from this report. The resource implications for the future midwife programme have been accounted for within the corporate plan and budget.

Equality and diversity implications:

- 30 We are progressing equality impact assessments for the future midwife project. We are tracking the diversity of engagement to date and will be targeting specific groups that are currently underrepresented. The consultation surveys are available in Welsh and easy read. The next phase will involve gaining additional insight through the consultation.

Stakeholder engagement:

- 31 This is covered in the body of the report.
- 32 We have updated the Council about the content of the engagement activities regularly. We will continue to collaborate with stakeholders and activities are planned to support participation with the future midwife consultation.

Risk implications:

- 33 No specific risk implications arising from this report. Risks relating to development of the future midwife standards are captured through the programme.

Legal implications:

- 34 None directly arising from this report.

Council

Audit Committee report

Action: For information.

Issue: Reports on the work of the Audit Committee.

Core regulatory function: Supporting functions.

Strategic priority: Strategic priority 4: An effective organisation.

Decision required: No decision required.

Annexes: The following annexe is attached to this paper:

- Annexe 1 – NMC Modern Slavery Statement for 2018–2019.

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

Secretary: Fionnuala Gill
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Chair: Marta Phillips

- Context:**
- 1 The Audit Committee last met on 27 February 2019.
 - 2 In keeping with good practice, the Committee met with the NMC's External Auditors (haysmacintyre) and the National Audit Office (NAO) without the Executive team present.
 - 3 The Committee was pleased to welcome the Chief Executive and Registrar to her first meeting of the NMC's Audit Committee.

- Four country factors:**
- 4 None directly arising from this report.

Discussion: Internal Audit work plan 2018–2019 – progress update

- 5 The Committee considered progress against the Internal Audit work plan for 2018–2019 and was pleased to note that activities were on track to be completed by the end of March 2019, including follow up work.
- 6 Four programmed reviews had been completed since the Committee's last meeting.
 - 6.1 **Two internal audit reports on financial controls** – Directorate Financial Management, and Core Financial Systems and Payroll (both with an opinion of “substantial assurance”).
 - 6.2 **Internal audit report on the Use of Agency Staff and Contractors** (opinion of “reasonable assurance”).
 - 6.3 **Internal audit on Cyber Security** (opinion of “working towards implementation”): this audit had looked at IT systems security controls against the government's Cyber Essentials.

Internal Audit work plan 2019–2020

- 7 The Committee approved the Internal Audit work plan for 2019–2020 which had been developed by our Internal Auditors, RSM. The Committee was satisfied with the assurance from the Executive that the plan provided appropriate coverage to provide assurance, taking into account organisational priorities and key risk areas.

Risk Management update

- 8 The Committee considered an update report on risk management, which included the Risk Management Improvement Plan developed to address the issues identified in the internal audit of risk management in 2018. The Committee welcomed the plan and was content that the actions identified would ensure an effective control framework. The Committee will be monitoring progress against the plan closely.
- 9 The Committee noted that there were no reported instances of fraud, bribery and corruption since the Committee's last meeting.

Business resilience update – stability of IT infrastructure

- 10 The Committee continues to receive regular updates on business resilience and the stability of the IT infrastructure. The Committee is monitoring developments in this area until it is satisfied that the level of risk has been mitigated to an acceptable level.
- 11 The Committee was pleased to note that overall there had been good progress on the Modernisation of Technology Services (MOTS) programme. Digital workplace initiatives were being progressed to replace and upgrade core services and these would also be part of the office moves later in the year. As for all organisations, cyber security will continue to be a priority focus.

Procurement and Single tender actions

- 12 The Committee welcomed the development of the new Procurement Policy and suggested some improvements which will be taken into account in a revised version to be implemented across the organisation, alongside the rollout of eLearning.
- 13 The Committee continues to scrutinise single tender actions (STAs) and welcomed the assurance from the Chief Executive that the Executive is actively reviewing the use of STAs to ensure they are only used in cases which are genuinely urgent or exceptional.
- 14 The Committee welcomed the NMC Modern Slavery Statement for 2018–2019 (**Annexe 1**) which will be published on our website. The statement includes the steps taken during the past year to ensure that slavery and human trafficking are not taking place in our own organisation or any of our supply chains

Briefing on corporate governance and regulatory issues

- 15 The Committee considered a briefing on corporate governance and regulatory issues and noted recent developments on: Scottish Government consultation on changes to charity law; National Council of Voluntary Organisations' (NCVO) Charity Ethical principles; and Charity Commission requirements on the display of trustee names on the charity register.

