

## Meeting of the NMC Council

to be held from 09.30 to 14.00 on Thursday 20 June 2013  
in the Council Chambers at 23 Portland Place, London W1B 1PZ

### Agenda

Mark Addison CB  
Chair of the NMC

Matthew McClelland,  
Assistant Director,  
Governance and Planning  
(Secretary to the Council)

- |   |   |            |
|---|---|------------|
| 1 | <b>Welcome from the Chair</b>   | NMC/13/98  |
| 2 | <b>Apologies for absence</b>  | NMC/13/99  |
| 3 | <b>Declarations of interest</b>   | NMC/13/100 |
| 4 | <b>Minutes of previous meetings</b>   | NMC/13/101 |
|   | Minutes of the public session of the Council held on<br>23 May 2013   |            |
| 5 | <b>Summary of actions</b>   | NMC/13/102 |
|   | An action list detailing matters arising from the minutes of<br>the public session of the Council held on 23 May 2013<br>and outstanding actions from previous meetings |            |

### Corporate reporting

- |   |                                  |            |
|---|----------------------------------|------------|
| 6 | <b>Francis report - update</b>   | NMC/13/103 |
|   | Chief Executive and Registrar    |            |
| 7 | <b>Risk register</b>             | NMC/13/104 |
|   | Director of Corporate Governance |            |

- 8     **Chair's report**     NMC/13/105  
       Chair of the Council
- 9     **Chief Executive's report**     NMC/13/106  
       Chief Executive and Registrar
- 10    **Financial monitoring**     NMC/13/107  
       Director of Corporate Services
- 11    **Fitness to Practise**     NMC/13/108  
       Director of Fitness to Practise  
       *The Council will receive a presentation on this item*

### **Matters for decision**

- 12    **Governance review**     NMC/13/109  
       Director of Corporate Governance
- 13    **Corporate quality assurance strategy**     NMC/13/110  
       Director of Corporate Governance

### **Matters for discussion**

- 14    **Human Resources & Organisational Development Strategy – Progress Report**     NMC/13/111  
       Director of Corporate Services
- 15    **Questions from observers**     NMC/13/112

### **LUNCH (12.45 – 13.45)**

### **Matters for information**

- 16    **Professional indemnity insurance**     NMC/13/113  
       Director of Registration  
       *The Council will receive a presentation on this item*

17 **Schedule of business**

NMC/13/114

Director of Corporate Governance

The next public session of the Council is currently scheduled to be held on Thursday 18 July 2013 at 9.30am at 23 Portland Place, London W1B 1PZ.

Meeting of the Council  
 Held at 09:30 on 23 May 2013  
 at 23 Portland Place, London W1B 1PZ



## Minutes

### Present

#### Members:

Mark Addison	Chair
Professor Judith Ellis	Council Member
Maureen Morgan	Council Member
Nicki Patterson	Council Member
Quinton Quayle	Council Member
Carol Shillabeer	Council Member
Amerdeep Somal	Council Member
Elinor Smith	Council Member
Stephen Thornton	Council Member
Lorna Tinsley	Council Member
Dr Anne Wright	Council Member

#### NMC officers:

Jackie Smith	Chief Executive and Registrar
Katerina Kolyva	Director of Continued Practice
Lindsey Mallors	Director of Corporate Governance
Sarah Page	Director of Fitness to Practise
Alison Sansome	Director of Registration
Mark Smith	Director of Corporate Services
Verity Somerfield	Assistant Director, Finance
Matthew McClelland	Assistant Director, Governance and Planning (Secretary to the Council)
David Gordon	Council Services Officer (minutes)

## Minutes

### **NMC/13/86 Welcome from the Chair**

1. The Chair welcomed members and the public to the meeting of the Council, which was the first meeting since the current Council took office on 1 May 2013.

### **NMC/13/87 Apologies for absence**

1. Apologies were received from Louise Scull.

### **NMC/13/88 Declarations of Interest**

1. No declarations of interest were given.

### **NMC/13/89 Minutes of the previous meeting**

1. The Council received and approved the minutes of the meeting of 25 April 2013, subject to (a) clarification in minute NMC/13/73.5 that the NMC was not responsible for publishing and disseminating the findings of the pilot of the schemes for nursing students to spend one year working as healthcare assistants; (b) minor correction to minute NMC/13/76.4.

### **NMC/13/90 Summary of actions**

1. The Council received and noted a summary of progress in completing actions arising from previous meetings of the Council. Members noted:
  - (a) The outcome of the tender for the quality assurance of education and local supervising authorities (which had been discussed in confidential session on 25 April 2013) would be published in June 2013.
  - (b) The Council was currently undertaking a review of its governance structure. Should the structure change, action points that had been assigned to committees would be transferred to the appropriate body in the new structure.

### **NMC/13/91 Francis report – update**

1. The Council received and noted an update from the Chief Executive on matters arising from the Report of the Mid Staffordshire NHS Foundation Trust Public Inquiry (the Francis Report). The Council would be asked to approve the NMC's formal response to the Francis Report in July 2013.

2. The following points were noted in discussion:
- (a) The NMC was continuing to focus on its improvement programme. The recommendations of the Francis Report, as well as a number of other related reviews and initiatives that were due to be published in the coming months, would be used to inform ongoing work.
  - (b) The Francis Report referred to events in England. The NMC would take account of the implications across the UK in framing its response.
  - (c) The NMC had been requesting changes to its legislative framework for two years. The Department of Health had recently agreed to amendments that would allow (i) the NMC to review the decision of an Investigating Committee in certain circumstances; (ii) the powers of the Investigating Committee to be delegated to case examiners. These changes were welcome and would assist the NMC in discharging its public protection obligations. No further changes would be permitted pending the outcome of the Law Commission review, which was expected in early 2014.

#### **NMC/13/92 Risk register**

1. The Council received and noted a report from the Director of Corporate Governance setting out the NMC's register of top risks. Since the last meeting, three risks - T17 Reconstituted Council; T26 Professional Indemnity Insurance; and T28 Francis Report – had been assessed as having reduced and were now classed as amber risks. A new risk - G40 Revalidation – had been added to the risk register and was assessed as amber. The NMC was in the process of implementing a revised risk management framework which had been agreed by the Audit Committee in April 2013 and a revised risk register would come to the next meeting of Council.
2. The following points were noted in discussion:
- (a) A risk associated with fitness to practise appeared on the general risk register. It continued to be assessed as amber and, in accordance with the risk management framework, did not appear on this version of the Council's top risk register.
  - (b) It would be valuable to consider, in future reports, the correlation between the risk register and key performance indicators.
  - (c) A number of risks had appeared on the top risk register and

been assessed as red for some time without any movement. Mitigating actions were in train for these but had yet to have effect. Annexe 3 to the report indicated that the number of red risks was decreasing over time.

- (d) The Council was responsible for setting the risk management framework and risk appetite. The Chief Executive and Directors were responsible for identifying, managing and reporting risks. At present, only the top, red rated risks were reported to Council. The full risk register was reported to the Audit Committee, which was responsible for assuring the risk management process.

### **NMC/13/93 Chief Executive's report**

1. The Council received and noted the Chief Executive's report regarding (a) recent activities relating to the corporate objectives; (b) the progress of the change programme; (c) corporate performance in six key performance indicators (KPIs).
2. The following points were noted in discussion:
  - (a) A range of possible approaches to revalidation had been discussed with stakeholders to understand their possible merits and implications more fully. A Council seminar on revalidation would be held later in 2013 and an options paper on the proposed principles to underpin the NMC's approach would come to the Council in September for decision.
  - (b) Information regarding the Chief Executive's engagements was welcome but could be consolidated by a greater emphasis on common themes and issues arising. A separate report on the Chair's engagements would also be valuable. Some further analysis of the change management programme would assist the Council in monitoring progress.
  - (c) Focussing on a small number of KPIs was welcome. Further information regarding the direction of travel, the key factors affecting success, and the likelihood of achieving each KPI would help the Council to understand performance more readily.

<b>Action:</b>	<b>Review content of Chief Executive's Report and presentation of KPIs</b>
<b>For:</b>	<b>Chief Executive and Registrar</b>
<b>By:</b>	<b>20 June 2013</b>
<b>Action:</b>	<b>Include Chair's Report as a standing item on future agendas</b>
<b>For:</b>	<b>Secretary to the Council</b>
<b>By:</b>	<b>20 June 2013</b>

### **NMC/13/95 Developing the NMC's strategic direction**

1. The Council considered a report from the Chief Executive proposing an approach to developing a long term strategy for the NMC.
2. The following points were noted in discussion:
  - (a) Strategic planning was an iterative process and a simple and flexible approach would be of benefit. To that end, a five year planning cycle would be valuable, together with some longer term horizon scanning to inform the direction of travel.
  - (b) Wide consultation with interested parties would be beneficial and the professional bodies and the PSA should expressly be consulted. Differential means and levels of engagement should be considered.
  - (c) Gaining external perspectives, including an understanding of regulation in other countries, would be valuable. Developing the strategy inhouse was preferable to engaging consultants to undertake a review, although some external facilitation may be valuable.
3. The Council **APPROVED** the proposed approach to developing the NMC's long term strategic direction, subject to the points noted above.

### **NMC/13/94 Financial update**

1. The Council received and noted a presentation from the Director of Corporate Services and the Assistant Director, Finance, regarding the financial history of the NMC; the statutory reporting framework; the financial strategy, reserves, and fee strategy; the process for reviewing fees; sources of income and types of expenditure; the financial governance framework and sources of assurance.
2. The following points were noted in discussion:
  - (a) The financial report was a standing item on the agenda for all Council meetings. All Council members would be invited, as part of their induction, to discuss financial matters in more detail on a one to one basis.
  - (b) The NMC had adopted a risk based approach to determining its reserves policy. The risk profile was reviewed annually by the Council. The current policy targeted available free reserves of between £10 million and £25 million, and the NMC was now forecast to achieve this level by October 2015. The pensions deficit – currently approximately £7.9 million – was an element in calculating available free reserves.



- (c) Approval of the financial regulations was a matter for the Council. A review was planned for the summer 2013 and would be brought to the Audit Committee in the autumn.
- (d) Information about the historical fee changes, adjusted for inflation, was available on request. The Law Commission review of the legislative framework for healthcare regulation was expected to consider whether each regulator could be granted the power to set its own fees.
- (e) The NMC was currently in the process of reviewing its accommodation strategy for discussion by the Council in December 2013. As part of that process, fresh consideration would be given to the possibility of generating income from properties.
- (f) The Professional Standards Authority (PSA) had been considering for some time introducing charges to regulators. It seemed unlikely that any firm decision in this regard would be reached before 2014.

#### **NMC/13/96 Questions from observers**

1. The Chair invited questions from observers regarding matters on the Council's agenda and more broadly about the work of the NMC.
2. The following points were noted in discussion:
  - (a) In developing the NMC's strategic direction, private employers as well as NHS employers would be consulted, as would local supervising authorities. The four countries of the UK would also be consulted. The Public and Patient Engagement Forum could be used as a means of consulting with, and raising awareness amongst, the public and patients.
  - (b) Fee levels were set with reference to the level of reserves required by the NMC and the resources required to deliver its planned activities. The fee rise of 2013 had been largely driven by an increase in the number of fitness to practise referrals and the need for more hearings as a consequence.
  - (c) The Francis report had highlighted the need for the NMC to be more proactive as a regulator and to ensure that its public profile was appropriate. With regard to the former, the NMC was starting to analyse fitness to practise data to identify any trends that could inform future NMC activity.
  - (d) The high level of staff turnover was a matter to which the NMC was paying close attention. A review of pay and grading

has been commissioned and the recent staff survey would be analysed carefully and used to inform decision making on related matters. Improvements would only be reflected gradually in the KPI because performance was measured on the basis of a rolling year average. Further information about the KPI would be provided to assist the Council to monitor performance.

**NMC/13/97 Council forward work plan**

1. The Council received and noted its schedule of business for June to September 2013.

The date of the next meeting is to be 20 June 2013.

## Council

### Summary of actions

**Action:** For information.

**Issue:** A summary of the progress on completing actions agreed by the meeting of Council held on 23 May 2013 and progress on actions outstanding from previous Council meetings.

Actions reported to the previous Council as having been added to the NMC Council forward plan have now been removed from this summary of actions. Similarly, there are some recommended actions from the most recent Committee meetings (prior to 1 May) that were reported to the previous Council that remain outstanding. Whilst these actions have now been removed from the summary of actions, they will be taken forward appropriately through the new governance structure once approved.

**Core regulatory function:** Supporting functions.

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

**Decision required:** To note the progress on completing the actions agreed by the Council held on 23 May 2013 and progress on actions outstanding from previous Council meetings.

**Annexes:** None.

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

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## Summary of actions outstanding

### Brought forward actions (Council meetings prior to 23 May 2013)

Minute	Action	For	Report back to: Date:	Progress
12/166	Review the effect of the revised guidance and criteria for making decisions on voluntary removal during fitness to practise investigations	Director of Fitness to Practise	Council 12 September 2013	Qualitative and quantitative data is being gathered to assess the effect of this and a report will be prepared for September Council.
<b>31 January 2013</b>				
13/11	Report results of research and data analysis to Fitness to Practise Committee and Council in relation to the development of further guidance around the meaning of impaired fitness to practise	Director of Fitness to Practise	Council 12 September 2013	Initial analysis was considered by the Fitness to Practise Committee on 23 April 2013. This will be taken forward by Council.  The Midwifery Committee has also expressed an interest in this matter, with actions taken to be reported back to a future meeting

<b>21 February 2013</b>				
13/36	Revise HR and OD strategy as necessary to ensure alignment with wider Francis Report recommendations on organisational culture	Director of Corporate Services	Council 20 June 2013	This and the below action will in future be consolidated as one action
	Report to reconstituted Council on progress of development of the HR and OD strategy	Director of Corporate Services	Council 20 June 2013	This will be covered by a seminar and discussed at the open session of Council on 20 June 2013
<b>21 March 2013</b>				
13/55	Reporting to reconstituted Council to include information on efficiency savings as a proportion of the total budget	Director of Corporate Services	Council 20 June 2013	This item has been added to the Council forward work plan (under the monthly "financial monitoring" report) and will be addressed in depth later in 2013

### Actions arising from the Council meeting on 23 May 2013

Minute	Action	For	Report back to: Date:	Progress
13/93	Review content of Chief Executive's Report and presentation of KPIs	Chief Executive and Registrar	Council 20 June 2013	The format and content of the Chief Executive's report have been reviewed to ensure a strategic focus
	Include Chair's Report as a standing item on future agendas.	Secretary to the Council	Council 20 June 2013	Chair's report has been added to the Council agenda and to the forward plan as a standing item

## Council

### Francis report - update

**Action:** For information.

**Issue:** This paper provides a further update on matters arising out of the Report of the Mid Staffordshire NHS Foundation Trust Public Inquiry (the Francis report).

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

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

**Decision required:** None.

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

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

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**Context:**

- 1 On Wednesday 6 February 2013 the report of the Mid Staffordshire NHS Foundation Trust Public Inquiry chaired by Robert Francis QC (the Francis report) was published.
- 2 The background and contents of the Francis report were summarised in a paper which went to the February 2013 Council meeting.
- 3 We issued an initial press statement in response to the report and published the Chair's response to the Secretary of State's letter. We provided the Department of Health (DH) with a summary of the relevant actions we had taken since 2009 and the Council's provisional views on the recommendations that may affect our work.
- 4 DH published its initial response to the Francis report on Tuesday 26 March 2013. The DH response raised a number of new issues which were not specific recommendations made in the Francis report itself.
- 5 Monthly update papers have been provided at each Council meeting. The newly constituted Council was provided with a fuller update paper in May 2013 summarising the key developments to date. This paper provides a further update on matters arising since that time.

**Progress on Francis-related work-streams**

- 6 Many of the recommendations in the Francis report were in line with our existing business and improvement plans and they are being taken forward as part of existing projects under our current change programme. A brief update on each area of work is set out below:

**Increased profile and pro-activity**

- 7 This work is being supported by the new corporate engagement strategy and by increasing engagement with patient and public groups and employers. It is being coupled with a review of our thresholds for regulatory action to ensure that we receive appropriate fitness to practise referrals and deal with them proportionately. The Council will be receiving an update on the threshold work in September. Raising our profile appropriately and ensuring that our role is understood are also key outcomes for the work being undertaken in relation to our standards, our quality assurance of education and supervision of midwives and our revalidation plans.

**Closer joint working with other regulators**

- 8 This work will include more sharing of data and intelligence in relation to all our functions and the development of clearer criteria and procedures for cross-referrals. The work will be underpinned by a new corporate data strategy and some additional ICT capacity and



functionality.

- 9 We have started working with the Care Quality Commission (CQC) to develop a new operational protocol and information sharing agreement to enable closer joint working between our organisations. We intend to undertake the same work with the systems regulators in the other three countries and also to develop similar protocols with other regulators. We recognise that further work will need to be done to support a fully integrated risk-based approach to the regulation of settings and professionals.

### **An employer liaison model**

- 10 We support this recommendation and want to develop such a model in order to provide more local support for employers and others with concerns about nurses or midwives who are considering making a referral.
- 11 We have begun the initial scoping work in relation to this project and will soon make key decisions about the nature and timing of its implementation. The Council will be updated further in due course.

### **Review of education and practice standards and quality assurance of education and supervision of midwives**

- 12 We have already reported to the Council the positive outcomes of our initial mapping exercise of Francis recommendations against our pre-registration nursing education standards 2010 and pre-registration midwifery education standards 2009. These findings are now being shared and discussed with key stakeholders, including the Department of Health.
- 13 The next stage is to develop a robust evaluation process for the new education standards so that the Council and the public can be reassured that, once they have been fully rolled out, the standards will address some of the most serious concerns raised in the Francis report about the time spent by nurses and midwives in practice during their training and the content of their courses with regard to communication and the values of dignity, compassion and care.
- 14 In relation to practice standards, a planned review of the Code and other practice standards is due to be undertaken this year as part of the preparation work for revalidation. This will provide an opportunity for any key messages to be strengthened and for its profile to be raised amongst nurses, midwives and the public.
- 15 Our new quality assurance framework for nursing and midwifery education and for supervision of midwives is to be published shortly and has been informed by the Francis recommendations. It will be proportionate and risk-based and will support closer cross regulatory working.

### **Introduction of an proportionate and affordable scheme for revalidation**

- 16 This work is well underway and will be the subject of a separate Council paper at a future meeting once the plans have progressed further.

### **Legislation changes**

- 17 The Council will be pleased to note that DH have now formally confirmed that the NMC is to be allowed a s.60 Order to enable us to make a small number of specific urgent changes to update our outdated legislative framework. These include a new power to review investigation stage decisions that need to be put right and the power to allow case examiners to make investigation stage decisions. These changes will help us to protect the public and will improve the effectiveness of our fitness to practise processes.

### **External developments**

- 18 We have continued to engage with a number of separate reviews and initiatives arising out of the Francis report which have a potential impact on our work including the following:
- 18.1 **The Camilla Cavendish review** relating to healthcare and care assistants – we have provided information to the review and are now awaiting sight of the draft report. The consultation period has closed but the publication date of the final report has not yet been fixed but is due to be announced shortly.
- 18.2 **The Ann Clwyd / Tricia Hart Complaints Review** – our attendance at an initial stakeholder meeting was followed up by a one to one meeting on 13 June 2013 to discuss the NMC's specific role. We are keen to support the review and play our part whilst recognising the limitations of our involvement in the NHS complaints process which is under scrutiny. The draft is due to be shared with stakeholders at a meeting on 27 June and the final report is due to be completed by 8 July.
- 18.3 **The NHS Bureaucracy review** – its initial review findings were completed and published by the NHS Confederation on 22 March 2013. An Advisory Group was then set up to progress the second stage of the review. Representatives on the Advisory Group are from the main regulatory and oversight bodies including the NMC, providers, commissioners and clinicians. The first meeting was held on 24 April 2013 and there will be monthly meetings until September 2013.

- 18.4 **Don Berwick's safety review** - we have recently been advised by DH that the safety review will be considering the appropriateness of a duty of candour with criminal sanctions on individual registrants below board level. We are therefore seeking to engage with the review to contribute to that debate. It is due to report by 18 July 2013.
- 18.5 **Steering group led by Health Education England (HEE)** - to take forward the proposed pilots for pre-degree care experience for English trainee nurses - this work is ongoing.
- 18.6 **Compassion in Practice** implementation plans issued by the Chief Nursing Officer – this work is ongoing
- 18.7 **PSA group discussion on developing procedures for multi-regulator cases and a common independent healthcare fitness to practise tribunal** - an initial meeting is fixed for 4 July 2013. No fixed date for decision.
- 19 We will update the Council when the outcomes of these reviews and initiatives are known.

