Nursing & Midwifery Council

Annual Report and Accounts 2021–2022 and Strategic Plan 2022–2025

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Annual Report and Accounts 2021–2022 and Strategic Plan 2022–2025

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Contents

Foreword

Welcome to the NMC's review of 2021–2022. This report covers the second year of our five-year strategy; a year again dominated by the Covid-19 pandemic. We continued to act with agility to meet the needs of UK health and care services and the public, for example in extending our temporary register when needed.

We are determined that all our work must be built on a solid foundation of advancing equality, valuing diversity and promoting inclusion (EDI). Health inequalities have been exposed and exacerbated by the pandemic and we all have much to do to address these challenges. Our EDI plan, published this year, sets out how we will integrate EDI in all our work, ensuring our own regulatory processes are fair for all.

We would like to highlight two particular achievements. Following extensive public consultation, we have now agreed new standards for specialist community nursing and specialist community public health nurses post-registration qualifications. We are grateful to all those who have worked with us on this significant achievement. It marks the culmination of six years' work to update all our education standards to support the nursing and midwifery professionals of the future. We are now starting to look ahead to what regulation of advanced practice might look like.

We also updated the test that internationally-trained nurses and midwives have to take before they join our register to reflect these new standards. This means that people can be confident in the quality of the care they receive – no matter where the professionals looking after them trained.

Disappointingly, we did not make the progress we wanted in reducing our fitness to practise caseload, meaning cases are taking much longer to resolve than we would like. We are sorry for the further distress this causes for all involved. We have stabilised case numbers and are determined to deliver further changes to reduce the time people wait for a decision in the year ahead.

We appreciate the collaborative approach and support we continue to receive from the Unions and Royal Colleges to help us achieve this.

Proposed reforms of our legislation will also help by giving us the flexibility we need to resolve cases more quickly whilst still protecting the public. We have begun to work on how to make the most of the proposed changes, and what the impacts on the wider workforce might look like.

Towards the end of the year Donna Ockenden published her review of maternity services at the Shrewsbury and Telford Hospital NHS Trust. It is a painful report to read and our hearts go out to the families whose lives have been changed forever, and who have had to fight so hard to be heard. We also recognise the pressure on individual midwives as they strive to deliver good, safe care in difficult circumstances.

This and forthcoming reports into other maternity services will shape our work for some time to come. It's going to take all of us – regulators, employers and professionals – working together with women and their families to ensure that safe and kind maternity care is a reality for everyone, everywhere.

Finally, there is so much more in this report which reflects the hard work of everyone, Council members, colleagues and partners in challenging circumstances; we thank them all for their dedication.

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Sir David Warren
Chair

08 July 2022

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Andrea Sutcliffe
Chief Executive and Registrar

08 July 2022

01

Our **role**

We are the independent regulator for nurses and midwives in the UK and nursing associates in England. Our objectives are set out in the Nursing and Midwifery Order 2001 (as amended).

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

a. protecting, promoting and maintaining the health, safety and wellbeing of the public

b. promoting and maintaining public confidence in the professions regulated under the Order

c. promoting and maintaining proper professional standards and conduct for members of those professions.

Our regulatory responsibilities are to:

- **maintain the register** of nurses and midwives who meet the requirements for registration in the UK, and nursing associates who meet the requirements for registration in England
- set the **requirements for the professional education** that supports people to develop the knowledge, skills and behaviours required for entry to, or annotation on, our register
- shape the practice of the professionals on our register by **developing and promoting standards** including our Code, and promoting lifelong learning through revalidation
- **investigate and, if needed, take action** where serious concerns are raised about a nurse, midwife or nursing associate's fitness to practise.

Our governing body is our Council, which is made up of six lay people and six professionals on our register. Our work is overseen by the Professional Standards Authority for Health and Social Care, which reviews the work of regulators of health and care professions. We are accountable to Parliament through the Privy Council. We are also a registered charity and seek to ensure that all our work delivers public benefit.

Our vision is safe, effective and kind nursing and midwifery that improves everyone's health and wellbeing. As the independent regulator of more than 758,000 nursing and midwifery professionals, we have an important role to play in making this a reality.

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

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

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

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

Improvement and innovation

Proactive support for our professions

More visible and better informed

Engaging and empowering the public, professionals and partners

Greater insight and influence

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

Our values underpin everything we do. They shape how we think and act.

We are fair

We treat everyone fairly. Fairness is at the heart of our role as a trusted, transparent regulator and employer.

We are kind

We act with kindness and in a way that values people, their insights, situations and experiences.

We are collaborative

We value our relationships (both within and outside of the NMC) and recognise that we're at our best when we work well with others.

We are ambitious

We take pride in our work. We're open to new ways of working and always aim to do our best for the professionals on our register, the public we serve and each other.

Our strategy on a page

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

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

Our role 2020-25

Regulate

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

Support

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

Influence

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

Values Fair Kind Collaborative Ambitious

Themes 2020-25 Improvement and innovation | Proactive support
Visible and better informed | Engaging and empowering | Insight and influence

2021–2022 was the second year of our strategy. Like 2020–2021, it was substantially affected by Covid-19, with significant elements of our plans having to be deferred to focus our resources on responding to the pandemic. To ensure our strategy remains feasible, we have reviewed progress and re-scoped or re-phased some commitments and decided not to pursue others before 2025. Our revised commitments can be found in the strategic plan section of this report.

02

Performance review 2021-2022

We had achieved a great deal by the end of 2020–2021: we had launched and maintained our temporary register, introduced emergency and recovery education standards, and rapidly established remote working to continue our services.

But we also ended the year with delays to our strategic programmes and a high and growing fitness to practise caseload. To help navigate these challenges and build on our successes, our corporate plan for 2021-2022 set out 10 commitments.

In the following pages, we report on how that plan has helped us to fulfil our role and further our vision for safe, kind and effective nursing and midwifery that improves everyone's health and wellbeing.

Equality, diversity and inclusion

We have a responsibility as a regulator and as an employer to do everything we can to tackle discrimination and to promote diversity and inclusion. We know that the best way to do this effectively is to embed equality, diversity and inclusion (EDI) into all our work. In this report, we have drawn out how we have progressed this work in 2021-2022.

Regulating nursing and midwifery

Our register

Our register is at the core of everything we do. It protects the public by ensuring that only those who meet our standards can practise in the UK.

