

Council

Risk register

Action: For discussion.

Issue: Embedding risk management across the NMC.

Core regulatory function: The risk register covers all of our core regulatory functions.

Corporate objectives: The NMC corporate objectives provide the context for the identification and management of risk.

Decision required: No decision is required but the Council is invited to note the risk register and discuss changes and movements in the assessment of risks.

Annexes: The following annexe is attached to this paper:

Annexe 1: Risk register

Annexe 2: Risk profile showing distribution of top and general risks

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 A refreshed approach to how the NMC identifies and manages risk has been approved by the Audit Committee. At its meeting on 25 January 2013 the Audit Committee agreed a timetable for the new approach to be rolled out in April 2013. The risk register will therefore be presented in the new format at the May 2013 Council meeting. In the meantime, to avoid confusion, we are continuing to use the existing risk framework and risk register structure.
 - 2 Risk is scored on a 5 x 5 matrix on the basis of impact and likelihood. Risks scored at eight or below are green rated. Risks scored between nine and 15 are amber rated. Risks scored at 16 and above are the top risks and are red rated. All risks on the register are reviewed by directors on a monthly basis. The Audit Committee receives the full risk register quarterly and provides assurance to Council about the risk management process. In accordance with the current risk management policy, only the red rated top risks are reported to Council at every meeting.
 - 3 At present there are 22 risks on the risk register, 15 of which are amber rated and seven of which are red rated. The risk profile at Annexe 1 maps the distribution of risks. The risk register at Annexe 2 contains the red rated top risks.

- Discussion**
- 4 Since the Council last considered the risk register at its March 2013 meeting, the 'mitigation' and 'future action' sections of the risk register have been updated where appropriate.
 - 5 Risk T27 (overseas applicants fraudulently registered) is down by five and is now amber and rated at 15. This is due to strengthened processes being in place following independent review.
 - 6 This amber rating means that this risk will be moved to the general risk part of the register.

Public protection implications: 7 Public protection implications are considered when rating the impact of risks and determining action required to mitigate risks.

Resource implications: 8 Internal staff time has been accommodated as business as usual.

Equality and diversity implications: 9 Equality and diversity implications are considered when rating the impact of risks and determining action required to mitigate risks.

Stakeholder engagement: 10 The risk register is in the public domain.

Risk implications: 11 The impact of risks is assessed and rated on the risk register. Future action to mitigate risks is also described.

Legal implications: 12 Legal implications are considered when rating the impact of risks and determining action required to mitigate risks.

NMC RISK REGISTER

Top risk

No	Entry date (approximate)	Ref	Type	Risk	Impact	Likelihood	Risk Rating	Movement	Mitigation	Future action	Owner	Review date	Target completion date
T28	Feb-13	CE	Strategic	FRANCIS REPORT - MID-STAFFS INQUIRY - The risk that implementation of recommendations in the Francis report is not aligned with the NMC's current focus and priorities	4	5	20	0	<ul style="list-style-type: none"> Support externally for retaining focus on our current improvement plan, especially from DH Council has considered Francis recommendations and agreed next steps in line with current priorities Council approved budget for priorities planned for 2013 - 2014 	<ul style="list-style-type: none"> Regular and continued close contact with DH via the Mid Staffs Forum Francis will be a standing item on Council agenda for the foreseeable future Detailed response to Francis being developed alongside current priorities 	Jackie Smith	14/05/2013	31/03/2014
T29	Feb-13	CG	Reputation	NMC PROFILE - The risk, highlighted in the Francis Report, that the NMC's lack of public profile impedes the organisation from carrying out its core function of public and patient protection	4	5	20	0	<ul style="list-style-type: none"> Public commitment to engagement agreed by Council and now published Robust key stakeholder engagement delivery plan is being developed on a rolling basis Patient and Public Engagement Forum being communicated with and meeting regularly Simplified guidance on how to make a referral 	<ul style="list-style-type: none"> Key stakeholder meetings being arranged now and throughout the year Strengthen engagement with 'watchdog' external organisations such as Healthwatch UK; National Voices etc. by end of 2013 Strengthen engagement with appropriate patient focused third sector organisations Meet with members of the Health Select Committee by end of 2013 	Lindsey Mallors	14/05/2013	31/03/2014
T23 (G32)		R	Safeguarding	INTEGRITY OF THE REGISTER - The risk that the register is not accurate and therefore does not give information which safeguards the public	5	4	20	0	<ul style="list-style-type: none"> Discrepancies between register and CMS reconciled through agreed internal audit process (ongoing) Daily update reports being run and checked Training being delivered to FIP staff Standard operating procedures in place New stabilised overseas process now in operation (strengthened following independent review) 	<ul style="list-style-type: none"> Internal quality control checks to continue Daily update reports to be further refined Report of recent independent audit to Audit Committee in January 2013. Recommendations accepted and work has begun on implementation Registration review in 2013 will review policies and processes relating to registration 	Alison Sansome	14/05/2013	30/06/2013
T24	Oct-12	CS (IT)	Safeguarding	LOSS OF SENSITIVE DATA - There is a risk that we fail to safeguard sensitive data or there are further breaches of security due to inadequate controls or processes resulting in legal penalties and/or loss of public confidence.	5	4	20	0	<ul style="list-style-type: none"> Comprehensive, prioritised and risk assessed action plans developed to address gaps Information Governance Security Group in place with cross-organisational representation Information security improvement programme defined and being implemented Improved communications to staff and policies updated 	<ul style="list-style-type: none"> Implementation of the Information Security Improvement Programme, tackling highest risk areas as priority, underway and project management resources allocated Deployment of laptop encryption underway and will be complete by 1/5/2013. Implementation of new email encryption solution in progress Mandatory training for all staff to be enforced and extended to temps, contractors and panellists over the summer Third party review of security controls has been completed and recommendations will be incorporated in Security Improvement plan by 1/6/2013 	Mark Smith	31/05/2013	31/12/2014
T17 (G33 and G37)	Aug-12	CG	Governance	RECONSTITUTED COUNCIL - The risk of corporate memory loss at Council level due to the reconstituted Council not being familiar with the corporate agenda and therefore not able to make decisions effectively	5	4	20	0	<ul style="list-style-type: none"> Transition plan in place from current to reconstituted Council Phased induction planned to familiarise new members with their role and NMC business 	<ul style="list-style-type: none"> Induction programme delivered on 1 and 2 May 2013, to include coverage of trustee responsibilities, role of members, understanding of NMC business and business cycle Induction and knowledge transfer to continue throughout first six months of reconstituted Council 	Lindsey Mallors	14/05/2013	01/05/2013

Key
 CE - Chief Executive
 CG - Corporate Governance
 CP - Continued Practice
 CS - Corporate Services
 FIP - Fitness to Practise
 R - Registration

NMC RISK REGISTER

Top risk

No	Entry date (approximate)	Ref	Type	Risk	Impact	Likelihood	Risk Rating	Movement	Mitigation	Future action	Owner	Review date	Target completion date
T26	Jan-13	R	Safeguarding	PROFESSIONAL INDEMNITY INSURANCE - The risk that the NMC fails to implement the PII requirement by the DH deadline of October 2013	4	4	16	0	<ul style="list-style-type: none"> Policy work now commenced to bring options to Council - policy and presentation to be reviewed by Council in April 2013 	<ul style="list-style-type: none"> Establishment of a project plan and risk register Planning for policy and process options to be brought to Council for a decision in April 2013 Preparation of business case to make necessary changes to WISER Recruitment of project manager in progress - internal resource leading on project in the short term Scoping of policy options underway Task and finish group established to draft response to DH consultation - due May 2013 	Alison Sansome	14/05/2013	30/04/2013
T25	Oct-12	CS (HR)	Staff	STAFF TURNOVER - The risk that high turnover destabilises the organisation with high costs in terms of lost productivity and recruitment and loss of organisational knowledge.	4	4	16	0	<ul style="list-style-type: none"> HR and Organisational Development Plan in place and being implemented Improved employee engagement in place, focused on face to face communication Workshops undertaken in specific risk areas e.g. FtP 	<ul style="list-style-type: none"> Implement pay and grading review and pensions review and ensure enhanced level of engagement Develop and implement a full learning and development programme for 2013-2016 Raise focus of Organisational Development Programme as key element of change programme 	Mark Smith	14/05/2013	30/09/2013
T27 (G19)		R	Safeguarding	OVERSEAS APPLICANTS FRAUDULENTLY REGISTERED -The risk that the overseas registration policy and related processes are not sufficiently robust to ensure that all applicants satisfy the conditions of the NMC Order and Registration Rules when registered, thus undermining the integrity of the register	5	3	15	Down by 5	<ul style="list-style-type: none"> Early Warning Guide produced for Registrations staff Stabilisation period now underway - new strengthened processes following independent review Overseas applications recommenced on 2 April 2013 - all new applications now considered under strengthened processes Enhanced protection around ID checks and training requirements in particular 	<ul style="list-style-type: none"> Independent review will inform development of a new policy and process improvements linked to this 	Alison Sansome	14/05/2013	30/06/2013

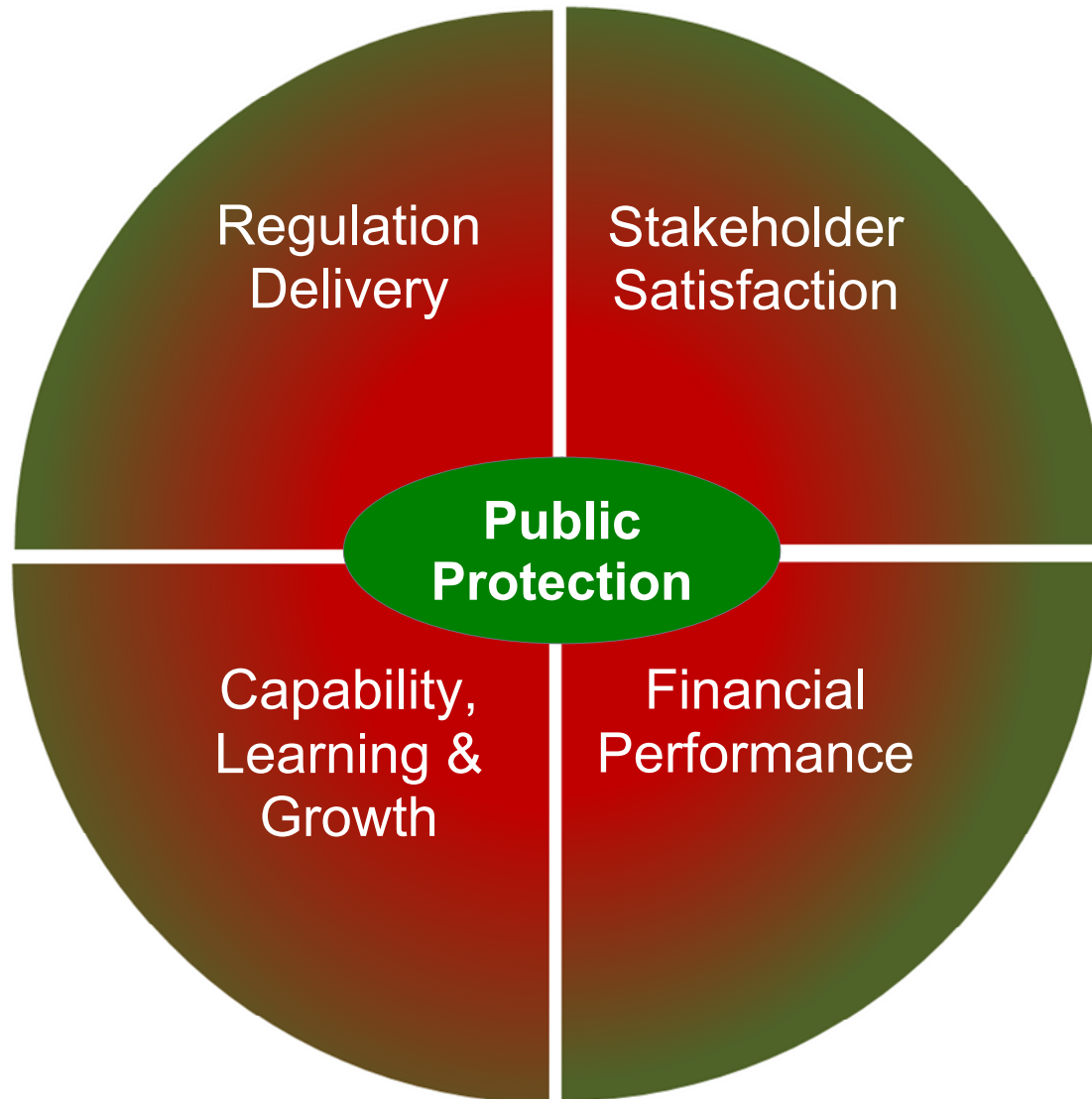
Key
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Risk matrix: mapping of NMC risks as at 18 April 2013

Likelihood	Almost certain	5				2	
	Likely	4			1	2	3
	Possible	3			2	6	5
	Unlikely	2					1
	Remote	1					
	Score		1	2	3	4	5
			Insignificant	Minor	Moderate	Major	Catastrophic
			Impact				

Risk scores:	1-8	L	9-15	M	16-25	H
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Balanced Scorecard



Key to the data tables:

Year to date	This rating is based on how the March figure compares to the 2012-2013 target figure.
Average for the year	This rating is based on an average of applicable ratings across the year.
Green rating	Where a figure compares favourably with the target.
Amber rating	Where there is a difference of 10% or less, against the target.
Red rating	Where there is a difference of greater than 10%.

Regulation delivery

Corporate plan Goal 1

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

Objective 1

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

Registration

KPI no.	Performance indicator	2012-13 Target	January	February	March	Year to date	Average for the year
R1	Percentage of initial undisputed UK applicants registered within 5 days	95%	99.65%	99.91%	99.93%	Green	Green (99.42%)
Comments 1396 processed, 1395 within 5 days.							
R2	Percentage of initial EU applicants registered within 5 days of satisfying the requirements of registration	95%	100%	52.24%	99.60%	Green	Green (95.95%)
Comments 248 processed, 247 within 5 days.							

R3	Percentage of initial non-EU applicants registered within 5 days of satisfying the requirements of registration	95%	N/A	N/A	N/A	Red	Red (73.53%)
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Comments

The temporary pause in overseas registrations was extended until 2 April 2013. This has impacted on our ability to meet this KPI in March 2013. Resource has now been targeted at these cases to ensure that they are processed as quickly as possible. The year to date rating is red to reflect the current situation.

R4	Percentage of overseas/EU applications to the register acknowledged within 30 days and advised of any further information required	95% - Overseas	N/A	N/A	N/A	Red	Red (71.75%)
		95% - EU	100%	100%	100%	Green	Green (100%)

Comments

EU - 10 processed.

The temporary pause in overseas registrations was extended until 2 April 2013. This has impacted on our ability to meet the overseas KPI in March 2013. The year to date rating is red to reflect the current situation.

R5	Percentage of complete overseas/EU applications are issued with a decision letter within 30 days	90% - Overseas	N/A	N/A	N/A	Red	Red (75%)
		90% - EU	100%	100%	100%	Green	Green (97.96%)

Comments

EU - 32 were processed.

The temporary pause in overseas registrations was extended until 2 April 2013. This has impacted on our ability to meet the overseas KPI in March 2013. The year to date is rated as red to reflect the current situation.

R6	Percentage of notifications of detail changes dealt within 5 days	85%	99.73%	100%	100%	Green	Green (97.95%)
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Comments

589 processed.

R7	Percentage of declarations of cautions and convictions in renewals and applications determined in 3 months	75%	100%	100%	100%	Green	Green (99.25%)
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Comments

R8	Percentage of decisions on re-admission applications taken within 30 days	95%	100%	100%	99.55%	Green	Green (99.35%)
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Comments

222 were processed, 221 within 30 days.

R9	Percentage of customer service calls answered within 20 seconds	60%	34.76%	49.78%	39.34%	Red	Amber (57.57%)
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Comments

40,287 calls were offered and 34,504 were answered, which is 85.65 % of calls answered. It was decided not to increase headcount in the call centre in March 2013 due to other priorities at this time. This has obviously impacted on our ability to achieve this target.

We will be looking to make improvements in this area by cross- skilling throughout the department so that during peak times these teams can log into the phone system.

Objective 2

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

Education

PI no.	Performance indicator	2012-13 Target	January	February	March	Year to date	Average for the year
E1	Public protection is assured through the delivery of the agreed specifications of the outsourced contract for quality assurance of education	>75% of SLA indicators are green	100%	100%	100%	Green	Green (98.75%)
Comments							

E2	Public protection is assured by invoking the extraordinary review triage within 10 working days of an incident being reported to the NMC	100% of incidents are triaged within 10 working days	100%	N/A	N/A	Green	Green (100%)
Comments							
There were no new incidents reported to the NMC in February in relation to extraordinary activity.							

E3	Public protection is assured by ensuring that all agreed follow up actions and outcomes following extraordinary review activity are achieved to agreed timelines	100% of action plans are proceeding as agreed by the NMC	100%	100%	100%	Green	Green (100%)
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Comments

There are four cases which remain open and all stakeholders continue to work in partnership with the NMC as part of the agreed follow up activity.