#### **Next steps for us**

- 20 Progress on all these Francis-related issues continues to be monitored by the Francis Report Lead in order to inform our full response in due course and to enable Directors and Council to be kept up to date with progress. We have also continued to carefully review the responses from other organisations.
- 21 We are also continuing to progress a number of Fitness to Practise cases relating to Mid-Staffs employees.
- 22 The Council is not yet required to make any formal decisions on the outstanding issues but may be asked to do so as part of its discussion on the terms of the formal response at the July 2013 Council meeting.
- 23 In the meantime we are continuing to engage constructively with the DH and others to ensure a common understanding as to the concerns that need to be addressed and the most appropriate way forward. In doing so, we must always bear in mind our role as a four-country professional regulator.
- 24 We are planning to hold a listening event for interested stakeholders to discuss some key outstanding recommendations in early July to inform the Council's discussions. A date will be fixed shortly.
- 25 The Council will be invited to consider a draft of the NMC's full response document at its July 2013 meeting. The NMC's full response will be published shortly thereafter.

<b>Public protection implications:</b>	26	This paper is for information only.
<b>Resource implications:</b>	27	This paper is for information only.
<b>Equality and diversity implications:</b>	28	Under the Equality Act 2010, we have a requirement to analyse the effect of our policies and practices and how they further the equality aims.
	29	This paper is for information only. Equality impact assessments will be undertaken as part of each project before any final decisions are reached.
<b>Stakeholder engagement:</b>	30	This paper is for information only. Appropriate stakeholder mapping and engagement with key stakeholders will be planned and undertaken as part of each project.
<b>Risk implications:</b>	31	This paper is for information only. The full risk implications can be assessed as part of each project.
<b>Legal implications:</b>	32	None at present.

## 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 the assessment and management of risks.

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

Annexe 1: Risk register.

**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 was approved in its final version by the Audit Committee in April 2013. The refreshed approach has been rolled out across the NMC and we have used this process to identify ten corporate risks and frame them in a new format. The risk register is presented to the Council in the new format at Annexe 1.
  - 2 The new risk register format has two scorings. These are:
    - 2.1 **Inherent risk scoring** (the threat arising from any one specific risk prior to any management action being taken), and
    - 2.2 **Post mitigation risk scoring** (the threat arising from any one specific risk, after mitigating management action has been taken). Planned action should reduce risks to green in due course.
  - 3 To aid transparency, risks are written in the following format:
    - 3.1 **Root cause** (a situation that is true or widely held to be true, that gives rise to the risk exposure).
    - 3.2 **Potential situation** (the potential situation that may arise).
    - 3.3 **Consequences** (some possible consequences if the potential situation were to arise).
  - 4 Risk continues to be scored on a 5 x 5 matrix on the basis of impact and likelihood, and a traffic light system is used for reporting. Risks scored at eight or below are green rated. Risks scored between nine and 15 are amber rated. Risks scored at 16 and above are red rated.
  - 5 All corporate risks on the register are reviewed by the Directors' Group on a monthly basis and reported to the Council at every meeting. A corporate risk can be defined as a risk which, if it materialised, would have an adverse effect on the achievement of our Corporate plan 2013 – 2016.
  - 6 Since April, we have completed an in-house programme of training across the organisation, which encompassed both the refreshed risk management approach and the identification of new risks. The first training session was held with directors, followed by a session with assistant directors and then sessions with all managers.
  - 7 We have built the corporate risk register based on the risks identified during these training sessions and these risks were confirmed by the Directors' Group at its meeting on 4 June 2013. At present there are 10 corporate risks on the risk register, three of which are red rated and seven of which are amber rated.
  - 8 Directorates are now in the process of building their respective risk

registers in the same format.

- 9 In future this paper will include a risk profile showing the distribution of risk and a trend analysis. On this occasion, these have not been included, due to the risk register being presented in a new format.
- 10 Corporate Governance will be undertaking a monthly scrutiny of directorate risk registers with a view to recommending to the Directors' Group which risks should be escalated as corporate risks. Any issues arising from this scrutiny will be discussed with individual directors at the monthly review meetings held to discuss their directorate's respective financial and operational position in relation to their budget and business plan.

**Discussion**

- 11 All risks that appeared on the previous version of the register have been mapped across to this new version, although they may be worded and rated differently as a result of the recent risk management exercise. Mitigation and planned action has been updated as appropriate.
- 12 The following risks are currently rated as red:
  - 12.1 Integrity of the register (CR1)
  - 12.2 Information security (CR6)
  - 12.3 Quality of information (CR7)

**Public protection implications:**

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

**Resource implications:**

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

**Equality and diversity implications:**

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

**Stakeholder engagement:**

- 16 The risk register is in the public domain.

**Risk implications:**

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

**Legal implications:**

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

## Corporate risk register

			Date: 7 June 2013	Issue No: 1														
No.	Date of origin	Risk Scenario			Inherent risk scoring			Mitigation in place / Planned action	Post-mitigation scoring			Risk Owner (and Sponsor)	Dates up-dated	Status (open / closed plus whether on track / not on track to reduce scoring)	Direction (of risk score)			
		Root cause(s)	Potential situation	Consequences	Likelihood	Impact	Score		Likelihood	Impact	Score							
CR1	May-13	<b>Integrity of the register</b>			5	5	25	<b>Mitigation in place:</b> (1) Standard operating procedures and improved training. (2) Daily reconciliation reports and manual processes to address system anomalies. (3) Overseas registration procedures strengthened following pause and review.  <b>Planned action:</b> (1) Establish Registration Improvement Programme (July 2013). (2) Address prioritised system defects (September 2013). (3) Implement recommendations of independent audit as reported to Audit Committee in January 2013. (4) Further process refinements and alignment of FtP and Registration data (ongoing). (5) Establish longer term strengthened overseas process (April 2014).	4	5	20	Director, Registrations		Open - on track				
(1) Wiser and Case Management System (CMS) not fully integrated. (2) Possibility that policies and procedures may be ineffective or inconsistently applied.	The online register may be inaccurate.	(1) Public protection compromised. (2) Negative impact on registrants. (3) Reputation damaged.																
CR2	May-13	<b>Fitness to practise</b>			5	5	25	<b>Mitigation in place:</b> (1) Detailed profiling and forecasting of caseload and activity and oversight by FtP Board. (2) Improved case management processes including voluntary removal and consensual panel disposal. (3) Standard operating procedures. (4) Increased staffing base. (5) Training for staff. (6) Increase in number of panel members. (7) Training for panel members. (8) Increased number of hearing venues.  <b>Planned action:</b> (1) Improved use of management information (December 2013). (2) Further workforce planning (March 2014). (3) Quality assurance strategy to be implemented (December 2013). (4) Review of thresholds for action (December 2013). (5) Closer working with employers (April 2014). (6) Legislative change (April 2014).	3	5	15	Director, Fitness to Practise		Open - on track				
(1) Historic under investment in FtP. (2) Inflexible legislative framework. (3) Possible increase in referrals above the forecast levels. (4) Possibility that processes may be unable to sustain required volume of case progression/hearings at the expected quality.	We may not achieve the investigation/adjudication targets by December 2014 and/or the quality of decision making may be compromised.	(1) Public protection compromised. (2) Negative impact on registrants. (3) Negative impact on referrers. (4) Reputation damaged.																
CR3	May-13	<b>Revalidation</b>			4	4	16	<b>Mitigation in place:</b> (1) Stakeholder engagement via Strategic Group and Task and Finish Group. (2) Oversight by Revalidation Board. (3) Oversight and scrutiny by Change Management and Portfolio Board.  <b>Planned action:</b> (1) Stakeholder management (ongoing). (2) Testing and piloting of new model - 2015.	3	4	12	Director, Continued Practice		Open - on track				
(1) Possible lack of stakeholder buy-in. (2) Complexity and cost of process due to size of the register.	We may be unable to deliver an effective model of revalidation by December 2015 that provides appropriate assurance about registrants.	(1) Public protection compromised. (2) Negative impact on registrants. (3) Reputation damaged.																



No.	Date of origin	Risk Scenario			Inherent risk scoring			Mitigation in place / Planned action	Post-mitigation scoring			Risk Owner (and Sponsor)	Dates updated	Status (open / closed plus whether on track / not on track to reduce scoring)	Direction (of risk score)
		Root cause(s)	Potential situation	Consequences	Likelihood	Impact	Score		Likelihood	Impact	Score				
CR4	May-13	<b>Professional indemnity insurance (PII)</b>			4	3	12	<b>Mitigation in place:</b> (1) Council decided NMC policy principles in April 2013. (2) NMC response to DH consultation submitted May 2013. (3) Project plan established.  <b>Planned action:</b> (1) Changes required to Wiser (October 2013). (2) Act on outcome of DH review once available (July 2013). (3) Engage with stakeholders and develop communications plan and materials (June - September 2013). (4) Put PII Project Manager in place (June 2013).	3	3	9	Director, Registrations		Open - on track	
(1) Short timescale for implementation following outcome of DH consultation. (2) Changes to Wiser carry inherent risk. (3) Project management within existing resources.	We may be unable to implement a proportionate solution to the PII requirement by the required deadline of October 2013.	(1) Public protection compromised. (2) Negative impact on registrants. (3) Reputation damaged.													
CR5	May-13	<b>Financial resources</b>			4	5	20	<b>Mitigation in place:</b> (1) Prudent budgeting aligned to corporate planning and change management programmes. (2) Financial strategy. (3) Risk based reserves policy. (4) Monthly finance and planning meetings with each directorate. (5) Monthly monitoring by Directors Group. (6) Standing financial report to the Council.  <b>Planned action:</b> (1) Review of subsidiary fees - autumn 2013. (2) Annual review of registrant fees - spring 2014.	3	5	15	Director, Corporate Services		Open - on track	
(1) Limited sources of income. (2) Possible increase in resource requirements as a result of external factors e.g. Francis report, government policy etc. (3) Possible increase in fitness to practise referrals above forecast rate. (4) Resource requirements arising from several, simultaneous improvement projects. (5) Possibility that we do not achieve targeted efficiency savings.	We may have insufficient financial resources to meet all our planned operational requirements.	(1) Inability to deliver corporate objectives and/or improvement programme. (2) Negative impact on registrants. (3) Reputation damaged.													
CR6	May-13	<b>Information security</b>			5	4	20	<b>Mitigation in place:</b> (1) Information security and data protection policies. (2) Mandatory training for staff and panellists. (3) Oversight by Information Governance Steering Group. (4) Laptop encryption programme. (5) Information security gap analysis completed and independently validated, identifying risk areas.  <b>Planned action:</b> (1) Implement information security improvement plan, addressing highest risk areas as priority. High risks completed by Dec 2013. (2) New email encryption solution being implemented (July 2013). (3) Enhanced coverage and compliance with training (monthly review).	4	4	16	Director, Corporate Services		Open - on track	
(1) Large volume, complex information processing. (2) Possibility that policies and procedures may be ineffective or inconsistently applied. (3) Security enhancements to some systems needed.	Sensitive information may be accessed by, or disclosed to, unauthorized individuals.	(1) Negative impact on data subject. (2) Regulatory intervention and/or fine by the Information Commissioner's Office. (3) Reputation damaged.													

No.	Date of origin	Risk Scenario			Inherent risk scoring			Mitigation in place / Planned action	Post-mitigation scoring			Risk Owner (and Sponsor)	Dates updated	Status (open / closed plus whether on track / not on track to reduce scoring)	Direction (of risk score)
		Root cause(s)	Potential situation	Consequences	Likelihood	Impact	Score		Likelihood	Impact	Score				
CR7	May-13	<b>Quality of information</b>			5	4	20	<b>Mitigation in place:</b> (1) Short term improvements to strengthen understanding of management information across registration and fitness to practise systems. (2) Short term improvements to support stakeholder engagement information needs underway.  <b>Planned action:</b> (1) Corporate Data Project Board, to oversee information governance and data strategy development and implementation, being set up (June 2013). (2) Corporate Data Working Group established (July 2013). (3) Proposals for external review to provide framework for developing information governance and data quality at the NMC presented to Change Management and Portfolio Board (June 2013). (4) QA Strategy approved by Council to include providing assurance on data quality and management.	5	4	20	Director, Corporate Governance		Open - on track	
(1) Inconsistency in collection and use of data. (2) Ownership and governance arrangements for data and information management fragmented. (3) Enhanced system and analysis tools needed.	We may not consistently provide a coordinated response to management information and data requests.	(1) Inability to deliver corporate objectives and/or improvement programme. (2) Reputation damaged. (3) Ineffective use of resources.													
CR8	May-13	<b>Leadership, governance and management</b>			3	5	15	<b>Mitigation in place:</b> (1) Regular meetings of Directors' Group, Change Management and Portfolio Board and directorate senior management teams. (2) Annual corporate planning process. (3) Induction of new Council. (4) Human Resources and Organisational Development strategy in place and being implemented.  <b>Planned action:</b> (1) Implementation of governance review - September 2013. (2) Appointment of CEO - TBC.	2	5	10	Chief Executive		Open - on track	
(1) Transitional issues arising from reconstitution of the Council and concurrent governance review. (2) CEO fixed term contract to October 2013. (3) Organisational structure still embedding. (4) New executive team and varying levels of management experience across the organisation.	We may experience difficulties in implementing/prioritising decisions effectively and/or sustaining change.	(1) Inability to deliver corporate objectives and/or improvement programme. (2) Negative impact on staff. (3) Reputation damaged. (4) Ineffective use of resources.													
CR9	May-13	<b>Staffing</b>			5	4	20	<b>Mitigation in place:</b> (1) Improved employee communication and engagement in place. (2) Human Resources and Organisational Development Strategy in place and being implemented. (3) Staff survey completed. (4) Learning and development programme launched.  <b>Planned action:</b> (1) Pensions, pay and grading review to report June/July 2013. (2) Review of HR policies ongoing (complete by March 2014). (3) Action plan in response to staff survey (July 13). (4) Ongoing delivery of learning and development programme (all year). (5) Long term workforce planning (commencing June 2013).	4	3	12	Director, Corporate Services		Open - on track	
(1) Perception that our rewards package is poor. (2) Organisational and people development historically a low priority. (3) Organisational structure still embedding. (4) Lack of clear career progression pathways.	We may experience continued high staff turnover.	(1) Inability to deliver corporate objectives and/or improvement programme. (2) Negative impact on staff morale, motivation, and performance. (3) Reputation damaged. (4) Ineffective use of resources. (5) Loss of corporate memory.													

No.	Date of origin	Risk Scenario			Inherent risk scoring			Mitigation in place / Planned action	Post-mitigation scoring			Risk Owner (and Sponsor)	Dates updated	Status (open / closed plus whether on track / not on track to reduce scoring)	Direction (of risk score)
		Root cause(s)	Potential situation	Consequences	Likelihood	Impact	Score		Likelihood	Impact	Score				
CR10	May-13	<b>Profile and proactivity</b> (1) Engagement with patients, public and stakeholders not yet fully embedded. (2) Complex healthcare landscape and regulatory environment. (3) Joint working with other regulators inconsistent.	The NMC's lack of public profile means we may not communicate our role effectively.  Ineffective joint working inhibits sharing of information about potential identification of unsafe practice or health provision settings where nurses and midwives provide care.	(1) Inability to deliver public protection effectively. (2) Reputation damaged. (3) Inappropriate or lack of referrals to fitness to practise.	4	4	16	<b>Mitigation in place:</b> (1) Strategic engagement commitment in place. (2) Programme of key stakeholder meetings ongoing between Chief Executive, Chair and senior staff with the DH, professional bodies and unions, patient groups and other regulators. (3) Patient and Public Engagement Forums held quarterly in England. (4) Strategic level initiatives being driven forward. (5) Short term improvements to support stakeholder engagement information needs underway.  <b>Planned action:</b> (1) Patient and Public Engagement Forums held in Scotland, Wales and Northern Ireland (Sept 2013 - April 2014). (2) NMC employer roadshows to be held (Sept 2013). (3) Memoranda of understandings to be underpinned with information and data sharing protocols (March 2014).	3	3	9	Director, Corporate Governance		Open - on track	

## Council

### Chair's report

**Action:** For information.

**Issue:** This paper reports on the Chair's activities in May 2013.

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

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

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

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

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

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- Context:**
- 1 At the meeting in May 2013, Council members requested a regular item on future meeting agendas about the Chair's activities. Due to the activity undertaken by the Chair in conjunction with the Chief Executive, this paper needs to be read alongside the Chief Executive's report also on this meeting agenda.
- Discussion**
- 2 The implications of the outcome of the Francis Inquiry for the NMC continue to feature prominently in the Chair's engagement activities throughout May 2013.
  - 3 The Report was raised in the Chair's discussions with Mr Charlie Massey at the Department of Health, Sir Peter Rubin at the General Medical Council, the most recent public and patient engagement forum and the latest of the regular meetings of the chairs of the healthcare regulatory bodies. In their discussions, the chairs discussed approaches to promoting the concept of professionalism to registrants and how to enhance the link between the standards set by regulators and their adherence by registrants, and the wider profile of regulators.
  - 4 The forum also considered how to best utilise the public and patient viewpoint in the NMC's work, including involvement in revalidation work and FtP listening events. The next forum event takes place in August 2013.
  - 5 The Chair, accompanied by the Chief Executive, met with Viscount Bridgeman to discuss EU language testing. Viscount Bridgeman has a long-standing interest in this area and the EU legislation which limits the ability of the NMC to language test EU applicants.
  - 6 In the Chair's discussions with Mr Massey, the NMC's distinct role in the setting of education standards was discussed, as was the NMC's input to the work being led by Health Education England on the healthcare support worker pilot. The NMC's responsibility for the quality assurance of nursing and midwifery education had also been discussed at the patient and public forum meeting.
  - 7 The Department of Health's assistance with the Section 60 changes to the NMC's Fitness to Practise legislation was discussed in the meeting with Mr Massey and also in the earlier discussion with Mr Stephen Dorrell MP, the Chair of the Health Select Committee. In both meetings, the subject of the need to embed the NMC's recent progress was discussed.
  - 8 The Chair also held one-to-one meetings with members of the reconstituted NMC Council.

<b>Public protection implications:</b>	9	None directly from the paper. Public protection implications arising from the activities in this paper are addressed as part of individual workstreams and projects.
<b>Resource implications:</b>	10	None directly from this paper. Resource implications of the NMC's activities in the various workstreams and projects referenced in the paper are dealt with in financial monitoring reports.
<b>Equality and diversity implications:</b>	11	None directly from the paper. Equality and diversity issues are dealt with as part of the conduct of individual workstreams and projects.
<b>Stakeholder engagement:</b>	12	Stakeholder engagement is detailed, as appropriate, in the body of this report.
<b>Risk implications:</b>	13	None directly from the paper.
<b>Legal implications:</b>	14	None directly from the paper.

## Council

### Chief Executive's report

**Action:** For discussion.

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

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

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

**Decision required:** No decision is required but the Council is invited to note and discuss progress, including the Change Programme and Portfolio Delivery high level plan (Annexe 1) and progress against our Key Performance Indicators for 2013-2014 (Annexe 2).

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

- Annexe 1: Change Programme and Portfolio Delivery high level plan.
- Annexe 2: Progress against our Key Performance Indicators (KPIs).

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

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- Context:**
- 1 This paper is a standing item on the Council's agenda and reports on our high level strategic engagement and key developments against the Corporate Plan 2013-2016.
  - 2 As part of our work to refresh performance reporting, we have developed a high level set of six KPIs. The KPIs focus predominately on our 'business as usual' activities and aim to capture the critical success factors with regard to discharging the NMC's role to protect patients and the public through efficient and effective regulation.
  - 3 Each of the six high level KPIs will be supported by a small number of supporting performance indicators which are currently being developed and which will be considered by directors on a regular basis. At future meetings of Council, this report will include, by exception, any significant matters arising from the supporting indicators.
  - 4 Periodically, the full set of KPIs and supporting performance indicators will be reported to Council to provide a clear line of sight into the NMC's operations and performance.

**Discussion      Strategic context**

**Chief Executive's activity**

- 5 In May 2013, the Chief Executive spoke at a number of events about the implications of the Francis Inquiry recommendations. She also had a number of discussions with key parties about the NMC's ability to language test EU applicants. The Chair and Chief Executive discussed with the Chair of the Health Select Committee the NMC's response to the Health Select Committee's recommendations. This will form part of a wider discussion with Council in the coming weeks. Finally the Chief Executive is currently exploring ways in which we can promote our guidance on raising and escalating concerns as a result of meetings with interested parties.

**Four country activity**

- 6 We met with members of The Scottish Government and other key stakeholders to discuss future engagement arrangements between the NMC and key Scottish organisations. There was a good discussion about our revalidation programme and a positive view that they, in Scotland, would like to be involved at all levels of revalidation development.