On 31 March 2022, the number of nurses, midwives and nursing associates on the permanent register was 758,303. This represents:

an increase of 3.6 percent (26,403 professionals)

since March 2021, and is the

highest number of professionals ever on our register.

Our permanent register by registration type at 31 March 2022

40,165 Midwives

704,520 Nurses

6,744 Dual registered

6,874 Nursing associates

Total register **758,303**

Numbers of professionals by country or region of initial registration:

England **491,030**

Northern Ireland **21,850**

Scotland **72,381**

Wales **30,599**

European Union/European Economic Area **28,864**

Outside of the UK/EU/EEA **113,579**

The number of professionals joining the register for the first time has risen by 13,919 to 48,436. Almost half of these first-time joiners trained outside the UK.

- 25,028 trained in the UK (2020-2021: 24,555).
- 663 trained in the European Union/ European Economic Area (EU/EEA) (2020-2021: 810).
- 22,745 trained outside the UK or EU/ EEA (2020-2021: 9,152).

The number of people leaving the register has also started to rise: increasing by 3,199 to 27,133, a reverse to the falling trend over recent years.

Since publishing the Annual Report for 2020-2021, we have discovered some minor data errors. We have thoroughly reviewed the issues that led to these errors and have put in place actions to avoid a recurrence. These errors were:

- reporting the number of professionals on the register as 731,918 (correct figure: 731,900) and the number of nurses on the register as 681,527 (correct figure: 681,525)
- reporting the number of new professionals on our register as 24,611 (correct figure: 24,555) and the number of new professionals trained outside the UK and EU/EEA as 9,156 (correct figure: 9,152).

The inaccuracy happened because we counted a small number of records produced to test the system and some duplicate entries from when nurses had incorrectly used a nursing associate application and then re-applied as a nurse.

Our registration processes ensure that professionals can provide safe, kind care when they join our register. These processes must be appropriate, proportionate, and efficient. Our strong registration performance this year supports that aim.

- A total of 99.6 percent (2020-2021: 99.3 percent) of UK initial registration applications were completed within one day, meeting our target of 97 percent.
- Where a concern has been raised, some applications take longer to process. Our target is to complete 95 percent of these cases in 60 days. In 2021-2022 we exceeded this target with 96.2 percent (2020-2021: 97.7 percent).
- A total of 99.7 percent of international registration applications (including professionals trained in the EU/EEA who started their application after January 2021) were completed within our goal of 30 days, exceeding our target of 90 percent (2020-2021: 99.4 percent in 30 days). For the last six months of the year, we processed applications within around 10 calendar days, which was a significant support to the workforce. We were able to achieve this with funding from the Department of Health and Social Care (DHSC), which provided us with a grant of £2.6 million to speed up our processing of international registration applications. Most of this funding, some £2.4 million, was passed by us direct to the OSCE delivery centres in the universities providing the test.

Temporary register

Our temporary register is made up of groups of professionals whom we consider to be fit, proper and suitably experienced to work in support of the Covid-19 emergency. The groups include nurses and midwives who had previously held registration and certain groups of professionals who trained outside the UK. Professionals who left the permanent register between 1 March 2015 and 31 March 2018 and international candidates who meet the requirements for temporary registration are subject to conditions of practice while on the temporary register.

In response to the Omicron variant, from 22 December 2021 we reopened our temporary register to more professionals who were trained outside the UK. On 31 March 2022 we had 14,952 professionals on the temporary register (15,457 at 31 March 2021).

Given the success of the vaccination programme and the easing of the pandemic, on 21 February 2022, the Government confirmed that the temporary register would close on 30 September 2022. We stopped accepting new entrants on 24 March 2022. We were pleased that during 2021-2022, a total of 2,101 professionals either joined or re-joined the permanent register from the temporary register. We will continue to support temporary registrants to join the permanent register before it closes in September 2022, should they wish to do so.

We are hugely grateful to everyone on the temporary register for the invaluable contributions they have made.

"I have enjoyed every minute at the Vaccination Centre, and I wanted to take this time to thank the NMC for giving me the opportunity to contribute and do my part to help save people's lives."

Professional on the temporary register

"Being part of this has rekindled my love of health care and reminded me why, over 40 years ago, I knew that nursing was the career for me. As a former career nurse, returning to the permanent register was a no-brainer."

Professional on the temporary register

Equality, diversity and inclusion: Covid-19 equality impact

We know that changing our regulatory processes in response to Covid-19 could have negative impacts on certain groups of people. To avoid this, we used an equality impact assessment to identify and mitigate any potential negative impacts. We also used this assessment to identify challenges caused by the Covid-19 pandemic itself. Our assessment found no evidence that our regulatory responses led to discriminatory outcomes for different groups. The latest version of our equality impact assessment is published **online.**

We know the pandemic is having a greater impact on some of our professionals and those accessing care. For example, we know that people from ethnic minority groups have been disproportionately affected, including being more likely to contract Covid-19. We also know that disabled people have been impacted, for instance through complications from Covid-19. We are also mindful of the wealth of evidence of the pandemic's impact on the mental health and wellbeing of the public, as well as on the professionals on our register. All our activities need to take account of the additional inequalities in the health and social care landscape.

During summer 2022, we will complete our 'two years in' review of the equality impacts of the Covid-19 pandemic on our professionals and of the regulatory changes we made in response to the pandemic. The review will be published as an annexe to a wider report reviewing the impacts of the regulatory changes we made in response to the pandemic and our preparedness for future emergencies.

Our contact centre

Our contact centre supports nurses, midwives and nursing associates with queries they have about their registration. At the start of 2020–2021, we were receiving a higher than usual volume of complex calls. Many were driven by the changing nature of the pandemic and our response to this, for example in relation to revalidation. This trend continued into the start of 2021–2022 and was further exacerbated by technical challenges, largely due to remote working, which impacted detrimentally on our performance.

We took a number of actions, including bringing forward our peak season recruitment, and were able to increase the number of calls answered from 69.5 percent in May 2021 to 90.1 percent in August 2021. For the year, we answered 88 percent of calls (2020–2021: 86.1 percent), just missing our target of 90 percent.

In our Annual Report for 2020–2021, due to human error we incorrectly reported the average calls answered per day as 891 when this should have been 764. We have improved our checking processes to avoid a recurrence of mistakes.

756
Average calls answered a day

In 2021–2022, our contact centre answered an average of 756 calls a day, eight fewer each day than the previous year (2020–2021: 764).