Objective 3

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

Fitness to practise

PI no.	Performance indicator	2012-13 Target	January	February	March	Year to date	Average for the year
FTP1	Percentage of investigation decision letters sent within 5 days of the panel decision	100%	64%	100%	99%	Amber	Red (82%)
Comments							
FTP2	Percentage of adjudication decision letters sent within 5 days of the panel decision	100%	80%	96%	98%	Amber	Red (76%)
Comments							
FTP3	Percentage of complaint letters responded to within 20 working days	100%	86%	100%	100%	Green	Amber (92%)
Comments							

FTP4	Percentage of substantive hearing notices sent at least 28 days prior to the hearing start date	100%	100%	100%	100%	Green	Amber (99%)
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Comments

FTP5	Percentage of interim orders (IO) imposed within 28 days of receipt of referral	80%	56%	63%	83%	Green	Red (64%)
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Comments

This is the first time we have achieved this KPI.

FTP6	Percentage of cases progressed through the investigation stage within 12 months from receipt of referral	90%	81%	80%	86%	Amber	Red (68%)
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Comments

This is best performance we have achieved against our investigation KPI.

FTP7	Percentage of new cases (received after 11 January 2011) progressed through the investigation stage within 12 months from receipt of referral.	As of January 2013, reporting on this KPI is no longer applicable. There are no more historic cases at the investigation stage and thus no distinction is required between new and historic cases. FTP6 captures this information.					
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Comments

FTP8	Number of historic cases (received prior to 11 January 2011) currently in the investigation stage.	As of January 2013, reporting on this KPI is no longer applicable. There are no more historic cases at the investigation stage and thus no distinction is required between new and historic cases. FTP6 captures this information.					
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Comments

FTP9	Percentage of cases progressed through the adjudication stage to the first day of a hearing or meeting within 6 months.	90%	42%	40%	24%	Red	Red (39%)
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Comments

We do not expect to meet this KPI until December 2014.

FTP10	Percentage of new cases (received after January 2011) progressed through the adjudication stage to the first day of a hearing or meeting within 6 months.	90%	69%	59%	53%	Red	Red (62%)
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Comments

We do not expect to meet this KPI until December 2014.

FTP11	Number of historic cases (received prior to January 2011) currently in the adjudication stage.	0	464	416	351	Red	Red
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Comments

The targeted progression for all historic cases is to have all cases completed by September 2013. Of the historic cases currently in adjudication, some registrants have more than one case and some involve multiple registrants.

FTP12	Average number of substantive conduct and competence committee hearings held per day	20 (from Jan 2013)	20	21.4	22.75	Green	Green
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Comments

For further detail about the average for the year, see FtP performance report. The target has changed over the year.

FTP13	Number of adjudication cases completed with a final decision each month	168	132	145	120	Red	Red
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Comments

Performance against this KPI has dropped in March due to significant issues in scheduling. For full details, including performance over the year, see FtP performance report.

FTP14	The percentage of cases that go part-heard	10%	25%	20%	39%	Red	Red
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Comments

Performance against this KPI has dropped in March due to significant issues in scheduling. For full details see FtP performance report.

Stakeholder satisfaction

Goal 2

We will have open and effective relationships that will enable us to work in the public interest.

Objective 5

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

Objective 6

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

PI no.	Performance indicator	2012-13 Target	January	February	March	Year to date	Average for the year
SS1	Percentage of coverage in mainstream media vs trade press.	75%	N/A	N/A	91%*	Green	Green (85.5%)

Comments

*Quarterly figure for January – March 2013.

The release of the Francis report and the high profile FtP hearings of cases related to Mid-Staffordshire have increased the NMC's coverage in national and mainstream media. We hope this trend will continue as the year progresses and our focus and attention turns to interacting more heavily with the general public.

SS2	Percentage of media coverage that is balanced, positive, neutral vs. negative	95%	N/A	N/A	92%*	Amber	Amber (91.25%)
Comments *Quarterly figure for January – March 2013. The release of the Francis report, the fine received from the Information Commissioner relating to the loss of DVDs and the suspension and review of overseas registration have all impacted on the positive vs negative coverage received in the period January to March 2013. We hope to see improvement as we implement our commitment to engagement and as we move forward.							
SS3	Positive feedback from event delegates – percentage satisfied with event	85%	N/A	100%	N/A	N/A	Green (99.25%)
Comments We held a Patient and public engagement forum on 13 February 2013. We did not hold any events in January or March 2013.							
SS4	Percentage of complaints receiving a substantive report within 20 working days	100%	97%	100%	100%	Green	Amber (95.11%)
Comments 39 complaints were responded to within 20 working days.							
SS5	Proportion of complaints which are upheld/partially upheld		33% (13/33)	32% (9/28)*	15% (6/39)		
Comments *30 complaints were responded to in February 2013. Two complaints were submitted late to the complaints log.							

Capability, learning, growth

Goal 3

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

Objective 7

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

Objective 8

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

PI no.	Performance indicator	2012-13 Target	January	February	March	Year to date	Average for the year
HR1	Staff capability and capacity – percentage of staff scoring a 2 or above in their PDR	85%	96%	96%	96%	Green	Green (96%)
Comments The PDR process for 2012/13 is closed, so this remains at 96%, which is an excellent figure when compared with other organisations.							

HR2	Percentage of PDRs completed within target date	85%	93%	93%	93%	Green	Green (93%)
Comments The PDR process for 2012/13 is closed, so this remains at 93%, which is an excellent figure when compared with other organisations.							

HR3	Sickness absence rate	<4%	2.92%	2.85%	3.00%	Green	Green (3.33%)
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Comments

Sickness absence has increased slightly on February 2013 to 3% or 6.6 days per employee for the year to 31 March 2013, however it is still below the target of 4% and below the CIPD average of 7.7 days per employee.

HR4	Percentage of FTE posts vacant	10%	13%	10%	9.72%	Green	Red (21.56%)
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Comments

The HR team has worked extremely hard, recruiting 256 new employees, to bring the level of vacant positions at the NMC down from its peak of 36% in September 2012 to 9.72% in March 2013.

HR5	Percentage turnover rate	23%	31%	33%	33%	Red	Red (33%)
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Comments

Turnover has remained at 33% due to the number of leavers in the year to 31 March 2013 remaining static. HR and OD are continuing to work with directorates to bring down turnover through the implementation of the actions to support the HR and OD strategy, in particular the pay and grading review. Following a period of stability and organisational change, the NMC should move over 2013/14 to a lower turnover rate and towards the target.

HR6	Percentage of employees with over one year's service (Stability Index)	80%	69%	71%	72%	Amber	Amber (70.67%)
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Comments

Post restructure stability has increased to 72%. As length of service increases, stability will increase.

HR7	Percentage of successful probationary periods completed within 6 months	80%	79%	79%	78%	Amber	Amber (79.08%)
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Comments

Following the recent trend, 26 of the 42 of people who did not successfully complete their probation period in the year to 31 March 2013 resigned or were made redundant within six months, before their probation period was completed. As length of service increases, the percentage of successful completion will increase.

During the same 12 months a total of 17 probations were extended. Of these, 14 eventually passed and the remaining three left the organisation before their extended probation ended. No individuals failed their probations.

HR8	Average training days or equivalent per employee	5	3.9	4.3	4.81	Amber	Amber (4.81)
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Comments

The figure (a cumulative figure) is 4.81 average training days or equivalent per employee for this year. We will continue to build on this performance next year by organising training for staff that incorporates the learning and development needs identified from the April PDRs and also training for all employees on the new organisational behaviours that will start being used across the organisation this year.

HR9	Percentage of statutory and mandatory training completed within target date	80%	85%	73%	76%	Amber	Amber (72.3%)
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Comments

Summary of progress against key performance indicator (KPI) targets 2012 – 2013

Introduction

- 1 This paper provides an overview of corporate performance over the period 1 April 2012 to 31 March 2013, based on the balanced scorecard indicators.
- 2 This paper should be read in conjunction with Annexe 1: the balanced scorecard for March 2013.
- 3 There are two parts to this paper:
 - 3.1 The first is a table showing the monthly balanced scorecard figures, alongside targets and averages for the year.
 - 3.2 The second part of the paper serves to provide some context to the figures. The summaries here outline key trends and activities that have occurred over the year.
- 4 The Corporate Governance team is currently leading on a review of the KPI reporting process, with the intention of improving the process for the year 2013-2014 and improving the quality of the information that will be presented to the reconstituted Council at their meetings.

1. Balanced scorecard figures for 2012-2013

KPI	Description		N (nothing to report)											No data		Target	Average
			April	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	March			
R1	UK applicants - 5 days		99.51	99.12	98.82	100	99.34	97.64	99.37	99.91	99.84	99.65	99.91	99.93	95	99.42	
R2	EU - 5 days		100	100	100	100	100	99.58	100	100	100	100	52.24	99.6	95	95.95	
R3	Non-EU - 5 days		100	100	100	100	100	100	82.3	100	100	0	0	0	95	73.53	
R4	Replied 30 days	Overseas	61	100	100	100	100	100	100	100	100	0	0	0	95	71.75	
		EU	100	100	100	100	100	100	100	100	100	100	100	100	95	100	
R5	Decis letter 30 days	Overseas	100	100	100	100	100	100	100	100	100	0	0	0	90	75	
		EU	77	100	100	100	100	100	100	100	98.46	100	100	100	90	97.96	
R6	Notificat details		100	88.41	95.26	100	94.72	100	97.32	100	100	99.73	100	100	85	97.95	
R7	Cautions/convictions		100	91	100	100	100	100	100	100	100	100	100	100	75	99.25	
R8	Re-admissions		100	96	100	99.12	100	100	100	100	97.47	100	100	99.55	95	99.35	
R9	Calls - 20 secs		53.4	64.75	59.39	68.51	73.98	67.59	61.42	61.95	55.98	34.76	49.78	39.34	60	57.57	
E1	SLA indicators		92	97	96	100	100	100	100	100	100	100	100	100	>75	98.75	
E2	Extr review triage 10 days		N	N	N	N	N	N	N	100	100	100	N	N	100	100	
E3	Extr review actions					100	100	100	100	100	100	100	100	100	100	100	
FTP1	Inv dec letters 5 days		98	83	78	66	72	98	99	99	26	64	100	99	100	82	
FTP2	Adj dec letters 5 days		67	77	29	0	68	97	98.8	99.3	99	80	96	98	100	76	
FTP3	Complaints 20 days		89	100	96	89	93	90	88.8	86	86	86	100	100	100	92	
FTP4	% substantive h. notices		100	100	100	95	97	99	99	100	100	100	100	100	100	99	
FTP5	% IOs 28 days		N/A	N/A	46	67	63	53	64	72	69	56	63	83	80	64	
FTP6	% cases thru Investigations		42	42	65	61	62	70	76	78	69	81	80	86	90	68	
FTP7	New cases thru Investns - KPI removed as no longer applicable																
FTP8	No. historic cases in Investns - KPI achieved																
FTP9	% cases thru Adj to hearing		40	26	25	29	46	33	52	63	47	42	40	24	90	39	
FTP10	New cases thru Adj to hearing		57	50	46	35	89	45	84	84	72	69	59	53	90	62	
SS1	Mainstream vs trade		78.8	79.4	76.5	73.1	81.8	80.5	85.5	78.5	94			91	75	85.5	
SS2	Posi or neutr vs neg		98.4	98.4	90.5	90.5					92			92	95	91.25	
SS3	Posi events feedback		N	N	N	N	N	100	N	100	97	N	100	N	85	99.25	
SS4	Complaints - 20 days					93	95	94	95	95	87	97	100	100	100	95.11	
SS5	Complaints upheld					34	29	22	42	40	48	33	32	15	N/A	N/A	
HR1	PDR 2 or above		N	100	97	97	97	95.61	96	96	96	96	96	96	85	96	
HR2	PDR % complete		N	18	80	87	87	93	93	93	93	93	93	93	85	93	
HR3	Sickness absence		3.67	3.23	3.84	3.81	3.45	3.64	3.43	3.24	2.91	2.92	2.85	3	<4	3.33	
HR4	FTE vacant		11	10	35	34	34	36	27	23	16	13	10	9.72	10	21.56	
HR5	Turnover rate		33	33	32	32	34	41	35	34	32	31	33	33	23	33	
HR6	Stability index		74	73	75	74	71	66	67	67	69	69	71	72	80	70.67	
HR7	Probationary - 6 mths		79	81	78	78	78	81	80	80	78	79	79	78	80	79.08	
HR8	Training days (cumulative)		0	0.1	1.34	2.26	2.26	2.28	2.3	2.8	3.2	3.9	4.3	4.81	5	4.81	
HR9	Stat and mand training		N	N	60	63	57	61	75	85	88	85	73	76	80	72.3	

2. Summaries for balanced scorecard indicators

Regulation delivery - Registration

**R1 - Percentage of initial undisputed UK applicants registered within 5 days.
Target: 95%**

Performance for this KPI has been green throughout the year. The UK Registration team experienced peaks of activity in both March and September when most universities have their graduation periods. Additional temporary resource is used in these periods to manage the peaks ensuring KPIs are consistently achieved.

**R2 - Percentage of initial EU applicants registered within 5 days of satisfying the requirements of registration.
Target: 95%**

This KPI remained green for nine months but has been affected by the pause in overseas applications between January – March 2013. Overseas applications were suspended to allow an urgent review of the overseas process and to identify some changes to strengthen the process. Following a stabilisation period the longer term process will be established and work is now commencing on that longer term design of the overseas policy and processes.

**R3 - Percentage of initial non-EU applicants registered within 5 days of satisfying the requirements of registration.
Target: 95%**

This KPI remained green for nine months but has been affected by the pause in overseas applications between January – March 2013. Comment on overseas process as above.

**R4 - Percentage of overseas/EU applications to the register acknowledged within 30 days and advised of any further information required.
Target: overseas 95% and EU 95%**

This KPI remained green for nine months but has been affected by the pause in overseas applications between January – March 2013. Comment on overseas process as above.

**R5 - Percentage of complete overseas/EU applications are issued with a decision letter within 30 days.
Target: overseas 90% and EU 90%**

This KPI remained green for nine months but has been affected by the pause in overseas applications between January – March 2013. Comment on overseas process as above.

R6 - Percentage of notifications of detail changes dealt within 5 days.

Target: 85%

KPI performance has been green throughout the year and this work forms part of the daily processing within the UK team, with seasonal variations being managed within the team.

R7 - Percentage of declarations of cautions and convictions in renewals and applications determined in 3 months.

Target: 75%

KPI performance in this area has been green throughout the year.

R8 - Percentage of decisions on re-admission applications taken within 30 days.

Target: 95%

KPI performance has been green throughout the year and this makes up part of the UK team's daily processing, with volumes being proactively managed.

R9 - Percentage of customer service calls answered within 20 seconds.

Target: 60%

The KPI was mainly green throughout the year, however, it has dipped below target. The decision was taken in March not to increase headcount to address this in order to focus on other priorities.

In November 2012 the Registrations Centre took over FtP switchboard calls. These calls have resulted in an increase in average call duration from 30 seconds to three minutes due to the increasing complexity of calls.

Whilst this KPI has dipped as a result of the above factors we are confident that we are still delivering a good service. Our Customer service surveys show a high 80 percent satisfaction level and a first contact resolution rate always over 50 percent. Analysis of complaints shows that we receive virtually no complaints due to speed of answer.

Data from January 2013, which was the month with the lowest figure for this KPI, showed that 89 percent of callers got through in three minutes and 75 percent were within two minutes.

The table below shows an average percentage for speed of answer based on 2012 calls. It shows 65% of callers got through in 40 seconds. Only 6 percent waited more than five minutes.

	TOTAL JAN – DEC 2012	
Time to Answer	Number of Calls Answered	% of Calls Answered
within 20 secs	229155	59.13%
21 secs to 40 secs	24266	6.26%
41 secs to 1 min	19615	5.06%
1 min 01s to 2 mins	39746	10.26%
2 mins 01s to 3 mins	23392	6.04%
3 mins 01s to 4 mins	14718	3.80%
4 mins to 5 mins	10077	2.60%
over 5 minutes	26549	6.85%
Total	387518	

We will be looking to make improvements in this area by cross skilling throughout the department so that during peak times these teams can log into the phone system.

Regulation delivery – Education

The red/amber/green (RAG) ratings for Education and LSA quality assurance KPIs were mainly green in this reporting period. An overview of progress against each KPI can be found below:

E1 - Public protection is assured through the delivery of the agreed specifications of the outsourced contract for quality assurance of education.

Target: >75% of SLA indicators are green

The QA outsourced supplier, Mott MacDonald, continued to deliver all QA activities as planned and reported all outcomes meeting their service level agreements (SLAs). Some minor delays in submission of the reports to the NMC were due to summer and Christmas holiday periods or requests for extension received from the approved education institutions (AEIs). The QA procurement project that will lead to the appointment of the supplier for delivery of the QA services will also bring improvements to the QA framework and the reporting from the supplier. The new contract will be awarded at the beginning of May and the QA framework will be launched in September 2013.