External Audit and NAO plans for the audit of accounts for the year ending 31 March 2019

- 16 The Committee approved the arrangements proposed by the External Auditors and the NAO for the external audit and certification of the NMC's annual accounts for the year ending 31 March 2019. The Committee noted the positive outcome of the interim audit work and the arrangements in place to deliver the year-end work.

Progress on Internal Audit recommendations

- 17 The Committee continues to monitor progress on clearing Internal Audit recommendations from previous audits. The Committee was pleased to note the positive progress made and approved the closure of 22 recommendations.

Serious Events and Data Breaches report

- 18 The Committee considered a report on serious event reviews (SERs) and data breaches, including trends. The Committee was encouraged to note a reduction in the number of SERs reported by the Registration and Revalidation directorate.
- 19 An analysis of all SERs over the past year was now being completed and will be considered by the Committee in May 2019.

Whistleblowing

- 20 The Committee noted that there had been no whistleblowing issues raised since its last meeting. Appropriate means of gauging staff awareness of the policy and staff's willingness to raise concerns will be explored.
- 21 The Committee was pleased to note that staff training continues to be rolled out across the organisation.

Public protection implications:

- 22 No public protection issues arising directly from this report.

Resource implications:

- 23 No resource implications arising directly from this report.

Equality and diversity implications:

- 24 No direct equality and diversity implications resulting from this report.

Stakeholder engagement:

- 25 None.

Risk implications:

- 26 No risk implications arising directly from this report.

Legal implications:

- 27 None identified.

NMC Modern Slavery Statement 2019

Our purpose

We are the independent regulator for nurses, midwives and nursing associates. We hold a register of the 690,000 nurses, midwives and nursing associates who can practise in the UK.

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

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

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

We want to encourage openness and learning among healthcare professions to improve care and keep the public safe. On the occasions when something goes wrong and people are at risk, we can step in to investigate and take action, giving the public, patients and families a voice as we do so.

Our supply chains

In order to run our organisation and deliver our objectives, we engage a number of external suppliers. The goods, works and services they provide include hosting services for our IT systems and data, software licencing and support, office cleaning, and legal support with case preparation, amongst many others.

Our position on modern slavery

We believe modern slavery¹ has no place in society and we are committed to ensuring that there are no modern slavery offences existing within our supply chain.

We require our suppliers to comply with all law and regulation, and expect them to maintain the highest ethical standards in all areas of their business operations.

If we discover one of our suppliers is allowing modern slavery offences in either their own business or their wider supply chain, we will terminate the contract and notify the relevant authorities.

¹ Definitions of 'modern slavery' for the purposes of the Modern Slavery Act 2015, are: 'slavery' is where ownership is exercised over a person; 'servitude' involves the obligation to provide services imposed by coercion; 'forced or compulsory labour' involves work or service extracted from any person under the menace of a penalty and for which the person has not offered himself voluntarily; 'human trafficking' concerns arranging or facilitating the travel of another with a view to exploiting them. Adapted from www.unseenuk.org

Our due diligence processes, including training

We aim to buy most of our services through well-established public sector framework agreements. The suppliers on framework agreements have been subject to rigorous due diligence by organisations such as Crown Commercial Services and other contracting authorities.

We have implemented a number of improvements to our own business practices and processes:

- All our employees are made aware of our whistleblowing policy and how to raise concerns. Our managers are trained how to handle concerns raised with them
- The procurement team and other key employees have taken part in modern slavery training
- We have put in place new procurement processes and templates that prompt us to consider modern slavery at different points in our tenders
- We have updated our standard contract terms and conditions to include modern slavery requirements
- We have begun a process of monitoring our main suppliers to determine whether they have modern slavery statements in place. As of February 2019, we had reviewed our top 50 suppliers by spend. This equates to around 10% of our supplier base, but covers nearly 80% of our total annual expenditure. 33 of those suppliers have modern slavery statements in place. Of the remaining 17 suppliers, we believe all have turnover below the £36m threshold set in the Modern Slavery Act 2015 and so are not required to publish a modern slavery statement.