1,669
Calls on the busiest day

We answered 1,669 calls on our busiest day (2020–2021: 1,665). Compared to 2020–2021, the contact centre received 2.9 percent fewer calls.

23,974
Calls during the busiest month

The busiest month this year was June 2021 when we received 23,974 calls. In 2020–2021, our busiest month was March 2021 when we received 22,559 calls.

57,490
Email responses

The contact centre also responded to 57,490 emails over the year, compared to 62,274 in 2020–2021, a decrease of 7.7 percent. This decrease can be attributed to professionals needing less Covid-related support.

New Test of Competence

Corporate Commitment for 2021-2022:

Update the test that international nurses and midwives take to join our register.

We use our Test of Competence to assess the skills and knowledge of people trained outside the UK applying to join our register or those who wish to rejoin it after a long period away from practice. We launched a new test in August 2021 that now reflects our Future Nurse and Future Midwife standards of proficiency. We were pleased to receive positive feedback on the test and our updated guidance and support.

Following an open tender process, we were pleased to appoint two new partners to deliver the practical element of our test, expanding capacity from three to five partners. One of the new partners began testing in March 2022, and the other in May 2022, providing more choice for those seeking to take the Test of Competence. We are particularly grateful to our existing partners for their support in launching the new centres quickly and safely.

In 2022-2023, we plan to explore alternative models for delivering the practical element of the Test of Competence, including ways to improve access across England, Scotland and Wales.

Recognising EU/EEA qualifications

Following the UK's exit from the European Union, we remained in a 'standstill' position in relation to qualifications throughout 2021–2022. This meant adult nurses and midwives who trained in the EU/EEA, and who held a recognised qualification, were not required to take a Test of Competence to join our register.

"We are pleased that the Test of Competence has been updated to reflect the NMC's new standards for nursing and midwifery professionals. The new test will ensure that all nursing and midwifery professionals will meet the same high standards, regardless of where they trained or how long they've been out of practice."

Four Chief Nursing Officers, August 2021

"I'm delighted that we've been able to significantly increase our objective structured clinical examination (OSCE) test centre provision. This additional capacity will mean professionals with the right skills and knowledge will have more choice in where to take their test, enabling them to join our register quickly and safely."

Andrea Sutcliffe, Chief Executive and Registrar, NMC

In advance of these arrangements ending, we are working with the Department of Business, Energy and Industrial Strategy to influence the development of a qualification framework.

Revalidation

To remain on the register, all professionals need to demonstrate that they are maintaining safe and effective practice by revalidating once every three years. Revalidation promotes lifelong learning by requiring nursing and midwifery professionals to reflect on their practice and how the Code applies to their work. This is now a well-established part of professionals' continuous development, with many of those on our register revalidating for a third time during 2021-2022.

To support professionals, we updated our guidance on how to revalidate during the Covid-19 emergency, including outlining the support we offer and advice on how to meet the requirements. We continue to monitor the external situation to ensure our support is tailored and effective.

Despite the pressures of Covid-19, we saw strong revalidation rates as professionals continued to value the benefits that revalidation brings. In particular, we heard that many professionals welcomed the opportunity to reflect on and discuss the impact that the pandemic has had on them.

For the full year 2021–2022, 205,044 professionals successfully revalidated. This includes 370 nursing associates who were revalidating for the first time since this new profession was added to the register in January 2019.

The 205,044 figure equates to a revalidation rate of 89.6 percent of professionals revalidating in 2021-2022 by their original due date. This is higher than for 2020-2021 (80.7 percent) but lower than before the pandemic (where the rate ranged between 92 and 94 percent).

Further information on revalidation during 2021-2022 can be found in our **Revalidation Data Tables.**

Fitness to practise

One way we regulate professionals is to investigate concerns about nurses, midwives and nursing associates – something that affects a tiny minority of the people on our register every year. We determine whether their skills, knowledge, education or behaviour fall below the standards needed to deliver safe, effective and kind care. If they do, we then take steps to keep the public safe and prevent something from going wrong again.

We will always take action if needed, (including removing people from our register in the most serious cases). But most of the time the best way to keep people safe is to learn from incidents and stop similar things happening again in the future.

When deciding whether there is a risk we take into account the context in which an incident took place and any steps professionals may have taken to strengthen their practice since it happened.

We operate a process which allows people to tell us what happened straight away and encourages professionals, members of the public and employing organisations to engage with us to make sure we make the right decisions as soon as possible.

Fitness to practise in numbers: 2021-2022

Screening

When we receive concerns about someone's fitness to practise, we check whether they are on our register and assess whether the concerns require a full investigation.

We received **5,291** **new concerns** (2020-2021: 5,547)

We reached decisions on **4,923** **cases** (2020-2021: 4,123)

We decided **1,080** cases required **a full investigation** (2020-2021: 1,335)

We decided **3,843** cases did not require **a full investigation** (2020-2021: 2,788)

Interim orders

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

Fitness to Practise panels imposed:

Interim suspension orders in **240** **cases** (2020-2021: 240)

Interim conditions of practice orders in **264** **cases** (2020-2021: 309)

Case examiners

Where needed, we fully investigate the concerns raised about someone's fitness to practise.

At the end of the investigation our case examiners decide whether any next steps are required to protect the public. Case examiners may decide to take no further action if they conclude the concerns do not require regulatory action or if the nurse, midwife or nursing associate has taken sufficient steps to improve their practice.

We completed **1,582** investigations (2020-2021: 1,083)

Our Case examiners decided to:

Take no further action in **739** **cases** (2020-2021: 575)

Give advice, issue a warning, or agree undertakings in **102** **cases** (2020-2021: 73 cases)

Refer **741** **cases** **for adjudication** (2020-2021: 435)

Adjudication

Where needed, cases are heard by Fitness to Practise panels.

Panels decide whether regulatory action is required to protect the public. Panels may decide to take no further action if they conclude the allegations are not proved or if the nurse, midwife or nursing associate has taken sufficient steps to improve their practice.

Fitness to Practise panels made **414** **decisions** (2020-2021: 208) **where they decided to:**

Remove the person from the register in **109** **cases** (2020-2021: 56)

Suspend the person from the register temporarily in **124 cases** (2020-2021: 86)

Impose conditions of practice orders in **61 cases** (2020-2021: 27)

Issue cautions in **37 cases** (2020-2021: 14)

Take no further action in **83 cases** (2020-2021: 25)

A detailed statistical analysis of our performance in 2021-2022 is published in our Annual Fitness to Practise Report.