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

- 7 The Chair and Chief Executive led our quarterly meeting of the Patient and Public Engagement Forum, at which we updated the group on our work responding to Francis and discussed the quality assurance of education and how this works in practice.
- 8 We also held a revalidation workshop with members of the Patient and Public Engagement Forum. The group discussed how user friendly the Code is for patients and the public; the different ways that patients and the public can share their experiences of care, who should have responsibility for revalidation and where the high risk areas are. The group welcomed the idea of revalidation.
- 9 The Chief Executive participated in a question-and-answer session at the annual Patient Safety Congress in Birmingham on 21 May. The Congress brings together key players in the healthcare arena to discuss developments in patient safety, which this year included Robert Francis QC. The CEO acknowledged in answer to questions about giving evidence at NMC hearings, that it was by necessity adversarial and legalistic and we need to look for ways of making it quicker and less painful for all.
- 10 We have met with the representatives of Healthwatch England in relation to them helping us to cascade information to local Healthwatch groups. We will be providing information for a newsletter sent to local Healthwatch groups and for a hub space on the Healthwatch England website which contains resources and information for local Healthwatch groups.
- 11 We participated in a joint meeting with colleagues from the General Medical Council and The Richmond Group of Charities (a coalition of national charities) to discuss a joint event which will bring together patient groups, charities, regulators and the Department of Health. The aim of the event will be to discuss what good patient and public engagement looks and feels like from a patient group / health charity perspective. We will also discuss what regulators can do to support patient groups and health charities when they get patient complaints. The event is being planned for after the publication on the NHS Complaints Review.

### **Joint regulatory working**

- 12 We have participated in the first of a series of regular strategic meetings with the Care Quality Commission (CQC) to develop ways of working together and how we can share data and information more intelligently.
- 13 Members of staff have continued to attend Care Quality Commission risk summits about health care settings.

- 14 Further information about cross-regulatory working developments is included in the Francis update paper.

### **Consultation**

- 15 The Department of Health has consulted on the UK implementation of EU Directive 2011/24/EU (on the application of patients' rights in cross border healthcare). This directive concerns patients' rights in cross border healthcare in other member states of the European Economic Area. We have submitted a joint response with the UK's other health care regulators as part of the Alliance of UK Health Regulators on Europe (AURE). The response is available on our website.

## **Regulatory priorities**

### **Professional Indemnity Insurance**

- 16 We have submitted suggested amendments and changes to the draft Department of Health (DH) consultation on professional indemnity insurance. We await further meetings with DH officials to discuss these proposals. Internal policy and guidance is being developed and information for communication with stakeholders is underway.

### **Registration**

- 17 The overseas application process continues to transition from applications being required to be considered under the pre 2 April policies toward the post 2 April policies. Planning work has begun on the development of the long term enhanced overseas policy and process that the NMC committed to implement by March 2014.

### **Standards compliance**

- 18 The Education Quality Assurance (QA) contract has now been awarded. The supporting Quality Assurance) framework for nursing and midwifery education and Local Supervising Authorities for midwifery is ready for publication.

### **Revalidation**

- 19 Engagement work feeding in to the development of strategic options for revalidation has continued with discussion groups held with patients and key stakeholders in Scotland.
- 20 The first Revalidation Programme Board has met to assess the benefits and risks of the various options being considered which will be reported to Council in September.

### **Fitness to practise**

- 21 The Department of Health has confirmed that we will be able to change our legislation to improve public protection and decision making at the investigation stage. This is an important development and we have submitted initial drafts of the revised legislation to DH.
- 22 We are scoping a programme of work, including projects around the thresholds for action at each stage of the fitness to practise process and the implementation of new decision making arrangements resulting from the revised legislation.
- 23 We are continuing to ensure that we will complete all historic cases by the end of September 2013. At the end of May, 84% of historic cases at the Conduct and Competence Committee are scheduled.

### **Change programme**

- 24 The purpose of our change programme, which is overseen by the Change Management and Portfolio Board, is to deliver the necessary changes to make us a modern, effective, efficient and economic regulator that has the trust and confidence of patients and the public.
- 25 At its meeting in May the board approved:
  - 25.1 The formation of a Registration improvement programme to deliver necessary changes in Registrations, which includes a review of processes, customer service improvements and changes to systems.
  - 25.2 A Professional Indemnity Insurance project to implement necessary changes required to ensure we comply with EU legislation.
  - 25.3 The scoping of an NMC Online project to deliver services online such as renewal of registration, address change and subsequently completing registration applications online.
- 26 The ICT Strategic Delivery Programme remains on track and to budget and is now moving from the planning stage to implementation on many of the key enabling projects, including the upgrading of a number of major organisational ICT systems.
- 27 The board approved the Revalidation programme to move to the next stage, which will include delivery of a Revalidation strategy, business case and a plan for implementation.
- 28 The following projects are now completed and will not appear on the portfolio plan in the next update:
  - 28.1 Reconstituted Council – the project was delivered in April with

new Council in place from 1 May 2013.

- 28.2 Governance review – the project delivered recommendations for a future governance structure and was completed in April 2013.
- 29 Project closure reports for these projects have been prepared and lessons learnt from the projects are documented. The change board is responsible for ensuring any learning arising from these projects is embedded in its future working.
- 30 Finally, as mentioned in last report, we are currently reshaping the structure of our change programme to make it more streamlined, effective and inclusive. As part of that we have held various workshops with staff members across the organisation. We will be finalising our capabilities in June and identifying gaps that may require change initiatives in coming months.

## **Internal corporate business**

### **Finance**

- 31 The year end audit of the statutory accounts has been conducted and successfully completed.

### **Human resources and organisational development**

- 32 The staff attitude survey results have now been received. These have been presented to staff by the Chief Executive and analysis of the results is being shared to enable teams to address issues locally. A cross organisational working group is being established to develop an overarching action plan.
- 33 A comprehensive learning and development programme is being rolled out across the organisation. Workshops to raise the awareness and understanding of the new behaviour framework are planned and will commence at the end of June.
- 34 Progress continues on the review of pay and grading and preparation for pensions auto enrolment, with proposals in development for a new system for job evaluation, grading structure and pay structure.

### **Public protection implications:**

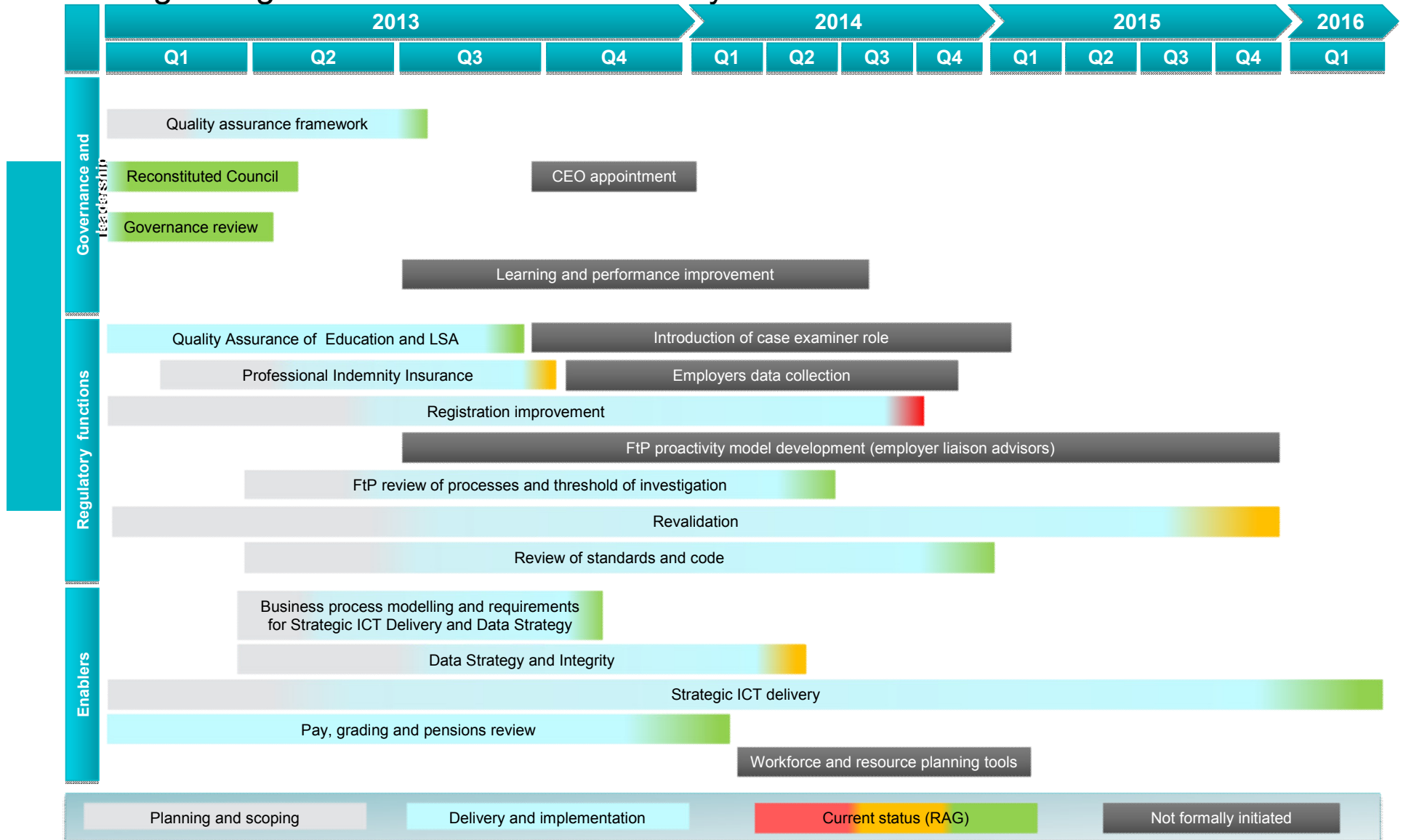
- 35 Public protection implications arising from the activities in this paper are addressed as part of individual workstreams and projects.

### **Resource implications:**

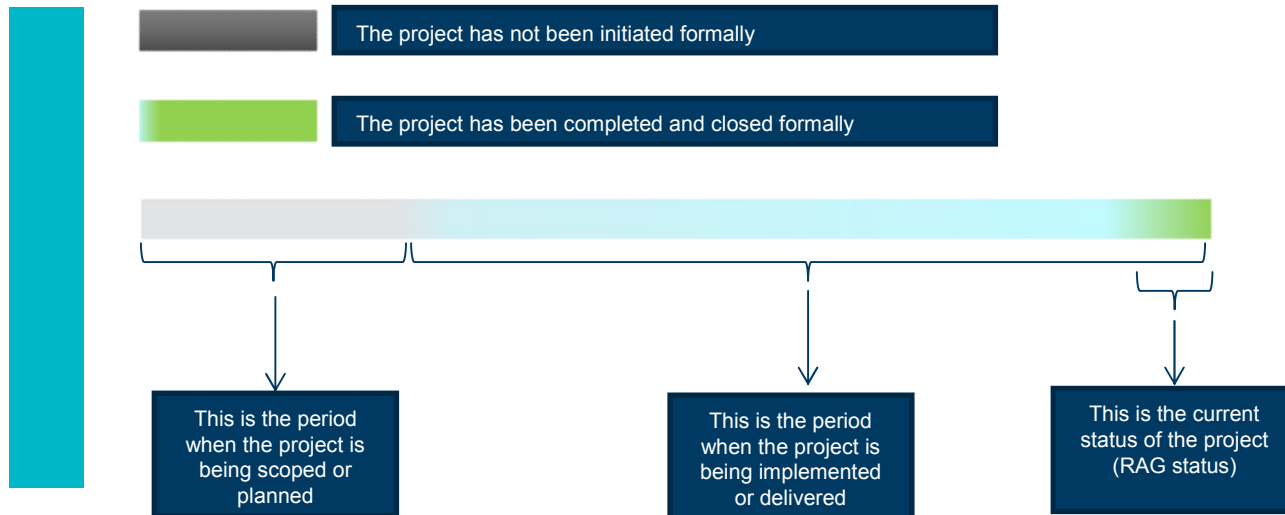
- 36 The resource implications of the various workstreams and projects are described in the monthly financial monitoring report on the meeting agenda.

<b>Equality and diversity implications:</b>	37	Equality and diversity is addressed as part of individual workstreams and projects, with equality impact assessments carried out as appropriate.
<b>Stakeholder engagement:</b>	38	Stakeholder engagement is detailed, as appropriate, in the body of this report.
<b>Risk implications:</b>	39	Any high level corporate risks that arise from the activities described in this paper, which are currently rated as red, are detailed in the risk register which is included elsewhere on the meeting agenda.
<b>Legal implications:</b>	40	Legal implications that arise from the activities in this paper are addressed as part of individual workstreams and activities.

## Change Programme and Portfolio Delivery



## Understanding the plan



Description of RAG status	
<b>Red</b>	The project requires remedial action to achieve its objectives OR the project will or has missed deadline identified in the business plan.
<b>Amber</b>	The project has a problem but action is being taken to resolve this OR a potential problem has been identified and no action may be taken at this time but it is being carefully monitored. Risk of missing deadline and/or budget is realistic due to complexity and/or legislative dependencies.
<b>Green</b>	The project is on target to deliver within the tolerances. No indication of a risk or an issue that can not be managed.

## Progress against our key performance indicators (KPIs)

This is a performance report outlining progress against our high level set of six KPIs for April 2013. We are unable to present information about May 2013 on this occasion because not all the required information is available in time for the Council papers despatch date. Verbal updates will be provided where required.

This report forms part of our revised performance reporting process for the financial year 2013 – 2014.

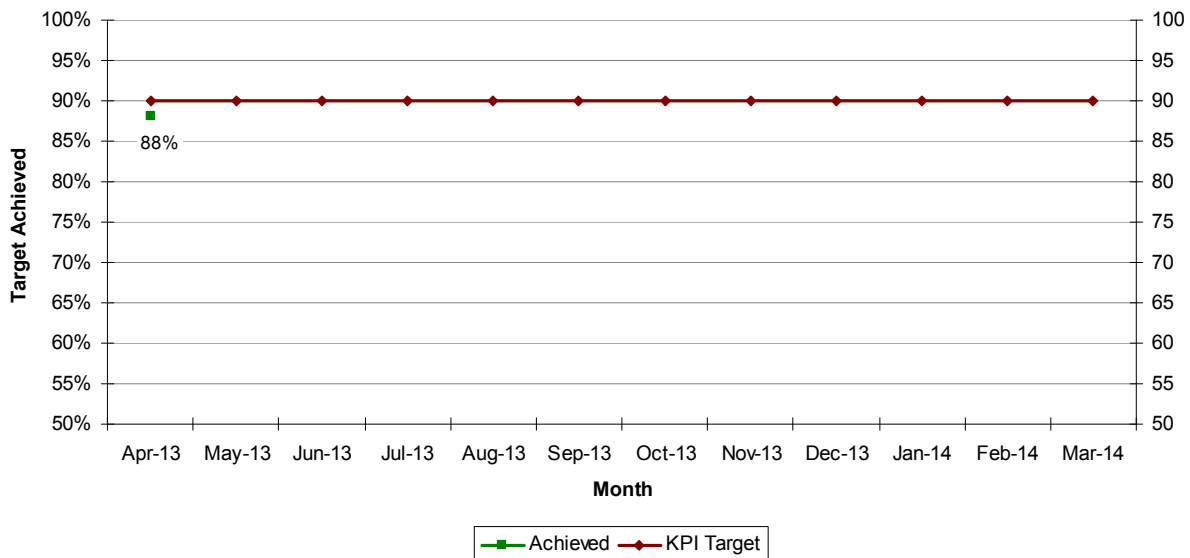
<b>KPI 1</b>	
<b>Percentage of registration applications completed within 90 days.</b>	
<b>Rationale:</b>	<p>In the short term we are able to measure receipt of completed initial paperwork through to entry to the register. Over time we will refine this to enable us to isolate NMC processing time and a separate record of time with the applicant.</p> <p>Relates to increased efficiency in Registration and improved customer service / communication.</p>
<b>Definition:</b>	<p>The KPI will measure the time elapsed between receipt by the NMC of a new application and where appropriate the applicant joins the register. Ultimately we hope to develop reporting to include processing time (based on “stopping the clock” when information or decisions are required from the applicant for any reason).</p>
<p><b>Corporate goal 1, objective 1</b> 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.</p>	

Continued on next page.



Historical figure	February	March	April (RAG rating: current month vs. target)	Year to date average figure	Year end (March 2014) target	Year end (March 2014) forecast
N/A	N/A	N/A	88% (Amber)	88%	90%	90%

**Progress for the year to date compared to target performance:**



**Commentary:**

April is the first month for reporting on this new KPI. The current time period of 90 days includes all NMC processing time as well as time that the application is with the applicant. Over time we will work with IT to isolate the NMC processing time as separate from time with the applicant. This will enable us to report a far more specific measure of the time it takes the NMC to process an application from receipt to registration.

KPI 1 is comprised of two work streams, UK and EU/Overseas. Guideline processing figures for April 2013 are as follows:

UK - 99.75% within seven days.  
EU/Overseas - 36% within 90 days.

The implementation of the Registration Improvement Plan will enhance and increase the efficiency of the registration process in 2013-2014. This will generally improve processing times. Additionally, the pause in Overseas applications in early 2013 has impacted on the timeliness of Overseas decisions in recent months. Processing of these applications recommenced on 2 April and it is envisaged that processing times for these files will increase as we embed the new process.

**Red/Amber/Green rating:**

Based on 10% variance threshold:

Green = current month figure matches or is higher than the target figure of 90%.  
Amber = current month figure is between 80-89%.  
Red = current month figure is 79% or lower.

## KPI 2

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

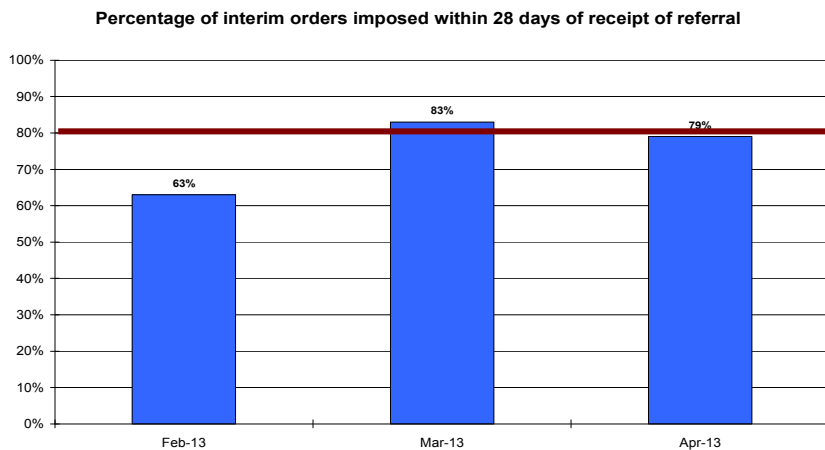
**Rationale:** We aim to protect the public in the most serious cases by applying restrictions to a nurse or midwife’s practice as quickly as possible after the need is identified.

**Definition:** Percentage of interim orders imposed within 28 days of the referral received date.

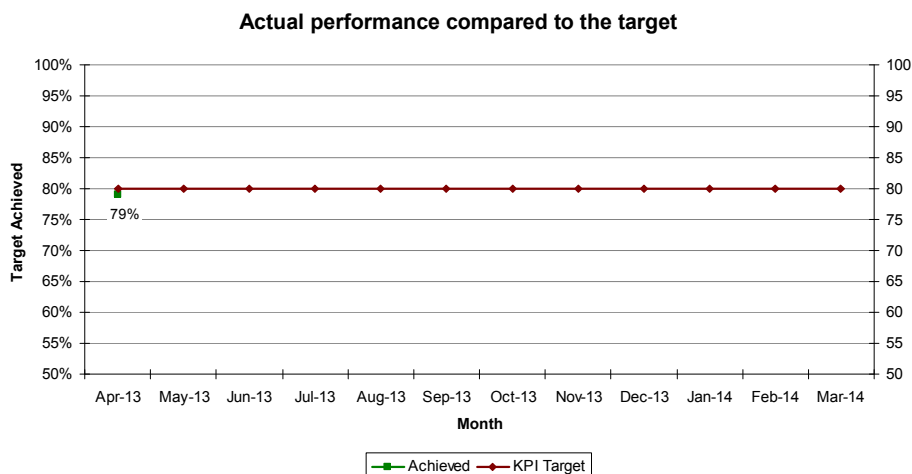
**Corporate goal 1, objective 3**  
 We will take swift and fair action to deal with individuals whose integrity or ability to provide safe care is questioned, so that the public can have confidence in the quality and standards of care provided by nurses and midwives.

Historical figure (Average for the previous year 2012-13)	February	March	April (RAG rating: current month vs. target)	Year to date average figure	Year end (March 2014) target
64%	63%	83%	79.5% (Amber)	79.5%	80%

**Performance for Feb–Apr 2013 and for the year to date, compared to the target:**



The service target is 80% and it was achieved in March. April was marginally under the target.



The actual percentage of IOs imposed within 28 days may change slightly from month to month but this KPI is expected to be consistently met.

**Commentary:**

Performance against this KPI was marginally under the target in April. There has been a marked improvement in this measure over the last two months even though the positive impact of the new IO review process will only become apparent from May onwards.

**Red/Amber/Green rating:**

Based on 10% variance threshold:

Green = current month figure matches or is higher than the target figure of 80%.

Amber = current month figure is between 70-79.9%.

Red = current month figure is 69.9% or lower.