In the coming year we will:

- implement an online tool for supplier assurance, which includes Modern Slavery Act compliance
- include modern slavery awareness within the training our procurement team delivers to colleagues
- continue the process of monitoring our suppliers to confirm whether or not they have published statements, aiming to reach coverage of our suppliers with whom we spend 90% of our total annual spend. We will also encourage those of our suppliers that do not have modern slavery statements to publish statements.

Risk areas

Due to the nature of our business and the services we require, we believe the risk of modern slavery or human trafficking occurring within our supply chains is generally low. The services we use that we consider may be at relatively greater risk of modern slavery offences include hotels and cleaning. We mitigate against the risk by working closely with our suppliers to ensure they understand our position and that they have adequate processes in place.

Measuring effectiveness

In the past year we have had no reported instances of any offences as defined by the Modern Slavery Act 2015.

Council

Council appointments and Committee membership 2019–2020

Action: For information.

Issue: Council appointments and Committee membership 2019–2020.

Core regulatory function: All regulatory functions.

Strategic priority: Strategic priority 4: An effective organisation.

Decision required: None.

Annexe: The following annexe is attached to this paper:

- Annexe 1: Council/Committee appointments 2019–2020.

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

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- Context:**
- 1 Under Article 3(12) of the Nursing and Midwifery Order 2002 (as amended), the Council may establish discretionary committees in connection with the discharge of its functions and delegate any of its functions to them.
 - 2 The Council's Standing Orders (paragraph 4.3.4) authorise the Chair of the Council to make appointments to Council Committees. The Chair also determines the appointment of the Vice-Chairs and other Council appointments.
 - 3 After discussions with Council members, the Chair has confirmed appointments for 2019–2020 in relation to:
 - 3.1 Vice-Chair appointments.
 - 3.2 Remuneration, Audit and Investment Committee membership.
 - 4 All appointments are consistent with members' current terms of office on the Council.
 - 5 In addition, for completeness and transparency, we have included membership of the Appointments Board, which is comprised entirely of non Council members.
 - 6 The Chair has also confirmed appointments in relation to:
 - 6.1 Midwifery Panel.
 - 6.2 NMC Employer nominated Trustees of the Defined Benefit Pension Scheme.
 - 6.3 NMC Trustee: General Nursing Council for England and Wales Trust.
 - 7 All Council appointments and Committee memberships are set out at **annexe 1**.
- Four country factors:**
- 8 Four country considerations are one of the factors taken into account in balancing roles across the Council (see paragraph 12.5 below).
- Discussion: Vice Chair appointments**
- 9 The Council currently has two Vice Chairs, Anne Wright (lay member) and Maura Devlin (registrant member). The Vice Chairs are responsible amongst other things for conducting the annual appraisal of the Chair and presiding as acting Chair should the Chair need to withdraw from a meeting or be unexpectedly absent.
 - 10 In the event of the Chair of the Council being absent from a meeting, the Council Constitution Order (and Standing Orders) provide for the

Council to nominate a member to preside. As agreed by the Council, the normal expectation is for the Council to nominate a Vice Chair to preside in the event of the Chair being unexpectedly absent from a meeting or should the Chair need to withdraw from part of a meeting due to conflict of interest.

- 11 The Chair has asked the two current Vice Chairs to continue for 2019–2020.

Remuneration, Audit and Investment Committees

- 12 In November 2015, the Council agreed the following set of principles to inform Council Committee appointments:
- 12.1 Committee appointments should be informed by an agreed skills matrix and aim to optimise individual member skills, experience, interests and expertise.
 - 12.2 Committee members should be appointed for a specified term of office, usually two to three years.
 - 12.3 Committee membership should be reviewed annually and refreshed regularly, whilst also maintaining appropriate continuity and avoiding unnecessary disruption.
 - 12.4 Where possible Committee appointments should aim to distribute responsibilities evenly amongst members, in any given year and over terms of office, and to spread the opportunities to chair Committees.
 - 12.5 Committee appointments should seek to balance factors including diversity, registrant and lay members and four country representation, where possible.
- 13 The Remuneration, Audit and Investment Committees are discretionary Committees of the Council. Taking account of the above factors and discussions with the Committee Chairs, the Chair of the Council has confirmed continued membership of the Remuneration, Audit and Investment Committees for 2019–2020 as shown in **annexe 1**.

Midwifery Panel

- 14 Whilst the Midwifery Panel is not a Council Committee, its current membership includes two Council members, Anne Wright and Lorna Tinsley. Both have agreed to continue to be members of the Midwifery Panel for 2019–2020.