Fitness to Practise Improvement programme

Corporate Commitment for 2021-2022:

Reduce the fitness to practise caseload and improve how we handle people's concerns about nursing and midwifery professionals.

Since the beginning of 2019-2020, our fitness to practise caseload has increased, meaning that people who have raised concerns and professionals affected are waiting longer for us to reach decisions. We know how devastating this can be for all involved, which is why reducing the caseload and making speedier decisions is our top corporate priority.

The increase in our caseload is not due to more concerns being raised with us. Instead, initially it was due to vacancies and the impact of embedding new person-centred ways of working. Then the onset of the pandemic in March 2020 curtailed our plans to address these issues and further disrupted our processes. This led to the caseload rising higher during 2020-2021 and meant we started 2021-2022 with a high and rapidly growing caseload, with 6,357 fitness to practise cases at 31 March 2021 (at 31 March 2020: 4,506).

Our progress

We established our Fitness to Practise Improvement programme and committed to reducing our caseload to 5,250 by 31 March 2022 and to 4,000 by 31 March 2023.

Despite making improvements, we failed to meet this aim: on 31 March 2022 our caseload was 6,469 and we will not achieve the 4,000 target by 31 March 2023.

We also failed to meet our **two key performance targets.**

- To close 80 percent of cases within 15 months from receipt: on average we closed 62 percent of cases within 15 months (2020-2021: 72 percent).
- To impose 80 percent of interim orders within 28 days of receipt. Instead, we ended the year with 77 percent of interim orders imposed within 28 days (2020-2021: 78 percent).

While we have not managed to reduce the caseload, our improvement work has arrested the growth that we have seen over the past few years and stabilised the caseload. **Key areas that we have made progress in are outlined below.**

- We made progress in our ability to reach clear and well-evidenced final decisions at the earliest possible opportunity. Around 78 percent of cases we make decisions about at the first stage of our process are closed, compared to an earlier level of under 70 percent.
- We have steadily improved our output at the case examiner stage of the process - the stage at the end of an investigation where an examiner decides whether any steps are required to protect the public and where cases might be closed or might proceed to a panel event.
- We have steadily increased the number of Fitness to Practise panel events that we are able to hold each day.
- We have reduced the costs of servicing our shorter virtual events by amending our support for virtual hearings and panel member fee arrangements.

We have made these improvements against a backdrop of staff vacancies and capacity challenges in the teams that deal with the early stages of the process. This has had a significant impact on our ability to reduce the caseload. Resolving these issues is a key priority for the coming year.

Looking to 2022-2023

Our aim remains to achieve a caseload of less than 4,000 but we now do not expect to reach this by March 2023. Instead, we aim to reduce our caseload to 5,000 cases by March 2023 and reach 4,000 cases by March 2024.

To achieve this, we will invest in increased capacity in key areas, while also continuing to redesign our processes and embed the improvements we have already made. This will enable us to reduce the caseload by:

- ensuring that we take a final decision on a case at the earliest possible opportunity
- improving the efficiency and effectiveness of our operations to increase our output
- avoiding inappropriate referrals and reducing the number of cases we need to consider.

Equality, diversity and inclusion: Learning from our handling of discrimination cases

Following concerns about our handling of a case involving discriminatory and racist behaviour, we reviewed our processes and **published our learning**. As a result:

- We have strengthened our guidance so that we are consistent in what we mean by discrimination, bullying, victimisation and harassment, and how seriously allegations like these need to be taken.
- We have delivered enhanced equality, diversity and inclusion (EDI) training for Fitness to Practise panel members, and we will introduce a new training package for all colleagues in 2022-2023.

Whistleblowing to the NMC as a prescribed person

The NMC is a 'prescribed person' in law. This means that concerns may be raised with us by nurses, midwives, nursing associates, students or other healthcare professionals who identify wrongdoing in their workplaces or practice placements. Our policy sets out six criteria that we use to decide if information we receive should be dealt with as whistleblowing.

In 2021-2022 we received 152 disclosures that met our criteria for disclosures we reasonably believe to be instances of whistleblowing (2020-2021: 192).

Of those 152, 36 were received through our whistleblowing mailbox and 116 were disclosures made during fitness to practise cases. The most common themes of disclosure made this year were: patient safety and care; leadership and management; health and safety; and behaviour (including bullying, intimidation or harassment of colleagues).

Each year we publish a joint report with other health and social care regulators on how we handled whistleblowing disclosures. The joint whistleblowing disclosures report 2020-2021 can be found on **our website.** The joint report for 2021-2022 will be published later this year.

Case study

In April 2021, we received concerns about management and patient care at an NHS hospital. These concerns included discrimination, issues relating to medication and staffing, and victimisation of the person raising the concern.

We dealt with the concern through our fitness to practise process, our education quality assurance process and our Employer Link Service. Our Employer Link team established that the trust was aware of the concerns and they were being appropriately dealt with at a local level. We also shared the information with the Care Quality Commission (CQC) and Healthcare Safety Investigation Bureau (HSIB).

Independent Review of Maternity Services at the Shrewsbury and Telford Hospital NHS Trust (Ockenden report)

The Ockenden report was published on 30 March 2022 and set out appalling and long-standing failures in maternity care and leadership at Shrewsbury and Telford NHS Hospital Trust. Each of the cases is a family tragedy.

Donna Ockenden and her team have undertaken crucial work pointing the way to make sustainable improvements in maternity care. It is essential that families are heard, staff are able to speak up and concerns are acted upon.

Our evidence-based Future Midwife Standards are there to support midwives to deliver the safest, person-centred care for women and babies. This includes knowing when things are going wrong and making sure the right actions are taken in response.

To ensure these standards are fully implemented in education and practice, maternity services across the country need to be properly resourced, with sustained investment in continuing professional development.

There are so many dedicated professionals in maternity services who want to provide the safest and best possible care and support. We all need to work together to make sure that happens for every woman, every baby and every family all the time.

Following the publication of the report, we wrote to all midwives on our register to draw their attention to the report and to share resources to help them with the challenges they are encountering. We received a letter from the Secretary of State asking us to review our regulatory processes in light of the report. We have responded to the letter explaining the changes we have already made and further actions we are taking forward in 2022-2023. We published th s letter in our May 2022 **Council papers.**

"It's down to the sheer determination and bravery of grieving families that these systemic failures have now been recognised. Women and families should have been listened to and taken seriously far sooner."