E2 - Public protection is assured by invoking the extraordinary review triage within 10 working days of an incident being reported to the NMC.

Target: 100% of incidents are triaged within 10 working days

All incidents (eight) received by the NMC in this reporting period were reviewed within the target timeline and where necessary, additional information was sought from the relevant stakeholders.

This was the first year when the extraordinary review process was made operational and publicised in the QA Handbook. The feedback received from our stakeholders and improvements to the process will be incorporated into raising and responding to concerns process, as part of our coordinated risk-based approach model outlined in the

QA strategy. We are committed to making this process robust, linked to public protection and transparent.

E3 - Public protection is assured by ensuring that all agreed follow up actions and outcomes following extraordinary review activity are achieved to agreed timelines.

Target: 100% of action plans are proceeding as agreed by the NMC

All stakeholders involved continued to work in partnership with the NMC, as part of the agreed follow up action plan. The number of extraordinary review visits decreased in this reporting period and some AEIs involved in the extraordinary activities were returned to the routine annual monitoring cycle. We have been working with other regulatory bodies and monitoring closely those who have reported any new or ongoing incidents affecting the effectiveness of their risk controls. We have returned 10 out of 14 cases to the routine Quality Assurance activities in this reporting period and continue monitoring four cases that remain open.

Regulation delivery – Fitness to Practise

Graphs showing performance against the balanced scorecard KPIs are presented in the FtP performance report for the Council meeting on 25 April 2013. The overall balanced scorecard performance has been one of continued improvement in all areas except the adjudication stage KPI (FTP 9) which we do not expect to meet until December 2014.

FTP1 - Percentage of investigation decision letters sent within 5 days of the panel decision.

Target: 100%

and;

FTP2 - Percentage of adjudication decision letters sent within 5 days of the panel decision.

Target: 100%

Performance against balanced scorecard indicators FTP1 and 2 has progressively improved over the reporting period. The investigation decision letter indicator has remained amber throughout the period. The adjudication indicator started the year red and has remained consistently amber for the latter part of the reporting period.

FTP1 and FTP2 have both suffered seasonal drops in performance around holiday periods, most noticeably July/August and December/January. This will be improved in the next reporting year through improved workforce planning.

FTP3 - Percentage of complaint letters responded to within 20 working days.

Target: 100%

The rating for this KPI has been amber or green throughout the reporting period. Performance against this indicator was green for the last two months of the year, which we expect to maintain during the next reporting year.

FTP4 - Percentage of substantive hearing notices sent at least 28 days prior to the hearing start date.

Target: 100%

The rating for this KPI has been green throughout the period except for July and August when there was a slight drop in performance to amber due to operational issues.

FTP5 - Percentage of interim orders (IO) imposed within 28 days of receipt of referral.

Target 80%

This KPI has been red throughout most of the year with performance gradually improving toward the end of the reporting period. This improvement has been achieved because we have implemented process and policy changes to improve performance against this indicator; the result of these changes is our first green rating in March 2013.

FTP6 - Percentage of cases progressed through the investigation stage within 12 months from receipt of referral.

Target: 90%

This KPI was red in April 2012 and has been consistently improving throughout the year. In the last quarter of the period this indicator has been consistently amber and in March, performance was four percent away from being green. This is one of our top three KPIs and our consistent month on month improvement has been one of our most significant achievements in 2012/13.

FTP7 - Percentage of new cases (received after 11 January 2011) progressed through the investigation stage within 12 months from receipt of referral.

Target: 90%

CLOSED as of January 2013. See scorecard for details.

FTP8 - Number of historic cases (received prior to 11 January 2011) currently in the investigation stage.

Target: 0

CLOSED as of January 2013. See scorecard for details.

FTP9 - Percentage of cases progressed through the adjudication stage to the first day of a hearing or meeting within 6 months.

Target: 90%

This KPI has been red through the reporting period. We expect this to remain red until December 2014.

FTP10 - Percentage of new cases (received after January 2011) progressed through the adjudication stage to the first day of a hearing or meeting within 6 months.

Target: 90%

The rating was amber at the beginning of the reporting period and has been consistently green since September 2012.

Stakeholder satisfaction

SS1 Percentage of coverage in mainstream media vs trade press.

Target: 75%

The percentage of NMC coverage in mainstream coverage vs trade press has remained consistently green throughout the year; this is despite increased trade press reporting on issues such as the fee increase, the Professional Standards Authority (formerly CHRE) review, our Health Select Committee appearance and the publication of the Francis enquiry.

We would also expect trade press coverage to further decrease during the next year as we implement our commitment to engagement.

SS2 Percentage of media coverage that is balanced, positive, neutral vs. negative.

Target: 95%

Media coverage in the last year has been influenced by major events such as the PSA review, the fee rise and the publication of the Francis report. This dictates the sentiment of coverage, which has seen an amber rating feature predominantly throughout the year.

The reporting of the issues stated above has had a clear impact on this KPI and would account for the amber ratings we have seen over the year.

The media team will continue to provide advice to the organisation and to manage reactive and proactive communications.

SS3 - Positive feedback from event delegates – percentage satisfied with event.

Target: 85%

The first figures reported for this KPI are dated September 2012. Only the events where we collected delegate feedback are included, and we have met our target based on this. In addition to the events outlined below, we also attended eight conferences and hosted a panel discussion on 'How can healthcare regulators better engage with patients and the public?' This event was held as part of Social Media Week and we took questions from Twitter as well as from an audience in the room.

Below is an overview of events we have reported on in the scorecard:

1. Patient and public engagement forum

In August 2012 we established a Patient and public engagement forum as part of our work to put patients at the heart of everything we do. This group is made up of a range of patient groups, patient advocates and health charities. Through this forum we can engage with patients and the public representatives and ensure their voice is reflected in our work. The forum offers us a way to reach patients and the public through established networks and to raise public awareness of the role of the NMC and where we fit into the healthcare complaints pathway.

The group take an active role in identifying topics for discussion and so far we have looked at what patients expect from an effective regulator, what needs to be done to

restore confidence in the NMC, patients experience of referring to the NMC, what good customer service from a professional regulator feels like and how we can make our website more user friendly for patients and the public. The forum offers and opportunity to work collaboratively and at forthcoming events several of the group members will be presenting and leading discussions which they have suggested.

After each meeting we produce a summary of the discussion which is shared with the group and published on our website. We also produce an action plan and at each meeting feedback on 'You said, we did'. Doing this demonstrates that we are listening and responding to the comments the group raises. The forum members share feedback from the meetings with their own networks, significantly extending the reach of these events.

We have held three Patient and public engagement forum events on 23 August 2012, 28 November 2012 and 13 February 2013. Delegates have responded positively to these events and we will be continuing to run them. Our next meeting is planned for 16 May 2013.

2. Making more effective referrals to the NMC

We ran two joint events with NHS Employers on 5 November in Leeds and 19 November in London. These events were for senior nurses, midwives and HR professionals in the NHS and looked at how to make more effective referrals to the NMC. Each event began with an update from the NMC covering the numbers and types of referrals we currently receive, where we are now, where we would like to be and how we can work more closely with employers. Delegates commented “Informative session - generated some ideas to take back and develop locally” and “Honest open helpful discussion of current and future of professional / NMC regulation - Thank you very much”.

3. NMC Staff conference – 7 December 2012

The event focused on bringing the organisation together, increasing understanding of the work of each directorate and how we can work better across directorates. The theme of the day was public protection and understanding what this means, why it is essential and how we can all contribute to achieving public protection. Comments from staff included “I have a larger understanding of the organisation as a whole and this will enable me to work in a more inclusive way”, “Learnt ...about how we can improve our role as a regulatory body particularly in relation to the protection of the public” and “The format was great - having the sessions at the start and end of the day with the leadership team, and then the 5 sessions with directorates and external speakers throughout the day, punctuated by short breaks”.

Corporate complaints

SS4 - Percentage of complaints receiving a substantive report within 20 working days.

Target: 100%

The RAG ratings for the year have been between 87 -100%, with only one month scoring a red rating. Predominantly the KPI score has been 95% and above, which has given us a final end of year RAG rating of amber.

The target was changed halfway through the year from 95% to 100% in October 2012 to fall in line with the same target as FtP (see KPI FTP3).

The number of complaints we have received centrally in the Office of the Chair and Chief Executive (OCCE) has increased significantly. The number of complaints received in OCCE for the year 2011-12 was 146, whereas for the year 2012-13 the figure has been 400, an increase of 174% with no additional resources in place to manage the increase. Further statistics will be available in an annual complaints report for 2012-2013, though this has not yet been finalised.

SS5 - Proportion of complaints which are upheld/partially upheld.

Target: n/a

It is not possible to quantify this KPI as a RAG rating. The percentage of upheld/partially upheld complaints for the month are stand alone and there is no general link from one month to the next, and it does not provide any measure of performance. The OCCE recommends that this KPI is reconsidered or removed.

Capability, learning, growth

HR1 - Staff capability and capacity – percentage of staff scoring a 2 or above in their PDR.

Target: 85%

This is an annual KPI, as the performance development review (PDR) process occurs once a year. The target was achieved for 2012 – 2013.

HR2 - Percentage of PDRs completed within target date.

Target: 85%

This is an annual KPI, as the PDR process occurs once a year. The target was achieved for 2012 – 2013. Measures used included providing weekly updates to directors about the number of PDR returns, and placing reminders to staff on Insider Weekly.

HR3 – Sickness absence rate.

Target: <4%

Sickness absence has continued to remain below the NMC target of 4% for the entirety of the year April 2012 to March 2013. Regular monthly reports on sickness absence are now sent to Directors about their directorates.

The roll out of employee self service to staff at the NMC will allow all managers greater access to sickness absence statistics for their teams.

HR4 - Percentage of FTE posts vacant.

Target: 10%

The HR team has worked extremely hard, recruiting 256 new employees, to bring the level of vacant positions at the NMC down from its peak of 36% in September 2012 to 9.72% in March 2013.

Human Resources are continuing to work with directorates across the NMC to fill the vacancies that still exist. With the implementation of an e-recruitment solution in 2013/2014 the NMC will have a more streamlined recruitment process.

HR5 – Percentage turnover rate.

Target: 23%

HR and OD are continuing to work with directorates to bring down turnover through the implementation of the actions to support the HR and OD strategy, in particular the pay and grading review. Recruitment to the senior management team is now complete. Following a period of stability and organisational change, the NMC should move over 2013/2014 to a lower turnover rate and thus towards our target.

HR6 - Percentage of employees with over one year's service (Stability Index).

Target: 80%

Stability has increased from 66% in September 2012 to 72% in March 2013. As length of service increases, stability will increase into 2013-2014.

HR7 - Percentage of successful probationary periods completed within 6 months.

Target: 80%

The figures have ranged between 78% to 81% throughout 2012/2013. With the implementation of the actions outlined in the HR strategy, turnover should decrease and stability should increase leading to an increase in the percentage of successful completed probations.

HR8: Average training days or equivalent per employee.

Target: 5

We have almost achieved the target of 5 average training days or equivalent per employee for this year, with a figure of 4.81 for March 2013. We will continue to improve on this performance next year by organising training for staff that incorporates the learning and development needs identified from the April PDRs and also training for all employees on the new organisational behaviours that will start being used across the organisation this year.

HR9 - Percentage of statutory and mandatory training completed within target date.

Target: 80%

There have been significant changes to the delivery of e-Learning over the year. A new e-Learning platform was developed and went live in January 2013. The statutory and mandatory modules have also changed and they are now easier and quicker to complete. The compliance rate has improved from 60% at the start of the year to 76%. An automated email reminder for people who have not completed modules will go live in April and this is expected to increase the compliance rate further so that the target of 80% is met.

Council

Fitness to Practise performance report

Action: For information.

Issue: This document provides an update to Council on the Fitness to Practise (FtP) caseload and performance for the month of March.

Core regulatory function: Fitness to Practise

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

Decision required: None

Annexes: The following annexes are attached to this paper:

- Annexe 1: Total caseload and workflow chart
- Annexe 2: New referrals trend analysis
- Annexe 3: New referrals received vs. cases closed
- Annexe 4: Summary of FtP balanced scorecard KPIs 2012/13

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 data contained in this report is sourced from the case management system and other systems maintained by FtP managers.

Discussion 2 This report contains information about FtP caseloads and activity for the month of March.

Caseload and activity

3 The caseload increased by 39 cases in March to a total caseload of 4389 cases.

4 This was due to a number of factors including a slowdown in closures at the IC stage and a number of cases still open on the system following review of closure cases by managers in the investigation team. There was also a smaller number of cases closed at adjudication stage.

5 In March we completed 120 adjudication cases which is significantly lower than our target of 189 cases. The reasons for this are as follows:

5.1 High number of historic cases scheduled (75 percent of all cases). These cases are the last of the historic cases and many are complex with a high number of witnesses. These cases are taking on average 5.2 days and have proved to be more prone to adjournment and to not completing within the scheduled time. The reasons for this include a higher risk of legal argument around delay and admissibility, and lengthier examination of witnesses. This contributed to a 39 percent part-heard rate in March.

5.2 There were an unusually high number of longer cases scheduled for March. 30 cases had initial time estimates of between 5 and 14 days; this reduced our substantive hearing capacity.

5.3 In February significant issues were identified in our scheduling function and as a result we had not booked sufficient panels to hear the number of cases scheduled. This led regrettably to a number of cases being withdrawn and several starting with a reduced hearing length.

6 Overall in March we closed 17 fewer cases than we received.

Improving customer service

7 There was very positive overall performance across the customer service indicators:

7.1 99 percent of investigation decision letters were sent in five

days

7.2 98 percent of adjudication letters were sent in five days and all letters were sent in within 10 days.

8 We answered 100 percent (19 letters) of complaint letters in 20 days and 100 percent of adjudication notices complied with the statutory notice period of 28 days.

KPI performance

9 Our KPI for interim orders (IOs) is to impose 80 percent of interim orders in 28 days from receipt of referral.

10 We imposed 83 percent of IOs in 28 days in March. The average number of days to impose an IO in March was 23 days; this is the lowest average number of days we have achieved.

11 There were 47 IOs imposed in March, one of these was classed as an exception.

12 Of the 46 IOs imposed that we have reported on :

12.1 38 interim orders imposed met the 28 day KPI

12.2 8 were outside the 28 day target, 5 were imposed within 34 days and the delays were largely due to problems in obtaining critical information for the hearing from employers and third party agencies.

12.3 There were 3 IOs imposed between 37 and 109 days. In two of the cases the delays were due to an interim order panel adjourning at the request of the registrant. The other case was originally incorrectly assessed as 'interim order not necessary'.

13 Our investigation KPI is to progress 90 percent of cases in 12 months.

13.1 In March we achieved an average of 8.4 months for all investigation cases and 86 percent progressed in 12 months.

14 Our adjudication KPI is to progress cases to the first day of the final hearing in six months.

14.1 Our performance against our six month adjudication KPI was 9.8 months for all adjudication cases and 24 percent progressed in six months.

15 We do not expect to meet our adjudication KPI until December 2014.

Historic cases

- 16 There is a progression plan in place to manage the remaining historic cases which is being monitored by the FtP Committee.

High Court activity

- 17 In March we applied for 49 high court interim order extensions.
- 17.1 Of these 13 were cases subject to third party delays
- 18 The year to date total number of interim order extensions lodged is 381 between 1 April 2012 and 30 March 2013.
- 19 Until we have succeeded in clearing all the historic adjudication cases, there will continue to be a high number of extension applications being made. Historic cases subject to an interim order are given the highest priority in scheduling but due to the age of these cases, an extension is unavoidable.
- 20 There were 4 appeals lodged in March.
- 21 In March, there was one statutory appeal where the decision was found against the NMC. This case has been remitted back to a panel for a rehearing on the basis that a document which potentially could have helped the registrant's case was not placed before the panel at the previous hearing.

Summary of performance against balanced scorecard KPIs for 2012 -2013

- 22 Graphs showing performance against the balanced scorecard KPIs are attached at annexe 4.
- 23 Performance against balanced scorecard indicators FTP 1 and 2 (decision letters sent in 5 days) has progressively improved over the reporting period. The investigation decision letter indicator has remained amber throughout the period. The adjudication indicator started the year red and has remained consistently amber for the latter part of the reporting period.
- 24 FTP 3 (percentage of complaints answered in 20 days) has been amber or green throughout the reporting period. Performance against this indicator was green for the last two months of the year which we expect to maintain during the next reporting year.
- 25 FTP 4 (substantive notices sent in 28 days) has been green throughout the period except July and August when there was a slight drop in performance to amber due to operational issues.
- 26 FTP 5 (interim orders imposed in 28 days) has been red throughout most of the year with performance gradually improving toward the

end of the reporting period. This improvement has been achieved because we have implemented process and policy changes to improve performance against this indicator; the result of these changes is our first green rating in March 2013.