## KPI 3

### Percentage of cases progressed through the investigation stage.

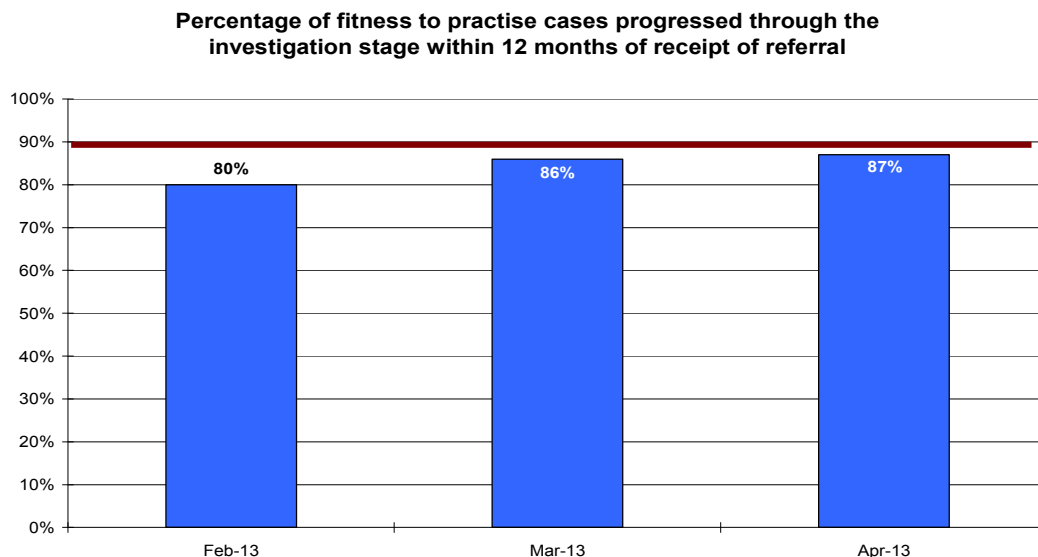
<b>Rationale:</b>	We aim to screen and investigate referrals within 12 months. We have a responsibility to balance the need for a swift decision on whether to refer the case for a substantive decision with the need for a proportionately thorough investigation.
<b>Definition:</b>	The percentage of investigations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

#### Corporate goal 1, objective 3

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

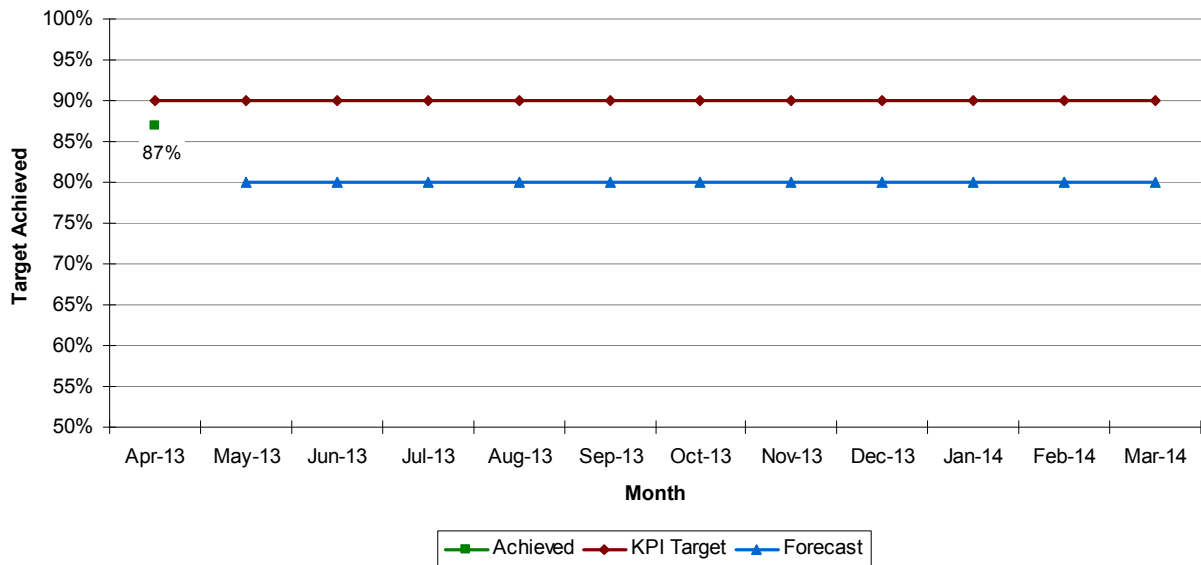
Historical figure (Average for the previous year 2012-13)	February	March	April (RAG rating: current month vs. target)	Year to date average figure	Year end (March 2014) target
68%	80%	86%	87% (Amber)	87%	90%

#### Performance for Feb-Apr 2013 compared to the target:



The service target is 90% and performance has been close to that. We are putting in place a forecast of our expected performance against this KPI. Performance is dictated by the cohort of cases being considered during each measurement period so forecasting performance in future periods means tracking the progress of each case and it's predicted Investigating Committee date.

### Year to date performance and forecast:



The chart here shows actual performance against the 12 month investigation KPI for the month of April and then a prediction of monthly performance for the remainder of the year. We know that we have cases which have or are about to miss the 12 month KPI and have forecast average performance below 90% as a result. Performance in an individual month is determined by the age profile of cases reaching the decision point within that month. We are currently gathering predicted decision dates for each case so that we can attempt to profile more accurately what the future performance by month will look like.

### Commentary:

April's performance continued the trend of steady improvement and fell just short of the 90% target. The measure is taken when an Investigating Committee decision is made so performance is dependent on the age of cases considered within the month. We anticipate an increase in the average age of cases over the coming months as we move towards a steady state and it is possible that performance against this KPI will fluctuate.

### Red/Amber/Green rating:

Based on 10% variance threshold:

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

Amber = current month figure is between 80-89%.

Red = current month figure is 79% or lower.

## KPI 4

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

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

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

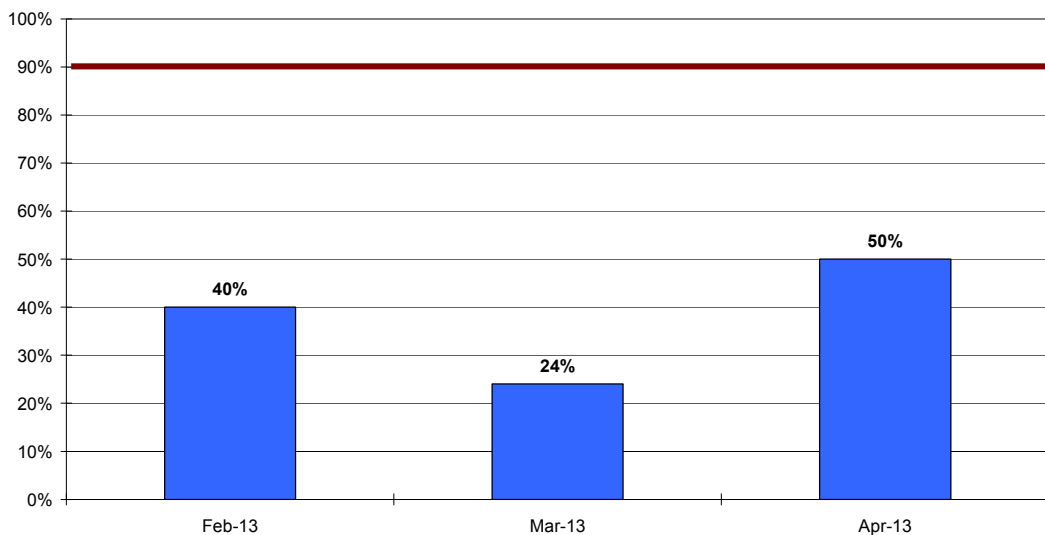
### Corporate goal 1, objective 3

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

Historical figure (Average for the previous year 2012-13)	February	March	April (RAG rating: current month vs. target)	Year to date average figure	December 2014 target
39%	40%	24%	50% (Red)	50%	90%

### Performance for Feb-Apr 2013 compared to the target:

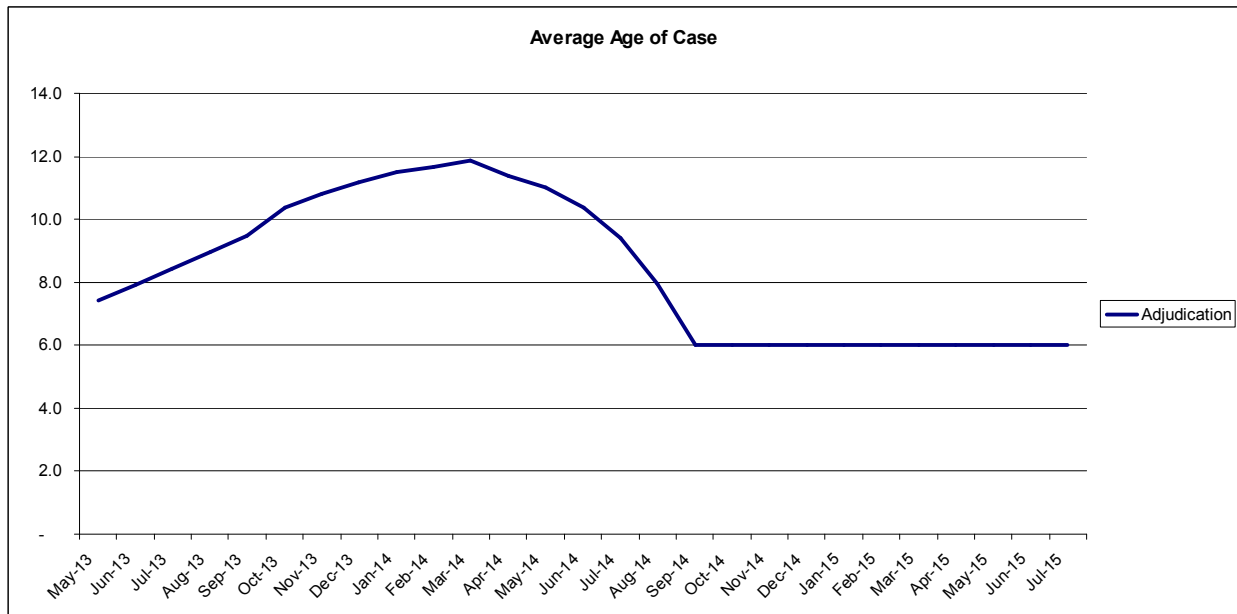
**Percentage of fitness to practise cases progressed through the adjudication stage to the first day of a hearing or meeting within 6 months**



The service target is 90%. Performance is expected to fluctuate as historic cases are prioritised and the goal is to achieve the target by the end of 2014.

**Forecast:**

A forecast of the average age of cases in adjudication is shown below. The profile shows that average age of cases in adjudication is expected to peak in early 2014, and then improve until it reaches the KPI of six months later in the year. The peak in adjudication is a result of us concentrating our hearing room capacity on historic cases between now and September, which means that non-historic cases are being held back and will be older by the time they are heard. Non-historic cases are currently concluding within fewer hearing days than historic ones so we anticipate them concluding at a faster rate once we do hear them, and there being a quick reduction in average case age as a result.

**Commentary:**

This measure is calculated in the same way as KPI 3 and performance is dependent on which cases have their first hearing day during the month. There is currently a focus on historic cases which means that a large proportion of the data set has missed the six month target and the impact on the KPI is evident. There is unlikely to be any significant change before September, after which we should see gradual improvement as newer cases which have been held back are listed.

The target date of December 2014 for this KPI is a condition attached to the Department of Health's £20m grant.

**Red/Amber/Green rating:**

Based on 10% variance threshold:

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

Amber = current month figure is between 80-89%.

Red = current month figure is 79% or lower.

## KPI 5

### Available free reserves.

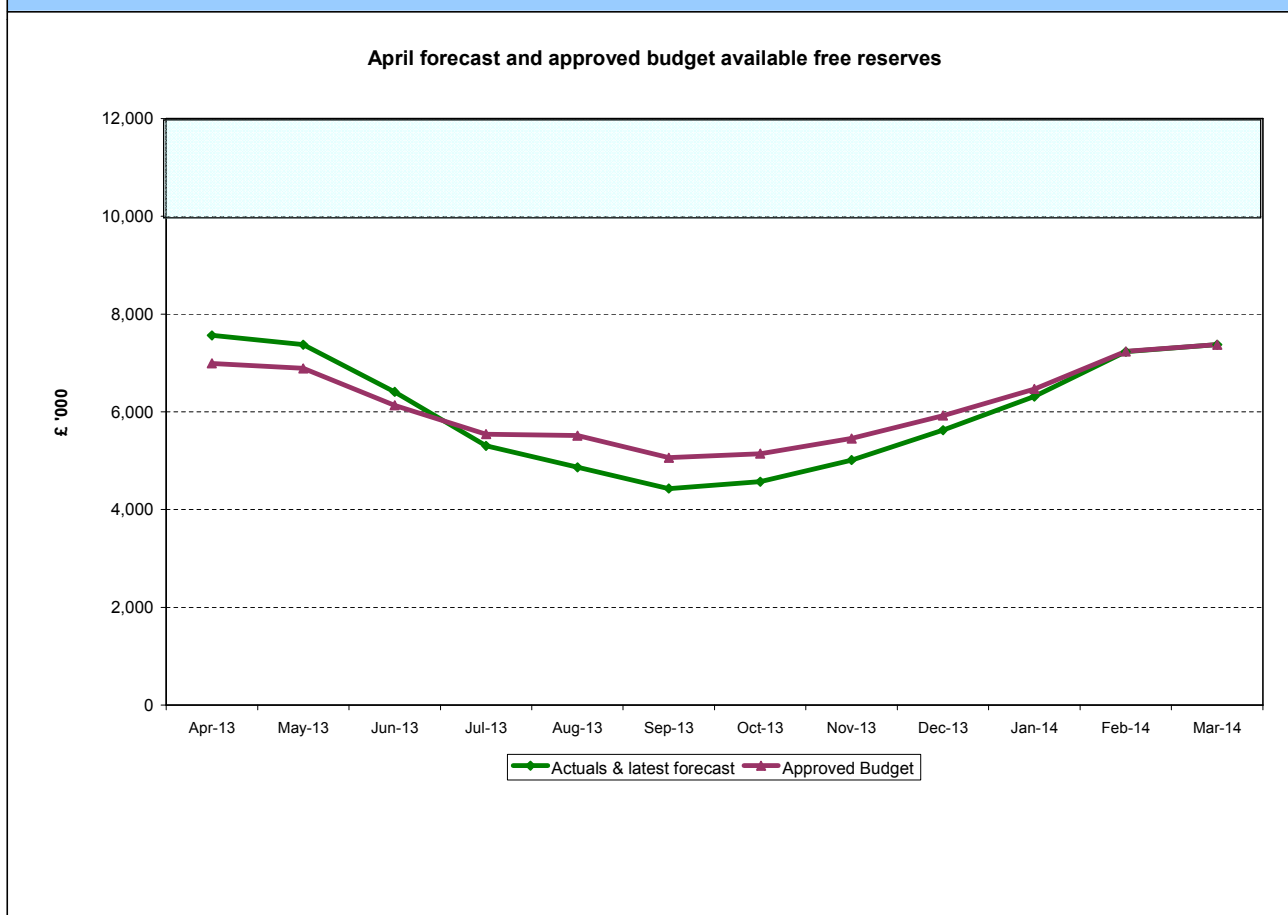
<b>Rationale:</b>	<p>The NMC's budget and financial strategy is predicated on a gradual restoration of minimum available free reserves to a minimum target level of £10 million by January 2016. This KPI measures how close we are to our plan for achieving this target.</p> <p>This KPI also demonstrates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

#### Corporate goal 3, objective 7

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

Historical figure (March 2013)	February 2013	March 2013	April 2013 (RAG rating: current month vs. April target)	April 2013 target	Year end (March 2014) target	Year end (March 2014) forecast
£7.4m	£8.8m	£7.4m	£7.6m (Green)	£7.0m*	£7.2m*	£7.2m

#### Actual and forecasted figures compared to approved budget for available free reserves:





**Commentary:**

The target figure for March 2014 is similar to that of March 2013 and will fluctuate each month based on the pattern of budgetary expenditure. Based on the financial plan, more progress towards restoring the minimum reserves level of £10 million will be made in 2014-15.

The actual available free reserves level at the end of April 2013 was £7.6m compared to a planned level of £7.0m. It is too early in the year to determine whether this is indicative of a trend, and the first full year forecast, carried out in May, projects that available free reserves at March 2014 will be on target. The financial results and forecasts are reviewed monthly by the Directors' Group, and corrective action would be taken if necessary to ensure we maintain progress to plan.

\*subject to final clearance of year end audit and restatement of opening balance sheet.

**Red/Amber/Green rating:**

Green = the current month figure matches or is above the April target figure.

Amber = within 5% of the April target figure.

Red = greater than 5% of the April target figure.

## KPI 6

### Staff turnover rate.

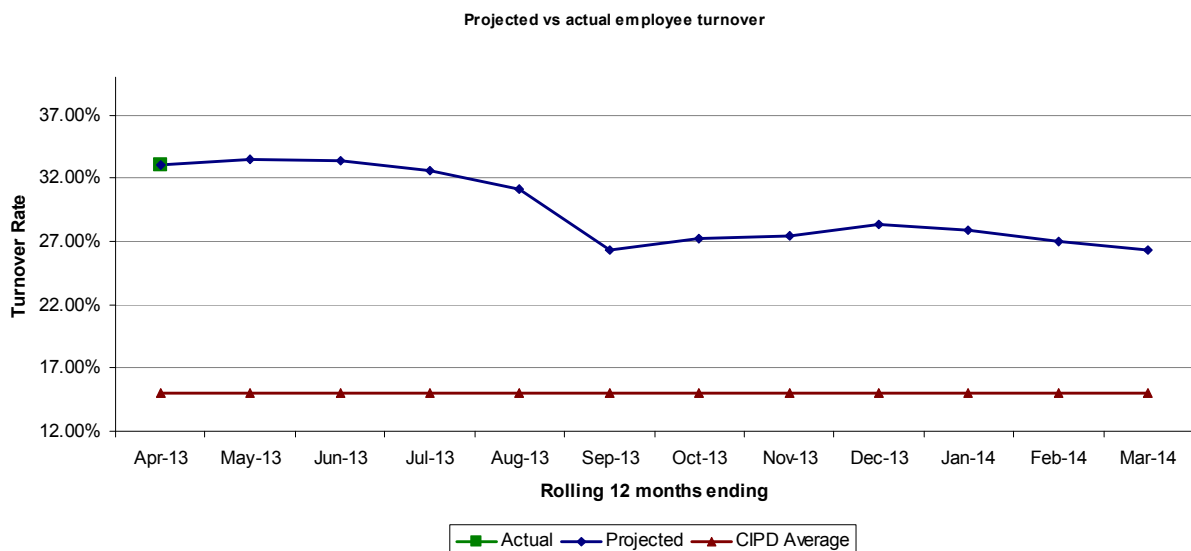
<b>Rationale:</b>	<p>The level of staff turnover has been consistently high and represents a high risk and cost to the NMC and an indicator of a sub-optimal organisational culture.</p> <p>A number of initiatives included within the Human Resources and Organisational Development Strategy are aimed at retaining staff, hence this KPI being a key measure of the effectiveness of that strategy.</p>
<b>Definition:</b>	<p>The number of employees leaving in the previous 12 months as a percentage of the average number of employees over that period, excluding end of fixed term contracts.</p> <p>The rate is impacted by the number of leavers <b>and</b> size of workforce, the latter being based on budgeted headcount.</p>

#### Corporate goal 3, objective 8

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

Historical figure (Year end - March 2013)	February 2013	March 2013	April 2013 (RAG rating: current month vs. April target)	April 2013 target	Year end (March 2014) target	Year end (March 2014) forecast
32.7%	32.7%	32.7%	33.1% (Green)	33.1%	26.3%	26.3%

#### Performance for the year to date compared to projected performance:



CIPD: The Chartered Institute of Personnel and Development.

#### Commentary:

The target figure for March 2014 is based on projected staffing levels as set out in the budget for the year. As the figure is a rolling 12 month average, depending on the prior year pattern of leavers, it will increase in some months, as in April 2013, and decrease in others.

The actual and budget figures for April are both 33.1%, slightly up on recent months for the reason explained above.

The Human Resources (HR) team are working across directorates to understand staff turnover, using exit interviews to review the rational behind why staff leave the organisation and take appropriate action. HR is developing and piloting workforce planning in Corporate Services which is a strategic planning tool to enable resource management and improve workforce information for business planning, and this will be implemented organisation wide. In time HR will develop further policies around career, succession and talent management principles as part of retaining and developing our people. The Learning and Organisational Development team is implementing the organisational Learning Plan to support and implement development interventions to build skills, knowledge and capability at all levels across the organisation and to help develop career management approaches to assist with the retention of staff.

**Red/Amber/Green rating:**

Green = the current month figure matches or is below the April target figure.