Andrea Sutcliffe,
Chief Executive and Registrar, NMC

Setting robust education and professional standards

We review and maintain standards for nursing and midwifery education and practice at both pre-registration and post-registration levels. These standards must be met by all nursing and midwifery students prior to entry to the register. This ensures they are fit to practise at the point of registration.

Pre-registration programme standards for nursing and midwifery

Corporate Commitment for 2021-2022:

Use evidence and research to decide whether to propose changes to our programme standards for pre-registration education.

Following the UK's exit from the European Union (EU), in 2021-2022 we commissioned two pieces of research to identify what changes, if any, we may wish to make to our pre-registration programme standards. Overall, the research found that stakeholders did not support radical changes and that there was a limited base of existing evidence from which to propose changes. In light of the findings, we committed to a process of co-production to develop proposals further, ready for consultation in summer 2022.

One area we are considering is the use of simulation to supplement and support practice learning hours. Further research is required in this area and we will work with education partners to explore a variety of simulation methodologies. We are also drawing upon learning from the impact of the Covid-19 pandemic, including the impact of the emergency and recovery standards.

An equality impact assessment found that the changes being made to the selection and admission standards will enable widening participation in programmes. No other impacts have been found to date.

Post-registration education standards

Corporate Commitment for 2021-2022:

Deliver new education standards that build on ambitions for community and public health nursing in the UK.

At the start of 2021-2022, consultation opened on our new post-registration proficiency standards for specialist community public health nursing (SCPHN), community nursing specialist practice qualifications (SPQs) and associated programme standards. To ensure as many people as possible had the opportunity to respond, the consultation ran for 16 weeks and was supported by a comprehensive communication and engagement campaign, resulting in more than 2,300 responses.

Alongside the consultation, we commissioned independent user testing of the draft standards with 15 education institutions and more than 150 individual stakeholders, including students, lecturers, professionals and people using health and care services.

The majority of responses to the **consultation** and the **user testing** were positive across SCPHN and SPQ. Regarding SPQs, we recognised that some stakeholders would still have preferred individual sets of standards for each specific community role. The rationale for our approach was to represent a higher level of standard of knowledge and skill that was consistent across all nurses working at a specialist level in the community.

This is coupled with the fact that new community nursing roles are being developed which are not represented by the current suite of SPQs, a trend that is likely to continue.

We have addressed the original concerns by strengthening the standards for educational programmes to ensure that students in field-specific roles are taught within the context of their speciality. We are also emphasising that standards of proficiency need to be met within a student's intended field of practice. We have also acknowledged the important role of voluntary standards produced by other bodies, which complement the higher-level, overarching regulatory purpose of our standards.

The refinements made to the standards for both SCPHN and SPQ following the consultation have been widely acknowledged as positive. We have also received support for the outcome from the Chief Nursing Officers across the four countries of the UK. The new standards were approved by our Council in May 2022 and they will take effect from 1 September 2022.

Our work throughout 2021-2022 was informed by an extensive and dynamic equality impact assessment that enabled us to ensure the views of seldom heard groups were taken into account.

Quality assuring nursing and midwifery education

As the regulator for nursing and midwifery professionals, we also have a role in quality assuring nursing and midwifery education. We do this by setting standards for education programmes and approving and monitoring the delivery of those programmes by approved education institutions (AEIs).

Emergency and recovery standards

Following a request from the Secretary of State for Health and Social Care in January 2021, we reintroduced a new set of emergency standards to support the response to Covid-19. As the impact of the pandemic lessened, in May 2021 we withdrew those emergency standards that allowed students to support the Covid-19 response, and in September 2021 we withdrew all remaining emergency standards.

When we first phased out our original emergency standards in September 2020, we retained a limited number – referred to as 'recovery' standards – to support recovery from the pandemic. Four of these recovery standards will now be withdrawn in September 2022, following the Secretary of State for Health and Social Care declaring the emergency over. Three of our recovery standards remain in effect, including standards established in February 2021 that allow more simulated practice to be counted within the required 2,300 hours of practice learning.

Approving education programmes in 2021–2022

In 2021–2022, our quality assurance activity focused on approving AEIs to run programmes in line with our new standards. All such nursing programmes had to be approved by 31 August 2021. By that date we had approved all 796 programmes of the nursing programmes as all AEIs had moved across to the new standards.

Midwifery programmes will need to be approved against our new standards by September 2022. So far, we have approved 73 midwifery programmes against the new standards, with 35 programmes running based on our old standards.

A noteworthy development was the approval of South Devon College as a new AEI, the first Further Education college to be directly approved to deliver a nursing associate programme.

During 2021–2022, all approval activity was undertaken remotely. While we welcome the return to in-person visits, we recognise there are benefits to these taking place remotely. We are undertaking a review to identify how we can embed these benefits in our future ways of working. As ever, our priority remains ensuring our processes are effective in ensuring standards are being met.

Monitoring education programmes in 2021–2022

We continue to monitor approved programmes to ensure they still meet our standards. In 2021–2022 we monitored programmes through the following mechanisms.

Annual self-reporting: AEIs must submit an annual self-assessment and self-declaration. This year, 65 out of 88 (74 percent) of AEIs provided assurance that all key risks were controlled or mitigated through appropriate action plans.

New programme monitoring: To provide extra assurance, we require AEIs to provide additional information on new programmes. In the academic year, seven existing AEIs were involved in new programme monitoring.

Enhanced scrutiny: Where we have identified potential concerns, we can place AEIs under enhanced scrutiny which requires them to report more regularly to us. Following an extraordinary review in 2020 into the midwifery concerns at Shrewsbury and Telford Hospital NHS Trust, one programme has been under enhanced scrutiny.

When a concern is raised about a programme, we assess and categorise it under one of three levels. During 2021–2022, we received a total of 120 concerns. 80 were categorised as minor, 35 as major and five as critical. Of the five critical concerns, four related to maternity services.

Once categorised, there are a number of different regulatory interventions we can take to ensure the programmes continue to meet our standards, reflecting the severity of the issue. Under regulatory reform we hope to have more options to enable a more tailored response.

For critical concerns, we maintain regular contact with the AEI and seek assurance that they have appropriate action and contingency plans in place. We also liaise with other regulators and government bodies to share knowledge.