- 27 FTP 6 (cases progressed through the investigation stage in 12 months) was red in April 2012 and has been consistently improving throughout the year. In the last quarter of the period this indicator has been consistently amber and in March was performance is four percent away from being green. This is one of our top three KPIs and our consistent month on month improvement has been one of our most significant achievements in 2012/13.
- 28 FTP 9 (cases progressed through adjudication stage to first hearing day in six months) has been red through the reporting period. We expect this to remain red until December 2014.
- 29 FTP 10 (average number of substantive hearings scheduled per day) was amber at the beginning of the reporting period and has been consistently green since September 2012.
- 30 The overall all balanced scorecard performance has been one of continued improvement in all areas except the adjudication stage KPI (FTP 9) which we do not expect to meet until December 2014.

Panel guidance update

- 31 In line with the Council decision in February on the process for agreeing guidance, the panel indicative sanctions guidance has been updated. The update to the panel indicative sanctions guidance is due to recent developments in case law.
- 32 The guidance is available on the NMC website.

Public protection implications:

- 33 This paper is for information only and details FtP activity. Where the information contained in this report does highlight any potential public protection issues these are monitored and acted upon to mitigate for any such impact on public protection.

Resource implications:

- 34 As this is a statistical report on FtP management information and activity there are no resource implications.

Equality and diversity implications:

- 35 As this is a statistical report on FtP management information and activity there are no equality and diversity implications.

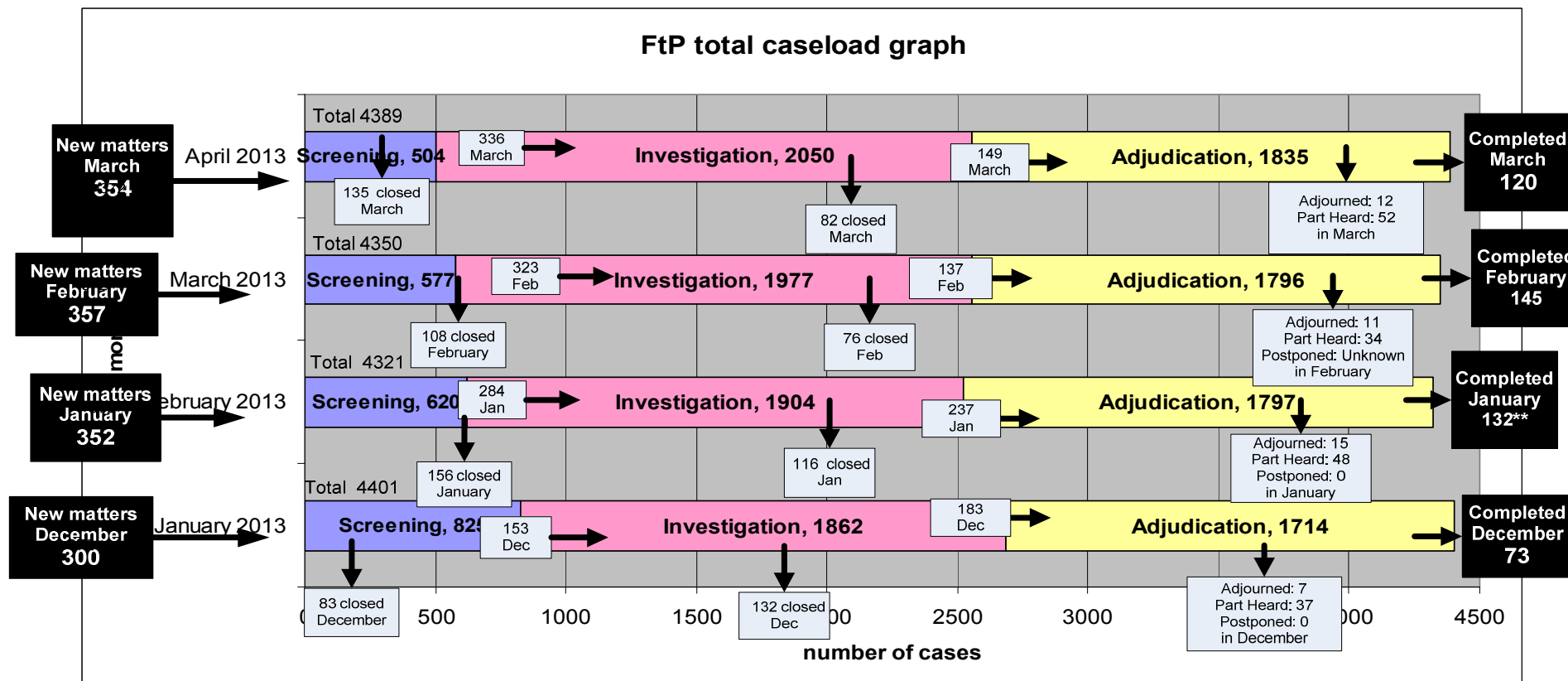
Stakeholder engagement:

- 36 None.

Risk implications: 37 None.

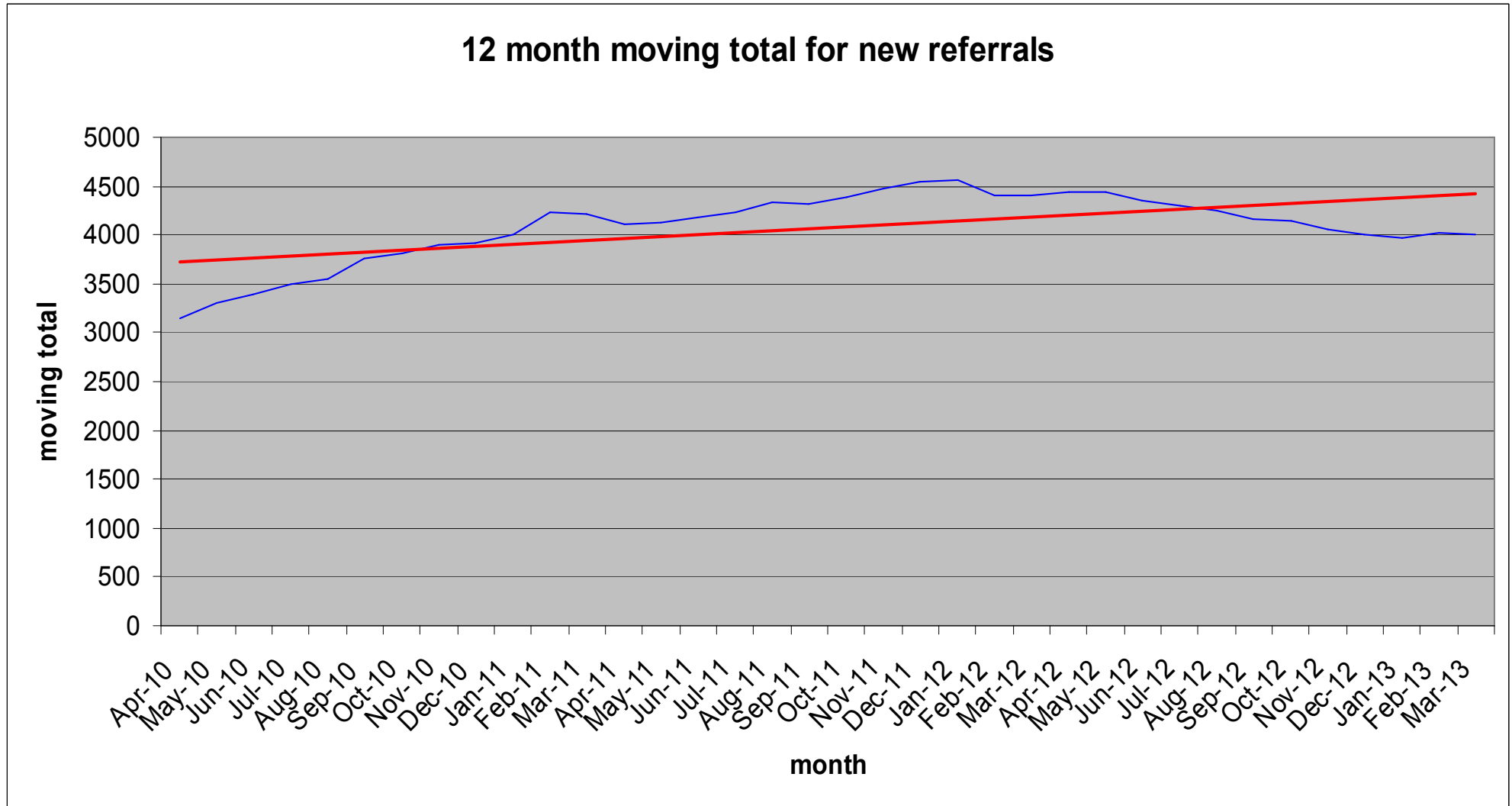
Legal implications: 38 None.

Annexe 1 Total caseload and workflow

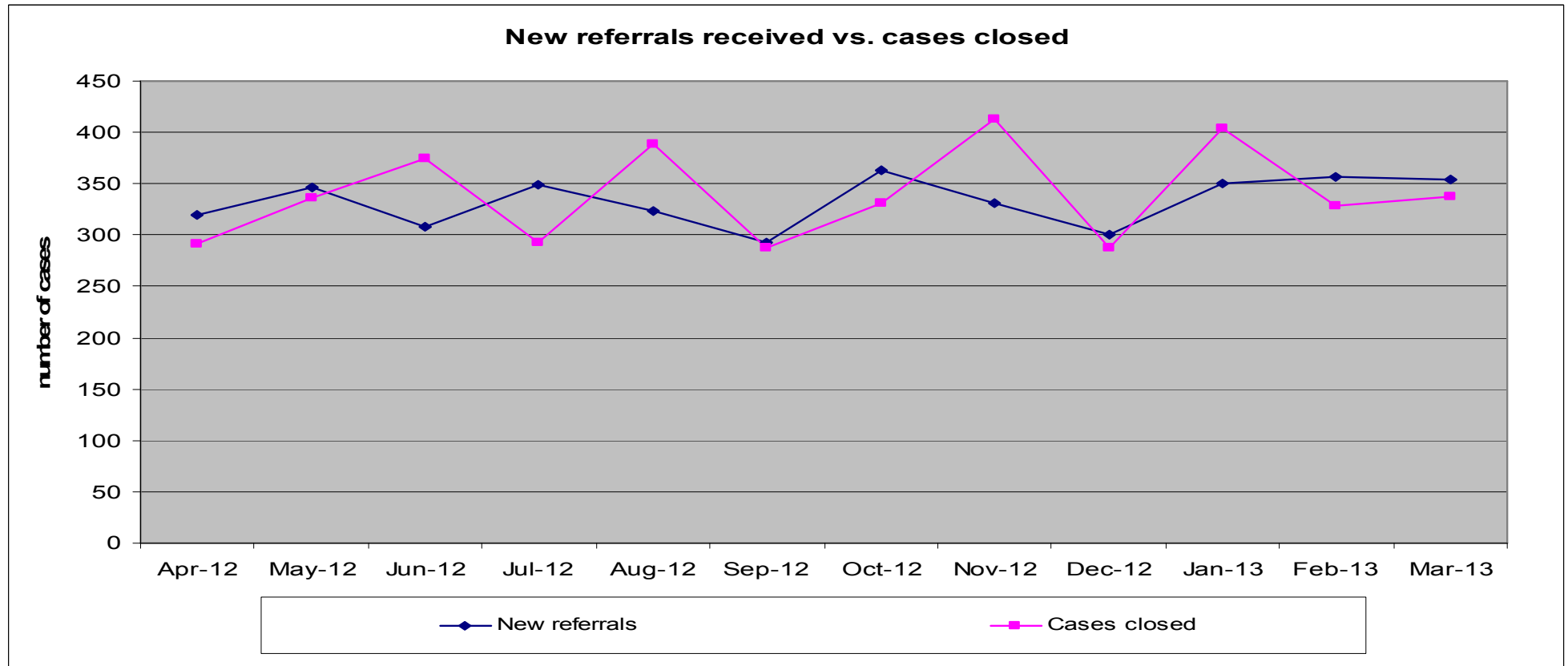


* The figures in this chart are not directly comparable. The total caseload number is the static number of cases opened in our case management system at 9am on 4 April 2013. The new matters received and cases closed at each stage represent workflow in the month. Some cases may be received and closed in the same period others will be closed by panels but will remain open in the case management system for a period of up to 5 days after the panel decision. This explains why the numbers do not correlate to the graph at page 9 of 16.

New referrals trend analysis



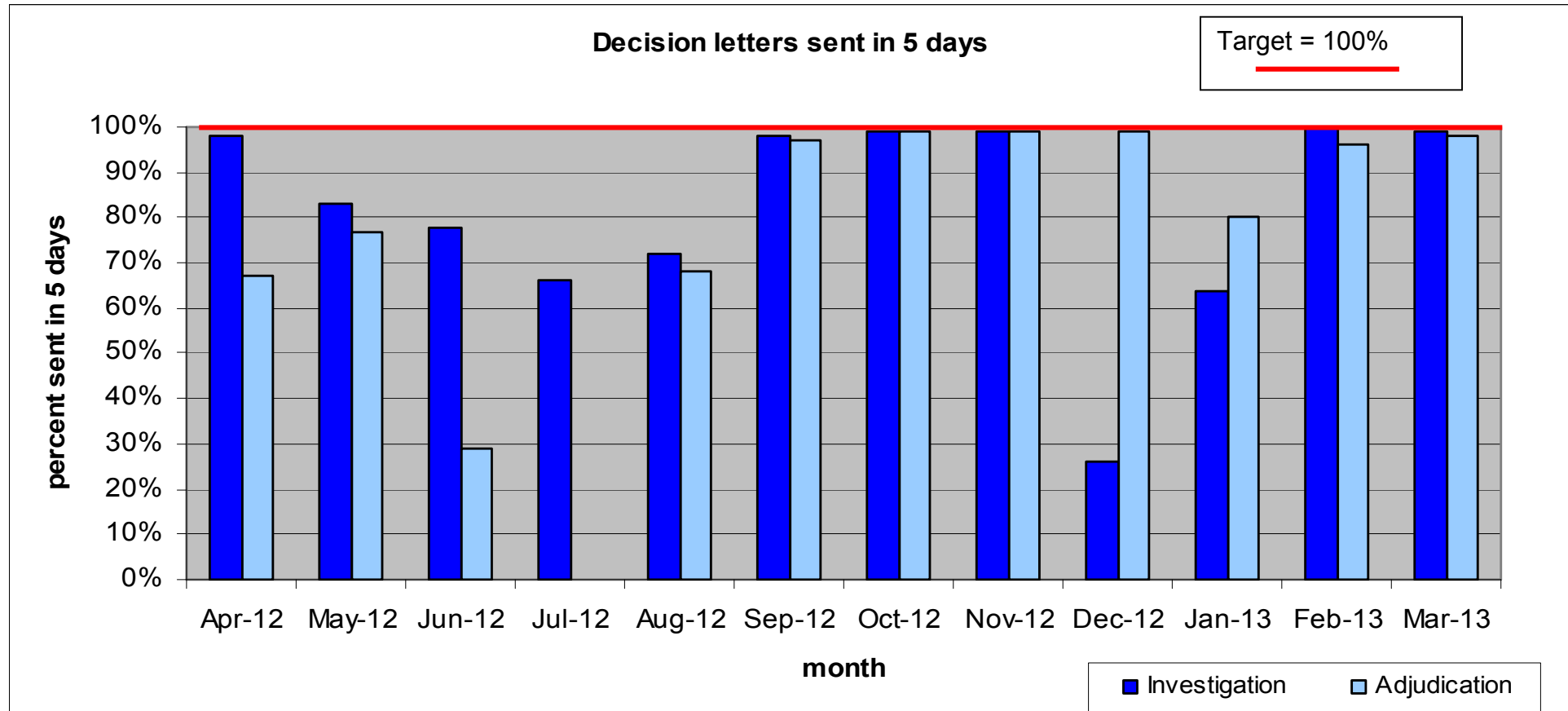
Annexe 3
New referrals received vs. cases closed