Amber = within 1% of the April target figure.

Red = where there is a difference of greater than 1% of the April target.

## Council

### Monthly financial monitoring – April 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:** **Corporate Objective 7:** 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 2013-2014 by month and year to date as at April 2013, plus the latest projections for the 'year to go' and full year 2013-2014.
- Annexe 2: Actual results and forecast projections by month to March 2014.
- Annexe 3: Graph showing forecast available free reserves versus the budget and the financial strategy available free reserves for 2013-2014
- Annexe 4: Waterfall graph showing the main variances in available free reserves between the budget and forecast for 2013-2014, by cost category.

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

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

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

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

- 9 Available free reserves at 30 April were £0.6 million higher than budget. This was mainly due to timing differences between actual and budgeted expenditure.
- 10 The latest forecast is for available free reserves at March 2014 to be on budget at £7.4 million. This level is below the £10 million minimum target, which we plan to achieve by January 2016.
- 11 Within the full year forecast for revenue expenditure, there are a number of variances to budget within directorates, which have effectively been funded by the Central Pool.
- 12 The Central Pool is a contingency fund set up during the budgeting process, to fund items which either cannot be accurately quantified during the budgeting process, or were not envisaged at the time. Funds are

released to directorate forecasts on the approval of business cases by the Directors Group. A number of pieces of work were in an early scoping phase during the budget setting process this year.

- 13 The principal forecast expenditure variances to budget relate to:
- 13.1 £0.3 million in capital expenditure (ICT) brought forward from 2012-2013.
  - 13.2 £0.4 million expenditure in Registrations, principally in relation to the external review of overseas registration, the registrations improvement plan, and increased staffing levels.
  - 13.3 £0.3 million expenditure in Fitness to Practise, comprising an external sample audit of initial stage case closures, and costs in relation to panellist training moved from HR/OD.
- 14 FtP Conduct and Competency Committee (CCC) hearings per day were slightly below budget in April, but all other hearing types were above budget.
- 15 We continue to negotiate with HMRC in relation to the repayment of income tax and National Insurance paid on FtP panellist expenses in prior years. Our current estimate of repayment is between £1.5 million and £2 million. This has not yet been factored into the forecast. The final amount is subject to negotiation, and HMRC processes take a considerable time.

### **Monthly management results**

- 16 The management results for April 2013 are set out at Annexe 1. These reports include variances against the budget and the previous month's forecast. This helps Council to monitor our ability to understand, assess and plan our activity and expenditure requirements. For the month of April, the budget was identical to the prior forecast but will change for subsequent months.

### **Actual results versus budget**

- 17 The highlights for the month of April against budget were:
- 17.1 A slight increase over budget in periodic fees and overseas applications fees. The increase in overseas application fee income follows the resumption of overseas applications processing from 1 April.
  - 17.2 Compared to the budget for revenue and capital expenditure, there is a net underspend of £0.6 million for the month.
  - 17.3 FtP is £0.1 million underspent in the month, driven by:
    - 17.3.1 Lower panellist attendance and expenses due to a lower than budgeted level of panellist training activity, and a lower actual

cost per hearing day run rate versus budget.

- 17.3.2 Lower external investigation fees, with 10 fewer cases being sent externally than budgeted for (28 actual vs. 38 budgeted). This has been offset in May.
- 17.3.3 Offsetting these underspends in the month, there were higher than budgeted external case presenter costs and shorthand writer costs, due to vacancies within the legal team and a higher number of scripts being requested.
- 17.4 Registration costs are higher by £0.2 million due mainly to higher than expected external costs associated with the review of overseas applications processing. This was under-provided in 2012-2013 but is not considered material enough to warrant a retrospective adjustment.
- 17.5 Costs in Continued Practice are £0.1 million lower than budget due to staff cost savings from vacancies, and lower QA of Education costs. The QA of Education costs have been re-forecast back into the remainder of the year at this stage, but will be kept under review as the new contract with Mott MacDonald comes into effect.
- 17.6 Revenue expenditure in ICT is £0.2 million lower than budget due to the timing of expenditure on software licences and maintenance. The full year forecast for these costs is expected to be on budget.
- 17.7 Facilities Management costs are £0.1 million higher than budget due to higher than expected building and repairs costs in the month. The timing of this expenditure is difficult to predict, and the full year forecast for this is expected to be on budget. There is also an increase in dilapidation provision costs, which were budgeted centrally, but will be picked up in Facilities Management going forward.
- 17.8 HR & OD costs are £0.1 million lower than budget resulting from timing variances in staff recruitment and staff training costs. The full year forecast for these however is expected to be on budget. In addition, there are savings in relation to panellist training costs, which were budgeted in HR/OD but it has now been agreed that these costs will now be picked up in FtP. The forecasts for both HR/OD and FtP have been adjusted to reflect this transfer.
- 17.9 The favourable variance in the Central Pool (£0.2 million) is offset to an extent by increased spend in other departments representing costs that are being funded by the Central Pool (for instance consultancy costs in the FtP closed case audit, the pay and grading review and the dilapidation provision costs in Facilities Management).
- 17.10 Total free reserves at April 2013 are £15.3 million. The pension

deficit at this point is £7.78 million; therefore available free reserves at April 2013 are £7.6 million. This is £0.6 million better than budget at this point, but outside the reserves policy envelope agreed by Council in March 2013 (i.e. the risk based element of reserves to be in a target range of £10 to £25 million).

17.11 Total cash is £75.2 million at April 2013. This is £0.1 million higher than budget, due to lower expenditure to date, offset by a lower creditor position.

### **Latest forecast**

- 18 The full year forecast for 2013-2014 is based on the detailed reforecast by directors in April.
- 19 The highlights are as follows:
- 19.1 The latest forecast is for available free reserves at March 2014 to be on budget at £7.4 million.
  - 19.2 When the budget was approved in March, available free reserves were budgeted to be £7.2 million by March 2014. This has now been restated to £7.4 million, on the basis of the restatement of the opening balance sheet for 2013-2014.
  - 19.3 Total free reserves are projected to be on budget at £14.1 million by March 2014.
  - 19.4 The forecast yearend cash position is in line with budget at £75.3 million.
  - 19.5 The income forecast is £0.1 million higher than budget, principally due to the resumption of the processing of overseas applications to the register from 1 April, which was temporarily halted in the latter part of 2012-2013.
  - 19.6 The Fitness to Practise expenditure forecast has increased by £0.3m reflecting costs for an external audit of initial stage case closures, and costs in relation to panellist training which have been transferred from HR/OD.
  - 19.7 The Registration forecast has increased by £0.4 million due to the external review of overseas registration, programme management support for the registrations improvement plan, and increased staffing levels. Costs associated with the registrations improvements plan and additional staff requirements were budgeted in the central pool as they were not fully defined at that time.
  - 19.8 The Corporate Governance forecast has increased by £0.1 million due to additional short-term resource requirements and the transfer of costs associated with the governance review from projects (where



they were budgeted) to Corporate Governance.

19.9 The Central Pool position has been revised to £2.2 million, reflecting the approved expenditure reflected in directorate forecasts.

19.10 The capital expenditure forecast is £0.3 million higher than budget due to the spend on the ICT strategy (£0.2 million) and the finance upgrade (£0.1m), being carried forward from last year.

**Public protection implications:**

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

**Resource implications:**

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

**Equality and diversity implications:**

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

**Stakeholder engagement:**

23 None

**Risk implications:**

24 There are a number of risks which should be considered on an ongoing basis when reviewing the financial position.

24.1 Council's risk based reserve policy is that available free reserves should be held in a target range of £10 million to £25 million. Following the latest reforecast, our available free reserves will be £7.4 million by March 2014, which is in breach of our reserves policy. A reduction in reserves from the policy level should only be authorised by trustees where there is a clear and robust plan to rebuild reserves. In our case, the financial strategy agreed by Council in 2012, the increased fee level and the Department of Health grant will build reserves back up to the required level.

24.2 Progress on meeting our reserves target is reported monthly.

**Opportunities**

25 The expenditure requirements for the year are based at present on a cautious assessment of activity levels and outcomes. There are a number of opportunities to increase funding or realise savings against projections, as follows:

25.1 It is possible that we will be able to negotiate the return of tax paid in prior years in relation to PAYE and NI on panellists' expenses. This is discussed at paragraph 15.

25.2 The corporate efficiency board is being re-shaped to provide greater focus on value for money and efficiency monitoring and reporting.

25.3 Requests for funding from the Central Pool may be lower than projected. Unallocated funds are returned to reserves.

**Legal implications:** 26 None.

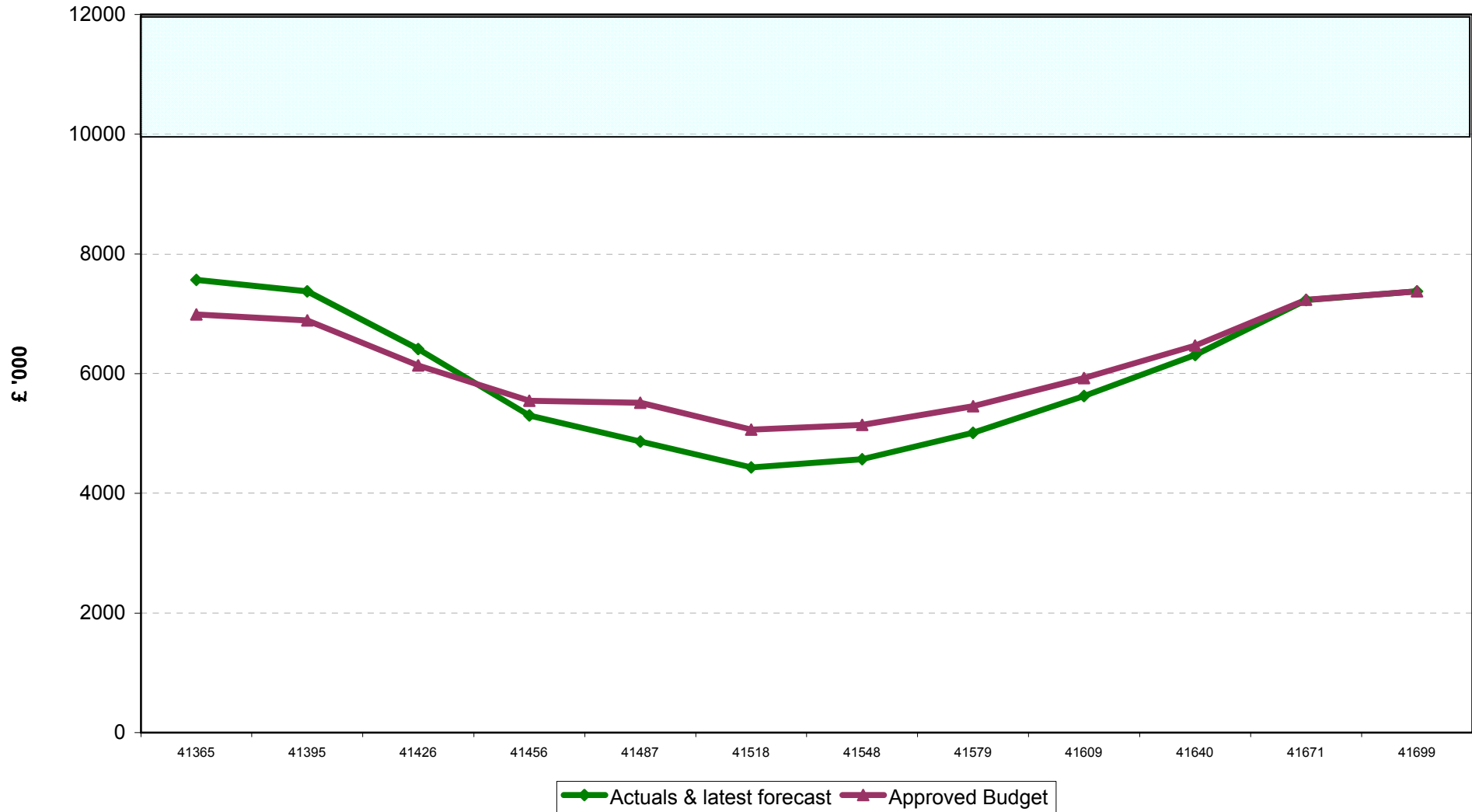
Item 10  
Actual, budget & forecast 2013-2014  
£000's

2013-2014	Month of April				April to April					May to March					Full Year				
	Actual	Budget	Prior Forecast	vs rebased budget	Actual	Budget	Prior Forecast	vs budget	vs prior forecast	Forecast	Budget	Prior Forecast	vs budget	vs prior forecast	Actual	Budget	Prior Forecast	vs budget	vs prior forecast
Periodic Fee Income	4,524	4,496	4,496	28	4,524	4,496	4,496	28	28	56,451	56,451	56,451	0	0	60,975	60,947	60,947	28	28
Overseas Applications	41	17	17	25	41	17	17	25	25	209	186	186	23	23	251	203	203	48	48
Eu Assessment Fee	35	26	26	9	35	26	26	9	9	290	290	290	0	0	325	316	316	9	9
Interest Income	117	123	123	(7)	117	123	123	(7)	(7)	1,357	1,357	1,357	0	0	1,473	1,480	1,480	(7)	(7)
Other Income	29	28	28	1	29	28	28	1	1	307	307	307	0	0	336	335	335	1	1
<b>Total Income:</b>	<b>4,746</b>	<b>4,691</b>	<b>4,691</b>	<b>56</b>	<b>4,746</b>	<b>4,691</b>	<b>4,691</b>	<b>56</b>	<b>56</b>	<b>58,613</b>	<b>58,590</b>	<b>58,590</b>	<b>23</b>	<b>23</b>	<b>63,360</b>	<b>63,281</b>	<b>63,281</b>	<b>79</b>	<b>79</b>
<b>Office of the Chair &amp; Chief Executive</b>	<b>53</b>	<b>47</b>	<b>47</b>	<b>(6)</b>	<b>53</b>	<b>47</b>	<b>47</b>	<b>(6)</b>	<b>(6)</b>	<b>519</b>	<b>519</b>	<b>519</b>	<b>(0)</b>	<b>(0)</b>	<b>572</b>	<b>566</b>	<b>566</b>	<b>(6)</b>	<b>(6)</b>
Communication	45	61	61	16	45	61	61	16	16	871	840	840	(31)	(31)	916	901	901	(15)	(15)
Council Services	38	42	42	3	38	42	42	3	3	495	470	470	(25)	(25)	534	512	512	(22)	(22)
Governance	127	113	113	(14)	127	113	113	(14)	(14)	1,282	1,188	1,188	(94)	(94)	1,409	1,301	1,301	(108)	(108)
Policy	28	33	33	5	28	33	33	5	5	393	381	381	(11)	(11)	421	414	414	(7)	(7)
<b>Corporate Governance</b>	<b>238</b>	<b>248</b>	<b>248</b>	<b>10</b>	<b>238</b>	<b>248</b>	<b>248</b>	<b>10</b>	<b>10</b>	<b>3,041</b>	<b>2,880</b>	<b>2,880</b>	<b>(161)</b>	<b>(161)</b>	<b>3,280</b>	<b>3,128</b>	<b>3,128</b>	<b>(151)</b>	<b>(151)</b>
<b>Registration</b>	<b>450</b>	<b>268</b>	<b>268</b>	<b>(182)</b>	<b>450</b>	<b>268</b>	<b>268</b>	<b>(182)</b>	<b>(182)</b>	<b>3,388</b>	<b>3,143</b>	<b>3,143</b>	<b>(245)</b>	<b>(245)</b>	<b>3,838</b>	<b>3,411</b>	<b>3,411</b>	<b>(427)</b>	<b>(427)</b>
<b>Continued Practice</b>	<b>158</b>	<b>256</b>	<b>256</b>	<b>98</b>	<b>158</b>	<b>256</b>	<b>256</b>	<b>98</b>	<b>98</b>	<b>3,004</b>	<b>2,829</b>	<b>2,829</b>	<b>(175)</b>	<b>(175)</b>	<b>3,161</b>	<b>3,085</b>	<b>3,085</b>	<b>(77)</b>	<b>(77)</b>
ICT	340	518	518	177	340	518	518	177	177	4,414	4,369	4,369	(45)	(45)	4,754	4,887	4,887	133	133
Finance	143	139	139	(4)	143	139	139	(4)	(4)	1,860	1,861	1,861	0	0	2,003	1,999	1,999	(3)	(3)
Facilities Management	477	412	412	(65)	477	412	412	(65)	(65)	4,672	4,565	4,565	(108)	(108)	5,149	4,977	4,977	(172)	(172)
HR&OD	164	227	227	62	164	227	227	62	62	2,568	2,563	2,563	(5)	(5)	2,733	2,790	2,790	57	57
<b>Corporate Services</b>	<b>1,124</b>	<b>1,295</b>	<b>1,295</b>	<b>171</b>	<b>1,124</b>	<b>1,295</b>	<b>1,295</b>	<b>171</b>	<b>171</b>	<b>13,515</b>	<b>13,357</b>	<b>13,357</b>	<b>(158)</b>	<b>(158)</b>	<b>14,639</b>	<b>14,652</b>	<b>14,652</b>	<b>14</b>	<b>14</b>
Directors office	74	74	74	1	74	74	74	1	1	1,152	846	846	(307)	(307)	1,226	920	920	(306)	(306)
Screening	89	106	106	17	89	106	106	17	17	1,196	1,168	1,168	(28)	(28)	1,285	1,274	1,274	(11)	(11)
Case Investigations - Total	247	294	294	47	247	294	294	47	47	3,815	3,714	3,714	(101)	(101)	4,062	4,008	4,008	(54)	(54)
Investigations - IC	122	143	143	20	122	143	143	20	20	1,592	1,563	1,563	(29)	(29)	1,714	1,705	1,705	(9)	(9)
Case Management	49	24	24	(25)	49	24	24	(25)	(25)	307	264	264	(43)	(43)	356	288	288	(68)	(68)
Scheduling	68	70	70	2	68	70	70	2	2	730	770	770	40	40	798	840	840	42	42
Case Preparation	105	122	122	17	105	122	122	17	17	1,274	1,347	1,347	73	73	1,379	1,469	1,469	90	90
Admin / General	69	111	111	42	69	111	111	42	42	915	1,218	1,218	303	303	984	1,328	1,328	344	344
Adjudication	233	216	216	(17)	233	216	216	(17)	(17)	2,402	2,378	2,378	(24)	(24)	2,635	2,594	2,594	(40)	(40)
CCC	1,242	1,260	1,260	18	1,242	1,260	1,260	18	18	15,264	15,264	15,264	0	0	16,506	16,524	16,524	18	18
HC	108	54	54	(54)	108	54	54	(54)	(54)	596	596	596	0	0	703	649	649	(54)	(54)
Investigations - ICIO	245	236	236	(8)	245	236	236	(8)	(8)	2,625	2,625	2,625	(0)	(0)	2,869	2,861	2,861	(8)	(8)
Regulatory Legal Team	393	327	327	(66)	393	327	327	(66)	(66)	3,868	3,790	3,790	(78)	(78)	4,260	4,117	4,117	(144)	(144)
Panel support	36	101	101	65	36	101	101	65	65	1,419	1,234	1,234	(185)	(185)	1,455	1,335	1,335	(121)	(121)
<b>FTP</b>	<b>3,080</b>	<b>3,139</b>	<b>3,139</b>	<b>59</b>	<b>3,080</b>	<b>3,139</b>	<b>3,139</b>	<b>59</b>	<b>59</b>	<b>37,154</b>	<b>36,775</b>	<b>36,775</b>	<b>(379)</b>	<b>(379)</b>	<b>40,234</b>	<b>39,914</b>	<b>39,914</b>	<b>(320)</b>	<b>(320)</b>
<b>Projects</b>	<b>40</b>	<b>42</b>	<b>42</b>	<b>1</b>	<b>40</b>	<b>42</b>	<b>42</b>	<b>1</b>	<b>1</b>	<b>67</b>	<b>64</b>	<b>64</b>	<b>(3)</b>	<b>(3)</b>	<b>108</b>	<b>106</b>	<b>106</b>	<b>(2)</b>	<b>(2)</b>
<b>Depreciation</b>	<b>226</b>	<b>256</b>	<b>256</b>	<b>29</b>	<b>226</b>	<b>256</b>	<b>256</b>	<b>29</b>	<b>29</b>	<b>2,812</b>	<b>2,812</b>	<b>2,812</b>	<b>(0)</b>	<b>(0)</b>	<b>3,038</b>	<b>3,068</b>	<b>3,068</b>	<b>29</b>	<b>29</b>
<b>NMC Corporate/General</b>	<b>23</b>	<b>5</b>	<b>5</b>	<b>(18)</b>	<b>23</b>	<b>5</b>	<b>5</b>	<b>(18)</b>	<b>(18)</b>	<b>125</b>	<b>52</b>	<b>52</b>	<b>(73)</b>	<b>(73)</b>	<b>148</b>	<b>57</b>	<b>57</b>	<b>(91)</b>	<b>(91)</b>
<b>Central pool</b>	<b>0</b>	<b>228</b>	<b>228</b>	<b>228</b>	<b>0</b>	<b>228</b>	<b>228</b>	<b>228</b>	<b>228</b>	<b>2,229</b>	<b>3,287</b>	<b>3,287</b>	<b>1,058</b>	<b>1,058</b>	<b>2,229</b>	<b>3,516</b>	<b>3,516</b>	<b>1,286</b>	<b>1,286</b>
<b>Revenue Spend</b>	<b>5,393</b>	<b>5,783</b>	<b>5,783</b>	<b>390</b>	<b>5,393</b>	<b>5,783</b>	<b>5,783</b>	<b>390</b>	<b>390</b>	<b>65,854</b>	<b>65,719</b>	<b>65,719</b>	<b>(135)</b>	<b>(135)</b>	<b>71,247</b>	<b>71,502</b>	<b>71,502</b>	<b>255</b>	<b>255</b>
<b>Surplus / (Deficit)</b>	<b>(646)</b>	<b>(1,092)</b>	<b>(1,092)</b>	<b>446</b>	<b>(646)</b>	<b>(1,092)</b>	<b>(1,092)</b>	<b>446</b>	<b>446</b>	<b>(7,241)</b>	<b>(7,129)</b>	<b>(7,129)</b>	<b>(112)</b>	<b>(112)</b>	<b>(7,887)</b>	<b>(8,221)</b>	<b>(8,221)</b>	<b>334</b>	<b>334</b>
<b>Capital</b>	<b>79</b>	<b>237</b>	<b>237</b>	<b>158</b>	<b>79</b>	<b>237</b>	<b>237</b>	<b>158</b>	<b>158</b>	<b>3,077</b>	<b>2,614</b>	<b>2,614</b>	<b>(463)</b>	<b>(463)</b>	<b>3,156</b>	<b>2,851</b>	<b>2,851</b>	<b>(305)</b>	<b>(305)</b>
<b>Total free reserves</b>					<b>15,348</b>	<b>14,773</b>	<b>14,773</b>	<b>575</b>	<b>575</b>						<b>14,128</b>	<b>14,129</b>	<b>14,129</b>	<b>(0)</b>	<b>(0)</b>
<b>Pension deficit</b>					<b>7,783</b>	<b>7,783</b>	<b>7,783</b>	<b>0</b>	<b>0</b>						<b>6,754</b>	<b>6,754</b>	<b>6,754</b>	<b>0</b>	<b>0</b>
<b>Available free reserves (excluding pension deficit &amp; restricted funds)</b>					<b>7,565</b>	<b>6,990</b>	<b>6,990</b>	<b>575</b>	<b>575</b>						<b>7,375</b>	<b>7,375</b>	<b>7,375</b>	<b>(0)</b>	<b>(0)</b>
<b>Restricted funds</b>					<b>18,286</b>	<b>18,286</b>	<b>18,286</b>	<b>0</b>	<b>(0)</b>						<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	<b>0</b>	<b>(0)</b>
<b>Cash at bank</b>					<b>75,167</b>	<b>75,061</b>	<b>75,061</b>	<b>106</b>	<b>106</b>						<b>75,309</b>	<b>75,310</b>	<b>75,310</b>	<b>(0)</b>	<b>(0)</b>
<b>Net inflow/(outflow) of funds</b>					<b>(245)</b>	<b>(351)</b>	<b>(351)</b>	<b>106</b>	<b>106</b>						<b>(103)</b>	<b>(102)</b>	<b>(102)</b>	<b>(0)</b>	<b>(0)</b>
Substantive hearing numbers per day	19	20	20	(1)	19	20	20	(1)	(1)						22	22	22	(0)	0
Headcount	556	540	540	(16)											570	540	540	(30)	(30)