Appointments Board

- 15 The Appointments Board is a discretionary Committee established by the Council to ensure appropriate separation of responsibilities

between the Council and the appointments and oversight of Fitness to Practise panel Chairs and members and Legal Assessors. For this reason, it is comprised entirely of non Council members, recruited through an open and competitive recruitment and selection process.

- 16 The Board's' membership is set out at **annexe 1** for completeness and transparency.

NMC Employer nominated Trustees: Defined Benefit Pension Scheme

- 17 The NMC, as one of the two scheme employers, has two nominated trustees on the Pension Scheme trustee Board. One of the NMC employer trustees has resigned after 10 years' service with effect from 31 March 2019. The Chair is currently in the process of appointing a new Trustee.

NMC Trustee: General Nursing Council for England and Wales Trust

- 18 Robert Parry was appointed as the NMC Trustee on the General Nursing Council for England and Wales Trust from 1 May 2018.

Public protection implications:

- 19 None.

Resource implications:

- 20 There are no resource implications arising from this paper.

Equality and diversity implications:

- 21 Equality and diversity impacts and the NMC's obligations under the Equality Act 2010 are taken into account in Council appointments.

Stakeholder engagement:

- 22 None.

Risk implications:

- 23 Regular review of Council roles and Committee appointments are consistent with good governance and mitigate against any governance risks.

Legal implications:

- 24 Under Standing Order 4.3.4, the Chair of the Council has delegated authority to make appointments to Council Committees.

Council/Committee appointments 2019–2020

Vice Chairs

Vice Chairs	Term
Anne Wright (lay member)	Vice Chair since 2013
Maura Devlin (registrant member)	Vice Chair since 2015

Council Committees

Remuneration Committee Three Council members	Term
The remit of the Remuneration Committee is to ensure that there are appropriate systems in place for remuneration and succession planning at the NMC.	
Karen Cox (Chair) (registrant member)	1 April 2018 to 31 March 2020 Committee member 1 January 2016 to 31 March 2018
Maura Devlin (registrant member)	1 January 2016 to 31 March 2020
Sir Hugh Bayley (lay member)	1 April 2018 to 31 March 2020

Audit Committee Three Council members	Term
The remit of the Audit Committee is to support the Council and management by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report.	
Marta Phillips (Chair) (lay member)	1 April 2017 to 31 March 2020 Independent Chair 1 June 2016 to 30 April 2017 Council member Chair from 1 May 2017
Robert Parry (registrant member)	1 January 2016 to 31 March 2020 Committee member since 1 January 2016

Derek Pretty (lay member)	1 January 2017 to 31 March 2019 Committee member since 1 January 2017
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Investment Committee Three Council members	Term
The remit of the Committee is to oversee implementation of the Council's investment strategy; determine the allocation and movement of funds in accordance with the investment strategy; and monitor the Council's investment portfolio. Decision-making and implementation of the investment strategy is delegated to the Investment Committee.	
Derek Pretty (Chair) (lay member)	Appointed 10 October 2018
Stephen Thornton (lay member)	Appointed 10 October 2018
Claire Johnston (registrant member)	Appointed 10 October 2018

Appointments Board Five non Council members	Term
The remit of the Appointments Board is to assist the Council in connection with the exercise of any function or process relating to the appointment of Panel Members and Legal Assessors.	
Jane Slatter (Chair)	6 August 2018 to 5 August 2021
Frederick Psyk	1 September 2016 to 31 August 2019
Angie Loveless	1 March 2018 to 28 February 2021
Clare Salters	1 March 2018 to 28 February 2021
Rob Allen	1 October 2018 to 30 September 2021

Midwifery Panel Independent Chair Two Council members	Term
Anna van der Gaag (Independent Chair)	October 2018 to October 2021
Lorna Tinsley (registrant member)	Member since November 2015
Anne Wright (lay member)	Member since April 2017

NMC Employer nominated Trustees, Defined Benefit Pension Scheme Two non-Council members	Term
John Halladay (Chair of the Trustee Board)	From 18 July 2013
TBC	
There are five other Trustees: DHSC Employer Nominated Trustee (appointed) Two Pensioner Nominated Trustees (elected) Two NMC Employee Nominated Trustees (elected)	

NMC Trustee, General Nursing Council for England and Wales Trust	Term
Robert Parry (registrant member)	From 1 May 2018