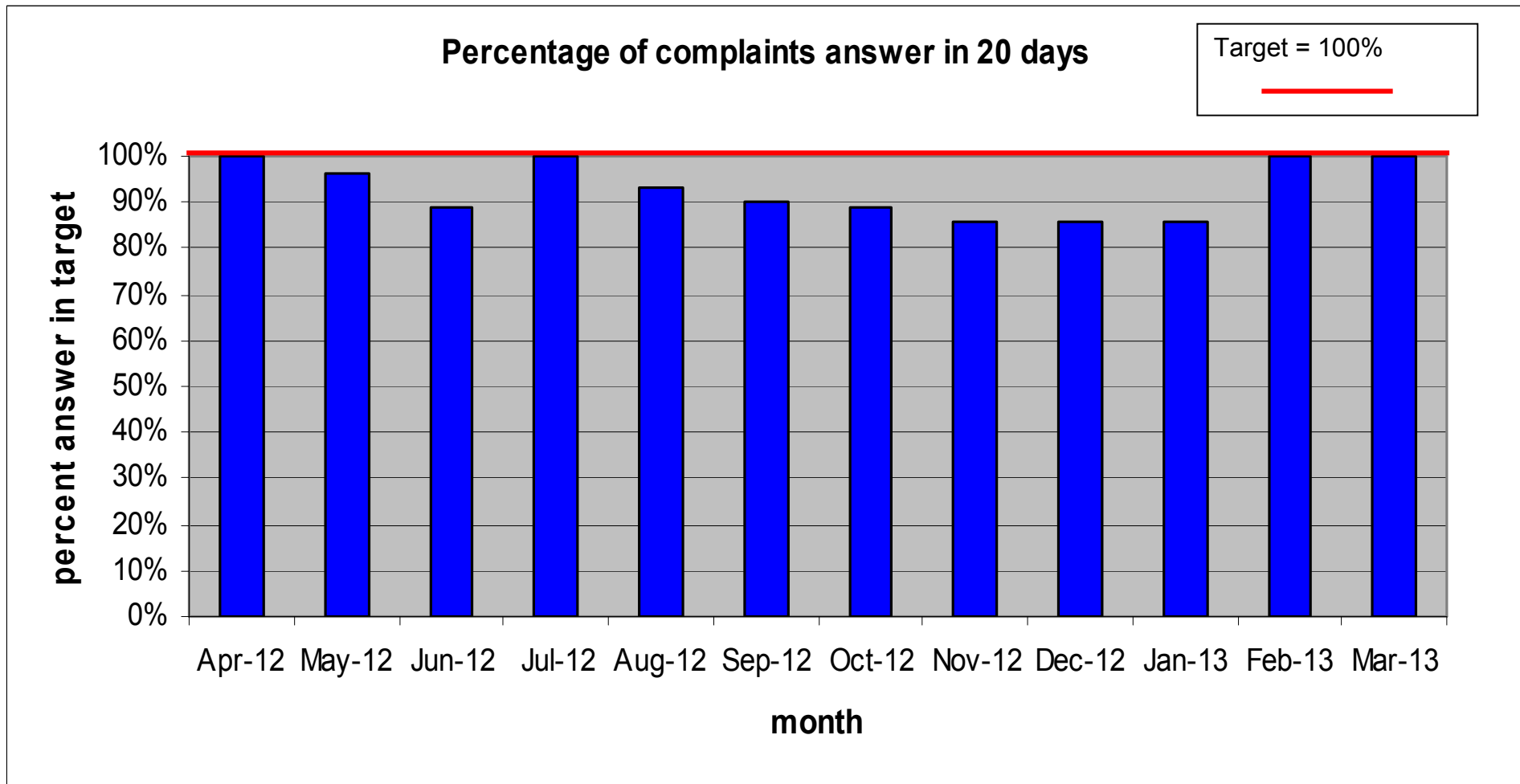
Month	New referrals	Cases closed	Difference
Feb-13	357	329	28+
Mar-13	354	337	17+

Annexe 4: Summary of FtP performance against balanced scorecard KPIs

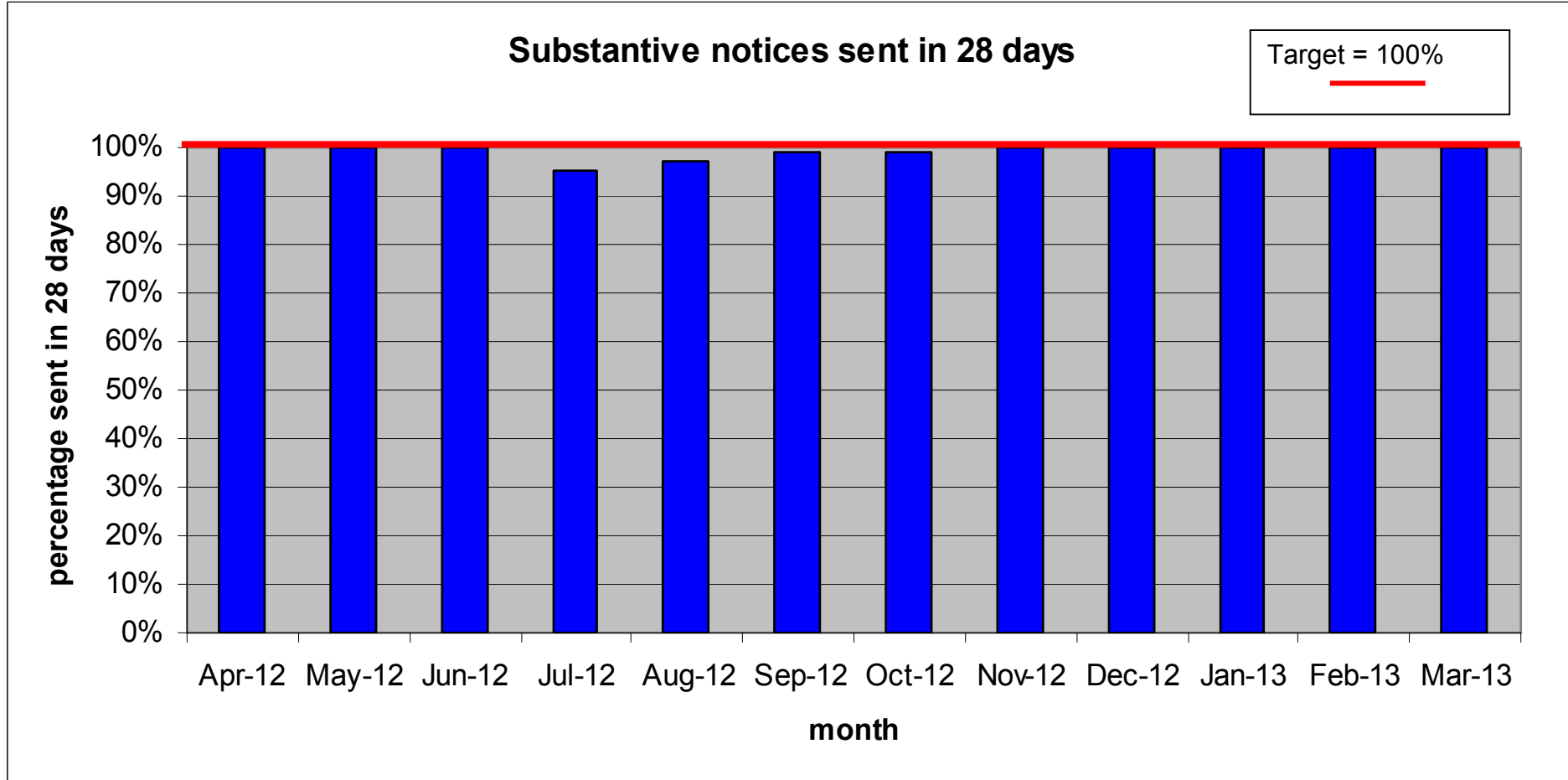
FtP 1 and 2: Decision letters sent 5 days



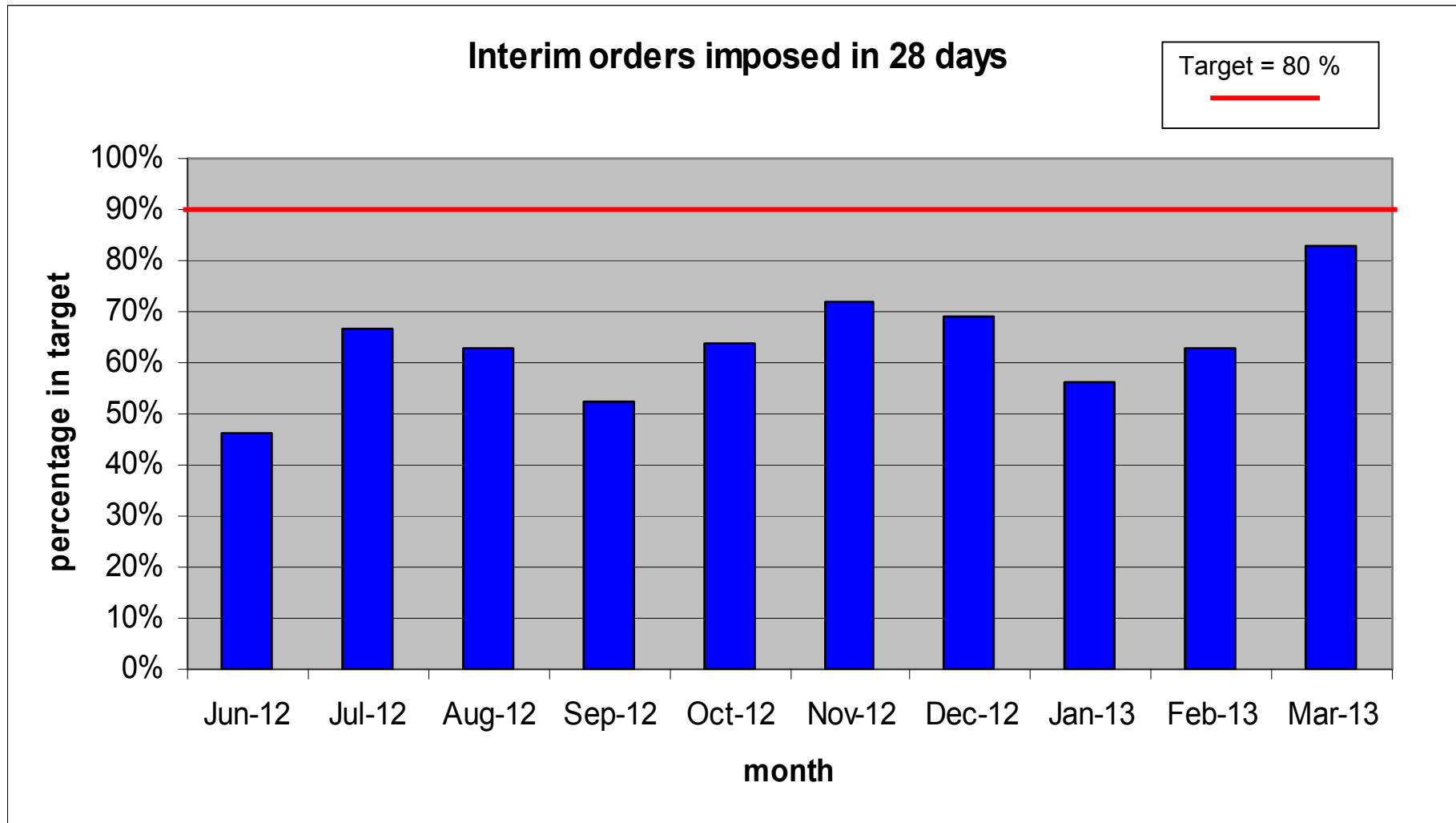
FtP 3: Complaints answered in 20 days



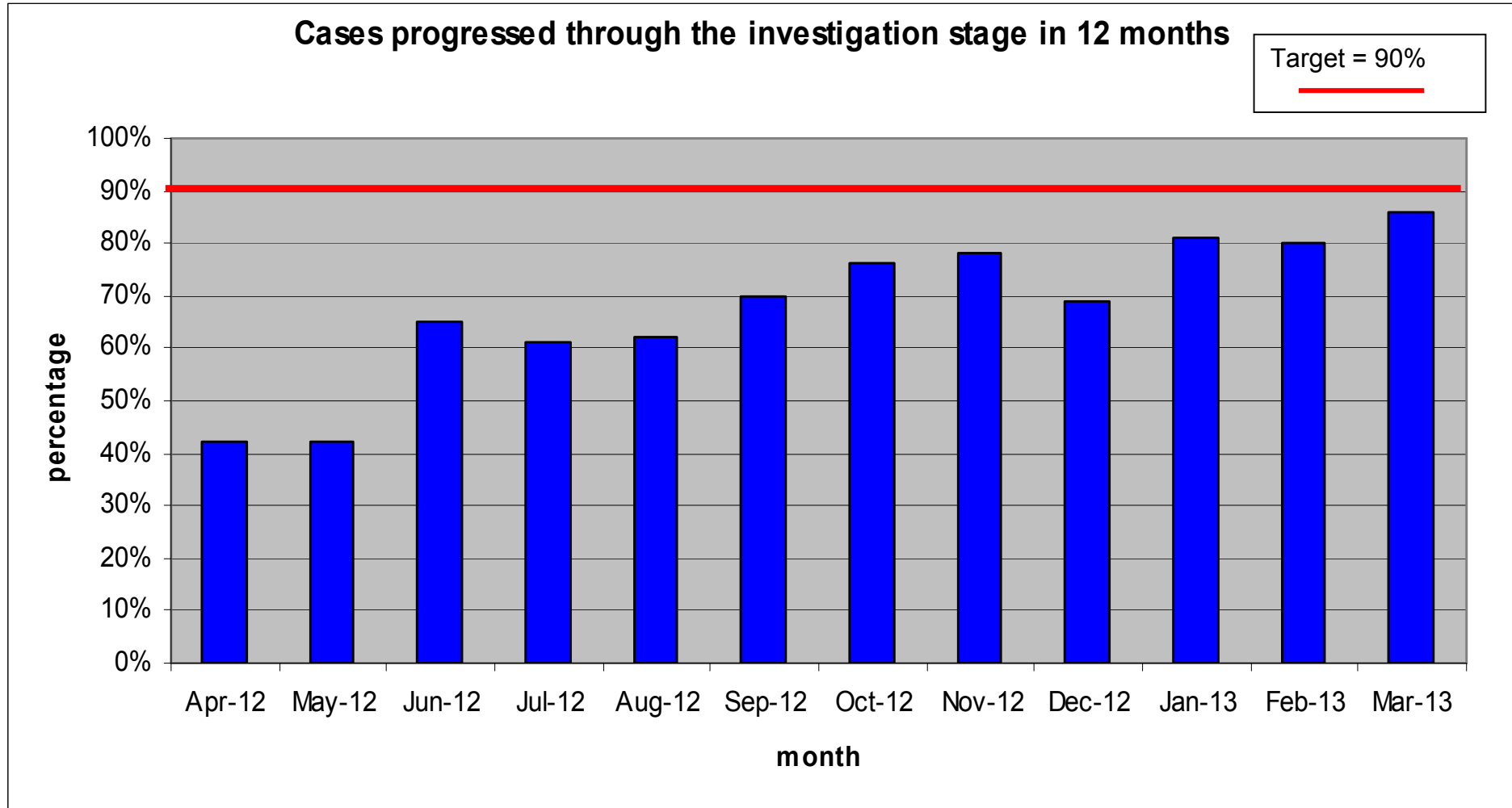
FtP 4: Substantive notices sent in 28 days



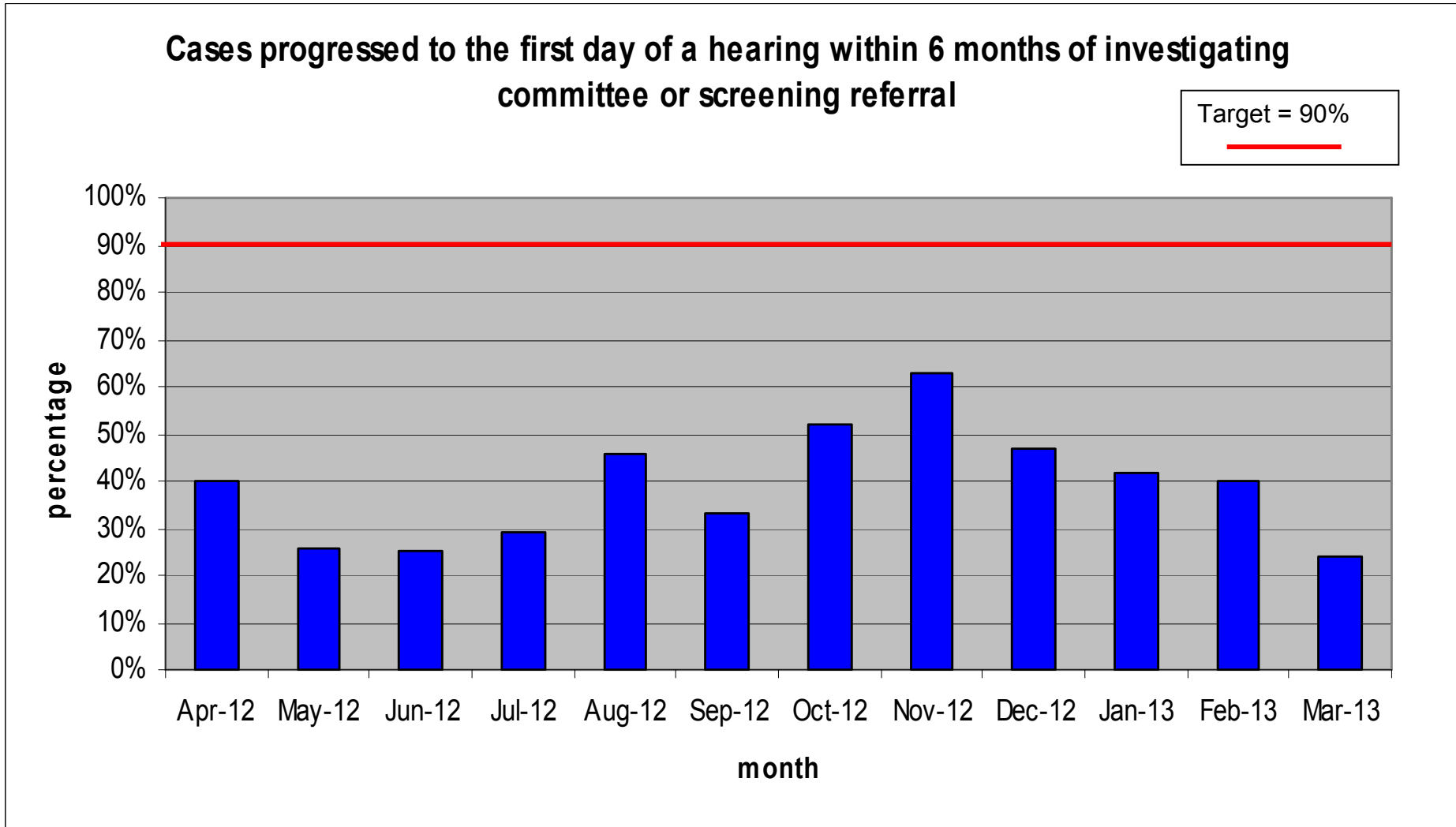
FtP 5: Interim orders imposed in 28 days of receipt of referral