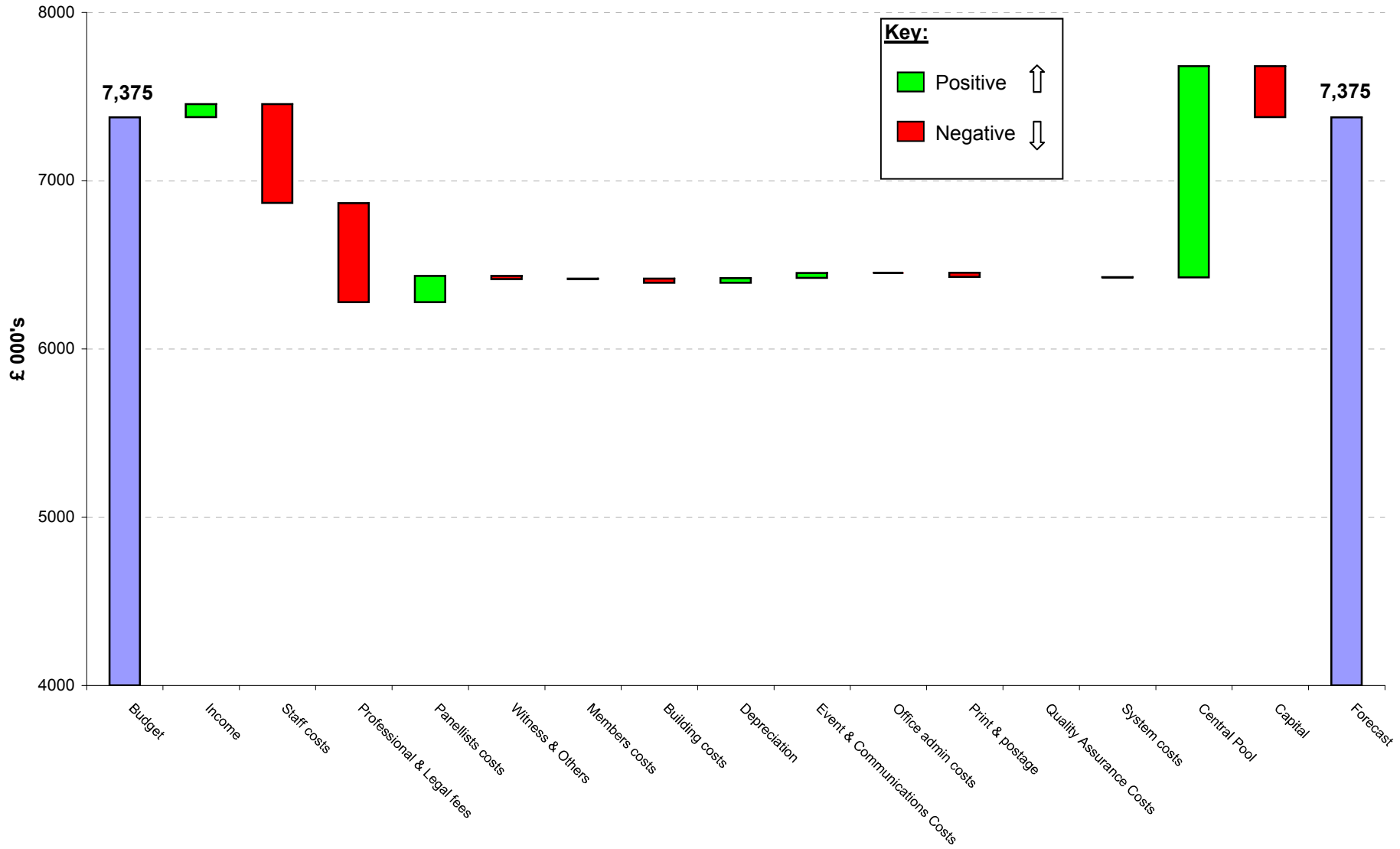
**Actual and Forecast per month 2013-2014**  
£000's

	Apr-13 Actual	May-13 Forecast	Jun-13 Forecast	Jul-13 Forecast	Aug-13 Forecast	Sep-13 Forecast	Oct-13 Forecast	Nov-13 Forecast	Dec-13 Forecast	Jan-14 Forecast	Feb-14 Forecast	Mar-14 Forecast	Full Year 2013- 2014
Periodic Fee Income	4,524	4,601	4,680	4,747	4,847	4,938	5,209	5,307	5,418	5,513	5,595	5,595	60,975
Overseas Applications	41	40	17	17	17	17	17	17	17	17	17	17	251
Eu Assessment Fee	35	26	26	26	26	26	26	26	26	26	26	26	325
Interest Income	117	123	123	123	123	123	123	123	123	123	123	123	1,473
Other Income	29	28	28	28	28	28	28	28	28	28	28	28	336
<b>Total Income:</b>	<b>4,746</b>	<b>4,818</b>	<b>4,875</b>	<b>4,941</b>	<b>5,041</b>	<b>5,133</b>	<b>5,403</b>	<b>5,502</b>	<b>5,613</b>	<b>5,707</b>	<b>5,790</b>	<b>5,790</b>	<b>63,360</b>
<b>Office of the Chair &amp; Chief Executive</b>	<b>53</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>48</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>48</b>	<b>47</b>	<b>47</b>	<b>572</b>
Communication	45	77	79	90	58	60	78	80	112	78	78	81	916
Council Services	38	42	34	48	24	40	46	52	40	43	88	38	534
Governance	127	130	162	137	98	139	98	88	128	88	88	128	1,409
Policy	28	33	33	39	38	39	35	35	35	35	35	35	421
<b>Corporate Governance</b>	<b>238</b>	<b>281</b>	<b>308</b>	<b>314</b>	<b>219</b>	<b>277</b>	<b>258</b>	<b>255</b>	<b>315</b>	<b>244</b>	<b>289</b>	<b>282</b>	<b>3,280</b>
<b>Registration</b>	<b>450</b>	<b>304</b>	<b>286</b>	<b>295</b>	<b>363</b>	<b>341</b>	<b>327</b>	<b>292</b>	<b>293</b>	<b>280</b>	<b>299</b>	<b>309</b>	<b>3,838</b>
<b>Continued Practice</b>	<b>158</b>	<b>292</b>	<b>287</b>	<b>274</b>	<b>255</b>	<b>269</b>	<b>262</b>	<b>292</b>	<b>343</b>	<b>255</b>	<b>236</b>	<b>239</b>	<b>3,161</b>
ICT	340	308	710	367	320	453	311	365	451	309	318	503	4,754
Finance	143	135	211	141	140	213	139	138	227	139	138	238	2,003
Facilities Management	477	426	415	415	417	506	415	416	420	423	394	426	5,149
HR&OD	164	232	263	280	224	224	224	224	218	224	224	231	2,733
<b>Corporate Services</b>	<b>1,124</b>	<b>1,101</b>	<b>1,598</b>	<b>1,202</b>	<b>1,101</b>	<b>1,396</b>	<b>1,089</b>	<b>1,144</b>	<b>1,316</b>	<b>1,095</b>	<b>1,075</b>	<b>1,398</b>	<b>14,639</b>
Directors office	74	214	160	145	79	79	79	79	79	79	79	79	1,226
Screening	89	94	96	112	112	112	112	112	112	112	112	112	1,285
Case Investigations - Total	247	313	350	349	352	352	352	352	349	349	349	349	4,062
Investigations - IC	122	142	142	145	145	145	145	145	145	145	145	145	1,714
Case Management	49	38	27	27	27	27	27	27	27	27	27	27	356
Scheduling	68	72	65	65	65	68	65	65	65	65	68	68	798
Case Preparation	105	101	104	117	119	119	119	119	119	119	119	119	1,379
Admin / General	69	109	81	81	81	81	81	81	81	81	81	81	984
Adjudication	233	219	212	215	220	220	220	220	220	218	218	218	2,635
CCC	1,242	1,260	1,350	1,539	1,413	1,413	1,539	1,413	1,098	1,476	1,350	1,413	16,506
HC	108	54	52	60	55	55	60	55	42	57	52	55	703
Investigations - ICIO	245	236	230	263	241	241	263	241	186	252	230	241	2,869
Regulatory Legal Team	393	377	331	363	351	351	365	352	320	359	346	352	4,260
Panel support	36	62	175	124	121	171	124	121	111	122	119	171	1,455
<b>FTP</b>	<b>3,080</b>	<b>3,293</b>	<b>3,374</b>	<b>3,605</b>	<b>3,379</b>	<b>3,432</b>	<b>3,551</b>	<b>3,381</b>	<b>2,954</b>	<b>3,461</b>	<b>3,294</b>	<b>3,429</b>	<b>40,234</b>
<b>Projects</b>	<b>40</b>	<b>20</b>	<b>22</b>	<b>12</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>108</b>
<b>Depreciation</b>	<b>226</b>	<b>256</b>	<b>256</b>	<b>256</b>	<b>256</b>	<b>256</b>	<b>256</b>	<b>256</b>	<b>256</b>	<b>256</b>	<b>256</b>	<b>256</b>	<b>3,038</b>
<b>NMC Corporate/General</b>	<b>23</b>	<b>78</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>148</b>
<b>Central pool</b>	<b>0</b>	<b>0</b>	<b>104</b>	<b>136</b>	<b>453</b>	<b>77</b>	<b>144</b>	<b>183</b>	<b>178</b>	<b>245</b>	<b>245</b>	<b>465</b>	<b>2,229</b>
<b>Revenue Spend</b>	<b>5,393</b>	<b>5,671</b>	<b>6,288</b>	<b>6,145</b>	<b>6,079</b>	<b>6,101</b>	<b>5,939</b>	<b>5,856</b>	<b>5,708</b>	<b>5,889</b>	<b>5,747</b>	<b>6,431</b>	<b>71,247</b>
<b>Surplus / (Deficit)</b>	<b>(646)</b>	<b>(853)</b>	<b>(1,413)</b>	<b>(1,204)</b>	<b>(1,037)</b>	<b>(968)</b>	<b>(536)</b>	<b>(354)</b>	<b>(95)</b>	<b>(182)</b>	<b>43</b>	<b>(641)</b>	<b>(7,887)</b>
<b>Capital</b>	<b>79</b>	<b>258</b>	<b>471</b>	<b>825</b>	<b>322</b>	<b>386</b>	<b>246</b>	<b>125</b>	<b>211</b>	<b>52</b>	<b>46</b>	<b>136</b>	<b>3,156</b>
<b>Total free reserves</b>	<b>15,348</b>	<b>15,064</b>	<b>14,007</b>	<b>12,805</b>	<b>12,273</b>	<b>11,747</b>	<b>11,792</b>	<b>12,140</b>	<b>12,661</b>	<b>13,254</b>	<b>14,078</b>	<b>14,128</b>	
<b>Pension deficit</b>	<b>7,783</b>	<b>7,690</b>	<b>7,596</b>	<b>7,502</b>	<b>7,409</b>	<b>7,315</b>	<b>7,222</b>	<b>7,128</b>	<b>7,034</b>	<b>6,941</b>	<b>6,847</b>	<b>6,754</b>	
<b>Available free reserves (excluding pension deficit &amp; restricted funds)</b>	<b>7,565</b>	<b>7,375</b>	<b>6,411</b>	<b>5,303</b>	<b>4,864</b>	<b>4,431</b>	<b>4,571</b>	<b>5,012</b>	<b>5,627</b>	<b>6,314</b>	<b>7,231</b>	<b>7,375</b>	
<b>Restricted funds</b>	<b>18,286</b>	<b>17,714</b>	<b>17,143</b>	<b>16,571</b>	<b>16,000</b>	<b>15,429</b>	<b>14,857</b>	<b>14,286</b>	<b>13,714</b>	<b>13,143</b>	<b>12,571</b>	<b>12,000</b>	
<b>Cash at bank</b>	<b>75,167</b>	<b>73,884</b>	<b>72,743</b>	<b>71,110</b>	<b>70,577</b>	<b>76,104</b>	<b>75,988</b>	<b>75,873</b>	<b>74,038</b>	<b>73,575</b>	<b>72,815</b>	<b>75,309</b>	
<b>Net inflow/(outflow) of funds - monthly</b>	<b>(245)</b>	<b>(1,283)</b>	<b>(1,142)</b>	<b>(1,632)</b>	<b>(533)</b>	<b>5,527</b>	<b>(117)</b>	<b>(115)</b>	<b>(1,835)</b>	<b>(463)</b>	<b>(760)</b>	<b>2,494</b>	<b>(103)</b>
Substantive hearing numbers per day	19	20	22	22	22	22	22	22	22	22	22	22	22
Headcount	556	567	560	573	579	578	574	572	571	571	571	570	

### April forecast & approved budget available free reserves



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



## Council

### Governance Review

**Action:** For decision.

**Issue:** Council is invited to consider the recommendations arising from the recently undertaken review of the NMC's governance arrangements.

**Core regulatory function:** Supporting functions.

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

**Decision required:** The Council is invited to agree the recommendations set out at paragraphs 4, 7, 10, 13, 17, 20, 22, 24 and 27.

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

- Annexe 1: Summary of recommendations and timetable for decision-making.
- Annexe 2: Proposed appointments of Council members to the Audit Committee, the Midwifery Committee, and the Remuneration Committee.
- Annexe 3: Draft schedule of Council and committee meetings.

**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 Following the publication of the Professional Standards Authority (PSA) Strategic Review of the NMC in July 2012, the Council made some immediate changes to the governance structure in order to start to address the PSA's findings. The Council also committed to undertaking a more fundamental review of governance arrangements to identify options that could best support the newly appointed Council after May 2013. The review was undertaken by KPMG, and engaged with a wide range of interested parties, including the then Council members, other healthcare regulators, unions, the PSA, the Department of Health, and members of staff. Throughout, the importance of the NMC's four-country perspective was considered.

**Discussion and options appraisal:**

**Overview**

- 2 In summary, the principal findings of the review are that:
- 2.1 The Council and its committees have, for understandable reasons, become too focused on operational matters at the expense of strategic decision-making.
  - 2.2 The frequency of meetings and the volume of detailed information required to support them (which are out of line with other regulators) mean that the current governance arrangements are not sustainable and do not allow the executive sufficient time to focus on improving performance.
  - 2.3 There is a lack of clear delegation from the Council to the executive, which has the effect of slowing down decision-making and disempowering senior management.
- 3 The review makes a number of recommendations aimed at enabling the Council to become more 'board-like' and strategic, streamlining governance structures and processes, and ensuring that the executive have clear responsibility and accountability for day to day operations. The summary recommendations of the review are set out in Annexe 1.
- 4 **Recommendation: The Council is invited to accept the recommendations of the review in principle.**
- Timetable**
- 5 If the Council adopts the recommendations of the review in principle, it is proposed to implement a revised governance structure from October 2013. Formal decisions will be phased across the June, July and September 2013 meetings of the Council to allow time for proposals to be developed through informal consultation with Council members.



6 Broadly speaking, the following timetable for decisions is proposed:

6.1 20 June 2013: Council to agree:

- Council committee structure.
- Membership of committees.
- Administration of meetings.
- Executive governance structure.

6.2 18 July 2013: Council to agree:

- Remit of Council.
- Council scheme of delegation.
- Terms of reference of Council committees.

6.3 12 September 2013: Council to agree:

- Standing orders.

**7 Recommendation: The Council is invited to endorse the proposed timetable set out in paragraph 6 above.**

#### **Council committee structure**

8 The Council is required by the Nursing and Midwifery Order 2001 to have a Midwifery Committee, and the conventions of good governance require there to be an Audit Committee and a Remuneration Committee. At present, the Council has the following supplementary committees: the Appointments Board, the Education Committee, the Finance and IT Committee and the Fitness to Practise Committee.

9 The review considered three potential options with regard to the supplementary committees (a) retaining the existing supplementary committees; (b) constituting alternative supplementary committees, for example aligned to the directorates; (c) de-constituting the existing supplementary committees. The review recommends the third option because it is most consistent with enabling a 'board-like' focus for the Council. De-constituting the existing supplementary committees would also serve to delineate the strategic focus of Council and committees from the greater operational focus of the Executive.

**10 Recommendation - The Council is invited to:**

- **Retain the Audit Committee, the Midwifery Committee, and**

**the Remuneration Committee.**

- **Deconstitute the Education Committee, the Fitness to Practise Committee and the Finance and IT Committee with immediate effect.**
- **Deconstitute the Appointments Board with effect from 01 October 2013, to allow for a final, transitional meeting.**

- 11 Subject to the Council's decision, further work will be undertaken to revise / develop terms of reference for the committees for the Council's consideration at the July meeting, and to ensure that plans are in place to manage the transition of business.

**Membership of Committees**

- 12 As noted above, any committee structure adopted by the Council will include an Audit Committee, a Midwifery Committee, and a Remuneration Committee. Accordingly, the Chair has consulted with members regarding their membership of those committees and proposals in this regard are set out in annexe 2 for the Council's consideration.
- 13 **Recommendation: the Council is invited to approve the appointment of Council members to the Audit Committee, the Midwifery Committee, and the Remuneration Committee, as set out in annexe 2.**
- 14 At present, there are a number of independent, non-Council members of committees whose input has been valuable. Independent members of committees can provide a useful means of supplementing the skills and experience of the Council, where it is necessary to do so. However, there is a risk that seeking expert input on specific matters at Council level can blur the distinction between operational and strategic matters. It has also proven difficult historically to ensure that non-Council members are fully apprised of Council business.
- 15 In this context, it is proposed that the Council, under the suggested governance arrangements, should adopt the principle that committees (with the exception of the Midwifery Committee<sup>\*</sup>) should be composed solely of Council members. Where, in the future, the evaluation of Council effectiveness identifies a particular gap in capability needed for a committee, external input may be sought for a limited time until the gap is addressed at the Council through development or recruitment.
- 16 Subject to the Council's decision, it is proposed that the Chair should

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<sup>\*</sup> The composition of the Midwifery Committee is regulated by the Nursing and Midwifery Council (Midwifery and Practice Committees) (Constitution) Rules Order of Council 2008 (as amended) and includes non-members of Council.

agree the dates on which existing independent, non-Council members of committees will demit office to allow for transition as required.