Engaging and empowering our audiences

Supporting professionals on our register

We work closely with the professionals on our register across the UK so that we can support them as effectively as possible.

Given the impact of the pandemic, most of our engagement events took place online during 2021-2022.

This increased our visibility, with up to 600 attendees at some events. In the development of our post-registration standards, we were able to engage more than 2,300 professionals, students and educators. We also stayed connected with professionals by co-creating content for our communications and guest articles. As restrictions have eased, it has been invaluable to meet with professionals in person once more, giving us the opportunity to visit workplaces and celebrate successes in person.

To support professionals during the pandemic, we provided regular updates on our work to expand and support the workforce, including signposting to wellbeing support. We also wrote to everyone on the temporary and permanent registers on the National Day of Reflection (23 March 2022) - marking two years since the first Covid-19 lockdown in the UK - to acknowledge the impact the pandemic has had and thank them for their contribution.

"Dear Andrea and all at the NMC ... thank you for your hard work and dedication to the profession throughout the pandemic - especially your part in protecting nursing students."

Student nurse

"Thank you for recognising ALL our efforts. It was lovely to receive a positive message when I got home from another 12-hour shift working in a Covid-positive dementia unit."

Professional on our register

Engaging with the public

In December 2021, we established a Public Voice Forum to bring together members of the public from across the UK to shape and inform key areas of our work. Areas of focus have included regulatory reform and our education programme standards.

Following the success of last year's **animations** for professionals, we produced two new animations, specifically aimed at the public, to show how our standards support nurses and midwives to provide kind, safe and effective care. We have also improved the accessibility of our engagement work by adding live captioning to our webinars and making social media posts more accessible.

Collaborating with our partners

Our strategic approach to stakeholder engagement has helped us to develop better relationships with partner organisations in all four countries of the UK, England, Scotland, Northern Ireland and Wales, allowing us to work more collaboratively and sensitively on key issues.

"I can tell that the NMC are wanting to progress and become better by engaging the public, and I think this is a step in the right direction."

Member of NMC Public Voice Forum

"Because they work closely with the Chief Nursing Officers, their voice is strengthened and joined up so it has a stronger influence on government."

Education body as part of our audience research

Equality, diversity and inclusion

We also continued to engage with key groups on a range of EDI issues impacting professionals and the public. This included the NHS maternity equality steering group, as well as round tables with the Business Disability Forum and the NHS Confederation. This has led to us continuing to be able to build an understanding of good EDI practice from other employers. It has also helped our understanding of NHS workforce issues that may be impacting on the professionals on our register and which may have equality implications we should be mindful of. We continue to find the committed, collaborative approach of our partners incredibly useful for tackling shared equality challenges.

Understanding our audiences: NMC and me

Corporate Commitment for 2021-2022:

Build people's trust in nursing and midwifery professional regulation through better understanding.

We want professionals, students and the public to know what we stand for, what our role is, and where we are heading. To achieve this, we first need to understand what people currently think of us and what they care about. In July 2021 we commissioned independent audience research to explore these areas. Our researchers heard from a diverse range of voices, allowing us to look at how findings varied across the four nations of the UK, the professions we regulate and different demographics.

This is what we found.

- Workforce pressures are front of mind for everyone.
- The public are sympathetic to workforce challenges and are generally positive about the standards of care they receive.
- Stakeholders want to see more of our supporting and influencing role, in particular our ambition to share intelligence and work with others to positively influence the sector.
- Overall, people say we regulate well, but there are concerns about the time it takes to deal with complaints.

These findings are shaping our plans for the future as well as our conversations with partners and inform how and what we communicate with them. A summary of the research is available **here.**

Our audience research showed us that our visual identity was seen as cold, distant and lacking coherence. There were also some crucial accessibility issues. Consequently, we developed a new visual identity with a warmer tone to align with our values and person-centred approach. We finalised our new design guidelines in March 2022 and launched our new approach in July 2022.

Using our data and insight

Regulatory reform

Corporate Commitment for 2021-2022:

We will work with the Government to remove legal barriers that limit improvements in the way we regulate, so we can deliver, better safer regulation for the public.

Regulatory reform is a once in a generation opportunity to change the legislation that governs us. We want to use this opportunity to establish modern, flexible legislation that ensures we can always act quickly and effectively.

Throughout 2021-2022 we have been working with our expert advisory group and key stakeholders to identify what we think our legislation should look like.

Here are the key areas of focus.

Our register: We aim to regulate additional qualifications more meaningfully, so the register clearly shows what a professional can do in addition to their initial training. We also need to make sure our protected titles and enforcement powers are fit for purpose under the new legislation.

Registration and revalidation: We aim to ensure our registration and revalidation processes are swift, clear, proportionate and person-centred.

Fitness to practise: We aim to support meaningful engagement throughout our fitness to practise processes and enable fair decisions at the earliest possible opportunity.

Governance and operating framework: We aim to ensure our new governance model allows us to deliver our new responsibilities with flexibility and efficiency. We have begun work to identify the key changes we will need to make and how we can mitigate challenges in embedding them.

Education and training: We aim to make robust decisions, responsively, to maintain safe learning environments for students and to protect the public.

Equality, diversity and inclusion: We aim to ensure our regulatory approach is fair and, as far as possible, eliminates disproportionate impacts on people with protected characteristics. We have undertaken equality impact assessments on all our policy development and will continue to do so throughout the programme.

To help deliver this legislation, we responded to the Department of Health and Social Care's (DHSC) consultation in June 2021, and since then have worked with the Department to shape draft legislation.

There remains some uncertainty over the Government's timetable for reforming our legislation, which we are seeking to mitigate through our plans. Given the significant potential benefits of reform, we are encouraging the Government to provide a firm commitment and timetable.

Ambitious for Change: The impact of our regulatory processes on different groups of professionals

Corporate Commitment for 2021-2022:

Get smarter at using our data, insight and influence.

In October 2020, we published **Ambitious for Change: Research into NMC processes and people's protected characteristics**. This examined the impact of our regulatory processes on professionals with different diversity characteristics. It found that sometimes people receive different outcomes from our processes based on who they are. Male or disabled groups were more likely to receive disproportionate outcomes from all the processes we looked at. Other groups, such as older, bisexual or Black professionals, were found to be impacted by some but not all processes. For example, these groups were less likely to register through the international registration process while older groups were also less likely to revalidate, Black or bisexual professionals were more likely to be referred to us and progress in our fitness to practise process.