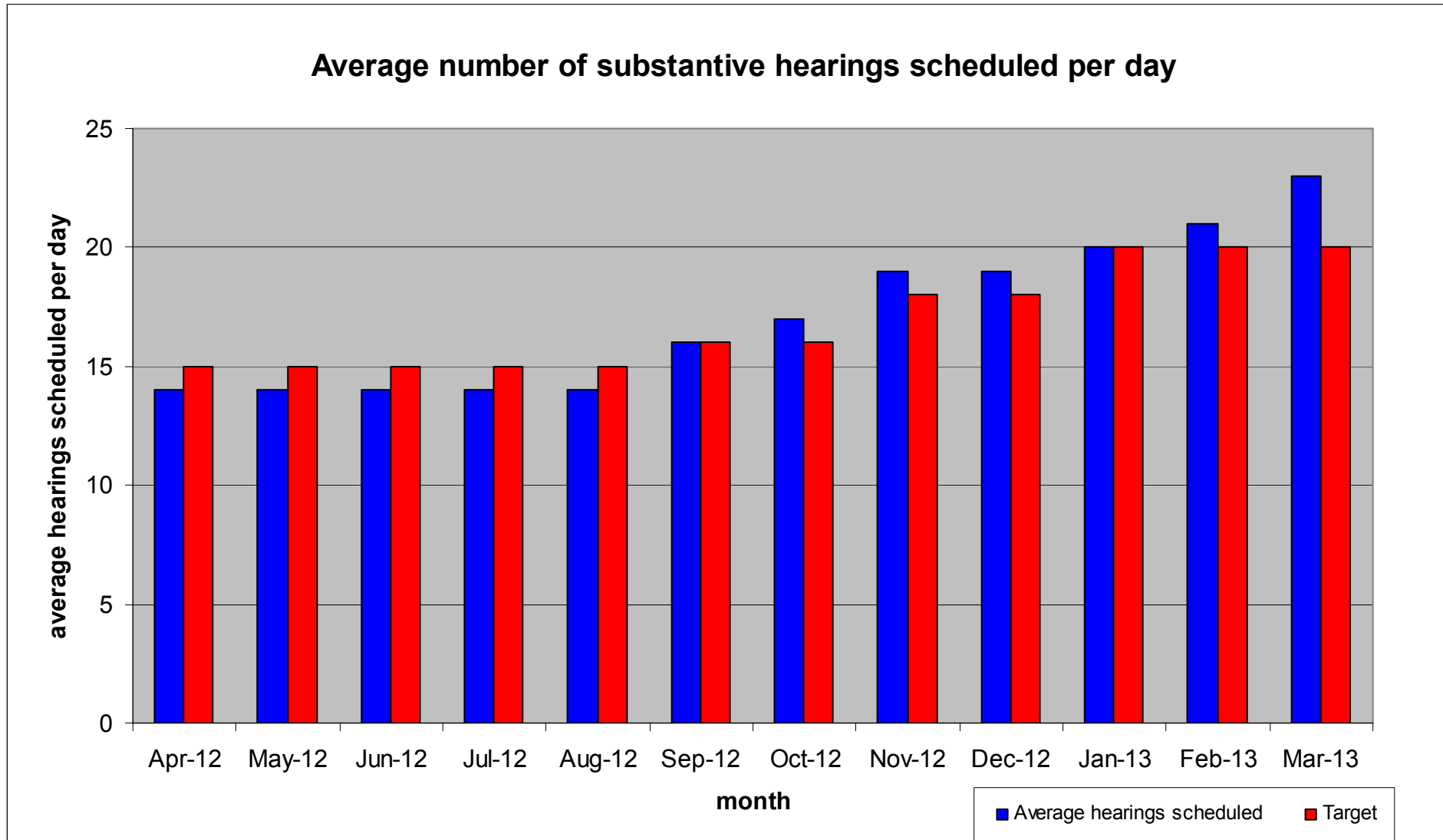
FtP 6: Percentage of cases progressed through the investigation stage in 12 months



FtP 9: Percentage of cases progressed through the adjudication stage in 6 months



FtP 10: Average number of substantive hearings scheduled per day



Council

Monthly financial monitoring – March 2013 results

Action: For information.

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

Core regulatory function: Supporting functions

Corporate objectives: The recommendations in this paper are consistent with Objective 7 of the Corporate Plan for 2012-2015, namely 'We will develop effective policies, efficient services and governance processes that support our staff to fulfil all our functions'.

Decision required:

- None

Annexes: The following annexes are attached to this paper:

- Annexe 1: Management results for 2012-2013 for the month of March and the full year 2012-2013.
- Annexe 2: Actual results and forecast projections by month to March 2014.
- Annexe 3: Graph showing actual and forecast available free reserves versus the financial strategy available free reserves for 2012-2016.
- Annexe 4: Graph showing breakdown of operating spend by cost category for the year 2012-2013.

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

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Context: Financial information

- 1 The budget information used throughout these reports is based on the rebased budget approved by Council on 20 June 2012.
- 2 Detailed monthend reporting packs are produced for the Executive Team, showing results by directorate, cost centres and projects, together with summary reports, commentary and an update of the Central Pool position. An abridged version is circulated to each member of the Finance and IT Committee on a quarterly basis.
- 3 A graph of progress towards meeting our available free reserves target is at Annexe 3.
- 4 A pie chart showing operating expenditure by cost category is at Annexe 4.

Discussion and options appraisal: Executive summary

- 5 Available free reserves at March 2013 were £7.4 million. This is well below the £10 million minimum target of available free reserves, but significantly better than predicted in the financial strategy.
- 6 The full year results reflect the £20 million grant funding from the Department of Health. The £20 million is recognised as 'restricted' revenue this year, and £571k is being released to available free reserves each month over the 35 months from February 2013 to December 2015, reflecting the fact that the grant is a contribution towards our work in delivering the FtP KPIs and restoring reserve levels over that period.
- 7 Free reserves at 31 March 2013 are £0.6 million higher than the prior month forecast. This is primarily as a result of £0.4 million of timing differences (i.e. costs that will now be incurred next year) including £0.2 million on upgrades to the ICT and finance systems. Costs were higher than previously forecast in FtP by £0.5 million with more hearing events being held than forecast. Savings of £0.2 million in facilities management (across a number of cost categories) and £0.5 million in the central pool mitigated this overspend. The central pool held a contingency of £0.3 million which has been released, and a provision of £0.2 million for software licences which is no longer required as the costs are lower than originally envisaged. The year end free reserves are £7.8 million better than budget. This is due primarily to those issues reported consistently over the last few months, namely:
 - 7.1 slower than expected staff recruitment across the NMC,
 - 7.2 operational efficiencies and lower operational costs achieved during the year,
 - 7.3 credits in relation to prior year activity.
- 8 FtP Conduct and Competence Committee (CCC) activity in March 2013

increased month on month to an average of 22.8 hearings per day.

- 9 We continue to negotiate with HMRC in relation to the repayment of income tax and National Insurance paid on FtP panellist expenses in prior years. Our current estimate of repayment is between £1.5 million and £2 million. This has not been factored into these results. We have agreed with our auditors that this will be treated as a contingent asset in the year end accounts.

Monthly management results

- 10 The management results for March 2013 are set out at Annexe 1, setting out the full year results versus budget and prior forecast.

Actual results versus budget

- 11 The highlights for the full year against budget are:
 - 11.1 In the rebased budget approved by Council in June 2012, it was assumed that the fee would rise to £120 from January 2013; this is now a £100 fee from March 2013 leading to a variance against budget of £1 million. There are slight shortfalls in overseas fees and verification fees, offset by a positive variance on interest income.
 - 11.2 Compared to the budget for revenue and capital expenditure, there is a net underspend of £7.9 million for the year.
 - 11.3 FtP is £4.7 million underspent for the year. The underspend is driven by:
 - 11.3.1 An overall operational variance on hearings in the region of £2.4 million. An adverse volume variance of approximately £0.1 million is offset by a positive volume variance of approximately £2.5 million. Total hearing days are higher than budget by 75 (5,700 held against a budget of 5,625).
 - 11.3.2 Net staff costs are below budget for the year (£1,142k) due to slippage in recruitment.
 - 11.3.3 The release of accruals and provisions from the prior year (£1,186k), which have been reported previously.
 - 11.3.4 Additional budgeted expenditure in relation to the Olympics which was not required to the extent expected (approximately £150k).
 - 11.3.5 Offsetting the above underspends, external investigation fees in total are overspent by approximately £241k. 1,371 cases were sent externally, in line with the budget of 1,370. However, a number of complex cases fell outside the fixed fee agreement resulting in higher costs incurred. In addition, the budget was understated by £100k for a proportion of external

case costs relating to cases sent in February and March 2012. A rebate of £70k from one supplier was received in March 2013.

- 11.4 Costs in Continued Practice are lower than plan due to staff savings and lower QA costs due to lower reviewer days being utilised, prior year credits and fewer follow up visits being required.
- 11.5 Costs in ICT are lower due to the timing of the case management system maintenance release as a consequence of a change in business requirements, therefore the release has been delayed until further business analysis has been completed.
- 11.6 Projects are underspent due to the effective and efficient manner in which the recruitment and equipping of the additional FtP staff was undertaken, therefore the budget for recruitment and equipment was not utilised as expected.
- 11.7 The favourable variance in the Central Pool (£4,233k) is offset to an extent by actual spend over budget in other departments and in capital expenditure, representing costs that were funded by the Central Pool (for instance £1,364k of redundancy costs relating to the restructure, costed to NMC General).
- 11.8 Total free reserves at March 2013 are £15.3 million. The pension deficit at this point is £7.88 million; therefore available free reserves at March 2013 are £7.4 million. This is £7.8 million better than budget, but outside the reserves policy envelope agreed by Council in September 2012 (i.e. the risk based element of reserves to be in a target range of £10 million to £20 million).
- 11.9 Total cash is £75.4 million at March 2013. This is £19.0 million higher than budget, due to the receipt of the £20m grant from the Department of Health, combined with lower expenditure for the year and lower creditors (deferred income and trade creditors) than budget.

Public protection implications:

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

Resource implications:

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

Equality and diversity implications:

14 An EQIA is not required in relation to this paper.

- Stakeholder engagement:** 15 We consulted extensively with stakeholders on fees.
- Risk implications:** 16 This report presents a historic view of the NMC's financial position at 31 March 2013. The budget and three year financial forecast presented to and approved by Council in March 2013 sets out the financial risks to the organisation.
- Legal implications:** 17 None.

Actual, budget & forecast 2012-2013
£000's

2012/2013	Month of March				Full Year				
	Actual	Rebased budget	Prior Forecast	vs rebased budget	Actual	Rebased budget	Prior Forecast	vs rebased budget	vs prior forecast
Income from fee rise	0	508	90	(508)	0	1,008	90	(1,008)	(90)
Grant Income	0	0	0	0	20,000	0	20,000	20,000	0
Periodic Fee Income	4,358	4,309	4,309	49	51,298	51,272	51,250	27	49
Subsequent Registration Fee	3	3	3	(0)	51	36	51	15	(0)
Overseas Registration	0	3	0	(3)	29	36	29	(7)	0
Overseas Applications	0	17	0	(17)	145	204	145	(59)	0
Eu Assessment Fee	32	28	28	4	329	336	325	(7)	4
Recorded Qualifications Verifications	4	8	8	(4)	86	96	91	(10)	(4)
Replacement Of Pin Card	10	16	16	(6)	140	192	146	(52)	(6)
Interest Income	0	0	1	0	3	0	4	3	(1)
	125	100	100	25	1,275	1,200	1,250	75	25
Total Income:	4,531	4,992	4,555	(461)	73,356	54,380	73,380	18,976	(24)
Office of the Chair & Chief Executive	46	50	48	4	484	603	486	119	2
Communication	56	121	68	66	873	1,405	885	532	12
Council Services	37	21	38	(16)	336	400	337	65	1
Governance	131	40	155	(92)	1,072	524	1,096	(548)	24
Policy	27	32	35	4	310	327	317	18	8
Corporate Governance	251	213	295	(38)	2,591	2,657	2,635	66	45
Registration	304	253	370	(51)	3,014	2,816	3,079	(197)	66
Continued Practice	134	316	155	182	1,891	3,020	1,912	1,130	21
ICT	342	394	425	52	3,937	4,281	4,020	343	83
Finance	176	158	229	(18)	1,804	1,654	1,857	(151)	53
Facilities Management	539	385	494	(155)	4,646	4,567	4,601	(80)	(45)
HR&OD	704	219	751	(485)	3,124	2,653	3,171	(472)	47
Corporate Services	1,762	1,155	1,899	(607)	13,512	13,154	13,650	(358)	137
Directors office	179	61	157	(117)	1,238	908	1,217	(330)	(21)
Screening	84	106	100	22	962	1,221	978	259	16
Case Investigations	19	10	71	(9)	5,048	209	5,100	(4,839)	52
Case Investigations - Edinburgh	40	33	42	(7)	297	305	299	8	1
Case Investigations - July	53	53	42	0	348	476	338	128	(11)
Case Investigations - October	37	40	41	2	182	238	186	56	4
Case Investigations - December	32	35	43	4	100	142	112	41	12
Investigations - IC	142	108	87	(34)	1,233	1,192	1,177	(40)	(55)
Case Management	75	161	80	86	1,566	2,021	1,571	455	6
Scheduling	81	40	62	(41)	596	435	577	(161)	(19)
Case Preparation	90	185	88	94	587	5,623	584	5,036	(3)
Admin / General	126	95	101	(30)	1,225	1,071	1,201	(154)	(25)
Adjudication	256	216	218	(40)	2,221	2,271	2,183	50	(38)
CCC	1,800	1,291	1,295	(509)	13,712	14,491	13,207	779	(505)
HC	108	121	91	13	910	1,346	894	436	(16)
Investigations - ICIO	199	455	260	256	2,766	5,073	2,826	2,308	60
Regulatory Legal Team	353	412	382	60	3,618	4,072	3,647	454	29
Panel support	120	54	108	(66)	601	623	589	22	(12)
Quality Assurance	16	24	14	8	138	287	136	149	(2)
FTP	3,809	3,502	3,283	(307)	37,347	42,003	36,822	4,656	(525)
Projects	97	121	114	25	615	1,209	633	593	17
Depreciation	117	223	89	106	2,469	2,672	2,441	203	(28)
NMC Corporate/General	(39)	10	5	49	1,345	136	1,389	(1,209)	44
Central pool	0	465	591	465	0	4,233	591	4,233	591
Revenue Spend	6,479	6,307	6,849	(172)	63,267	72,503	63,636	9,236	370
Surplus / (Deficit)	(1,948)	(1,315)	(2,294)	(633)	10,090	(18,122)	9,744	28,212	346
Capital	278	53	512	(225)	1,676	320	1,910	(1,356)	234
Total free reserves					15,279	7,492	14,671	7,787	608
Pension deficit					7,877	7,877	7,877	0	0
Available free reserves (excluding pension deficit & restricted funds)					7,402	(385)	6,794	7,787	608
Restricted funds					18,857	0	18,857	18,857	0
Cash at bank					75,417	56,374	76,739	19,043	(1,322)
Net inflow/(outflow) of funds					9,984	(9,058)	11,307	19,042	(1,323)
Substantive hearing numbers per day	23	20	22	3	17	17	17	0	(0)
Headcount	566	570	566	4	566	570	566	4	0