- 17 **Recommendation: the Council is invited to endorse the principle regarding external membership of Committees set out in paragraph 15 and authorise the Chair to proceed as outlined in paragraph 16.**

#### **Administration of meetings**

- 18 The review recommended that the Council should meet in alternate months in order to provide sufficient time between meetings for the executive to focus on delivery and performance improvement. Following informal consultation with members of the Council, it is proposed to adopt the recommendation regarding the frequency of Council meetings and a draft schedule has been drawn up (Annexe 3).
- 19 The draft schedule incorporates proposed dates for the committees that the Council is either required or recommended to have. It is proposed that the Audit Committee and the Midwifery Committee should meet quarterly and the Remuneration Committee twice a year.
- 20 **Recommendation: Council is invited to approve the meeting schedule set out in Annexe 3.**
- 21 The review recommends that the practice of 48 hour papers should be discontinued and that the balance of Council agendas should be focused on strategy and policy, with operational matters referred to in executive reports. In practice, steps have already been taken to plan agendas more effectively and improve reporting. The Chair and the Secretary will continue to monitor and review the appropriate balance of reporting to the Council.
- 22 **Recommendation: Council is invited to endorse the approach to agenda planning and reporting.**

#### **Executive governance structure**

- 23 The review recommends that an Executive Board should be constituted to support greater delegation of operational matters from the Council. The following outline principles are proposed for the Executive Board:
- Executive Board's remit to be agreed by the Council and to have operational decision-making authority.
  - To be chaired by the Chief Executive and Registrar, and to comprise every Director.

- To meet monthly and administered by the Secretary to the Council.
- Proceedings to be reported to the Council via executive reports.
- Directors Group to continue to meet weekly to ensure collective understanding of key issues.

24 **Recommendation: The Council is invited to approve the constitution of an Executive Board on the principles outlined in paragraph 23.**

25 Subject to the Council's decision, draft terms of reference will be drawn up.

26 The review recommends that advisory groups, reporting to the Executive Board, should be constituted when needed to ensure that there is an appropriate level of external input in key policy areas. The review notes that some other regulators have taken the view that Council members should not sit on advisory groups, and recommends that such bodies should not be chaired by Council members to ensure there is a clear distinction in their remit. The following principles for advisory groups are proposed:

- Remits to be advisory to, and agreed by, the Executive Board.
- To be chaired by a member of the Executive Board.
- Members to be appointed by the Executive Board, and may include a Council member where their particular expertise is of value.

27 **Recommendation: The Council is invited to approve the principles for advisory groups set out in paragraph 26.**

28 Subject to the Council's views, it is proposed to constitute the following bodies as advisory groups:

- Education Advisory Group.
- Revalidation Advisory Group.

**Public protection implications:**

29 While there are no public protection implications arising directly from this report, it is essential that governance arrangements within the organisation are sufficiently robust to support the achievement of the NMC's objects.

**Resource implications:**

30 It is considered that staffing is sufficient to support the Council to deliver changes to the governance of the NMC.

31 One of the key benefits from the proposals within this paper is the

reduction in demand on staff time supporting the current volume of governance. This will serve to allow senior staff to ensure that Council and committees are supported efficiently, effectively and comprehensively.

- |   |    |  |
|---|----|--|
| <b>Equality and diversity implications:</b> | 32 | Equality and diversity implications will be considered carefully in formulating the membership of the advisory groups referred to in paragraph 25. No other implications are considered to arise directly from the report. |
| <b>Stakeholder engagement:</b>              | 33 | The recommendations within this report are pursuant to the work undertaken by external consultants on the governance review. Stakeholder engagement undertaken is described in paragraph 1 of the report.                  |
| <b>Risk implications:</b>                   | 34 | Transition of governance arrangements has been reflected on the corporate Risk Register for some time and associated risks are being managed by Directors.   |
| <b>Legal implications:</b>                  | 35 | There are no legal implications arising directly from this report.   |

### Annexe 1: Summary of recommendations and timetable for decision-making

<b>COUNCIL</b>	
1. The Council's remit should be focussed on setting strategy, approving policy and holding the executive to account for performance.	<ul style="list-style-type: none"> <li>Proposals regarding the remit of the Council – July 2013</li> </ul>
2. There should be a new remit, NMC Standing Orders and Scheme of Delegation for Council.	<ul style="list-style-type: none"> <li>Proposals regarding the remit of the Council and the Council Scheme of Delegation – July 2013</li> <li>Proposals regarding the NMC Standing Orders – September 2013</li> </ul>
3. Council meetings should be reduced to six per year.	<ul style="list-style-type: none"> <li>Proposal– June 2013</li> </ul>
4. To support a more 'board-like' approach there should be Board Coaching for the new Council and also for the Executive team.	<ul style="list-style-type: none"> <li>Discussion – away day October 2013.</li> </ul>
5. To support the change in the balance of responsibilities between the Council, Committees, and the Executive through a revised remit the NMC Scheme of Delegation should be significantly revised to reserve the setting of strategic direction, approving policy and holding the executive to account but delegating day to day operational management to the Chief Executive and Directors.	<ul style="list-style-type: none"> <li>Proposals regarding the remit of the Council and the Council Scheme of Delegation – July 2013</li> </ul>
6. The NMC should review the threshold for items that go to the Council by placing operational items within Executive reports and focussing Council meeting agendas on strategy and policy in line with the proposed change in remit.	<ul style="list-style-type: none"> <li>Proposal – June 2013</li> </ul>
7. Stop the practice of 48 hour papers to enable more time to deliver on commitments and more time for Council members to consider issues appropriately.	<ul style="list-style-type: none"> <li>Proposal – June 2013</li> </ul>

<b>COMMITTEES</b>	
<p>8. Aligned with the recommendation that the NMC changes its remit to become more 'board-like' we recommend the following changes to the Committee structure:</p> <ul style="list-style-type: none"> <li>• Refocusing the Audit Committee to operate at a more strategic, less detailed and operational level.</li> <li>• Retaining the Remuneration Committee though explicitly giving it responsibilities for the nomination and succession planning for Directors of the NMC.</li> <li>• Revising the remit of the Midwifery Committee to focus solely upon advising the Council on midwifery issues.</li> <li>• Not retaining the other Standing Committees or Appointments Board.</li> </ul>	<ul style="list-style-type: none"> <li>• Proposals regarding the committee structure – June 2013</li> <li>• Proposals regarding terms of reference and transition of business – July 2013</li> </ul>
<b>EXECUTIVE GOVERNANCE</b>	
<p>9. If Council delegates day to day operational management to the Executive, Executive Governance arrangements will need to change. Specifically we recommend the creation of an Executive Board that meets at least monthly to formally decide operational business delegated to it by the Council. It would be open to Council scrutiny through Executive reporting to Council meetings.</p>	<ul style="list-style-type: none"> <li>• Proposal regarding the establishment of an Executive Board – June 2013</li> <li>• Proposals regarding terms of reference and transition of business – July 2013</li> </ul>
<p>10. We recommend that Advisory Groups would report direct to the Executive Board.</p>	<ul style="list-style-type: none"> <li>• Proposals regarding the principles for Advisory Groups – June 2013</li> </ul>
<p>11. In addition to the revised NMC Scheme of Delegation from Council to the Executive we recommend that the NMC considers developing an internal framework for delegation.</p>	<ul style="list-style-type: none"> <li>• Internal framework for delegation to be reviewed – autumn 2013</li> </ul>

**Annexe 2: Proposed appointment of Council members to the Audit Committee, the Midwifery Committee, and the Remuneration Committee.**

**Audit Committee**

- Louise Scull (Chair)
- Carol Shillabeer
- Stephen Thornton

**Midwifery Committee**

- Anne Wright (Chair)
- Lorna Tinsley

**Remuneration Committee**

- Quinton Quayle (Chair)
- Elinor Smith
- Stephen Thornton



### **Annexe 3: Draft schedule of Council and committee meetings**

#### **Council meetings 2013**

- 19 and 20 June 2013: Seminar and Council meeting  
*No KPIs report.*
- 17 and 18 July 2013: Seminar and Council meeting  
*KPIs report including May data.*
- 11 and 12 September 2013: Seminar and Council meeting  
*KPIs report including June and July data. Q1 Corporate Plan deliverables report.*
- 23 and 24 October 2013: Strategic Away Day  
*Long term strategic planning.*
- 20 and 21 November 2013 Seminar and Council meeting  
*KPIs report including August and September data. Q2 Corporate Plan deliverables report.*

#### **Statutory / mandatory committee meetings 2013**

- Audit Committee: 05 September 2013
- Midwifery Committee: 09 October 2013
- Remuneration Committee: 09 October 2013

## **Council meetings 2014**

*Council seminar and meeting to be held on the last Tuesday and Wednesday of alternate months.*

- 28 and 29 January 2014: Seminar and Council meeting

*KPIs report including October, November and December data. Q3 Corporate Plan deliverables report.*

- 25 and 26 March 2014: Seminar and Council meeting

*KPIs report including January and February data. Corporate Plan 2014-2017 and Budget. Fee setting.*

- 27 and 28 May 2014: Seminar and Council meeting

*KPIs report including March and April data. Q4 Corporate Plan deliverables report and annual summary of performance. Draft financial outturn 2013-14.*

- 29 and 30 July 2014: Seminar and Council meeting

*KPIs report including May and June data. Q1 Corporate Plan deliverables report.*

- 23 and 24 September 2014: Seminar and Council meeting

*KPIs report including July and August data. Annual report and accounts. Annual FtP report.*

- 25 and 26 November 2014: Seminar and Council meeting

*KPIs report including September and October data. Q2 Corporate Plan deliverables report.*

## **Committee meetings 2014**

*Indicative dates – to be confirmed once Council has decided its committee structure. Where possible, more than one committee meeting will be scheduled on the same day to assist Council members' diary commitments.*

- 25 and 26 February 2014
- 29 and 30 April May 2014
- 24 and 25 June 2014
- 28 and 29 October 2014

## Council

### Corporate Quality Assurance Strategy

**Action:** For decision.

**Issue:** Agreement of a corporate strategy and policy for quality assurance (QA) of all of the work of the organisation.

**Core regulatory function:** Supporting functions.

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

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

- The draft QA strategy at annexe 1.
- The draft NMC performance and quality management framework at annexe 2.
- The draft QA Policy at annexe 3 and agree that revisions to this document may be made by the directors without reference back to Council provided that the revisions are in accordance with the QA strategy.

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

- Annexe 1: Draft Quality Assurance Strategy.
- Annexe 2: Draft NMC performance and quality management framework.
- Annexe 3: Draft Quality Assurance Policy.

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

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- Context:**
- 1 As the professional regulator for nurses and midwives the NMC has a crucial role especially in terms of:
    - 1.1 Protecting the public from nurses and midwives who may present a risk.
    - 1.2 Raising the minimum standards required to practise as a nurse or midwife in the UK.
    - 1.3 Maintaining public confidence in the professions which we regulate.
    - 1.4 Maintaining public confidence in the system of regulation.
  - 2 We must have confidence in the quality of our regulatory outputs, decisions and outcomes and how we achieve this is a key component of our overall assurance framework.
  - 3 It is important that we have internal mechanisms to assure the quality of our work and to enable us to identify and rectify weaknesses before they are identified by others. We need to embed a consistent approach to learning and continuous improvement.
  - 4 We have researched other organisations' frameworks and learned from best practice. From March 2013 we have developed a corporate QA function based in the Corporate Governance Directorate. This is an important and radical approach and we are not aware that any of the other professional regulators have done this to date. This approach will bring substantial benefits. It will increase the level of independence the QA team has from the regulatory directorates and will provide focus and impact in facilitating a more strategic approach to change. We will draw together all our intelligence from complaints, SERs, risk registers, performance data and other sources, to ensure that we take a risk based approach to QA.
  - 5 We need to have a strategy that ensures that we do not lose sight of the importance of raising the quality of what we do alongside increasing the quantity and speed of our outputs. Failures in quality affect operational effectiveness, result in inefficiency, and can put the public at risk and damage the reputation of the NMC.
- Discussion:**
- 6 The proposed strategy for QA, including the vision and main outcomes, contained at annexe 1, is a key part of our business assurance framework.
  - 7 The strategy includes the introduction of a performance and quality management framework, which is outlined in annexe 2.
  - 8 How the corporate QA team will work including its purpose, principles and the approach it will adopt, is outlined in the attached

corporate QA policy document at annexe 3. It may be necessary to make changes to this policy as the work of the team develops and we would not intend to refer these back to Council for agreement provided that they accord with the strategy at annexe 1.

- 9 The strategy makes it clear that each area of the business is responsible for defining the quality of outcomes required for their area, and in doing so they must give due regard to the views of its key stakeholders. In making judgements about quality we will also benchmark against other organisations and the 'Standards of Good Regulation'. As set out in the policy the main focus of the QA team will be on learning and continuous improvement rather than checking compliance with policies and process as has tended to be the case in the past.
- 10 This is an innovative strategy which will deliver considerable benefits to the NMC if it is implemented properly. The ultimate outcome will be to embed a consistent approach to learning and continuous improvement. Through this the NMC will deliver proportionate, right touch regulation which protects the public and provides a high level of customer service.

**Recommendation:** to approve

- The draft QA strategy at annexe 1.
- The draft NMC performance and quality management framework at annexe 2.
- The draft QA Policy at annexe 3 and agree that revisions to this document may be made by the directors without reference back to Council provided that the revisions are in accordance with the QA strategy.

**Impact on public protection**

- 11 The prime focus of this QA strategy is to raise the level of public protection provided by the NMC. Failure to implement this strategy will carry significant risks to public protection, particularly in light of the context in which the NMC will be working over the next few years.
- 12 We will need to deliver on challenging targets around the number of cases we deal with in FtP and in other areas of our work. We will also have to do this in the context of a period of significant change both in the NMC and the wider regulatory environment. Unless we have a strong corporate grip on the quality of our work there is a significant risk that public protection will be compromised.

**Resource implications:**

- 13 At present the QA team consists of three staff including the Assistant Director. It is clear that this is insufficient to provide the level of

scrutiny and assurance to the Directors and Chief Executive that is necessary given the context in which we are operating.

14 At present we feel that we will need an additional five staff in this function to deliver the strategy and work programme.

**Equality and diversity implications:**

15 We have considered carefully whether there are any equality issues involved with implementation of the proposed QA strategy. We do not believe that there are any potential negative consequences in terms of promoting equality from implementing this strategy.

16 There should be considerable benefits in terms of promoting equality. As part of its work programme the QA team will consider whether we are complying with the Equalities Act in relation to how we operate our regulatory functions. In addition, the performance and quality management framework and process should ensure that staff are treated fairly and equably and that they will know what is expected of them in terms of the quality of their work. Having a clear process of this type should ensure that our managers operate free from discrimination.

**Stakeholder engagement:**

17 One of the central principles of the performance and quality management process is that we must consult with our main stakeholders in defining our quality measures. This will be done through a variety of means and the relevant stakeholders vary according to the function.

18 We have consulted with other professional regulators and the PSA on these proposals as well as the Audit Committee and FtP Committee of the former Council. All Directors and Assistant Directors have been given the opportunity to input into the strategy and policy as well as the QA Team's programme of work.

19 We intend to discuss the QA team's work programme with the Patient and Public forum as soon as possible after it is developed.

**Risk implications:**

20 As outlined above failure to implement this strategy carries significant risks in terms of public protection.

21 Although we will stress that the focus will be on learning and continuous improvement there is a risk that some staff will not engage with the QA team or will feel under threat from their scrutiny.

**Legal implications:**

22 None.

## Annexe 1

# Corporate Quality Assurance Strategy

## Vision

- 1 The Quality Assurance (QA) function will act as a catalyst for raising the quality of work across all of our functions. Working with the rest of the organisation, the QA team will develop and embed a performance and quality management framework and process and a culture of learning and continuous improvement. This will result in improved performance and a focus on quality outcomes delivered in a timely and efficient way.
- 2 The QA team's programme of work will prioritise those areas where there is the greatest risk to public protection and the reputation of the NMC. Where necessary, and working with others, the team will facilitate and implement change and improvement that is based on good practice.

## Key Outcomes

- 3 The purpose of this strategy is to provide a clear focus on delivering quality outcomes, which ensure that the NMC improves its work, embedding a consistent approach to learning and continuous improvement which continues to protect the public and enhances its reputation. It will enable us to identify areas of weakness and risk before they are identified by others and to take action to address them before they impact on the delivery of our key functions.
- 4 There are three outcomes from the strategy:

### Outcome 1 - A performance and quality management framework

- 5 The framework is outlined in annexe 2. It stresses that all staff are responsible for the quality of the work they undertake. Each directorate is responsible for defining appropriate quality standards in their area taking account of the views of key stakeholders. The QA team is responsible for assuring the necessary quality management processes are in place and working effectively.
- 6 The framework provides three tiers of internal quality management and assurance which is recognised as good practice. The three tiers are outlined below and details of the roles of each of the tiers is described on the reverse of the chart in annexe 2.
  - 6.1 Individual's work which is overseen by local management.
  - 6.2 Internal independent reviews carried out by the QA team.
  - 6.3 External independent audit carried out by Internal Audit.

- 7 The key milestones and success measures in achieving this outcome are:
  - 7.1 QA framework is explained to all managers and staff by end of August 2013.
  - 7.2 QA team's programme of quality assurance work starts in July 2013.
  - 7.3 Training and advice given to all managers on performance and quality management by end of 2013.
  - 7.4 Teams have their local quality arrangements in place by the end of 2013.
- 8 We aim to have the whole framework in place and embedded by October 2014.

**Outcome 2 - The QA team's annual programme of work is developed and delivered**

- 9 The QA team will carry out a programme of quality assurance reviews each year and an end to end review of the operation of the key regulatory functions.
- 10 The annual programme will be informed by an assessment of the key risks taking account of the following:
  - 10.1 The corporate and directorate risk registers.
  - 10.2 Professional Standards Authority annual performance review and audits.
  - 10.3 Views of directors and other senior managers.
  - 10.4 Information from complaints and corporate serious event reviews.
  - 10.5 Performance data.
  - 10.6 Any other intelligence that comes to the attention of the QA team or directors, including feedback from individual staff members or external stakeholders.
- 11 The key milestones and success measures in achieving this outcome are:
  - 11.1 The QA team has a delivery plan in place from July 2013.
  - 11.2 The programme of work delivers assurance and highlights areas where quality can be improved from July 2013.
  - 11.3 The QA team facilitates learning in any areas where quality can be improved from July 2013.