The second phase of our Ambitious for Change research is focused on understanding why some people receive these different outcomes from our processes (as detailed in the preceding paragraph), what this means for the professionals involved and what we, in collaboration with others, can do to tackle any unfairness. Working with our external advisory group, we have identified **five priorities** for the second phase.

1. Speaking to professionals and employers to understand differences in revalidation rates and referrals to fitness to practise.
2. Analysing employer referrals to fitness to practise to understand how referrals compare to organisations' workforces.
3. Improving our data about where professionals train and work to help us identify the influence of job role and work setting on experiences and outcomes in our processes.
4. Monitoring changes to our international registration and fitness to practise processes to identify the impact on professionals with different diversity characteristics.
5. Commissioning an independent review of a sample of cases to understand differences in case progression and outcomes in registration appeals and fitness to practise cases.

We will be publishing the outcomes from the first two pieces of work on our website in summer 2022 and will be working with our external advisory group to identify actions we, and others, can take to tackle any unfairness. Although the third and fourth pieces of work are ongoing activities, we will also share our progress on these in summer 2022. We have experienced some delays in commissioning the independent review of registration appeals and fitness to practise cases because of difficulties attracting suppliers to undertake this work and aim to complete the review in 2022-2023.

Insight report

We have committed to using our insight and intelligence to influence the wider health and social care system. To help achieve this, in June 2023 we will publish our first annual insight report. It will capture insight and learning from across the year, drawing out the impact on our processes and any implications for the wider health and social care system. We know it will take time for the insight report to reflect our ambitions and we are committed to working with our partners and stakeholders to ensure it adds value. To prepare for the report, in 2021-2022 we have been reviewing our current suite of annual reports to inform our approach.

Employer Link Service

Our Employer Link Service helps us to communicate better with employers of nurses, midwives and nursing associates, so that we identify potential risks and ensure they are managed appropriately.

In 2021-2022, our support to employers has had **five key areas of focus.**

1. Providing employers with up-to-date information on case progression and assess how prepared they are to re-engage with fitness to practise referrals.
2. Using intelligence to identify and develop bespoke support for employers.
3. Providing employers with tailored learning programmes that support nationwide challenges.
4. Providing employers with concise, timely updates and ensuring we learn from their questions and concerns.
5. Supporting employers with making appropriate fitness to practise referrals via our advice line: 48 percent of calls resulted in alternatives to a referral at the time of the call (2020-2021: 48 percent).

In 2021-2022, we agreed to offer a more comprehensive service that works with a wider range of partners and engages on all aspects of our remit. We have started planning how the service will expand its provision and transition into new ways of working over the next three years.

Case study

Collaboration with the HCPC to support an ambulance trust

In one region we have been working collaboratively with the Health and Care Professions Council (HCPC) to provide support for an ambulance trust which has asked us to work with them.

We have collaboratively developed a bespoke version of the Professional Behaviours and Patient Safety programme, tailored for senior nurses and paramedics as well as leadership teams across the trust. We expect that this programme can be supported in other ambulance services across the UK.

The aim of this workshop is to enable HCPC and NMC registrants to jointly explore their perceptions of unprofessional behaviours and the impact on patient safety. We will encourage registrants to reflect honestly on their own behaviour, and they will have the chance to practise the verbal and behavioural skills they need to deal with challenging behaviours in a non-confrontational way.

We will also deliver a series of collaborative sessions with HCPC for operational and other leaders on the role of regulation and fitness to practise, with a particular focus on supporting anyone on our register in the aftermath of the pandemic.

Regulatory intelligence

In 2021-2022 we continued to develop our analytical capability, producing a range of insight reports to aid decision-making and gain insight into our regulatory processes. Some of the work undertaken this year included analysis of fitness to practise referrals relating to personal independence payments (PIP), midwifery care and referrals from members of the public.

We also collaborated with three partners to explore the use of artificial intelligence in regulatory decision-making. Together, as a research project, we developed software that could identify and assess low-risk regulatory cases. To assess the tool we used historic data, and it was able to predict low-risk cases with 71 percent accuracy. The findings were published in the *Journal of Nursing Regulation* in October 2021.

Following on from discussions last year, we established a Shared Data Platform project with the General Medical Council and the Care Quality Commission (CQC). The platform aims to help improve maternity services by using our shared data to identify concerns and risks. We have now built an early version of the tool which we will further refine in 2022-2023.

During the year, we updated our existing memoranda of understanding with Healthcare Improvement Scotland and the Regulation and Quality Improvement Authority. We also signed up to a framework for sharing intelligence with health and social care regulators in Scotland. This framework has been developed to provide a clearly defined mechanism for sharing information and intelligence that may indicate emerging problems or risks to users of services, their carers, families or professionals.

Learning from complaints about our work

Complaints matter to us. Each time an issue is raised by a person using our services it provides us with an important opportunity to learn and improve.

We identified **230** learning points from complaints made to us in 2021-2022 (2020-2021: 414) which we used to improve our services. **Here are three examples.**

Timeliness

We found that the handover process to new case officers could be improved.

System issues

We are supporting our colleagues to improve our processes when we receive information from international regulators.

Data breaches

We reminded colleagues of the security checks that they must carry out before releasing decision letters in fitness to practise cases, to prevent unauthorised persons from accessing sensitive information.

1,610 In 2021-2022, we received 1,610 formal complaints (2020-2021: 1,227).

92% We responded to 1,480 (92 percent) of these within 20 working days (2020-2021: 92 percent within 20 working days).

Of the overall 1,610 complaints, 101 were about our response to the Covid-19 pandemic. We also received 249 complaints in relation to our fitness to practise caseload. These have contributed to the overall increase in complaints during the 2021-2022 financial year.

We received 31 complaints from parliamentarians, including members of the UK Parliament and devolved legislatures in Scotland, Wales and Northern Ireland. Although we acknowledge receipt as quickly as we can, given the complex nature of these enquiries, we sometimes take longer than 20 working days to provide a substantive response. Of the 31 complaints we received in 2021-2022, we responded to 18 (58 percent) of these within 20 working days. Further work will be undertaken to improve the timeliness of our responses.

We aim to handle any complaints about the service we have provided in a fair and timely way, treating those who raise complaints with respect and listening to their concerns. Following our response, 53 people remained unhappy (2020-2021: 29). We, therefore, reviewed our handling of their complaint and responded to these in an average of 13 working days (2020-2021: 20 working days).