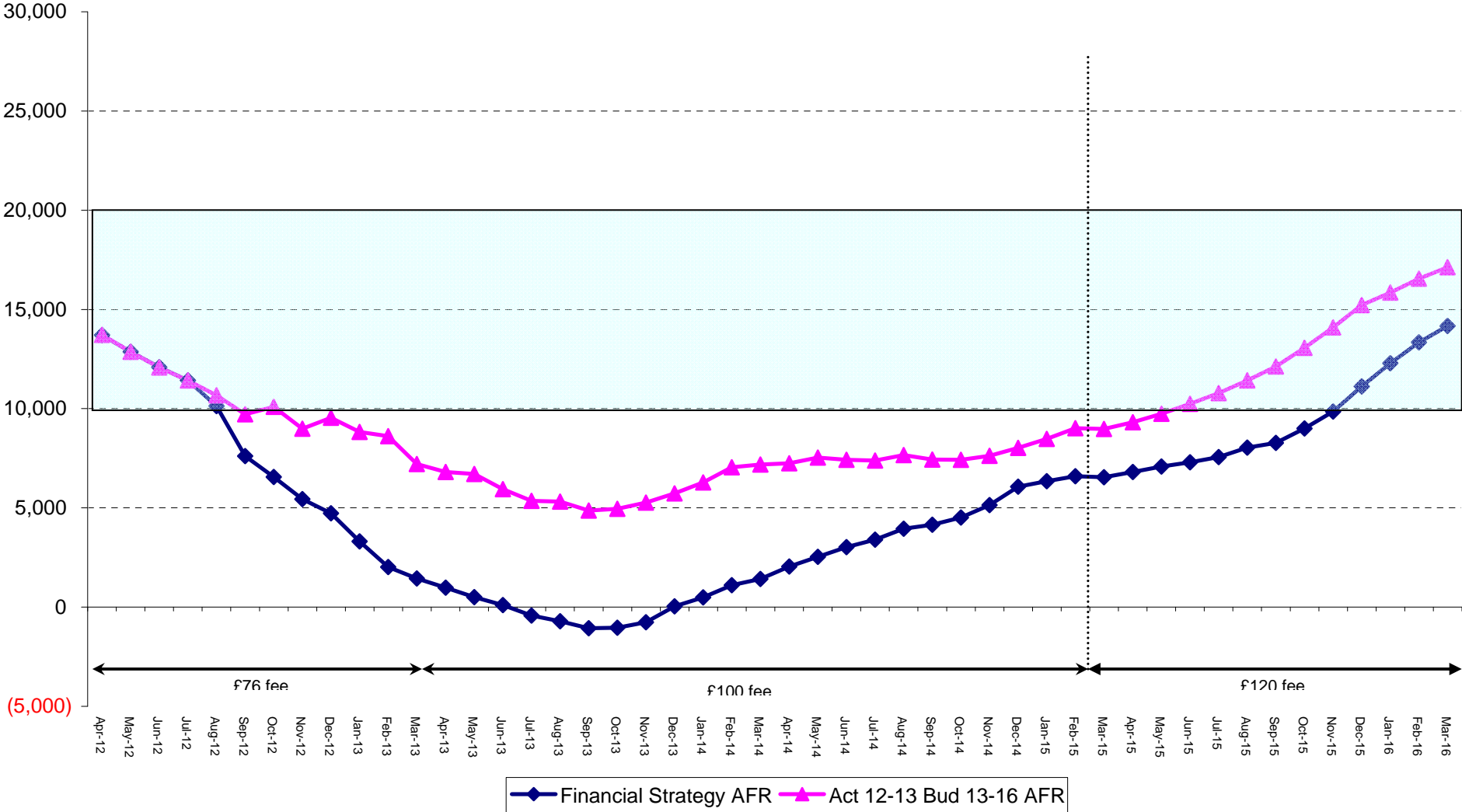
Actual and Forecast per month 2012-2013

£000's

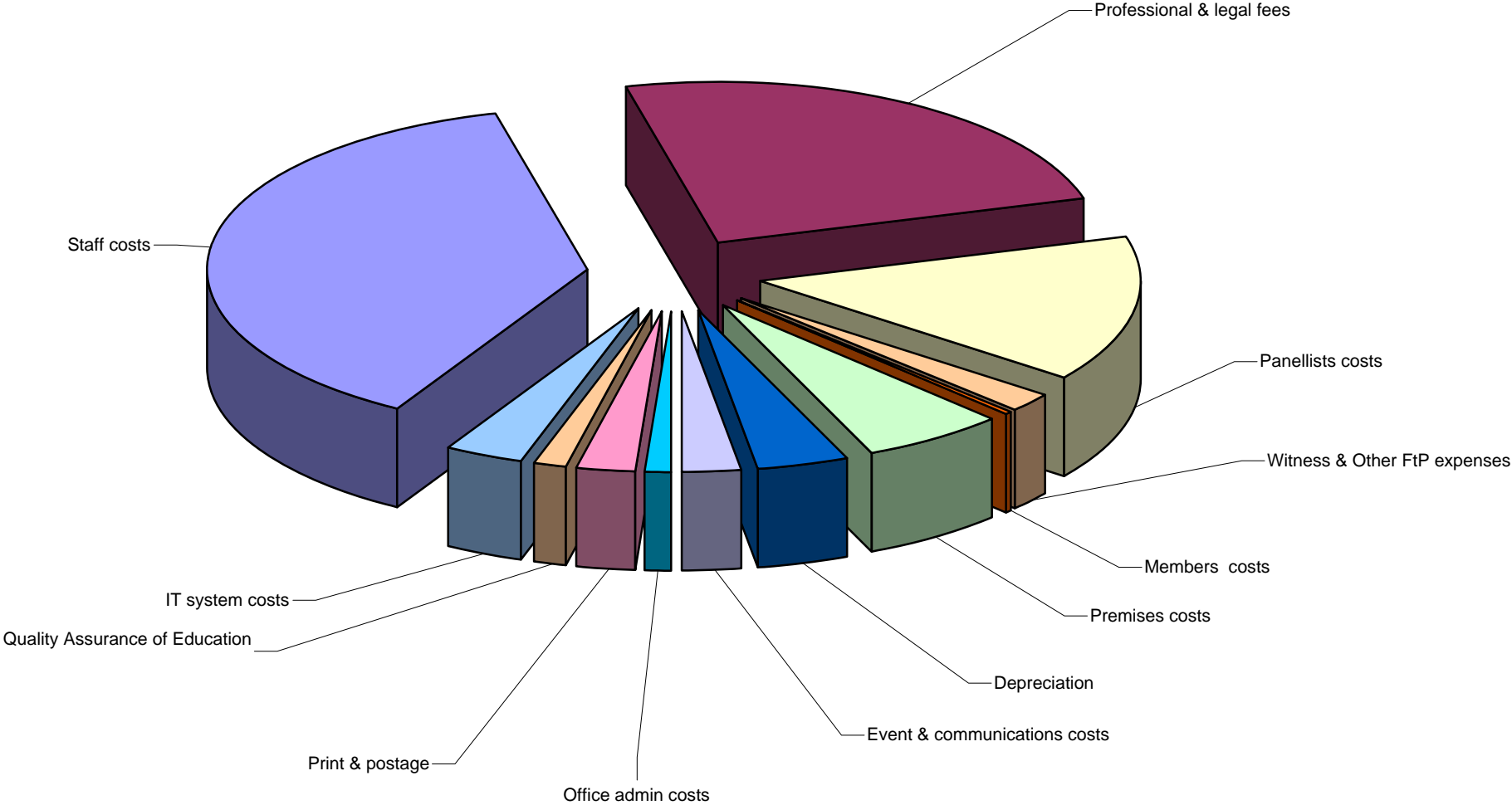
	Apr-12 Actual	May-12 Actual	Jun-12 Actual	Jul-12 Actual	Aug-12 Actual	Sep-12 Actual	Oct-12 Actual	Nov-12 Actual	Dec-12 Actual	Jan-13 Actual	Feb-13 Actual	Mar-13 Actual	Full Year 2012- 2013
Income from fee rise													0
Grant Income											20,000		20,000
Periodic Fee Income	4,229	4,255	4,274	4,249	4,243	4,243	4,297	4,303	4,286	4,281	4,280	4,358	51,298
Subsequent Registration Fee	6	2	(2)	2	1	5	21	6	3	2	2	3	51
Overseas Registration	0	3	7	4	3	2	4	3	3	0	0		29
Overseas Applications	17	15	11	21	20	16	13	17	11	2	0		145
Eu Assessment Fee	9	17	22	28	21	29	31	33	40	39	27	32	329
Recorded Qualifications	6	5	5	9	11	7	16	10	7	2	4	4	86
Verifications	10	13	13	14	10	9	16	13	6	14	12	10	140
Replacement Of Pin Card	1	1	0	0	0	0	(0)	0	0	0	0		3
Interest Income	87	131	95	106	100	96	106	104	107	107	110	125	1,275
Total Income:	4,365	4,442	4,427	4,433	4,410	4,409	4,504	4,489	4,463	4,447	24,435	4,531	73,356
Office of the Chair & Chief Executive	22	45	61	37	36	21	37	41	41	46	52	46	484
Communication	105	147	88	178	90	(61)	44	50	81	42	52	56	873
Council Services	20	22	54	17	14	8	25	34	28	31	45	37	336
Governance	83	55	85	74	157	33	110	97	86	74	86	131	1,072
Policy	30	21	28	30	29	29	20	21	24	25	25	27	310
Corporate Governance	238	246	255	299	291	10	199	202	219	172	209	251	2,591
Registration	208	213	201	192	261	291	256	289	215	287	297	304	3,014
Continued Practice	233	249	205	223	191	31	96	139	162	125	104	134	1,891
ICT	403	429	440	291	307	205	270	324	323	340	262	342	3,937
Finance	123	180	154	232	249	(119)	194	191	140	151	131	176	1,804
Facilities Management	348	325	301	393	386	422	408	418	418	294	395	539	4,646
HR&OD	169	185	158	244	201	290	297	176	202	242	257	704	3,124
Corporate Services	1,043	1,120	1,053	1,160	1,144	798	1,168	1,109	1,083	1,027	1,045	1,762	13,512
Directors office	129	163	22	119	75	63	91	78	91	72	158	179	1,238
Screening	87	97	90	88	75	66	68	75	68	80	84	84	962
Case Investigations	28	31	32	30	25	4,586	(264)	201	173	92	94	19	5,048
Case Investigations - Edinburgh	0	5	14	12	10	31	27	35	39	44	40	40	297
Case Investigations - July	0	0	0	27	44	32	32	37	38	37	48	53	348
Case Investigations - October	0	0	0	0	0	4	6	34	33	35	37	37	182
Case Investigations - December	0	0	0	0	0	0	0	0	12	28	29	32	100
Investigations - IC	66	108	110	71	99	82	112	184	100	86	73	142	1,233
Case Management	146	160	154	132	173	167	170	87	102	110	89	75	1,566
Scheduling	25	29	27	28	48	51	60	50	71	59	67	81	596
Case Preparation	654	864	1,073	1,000	698	(4,130)	35	54	80	82	87	90	587
Admin / General	88	117	68	110	102	113	88	129	74	129	83	126	1,225
Adjudication	125	152	145	151	161	138	205	203	225	243	217	256	2,221
CCC	902	1,065	1,050	969	1,090	1,055	1,190	1,314	483	1,343	1,448	1,800	13,712
HC	83	61	67	68	81	78	83	45	62	98	76	108	910
Investigations - ICIO	268	221	267	134	369	240	276	176	49	337	231	199	2,766
Regulatory Legal Team	287	313	246	191	262	277	202	336	265	519	366	353	3,618
Panel support	26	152	23	75	64	61	46	7	3	3	19	120	601
Quality Assurance	10	10	10	10	10	12	11	9	12	12	16	16	138
FTP	2,924	3,548	3,397	3,216	3,388	2,926	2,436	3,056	1,980	3,409	3,260	3,809	37,347
Projects	(5)	53	61	50	27	39	37	31	71	64	89	97	615
Depreciation	261	228	207	182	197	217	224	217	206	230	183	117	2,469
NMC Corporate/General	109	(75)	5	5	5	1,298	(152)	3	35	27	125	(39)	1,345
Central pool	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue Spend	5,034	5,628	5,444	5,363	5,539	5,632	4,302	5,085	4,011	5,387	5,363	6,479	63,267
Surplus / (Deficit)	(669)	(1,185)	(1,018)	(929)	(1,129)	(1,222)	201	(596)	452	(940)	19,072	(1,948)	10,090
Capital	0	0	78	9	8	37	169	815	183	95	4	278	1,676
Total free reserves	22,686	21,787	20,906	20,163	19,233	18,200	18,467	17,284	17,769	16,974	16,816	15,279	
Pension deficit	8,906	8,813	8,719	8,626	8,532	8,438	8,345	8,251	8,158	8,064	7,970	7,877	
Available free reserves (excluding pension deficit & restricted funds)	13,780	12,974	12,187	11,537	10,701	9,762	10,122	9,033	9,612	8,910	8,846	7,402	
Restricted funds	110	100	90	80	70	60	50	40	30	20	19,429	18,857	
Cash at bank	63,364	60,680	59,497	58,571	56,868	60,241	59,255	58,148	56,364	74,190	73,586	75,417	
Net inflow/(outflow) of funds - monthly	(2,068)	(2,684)	(1,183)	(926)	(1,703)	3,373	(986)	(1,107)	(1,784)	17,826	(604)	1,831	9,985
Substantive hearing numbers per day	14	14	13	14	15	16	17	19	19	20	21	23	17
Headcount	460	469	475	480	496	488	496	514	549	549	558	566	

Apr-13 Budget	May-13 Budget	Jun-13 Budget	Jul-13 Budget	Aug-13 Budget	Sep-13 Budget	Oct-13 Budget	Nov-13 Budget	Dec-13 Budget	Jan-14 Budget	Feb-14 Budget	Mar-14 Budget	2013-2014
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
4,496	4,601	4,680	4,747	4,847	4,938	5,209	5,307	5,418	5,513	5,595	5,595	60,947
3	3	3	3	3	3	3	3	3	3	3	3	38
4	4	4	4	4	4	4	4	4	4	4	4	46
17	17	17	17	17	17	17	17	17	17	17	17	203
26	26	26	26	26	26	26	26	26	26	26	26	316
8	8	8	8	8	8	8	8	8	8	8	8	100
13	13	13	13	13	13	13	13	13	13	13	13	151
0	0	0	0	0	0	0	0	0	0	0	0	0
123	123	123	123	123	123	123	123	123	123	123	123	1,480
4,691	4,795	4,875	4,941	5,041	5,133	5,403	5,502	5,613	5,707	5,790	5,790	63,281
47	47	47	47	47	48	47	47	47	48	47	47	566
61	61	64	104	72	74	71	73	105	71	71	74	901
42	35	32	46	22	38	45	51	38	41	86	36	512
113	108	142	104	89	129	98	88	128	88	88	128	1,301
33	33	33	35	35	35	35	35	35	35	35	35	414
248	236	270	290	219	276	249	247	306	235	280	273	3,128
268	264	260	266	325	326	313	278	278	265	285	284	3,411
256	281	273	254	229	241	250	280	332	244	226	219	3,085
518	317	582	373	326	462	317	373	462	317	326	518	4,887
139	139	210	139	139	211	139	139	228	139	138	239	1,999
412	398	407	407	408	499	4						

Annexe 3: Available free reserves - actual and budget results to March 2016 vs financial strategy



Breakdown of operating expenditure by cost category 2012-2013



Council

Audit Committee Report from April meeting

Action: For discussion.

Issue: To consider the report of the Audit Committee following its meeting on 19 April 2013.

Core regulatory function: Supporting functions

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

Decision required: Council is invited to note this report.

Annexes: The following annexe is attached to this report:

- Annexe 1: Annual report of the Audit Committee to Council

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

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- Context:** 1 This report provides an update on the key issues considered by the Audit Committee at its meeting on 19 April 2013. The minutes of that meeting will be placed on the members' e-net.
- Discussion:** 2 The Committee addressed a wide range of issues at its April meeting.

Items which Council asked the Committee to address

- 3 The Committee and Council have both previously pressed for the development of effective arrangements to ensure that the NMC records and learns from mistakes, including issues arising from serious events, data breaches and complaints.
- 4 The Committee approved a high level policy in January 2013 and received a progress report on implementation at its April 2013 meeting. The Committee is encouraged that this is moving in the right direction and that the systems being put in place should help promote the development of a culture of learning and continuous improvement. The Committee has continued to monitor reports of individual serious events and data breaches to ensure action is taken and organisational learning addressed.
- 5 In January 2013, Council asked the Committee to consider the way in which NMC policies and procedures are reviewed. The Committee received a report at its April 2013 meeting on a new policy governance framework for the NMC which has been developed and was assured that this will include arrangements for systematic review of policies and processes. The Committee suggested that any successor Committee should receive twice yearly, reports on progress in ensuring compliance with the new policy governance framework.

Items which the Committee would highlight to Council

- 6 The Committee's final meeting highlighted a number of issues that Council may wish to address or incorporate in transition planning for reconstituted Council and, where appropriate, any successor Audit Committee.
- 7 Assurance: The Committee would suggest that Internal Audit undertake an early review of all outstanding internal audit recommendations to ascertain the implementation status and ongoing applicability of all such recommendations to provide an up to date picture and ensure continuity of oversight going forward.
- 8 Governance issues arising from the Francis report:
- 8.1 Council may wish to consider commissioning a review of all compromise agreements entered into by the NMC over the

past 18 months to identify any that seek to limit bona fide disclosure of public protection issues (“gagging clauses”). The outcomes of such a review would enable reconstituted Council to develop its policy and send a clear public message as to its position, decide what action to take in any such cases and identify learning to inform how to prevent such situations arising in future.