**Outcome 3 –An embedded culture of learning and continuous improvement**

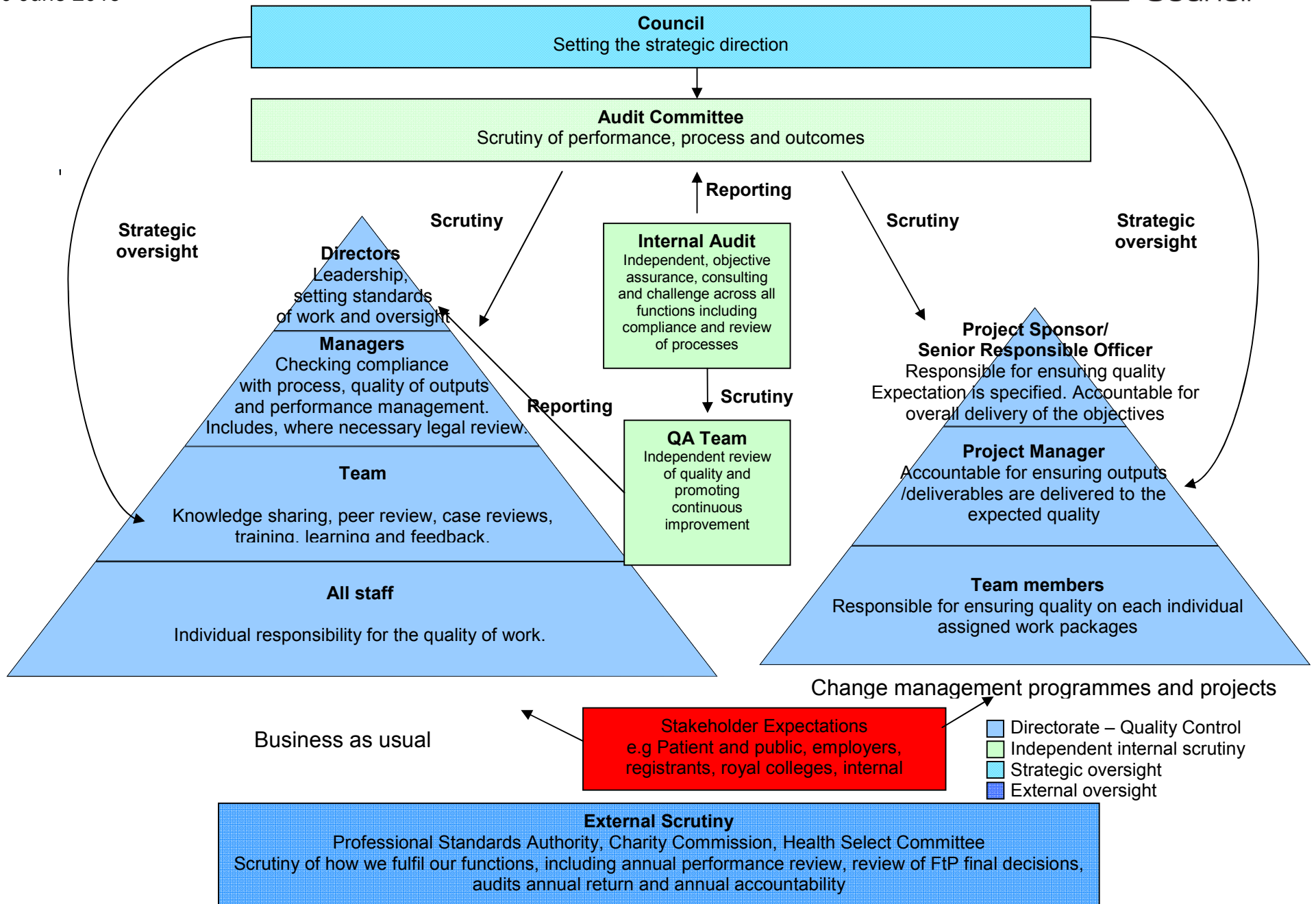
- 12 Our aspiration is for the QA Team to promote continuous improvement and model good practice. This will include, in due course, actively seeking views and suggestions from staff, working with them on solutions and ensuring that change is implemented and embedded properly. The team will also assess how change is



implemented in the organisation, both at directorate level and through the programmes and projects of the Change Management Portfolio Board.

- 13 The key milestones and success measures in achieving this outcome are that from July 2013 onwards:
  - 13.1 There are clear lines of communication between the QA team and managers in each function and an exchange of information around good practice.
  - 13.2 There is demonstrable evidence that staff feel more able to raise concerns about quality.
  - 13.3 Action is taken where the QA team identify concerns around quality and that change is managed effectively with involvement of staff.
  - 13.4 Stakeholders, including the PSA through its annual review, acknowledge progress in NMC performance and status as a learning organisation.

**Annexe 2 - NMC Performance and Quality Management Framework**



**Explanation of key roles**

**Directorate, programme and projects quality management**

- 1 Within each directorate there should be at least four tiers of accountability and governance for quality. Starting from the bottom of the pyramid, all staff are responsible for producing quality work and this will be made explicit in the expectations attached to the appraisal process.
- 2 At the next level, the team, there needs to be knowledge sharing and learning. The range of activity at this level will vary according to the function but should typically include peer review, mentoring, coaching and case reviews.
- 3 As part of their leadership and accountability responsibilities, the Director is responsible for setting the standards of quality required and ensuring that they are satisfied that these standards are being met.
- 4 Individual managers must focus on ensuring that their staff are meeting the standards set by the directors through performance management, including checking their staff members' compliance with process.
- 5 A similar pyramid structure applies with regard to programmes and projects, with three tiers involving senior responsible officers/project sponsors, project managers and project team members.

**The QA Team**

- 6 The QA team will provide independent internal assurance around whether the framework is in operation and working in each area of the NMC with a particular emphasis on whether it is resulting in quality outputs and outcomes. In doing this the QA team will apply the principles set out in QA Policy.
- 7 The QA team will also scrutinize the quality of outcomes by undertaking reviews of key areas based on risks. How these reviews will be carried out varies according to the nature of the review.
- 8 The QA team will report their findings to the Directors Group and include any issues relating to organisational learning. Where appropriate the team will also work with staff to implement change effectively.

**Internal audit**

- 9 Internal Audit's role is similar to the QA Team's, although the focus will tend to be more on processes, including whether processes are fit for purpose and being complied with. Internal Audit will report to the Audit Committee and they will also scrutinise and report on the performance and effectiveness of the QA Team.

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## **Annexe 3**

# **Corporate Quality Assurance policy**

## **Introduction**

- 1 This policy sets out the approach the NMC Quality Assurance team (QA team) will take in quality assuring all aspects of the NMC's work.

## **Who this policy applies to**

- 2 This policy applies to the QA team in terms of providing the principles they should apply when undertaking quality assurance work. The policy also provides information to all staff on how quality assurance will be applied in the NMC and will enable them to assist and engage with the QA team's work.

## **Aims of the policy**

- 3 The aim of the Corporate Quality Assurance Policy is to set out the key principles the QA Team will apply in fulfilling its role and how it will operate.

## **Purpose of the QA team**

- 4 The key purpose of quality assurance is to increase public protection, raise public confidence in the NMC and promote learning and a culture of continuous improvement. The quality assurance team should play a crucial role in keeping the NMC safe by assisting the Chief Executive, Directors and other senior managers in ensuring that the NMC is producing quality outcomes in all areas of its work.
- 5 Quality assurance is not about checking for its own sake and the QA team's work should be risk based and focussed on the improvement agenda.

## **Key Principles**

- 6 The key principles that should be applied to the implementation of the QA team's work are that it should be:
  - 6.1 Corporately owned and supported by the Executive. The QA team will report their findings openly and honestly and the Executive will encourage this and respond to their suggestions constructively.
  - 6.2 Risk based, including taking account of intelligence from the corporate, directorate and team risk registers, serious event reviews (SERs), complaints, performance data, areas of major change and other sources.
  - 6.3 High level and strategic. It will focus on the priority areas and those where it can have the greatest impact in terms of improvement.

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- 6.4 Focussed on the quality of outcomes, particularly in terms of whether we are protecting the public and providing a good standard of customer service.
- 6.5 Focussed on improvement and promote a culture of continuous improvement across the organisation.
- 6.6 Comprehensive, covering the whole organisation.
- 6.7 Flexible and able to respond to new concerns and risks identified. The QA team themselves should be alert to risks which have not been identified by others.
- 6.8 Informed by good practice, both internally and in other organisations.
- 6.9 Linked to performance management.
- 6.10 Measurable in terms of its impact and have a positive impact.
- 6.11 Aligned as far as possible with the Internal Audit programme.

## **Approach**

- 7 The QA team will be responsible for implementing the QA strategy as agreed by Council. In doing so it will work collaboratively with staff in other parts of the organisation and ensure that it does not place unnecessary burdens on them.
- 8 The QA team will engage constructively with staff at all levels and encourage them to raise concerns which may require consideration. In working with managers on reviews they will provide regular feedback on emerging findings and adopt the “critical friend” approach to challenge with no surprises at the end of the process
- 9 The QA team will also work with staff to engineer change where necessary and model effective change management by involving staff so that they have a greater understanding of the reasons for change and ownership. However, ultimately it is for the Director of the relevant function to ensure that the necessary changes are made in response to QA findings.
- 10 The QA team will be alert to risk. It will use a range of methods to scrutinise and review quality and will apply the most appropriate one depending on the nature of the review.
- 11 The QA team will on occasions involve members of staff from outside the team in the reviews that they undertake, especially where those members of staff have particular knowledge and understanding of the area being reviewed.

## **QA Programme**

- 12 There will be an annual QA work programme, which will outline the main areas which will be subject to review. However, the programme will provide flexibility to enable the QA team to review new areas as risks are identified.

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- 13 The QA team's programme of work will be informed by consultation with the key internal stakeholders. In particular, the team will consult with the Directors, Assistant Directors and other Senior Managers. The completed programme will be agreed by the Directors group and reported to the Audit Committee.
- 14 Where possible we will seek to consult with key external stakeholders on the programme, in particular the Patient and Public Forum.

## Reporting

- 15 The findings of individual reviews will be reported to the director(s) responsible for the function concerned in the first instance. Where appropriate reviews will include recommendations and once these have been agreed the QA team will monitor the implementation of change arising from these recommendations.
- 16 The QA team will also report its progress and findings to the Directors Group. Wherever possible reporting will coincide with the reporting of performance management information, including the KPIs to ensure that the link is maintained in terms of assessing quality of outputs and outcomes alongside the numbers/quantity.
- 17 The QA team will also produce a summary report on a quarterly basis to Audit Committee and high level findings, including progress in implementing the QA strategy, will also be reported quarterly to the Council.
- 18 Where any serious concerns are identified by the QA team, which have a potential major public protection or reputational risks for the NMC, these will be reported without delay to the Director(s) responsible for the function concerned and to the Chief Executive. Decisions to escalate issues in this way will be taken by the Assistant Director for Quality Assurance or the Director of Corporate Governance.

## Measurement

- 19 The focus of the team is supporting managers across the organisation to deliver continuous improvement.
- 20 The key performance measures for the QA team are whether they have delivered the outcomes in the QA strategy. The outcomes of the QA strategy are linked to the specific measures that the organisation and individual service areas adopt. However in principle, we will be able to demonstrate the progress against delivery of this strategy when:
  - 20.1 All directorates have in place quality measures which have been informed by an understanding of key stakeholder views.
  - 20.2 All directorates manage quality by rigorous analysis of robust data and scrutiny of quality.
  - 20.3 There is demonstrable evidence that lessons learned inform projects and other continuous improvement initiatives.

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- 20.4 Increasingly we anticipate rather than react to problems and risks.
  - 20.5 Increasingly we meet our stakeholders' expectations..
  - 20.6 The proportion of things we get right first time increases.
  - 20.7 The amount of variation in our performance decreases.
  - 20.8 All managers and staff across the organisation understand that they have individual and collective responsibility for quality.
  - 20.9 Staff surveys tell us that managers and frontline staff consistently feel empowered and supported to continuously improve services.
- 21 In the meantime our key performance measures are:
- 21.1 Percentage of completed milestones on the QA programme that are on track.
  - 21.2 Percentage of actions not agreed by the relevant director(s).
  - 21.3 Percentage of agreed actions implemented by the relevant director(s) within agreed target time.
  - 21.4 Percentage of managers in each directorate that have attended a QA team briefing or training event.

## **Role of Internal Audit**

- 22 The Internal Auditors will review the effectiveness of the QA team's work. This will form part of their annual programme of audits and will be reported to the Audit Committee.

## **Application of this policy**

- 23 This policy is effective from 1 July 2013 and will be reviewed annually.

## **Review of this policy**

- 24 This policy will be reviewed within one year of coming into operation.

## Council

### Human Resources and Organisational Development Strategy – Progress Report

**Action:** For discussion.

**Issue:** A report on progress in implementing the Human Resources and Organisational Development (HR and OD) Strategy.

**Core regulatory function:** Corporate Services.

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

**Corporate Objective 8:** “We will build a culture of excellence by attracting, retaining and developing high quality staff to deliver our services.”

**Decision required:** The Council is recommended to note the progress made in implementing the strategy.

**Annexes:** Annexe 1: Mapping of Francis Report recommendations to HR & OD Strategy

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

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- Context:**
- 1 Council approved the NMC's HR and OD strategy in February 2013, having provided feedback to an earlier draft presented in July 2012. This paper presents the first progress report on the implementation of the strategy.
  - 2 The strategy covers the period from 2012-15 and underpins the key deliverables in the corporate plan 2013-16. In implementing the strategy priority has been given to a number of the deliverables under the strategy, whilst others will be developed further in later periods. It should be noted that this report applies only to the developmental aspects of the strategy and does not include the business as usual support in managing recruitment, advising and assisting in the resolution of employment issues, staff development and organisational design.
  - 3 In response to the Francis report, consideration has been given to the cultural issues cited in the report as giving rise to some of the failings at Mid Staffs NHS Trust. This is referred to in section 20 of this report and in Annexe 1.

**Discussion and options appraisal**

- 4 The strategy has five purposes:
  - 4.1 To develop comprehensive and flexible workforce modeling.
  - 4.2 To review and update all HR policies, guidance and procedures.
  - 4.3 To improve our employer brand.
  - 4.4 To develop and improve leadership and management, capabilities and competence.
  - 4.5 To embed new ways of working and behaviours that support change and continuous improvement.
- 5 As the impact of the strategy and interventions can only be measured against the identified success criteria over a medium to long time period, this report updates Council on the interventions and actions that have been developed or implemented since July 2012, those that are currently underway, and those that are planned for later in 2013. Future reports will start to test against those success measures.
- 6 The actions undertaken to date form the foundations upon which more intensive interventions can take place. They therefore represent the inputs into the strategy.

**Summary of actions to date**

- 7 **Recruitment** - the senior management team is almost complete following an extensive period of recruitment and is filled with

permanent appointments. This has stabilised the leadership team. Most are now coming to the end of their probationary periods. Also, through a recruitment drive there has been a significant increase in Fitness to Practise permanent headcount, increasing permanent capacity and reducing dependence on temporary staff and contractors.

- 8 **Pay & grading review** - a full review has been launched with participation from a newly elected staff consultation group. The review is being supported by Mercer and is expected to lead to formal consultation with staff in the August - October 2013 period. The outcomes of the review will be a revised grading structure and approach to pay, a fairer approach to job evaluations, and benchmarking of our approach and pay scales against the market. As part of the review we are also considering other non-pay rewards.
- 9 **Pensions review** - alongside the pay and grading review we are also reviewing our pension arrangements, taking professional advice on our options regarding our existing defined benefit scheme and starting to shape a possible defined contribution scheme in order to comply with our legal duty to auto enrol all eligible staff into a pension scheme by 1 February 2014. Workshops with interested staff to develop a possible scheme are scheduled in June 2013. The pension scheme trustees have been advised of our intent to review the defined benefit scheme and we are seeking their views on the acceptability of a number of options before developing them further.
- 10 **Staff survey** - this was run in April 2013 with feedback in May. Results have been shared with staff and action plans to address the results at Council-wide level and directorate level are being prepared for further engagement with staff. This survey provides the baseline data against which we will be able to measure the impact of our initiatives.
- 11 **Corporate induction** - this has been remodelled and feedback shows good level of satisfaction with the day. The process for induction by managers has also been revised and will be further evaluated to assess effectiveness and gauge level of compliance.
- 12 **Drop in sessions** - in advance of a more holistic learning and development programme a series of drop in sessions have been run covering people management issues.
- 13 **Learning and development** - a comprehensive three year programme has been approved by directors, addressing generic training needs (e.g. leadership and management skills), as well as investing in specific individual needs arising from performance development reviews. There is an increase of £75k in the learning and development budget in 2013-14 compared to prior years, recognising the importance of this area.

- 14 **E- Learning** - the old platform was decommissioned in December 2012 and replaced with a new platform, which is of higher quality, better supported and enables statutory and mandatory training to be completed more quickly. Content includes health and safety and information security. More content will be developed this year to create a wider range of learning options.
- 15 **Behaviours framework** - this was developed last year with support from a consultant and was soft-launched at the staff conference in December 2012. It is now being rolled out to staff from June 2013 onwards through a series of workshops. Behaviours will be incorporated fully into performance management from April 2014 following a period of trialling from October 2013.
- 16 **HR system** - essential upgrades to the HR system (HR Pro) have been developed and tested, without which we could not make further improvements. Managers and staff now have access to their own and their team data, giving more autonomy and control at a local level (e.g. managing sickness absence and leave). The next phase in implementation will be to use our system for on line recruitment of staff.
- 17 **Workforce Planning** - a formal approach to workforce planning has been developed and is being piloted in Corporate Services before being rolled out through the rest of the organisation. It will inform the change programme and enable us to focus on the longer term vision for the organisation and will support discussions by council on strategy in the autumn.
- 18 **Capacity** -- in recognition of the scale of work required in delivering this strategy and in meeting organisational needs, the capacity of the HR team has been increased.

### Next steps

- 19 These actions have set the foundations upon which we will progress through the next stages of work. The key programmes for completion this year include the following:
- Implementing the pay and grading review upon which a decision from council will be sought later in the summer;
  - Implementing any recommended changes to the current pension scheme subject to council approval and consultation with affected staff. This is coupled with completion of arrangements for auto enrolment;
  - Delivery of an enhanced learning and development programme;
  - Following through the action plan in response to the staff survey

including the use of pulse surveys to track progress;

- Reviewing all HR policies, procedures and guidance;
- Completion of an initial workforce plan using the newly defined process, including career pathways.

### **Francis implications**

20 There were a number of points raised in the Francis Report that relate in some way to HR and OD that could be applicable to any organisation, not just those delivering health services. The relevant points are mapped in Annexe 1 against the NMC's HR and OD strategy, and include the reference to the Francis Report for information.

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

21 Having a stable workforce of sufficient competence, capacity and capability to deliver our regulatory duties is essential if we are to properly protect the public.

#### **Resource implications:**

22 There is an increased investment in the budget for 2013-14 for learning and development and a separate business case has been approved to increase the capacity within HR to manage the extended programme of work and better support the organisation. There will also be a need for staff to be released to participate in learning activities which will represent a significant resource implication in terms of time.

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

23 Equality impact assessments will be carried out in the review of policies and procedures and equality and diversity will be considered in the development and roll out of learning and development activities.

#### **Stakeholder engagement:**

24 Staff are the key stakeholder group impacted by the content of this report and there will continue to be open and effective engagement with them on the initiatives forming the subject of this report.

#### **Risk implications:**

25 This strategy is, in part, seeking to address one of the key risks on the risk register, namely the high staff turnover rate. There are a number of associated and subsidiary risks but this is the single most important risk and is a key performance indicator for the NMC.

#### **Legal implications:**

26 The review of HR policies, guidance and procedures will ensure the NMC is compliant with relevant employment law and with best practice.

**Annexe 1: Mapping of Francis Recommendations to HR & OD Strategy**

<b>Francis Para Ref</b>	<b>Question posed</b>	<b>HR &amp; OD Action</b>
Exec Summary Para 12	Culture of bullying so people could not do their jobs properly. How do we enable staff to perform their roles to the highest levels of effectiveness?	Review of HR policies Leadership & Management Training
Exec Summary Para 78	Culture of habituation and passivity. This reads as 'resigned resilience'. How far have we changed that culture within the NMC?	Behaviours framework Performance management training
Para 1.2	Ignoring whistle blowing. Do we actively promote our own policy?	Review of HR policies includes whistle blowing
Para 1.2	Consideration of impact of resources on ability for organisation to perform its role. To what extent do we consider this in our planning and budgeting?	Workforce planning development

Para 1.8	Passivity about personnel issues. How robust and consistent are we in performance management and how fair are our HR policies and practices?	Performance management training Review of HR policies Staff survey feedback
Para 1.8	Lack of sense of collective responsibility. How do we develop this through leadership and development programmes at all levels?	Leadership and management training Development of Assistant Directors
Para 1.9	Failure to act on views from staff surveys. Do we listen enough to staff issues to enable a culture of high morale and commitment?	Staff survey and follow up action plan Staff engagement and communication Staff consultation group
Para 1.13	Focus on preparedness for FT status rather than addressing skills shortages. Do we have the right balance between meeting urgent improvement targets and investing in our internal capacity for the long term?	Learning and development programme Change programme Staff survey feedback Workforce planning development
Para 1.14	Poor leadership and staffing policies, leading to declining professionalism. What do we expect from our staff and leaders?	Behaviours framework Learning and development programme Review of HR policies, guidance and procedures

## **Council Schedule of Business July – September 2013**

### **Standing items**

- Minutes and matters arising
- Chair's report (including actions)
- Francis report
- Risk register
- Chief Executive's report
- Financial report
- Committee reports
- Schedule of business
- Questions from observers

### **Thursday 18 July 2013**

- Annual reports
  - Fitness to Practise annual report (for decision)
  - Annual report and accounts (for decision)
  - Equality and Diversity annual report (for decision)
- Response to Francis report (for decision)
- Strategic engagement
  - PSA performance report response (for decision)
  - Health Select Committee report: stock take (for discussion)
- Corporate matters
  - Pensions, pay and grading review (for decision)
  - ICT Strategy (for information)
  - Revised corporate complaints processes (for information)
- Governance review
  - Scheme of delegation
  - Committee terms of reference

### **Thursday 12 September 2013**

- NMC model for revalidation (for decision)
- Approach to development of standards (for decision)
- Fitness to Practise matters
  - Appointment of FtP Panel members (for decision)
  - Voluntary removal during Fitness to Practise investigations (for information)
  - FtP thresholds (for discussion)

### **Thursday 21 November 2013**

- Strategic engagement plan (for decision)
- Education strategy (for decision)
- Subsidiary fees (for decision)
- PSA audit of FtP cases (for discussion)