- 8.2 Consideration be given as to how Council members receive direct input from patients and the public given the importance attached to this by the Francis report.
- 8.3 Consideration be given as to how Council members can gain assurance about organisational culture, including openness to criticism and the extent to which staff can raise issues or concerns.

Risk Management

- 9 The Committee agreed the final content of the revised risk management framework and toolkit for the NMC. This is being rolled out to staff and will be fully implemented following reconstitution of Council.

Internal Audit

- 10 The Committee received the report on internal audit work completed during the fourth quarter of the year and noted the “limited” assurance accorded following the health check of data security. The Committee therefore welcomed a progress report on improvements being made to strengthen data security. The Committee felt it would be helpful to any successor Committee to receive an early report on levels of information security training in Fitness to Practise.
- 11 The Committee continued to scrutinise progress against recommendations made by internal audit and other assurance reviews. The Committee noted the steps taken by management to reduce the number of outstanding internal audit recommendations as a result of its sustained focus on this issue. The Committee congratulated staff in Registrations and the Finance department of Corporate Services for successful implementation of a large number of recommendations as verified by internal audit.
- 12 The Committee suggested that an early review of outstanding recommendations be undertaken as highlighted in paragraph 7 above.
- 13 The Committee reported to Council in January on the need for significant further investment to be made in internal audit services if Council is to receive the level of assurance it needs. The Committee has overseen a procurement process for new provision and was

pleased at the appointment of Moore Stephens as the NMC's internal audit providers from April 2013.

- 14 The Committee held useful discussions with the new internal audit providers on the direction of the internal audit strategy over the next three years and work programme for 2013-2014.
- 15 The Committee highlighted to Council in January the importance of developing a robust assurance framework for the NMC and welcomed Council's recognition of the significance of this work. The Committee is therefore pleased that this will be addressed as a priority item in the internal audit work programme going forward.

Other Assurance

- 16 The Committee approved minor amendments to the Financial Regulations to ensure that these are up-to-date and reflect current organisations structures. The Committee notes that the Regulations will be subject to a full review during 2013-2014 as part of the wider review of governance documentation following reconstitution of Council.
- 17 The Committee noted that a strategy is in development to address Quality Assurance in Fitness to Practise following the concerns previously raised with Council.
- 18 The Committee reviews the use of the whistleblowing policy at each meeting and noted that there had been no reported incidents. The Committee was informed of recent developments, including Government plans to further strengthen the legal protection afforded to those raising concerns following the Francis report.

Governance

- 19 The Committee noted a progress report on the NMC's governance review and noted the plans for the governance framework and supporting documentation to be comprehensively reviewed following reconstitution of Council.
- 20 The Committee also considered wider governance issues and learning identified in the Francis report and NMC plans to address these. The Committee identified a number of issues to highlight to Council as discussed in paragraph 8 above.
- 21 The Committee considered and broadly approved the content of the draft Annual Governance Statement for inclusion in the statutory annual report and accounts 2012-2013 subject to various corrections and amendments including:
 - 21.1 Recognition that establishment of the Education, Finance and IT and Fitness to Practice Committees was a formalisation of

the previous working groups which had existed for some time.

- 21.2 That Julia Drown had chaired the Audit Committee until 30 April 2012.
- 21.3 That the Remuneration Committee's remit includes overseeing all payments made to staff departing the organisation which are outside normal contractual terms.
- 21.4 That consideration be given to providing more information about the progress made against the recommendations in the Professional Standards Authority (PSA) Strategic Review.
- 21.5 That reference be made to the co-option of a partner member of the Committee to Council to strengthen the financial advice and expertise available to it in response to both concerns expressed by the Audit Committee and the PSA Strategic Review.
- 21.6 Inclusion of an assessment by Council of its own effectiveness.
- 21.7 That the Governance Statement should present a realistic picture of assurance for example in relation to managing the risks associated with overseas registrations.

22 The Committee approved the content of its annual report to Council.

External Audit

- 23 The Committee noted progress against issues raised in the external auditors' management letter. It also reviewed and approved the NMC's accounting policies for treatment of the £20 million grant from the Department of Health.
- 24 The Committee will be provided with the draft statutory accounts for comment on 29 April prior to audit by both the external auditors and the National Audit Office.

Transition and Forward work plan

- 25 The Committee approved a transition and forward work plan to assist any successor Committee responsible for audit and assurance matters which may be established following reconstitution of Council.
- 26 The Committee felt that in particular it would be important that all issues previously identified to be addressed as part of the governance review be reported back to any successor Committee or Council, as appropriate.

Recommendation:

27 Council is recommended to note this report.

Public protection implications:

28 No direct public protection issues.

Resource implications:

29 None other than staff time to prepare the reports.

Equality and diversity implications:

30 Not directly as a result of this report.

Stakeholder engagement:

31 None.

Risk implications:

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

Legal implications:

33 None.

Council

Audit Committee Annual Report to Council

Action: For discussion.

Issue: To consider the annual report of the Audit Committee.

Core regulatory function: Supporting functions

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

Decision required: Council is invited to:

- Note this report.
- Address the issues raised by the Committee for Council as set out in paragraph 33 of the report.

Annexes: None

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

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Context:

- 1 This document is the annual report of the Audit Committee to Council.
- 2 The Audit Committee is responsible for ensuring that the business of the NMC is conducted with the highest integrity, probity and efficiency, and that there are appropriate systems in place for managing risk. The Committee's remit is:
 - 2.1 approving and monitoring the internal and external audit programme and monitoring the NMC's risk management arrangements
 - 2.2 monitoring the integrity of the financial statements of the NMC and recommending to Council the adoption of the annual report and accounts
 - 2.3 approving the strategic processes for risk, control and governance
 - 2.4 reviewing the accounting policies, the accounts, and the annual report, including the process for review of the accounts prior to submission for audit, reviewing errors identified and the letter of representation to external auditors
 - 2.5 reviewing the adequacy of management responses to issues identified by audit activity, including the external auditor's management letter
 - 2.6 approving anti-fraud policies, whistle-blowing processes, and arrangements for special investigations
 - 2.7 approving proposals for tendering internal and external audit services or for the purchase of non-audit services from contractors who provide audit services
 - 2.8 making recommendations to Council on the appointment, re-appointment and removal of the external auditor and the approval of the remuneration and terms of engagement of the external auditor
 - 2.9 reviewing and monitoring the external auditor's independence and objectivity and effectiveness of the audit process, taking into account relevant UK professional and regulatory requirements
 - 2.10 periodically reviewing its own effectiveness and report the results of that review to Council
 - 2.11 scrutinising the decisions of the Remuneration Committee to ensure that best practice is consistently applied to decision making.

Discussion: Membership

- 3 Between 1 April 2012 and 31 March 2013, the membership of the Audit Committee was as follows:

Ruth Sawtell	Chair (from 1 May 2012)
Julia Drown	Partner member (Chair to 30 April 2012)
Sue Hooton	Council member (from 13 December 2012)
Kim Lavelly	Partner member (resigned 13 December 2012)
Grahame Owen	Council member (to 13 December 2012)
Louise Scull	Partner member
Bea Teuten	Council member
Jane Tunstill	Council Member (from 13 December 2012)

- 4 The Committee would wish to record its appreciation of the contribution made by Kim Lavelly who resigned in December 2012. The Audit Committee would highlight the importance of Council ensuring that the information provided to, and level of engagement with, partner members is sufficient to enable them to contribute effectively to the NMC's work.
- 5 The other changes to the membership of the Committee were the result of Council's decision to create a number of new Committees in late 2012.

Meetings in 2012-2013

- 6 The Committee met six times on: 30 April; 12 June; 10 September; and 11 December 2012; and on 25 January and 19 April 2013.

Oversight of Annual Report and Accounts 2011-2012

- 7 The Committee scrutinised the draft Annual Governance Statement and the draft Annual Report and Accounts 2011-2012. The Committee, whilst recommending approval of the substance of both the report and accounts, advised that Council delay submission to Parliament pending publication of the Professional Standard's Authority (Previously CHRE) Strategic Review, so as to ensure that the report and accounts could be certified without qualification by the Comptroller and Auditor General. Council accepted the Committee's advice and the annual report and accounts were submitted to Parliament on 18 September 2012.

NMC Assurance Framework

- 8 The Committee has pressed for the development of a robust assurance framework for the NMC. The Committee considers this important to help identify gaps and weaknesses in existing internal controls and processes and to support Council manage risk effectively. The Committee highlighted to Council the need for this work to be prioritised and for sufficient resources to be made available for this substantive piece of work.
- 9 The Committee welcomes the plan for this work to be addressed as a priority by the new internal audit service but is keen to ensure that momentum is maintained during the transition to the reconstituted Council.

Risk management

- 10 The PSA (previously CHRE) Strategic Review report (July 2012) identified a need to strengthen the NMC's approach to risk management. A major focus of the Committee has been overseeing the development of a revised risk management framework and toolkit, together with improvements to the content of the risk register.
- 11 The revised risk management framework will be rolled out under the reconstituted Council. Whilst the framework and toolkit should provide a robust basis for risk management, the Committee would stress the importance of ensuring this is embedded at all levels within the organisation and that both members and staff understand their respective roles and responsibilities in relation to risk and apply this on a day to day basis.
- 12 During the year, the Committee has engaged with both Council and the Executive to define respective roles in relation to risk more clearly. The Committee has refined its own approach to focus on providing assurance to Council that the processes for managing risk at all levels within the organisation are robust.
- 13 As part of this the Committee has:
 - 13.1 Regularly sought assurance from the Chief Executive about how she identifies and manages risk including how the Chair of Council and the Directors Group are engaged in addressing risk management
 - 13.2 Begun scrutinising each Director in turn about the management of risk at directorate level: the directorates examined so far have been Fitness to Practise and Registrations.
 - 13.3 Reviewed the process of risk management at each meeting. The Committee has reflected on the risks in the risk register and made suggestions about the processes for risk definition,

escalation and mitigation but recognised that the responsibility for the content of the register lies with Council.

Internal Audit

- 14 The NMC has an outsourced internal audit function which operates under the management of the Corporate Governance directorate and reports to the Audit Committee.

Internal audit programme and annual opinion 2012-2013

- 15 Outcomes of internal audit work undertaken during 2012-2013 were as follows:

Audit undertaken	Internal Audit opinion
Registrations	Adequate
HR Performance Management	Substantial
Project management	Adequate
Fitness to Practise Quality Assurance	Adequate
Data security health check	Limited

- 16 A key focus for the Committee during the year has been the number and extent of outstanding recommendations from previous internal audits. The Committee has put in place robust monitoring arrangements, including examining directors on progress and has seen some improvement. However, the Committee would suggest that this needs to be the subject of continuing attention for the future.
- 17 The Committee also identified issues with the robustness of the scoping of audit briefs and with changes to the timing and content of audits without the Committee's prior approval. The Committee has reinforced the importance of these issues to the Executive.
- 18 The internal auditors' annual opinion for the year to 31 March 2012 concludes that the NMC has:
- 18.1 Adequate and effective governance.
 - 18.2 Adequate and effective risk management.
 - 18.3 Adequate and effective control processes.
- 19 The Committee has taken steps during the year to strengthen the management of internal audit. In December 2012, the Committee concluded that investment in internal audit should be significantly increased to provide an appropriate level of assurance to Council. The Committee, with Council's support, has overseen the procurement of new internal audit provision with effect from April 2013. Parkhill were the Auditors until 31/03/13 and Moore Stephens became the auditors from April 2013.

- 20 The Committee anticipates that the steps taken should ensure a greater level of future assurance and would suggest that any successor Committee, or if no Committee, the Council make it an early priority to approve an internal audit strategy for 2013-2016 and finalise the content of the internal audit work programme for 2013-2014.

Other assurance and internal control issues

Reconciliation of Registrations (WISER) and Fitness to Practise (CMS) Systems

- 21 In May 2012, Council asked the Committee to maintain oversight of work to reconcile discrepancies between the registrations system (WISER) and the case management system (CMS). In January 2013, the Committee received an external review of the work undertaken to address this which concluded that “the operation of the systems, controls and processes are adequate and are being followed by staff members”. The Committee has monitored progress against the recommendations and is pleased to note that many have already been implemented, whilst others are dependent on the longer term ICT strategy.

Corporate serious event review policy

- 22 The Committee has oversight of incident management and reporting policies and of the process for undertaking serious event reviews (SERs) of any breach of policies, procedures or compliance with the Governance framework, including any lessons learnt and steps being taken to prevent recurrence. All serious event reviews are reported to, and scrutinised by the Audit Committee.
- 23 In its previous annual report (June 2012), the Committee expressed concerns about the inconsistent manner in which learning was captured from serious events, security incidents and complaints and asked for a single integrated approach to be developed.
- 24 The Committee approved an overarching policy for this in January 2013 and has since been updated on implementation of the policy.

Information Security

- 25 The Committee decided that this should be a standing item on its agenda, given the importance of this issue and has received regular reports on the number of information security incidents and data breaches.

Other governance and assurance issues

- 26 Additionally, the Committee has:
- 26.1 Reviewed and approved the NMC's whistleblowing policy.

The Committee has monitored use of the policy and asked for issues raised to be addressed as part of the review to be undertaken in 2013-2014, in the light of one instance of use of the policy.

- 26.2 Reviewed the Financial Regulations and approved minor updates to reflect the new organisational structures, pending full review of the Regulations in 2013-2014.
- 26.3 Reviewed the anti-fraud, bribery and corruption policy and agreed minor updates to reflect the new organisational structures, pending full review of the policy in 2013-2014.
- 26.4 Reviewed plans for a new policy governance framework to ensure that NMC policies and procedures are subject to systematic review, as requested by Council. The Committee has sometimes felt that documents produced have been too long to be useful to staff so that the policies and procedures risk not being carried through. Where this occurred the Committee encouraged the development of simplified documents.

External audit

- 27 The NMC is subject to audit by both external auditors, haysmacintyre, and the National Audit Office (NAO). The Committee approved the letters of representation for each and monitored progress on the issues raised in the external auditors' management letter and NAO completion report.
- 28 The Committee has:
 - 28.1 Reviewed and approved the NMC's accounting policies, subject to minor adjustments requested by the Committee.
 - 28.2 Approved the plans for the year end audit of statutory accounts by haysmacintyre and the NAO. Following the review of its effectiveness in December 2012, the Committee decided it should review the draft statutory accounts prior to external audit. The Committee will have a brief opportunity to review the draft accounts when these are ready on 29 April 2013.
- 29 The Committee agreed the process and timetable for appointment of external auditors from October 2013.

Committee effectiveness

- 30 The Committee reviewed its effectiveness in December 2012. The Committee has been effective in highlighting the risks involved in and making suggestions on how to manage risks in the Council's financial position, in Fitness to Practise resources and quality

assurance, the lack of Finance skills at Council, the lack of proper approval of budget changes and project expenditure and tackling cultural issues.

- 31 Whilst recognising progress has been made to cover risks in FTP, the Committee has not been able to give the Council the assurances it would have liked to due to the lack of information available. To be more effective it felt it needed more resources for internal audit, that shorter papers could be more helpful, and that the induction and briefing of Committee members, particularly partner members was important..

Concerns and issues to be taken forward

- 32 The Committee would highlight the following issues which it suggests reconstituted Council and any successor Committee may wish to prioritise and/or pay close attention to:

32.1 Risk and Assurance issues

32.1.1 Production of a robust assurance framework for the NMC.

32.1.2 Embedding the revised risk management framework into day to day activity at all levels within the NMC.

32.1.3 Implementation of the proposals for improved policy governance and systematic reviews of policies and processes.

32.1.4 Development and implementation of an organisation wide Quality Assurance Strategy including in particular ensuring effective arrangements for Quality Assurance in FTP.

32.1.5 Ensuring that all internal or external reviews relating to internal control or assurance issues are reported to the Audit Committee in a timely fashion.

32.1.6 Embedding the policies and processes for learning from serious events, complaints and security incidents to ensure that action is taken to prevent recurrence and to promote a culture of learning and continuous improvement as envisaged in the corporate plan.

32.1.7 Ensuring that severance payments are subject to effective scrutiny and compliant with internal and external requirements.

32.2 Internal audit:

32.2.1 Approval of an internal audit strategy for 2013-2016 and content of the internal audit work programme for 2013-2014.

32.2.2 Maintaining rigorous oversight of management responses to, and implementation of, internal audit recommendations.

32.2.3 Ensuring that the most effective use is made of internal audit resources including through rigorous scoping of work and that internal audit reviews are conducted so as to be outcome focused, add value and provide robust assurance.

32.3 External audit:

32.3.1 Approve appointment of external auditors by October 2013.

Recommendation:

33 Council is recommended to:

33.1 Note this report

33.2 Consider how the issues highlighted at paragraph 33 be taken forward.

Public protection implications:

34 No direct public protection issues.

Resource implications:

35 Staff time to service the Committee and prepare reports.

Equality and diversity implications:

36 Not directly as a result of this report.

Stakeholder engagement:

37 None.

Risk implications:

38 The role of the Audit Committee is to give assurance to Council on the actuary of the governance, risk management and internal controls in place.

Legal implications:

39 None.