We continue to focus on improving the performance of our Enquiries and Complaints function. We are reviewing our standard operating procedures to ensure we continue to deliver a high quality service. Through the Modernisation of Technology Services Programme, we are making improvements to our Customer Relationship Management system which will reduce the time spent on complaints administration.

We have continued to participate in the Inter-Regulatory Healthcare Complaints Forum and the Parliamentary Health Service Ombudsman's Complaints Standards Framework Working Group to share best practice on complaints handling.

During 2021-2022, our Customer Enquiries and Complaints Team was awarded the Silver Award in the 'Vulnerable Situations' category at the UK Complaints Awards for the support the team provides to customers who make complaints to us.

"They recognised my concerns and dealt with them kindly without making me feel as though I was wasting their time."

A person who made a complaint

"They offered advice and made positive suggestions. It is reassuring to see we are listened to and actions are taken immediately."

A person who made a complaint

Freedom of information and data protection requests

We are committed to being as open and transparent as possible, while adhering to our legal obligations under freedom of information and data protection legislation.

This includes people's right to access their personal information, and the right to challenge the way we use and process their personal data.

We also respond to third-party disclosure requests from organisations such as the police and the Disclosure and Barring Service and Disclosure Scotland, with whom we can share personal information if there is a legal basis for disclosure.

328

Freedom of information: 328 received (2020-2021: 353) 79 percent (2020-21: 88 percent) responded to within statutory 20 working days.

272

General data protection regulation: 272 received (2020-2021: 205) 72 percent (2020-2021: 88 percent) responded to within a statutory one calendar month.

915

Third party: 915 received (2020-21: 867) 90 percent (2020-2021: 94 percent) responded to within a statutory one calendar month.

1,278

Total number of information requests responded to on time this year: 1,278 out of 1,515 (2020-2021: 1,301 out of 1,425) 84 percent (2020-2021: 91 percent).

We recognise there is more work to do to improve our performance against statutory deadlines. We have increased resourcing in the Customer Information and Data Requests Team to assist with the high volume of cases we envisage moving forward.

If someone is unhappy with how their request for information has been handled, they can request an internal review.

We received a total of 23 requests for internal reviews during 2021-2022 (2020-2021: 34). This is proportionately low - only 1.5 percent of cases.

Of the people who remained dissatisfied following the outcome of their internal review and referred us to the Information Commissioner's Office (ICO), there were only two cases that the ICO chose to investigate beyond initial enquiries. In one case, we were asked to revisit our disclosure decisions.

Fit for the future organisation

Corporate Commitment for 2021-2022:

Continue to improve the way our organisation is structured, and develop our people so that we can deliver our strategy.

Most of our income comes from the fees paid by professionals to be on our register. We take the responsibility of spending that money very seriously. To ensure we are fulfilling our ambitions as efficiently as possible, **we are taking these steps:**

- Improving the way our organisation is structured and developing our people
- Upgrading our digital tools and systems to make it easier for people to connect with us and for our colleagues to do their jobs well
- Creating workspaces that support wellbeing and collaboration.

Through our organisational design project, we will ensure we have the right structures and processes in place to deliver on our strategy and take advantage of the opportunities offered by regulatory reform.

In 2021-2022, we had intended to complete reviews of key areas of the organisation. Due to operational pressures, there have been delays in progress. **However, we have:**

- delivered the first stages of a change and continuous improvement review that will embed effective and efficient change management across the organisation
- appointed a consultant to work with us on our future target operating model. We expect this work to be completed by July 2022
- redesigned our Communications and Engagement directorate following a directorate review.

Equality, diversity and inclusion: Capability to deliver our EDI commitments

To ensure we have a solid foundation to our EDI work, in 2020 we conducted an internal review of the function. Following the review, we created new roles in the team and moved the function into our People and Organisational Effectiveness directorate, so that it aligned with our other cross-organisation corporate functions.

To set clear priorities for our work, in November 2021 we published **our refreshed EDI objectives to:** (1) prioritise the needs and wellbeing of nursing and midwifery professionals and the public; (2) show good equality practice as an employer; (3) use EDI data in a strategic way; and (4) use our platform to advocate for better care for everyone using health and social care services. Since then, we have established the priority themes we need to address, and the actions we need to take to achieve these aims. We will share these themes with stakeholders during 2022.

We also commissioned an external race equality consultant to support our Executive and Council colleagues to champion race equality in a visible and committed way. Outcomes from this work are being embedded into our action plans. We have ensured that the workforce-focused actions in our plan include explicit reference to race equality and senior accountability.

To be effective, we know that our EDI plans need to be owned and challenged by all our colleagues. Our internal EDI groups continued to provide invaluable support and challenge, while colleagues also helped develop our plans through our cross-organisation EDI Forum and EDI Leadership Group.

People Plan

To ensure we are supporting our colleagues and have the capabilities to achieve our strategy, in 2021 we developed a People Plan to make us a more inclusive employer that attracts the best talent, develops colleagues and ensures everyone is appropriately rewarded.

We co-produced the plan with colleagues from across the organisation, listening to their concerns and suggestions, and gaining a clearer understanding of our shared values and working culture.

Throughout the development of the plan, we used an equality impact assessment to identify and help us plan how we will mitigate adverse impacts on specific protected characteristics and enhance any positive impacts.

The assessment found a number of areas of focus, in particular how we can reduce our ethnicity pay gap. We also ensured our EDI workforce plan was a key foundation for the People Plan.

The People Plan launched in April 2022 and draws out four strategic people priorities. These are: Leadership and Management; Culture and Engagement; Progression; Total Reward. Progress against the plan will be monitored and reported to the Executive and Council.

In 2021-2022, our overall employee turnover increased to 11.8 percent at 31 March 2022 (against a target of 10 percent) compared with 5.6 percent at 31 March 2021. The increase in year-on-year turnover was expected, partly due to exceptionally low levels of turnover during the pandemic and partly because of an increasingly candidate-driven market as restrictions have eased.

Turnover of new starters leaving within six months of joining was 14.3 percent at 31 March 2022 (against a target of 10 percent) compared with 6.8 percent at 31 March 2021. We expect to see turnover stabilise between 10 and 15 percent in 2022-2023.

Our sickness absence has also increased in 2021-2022, from 1.9 percent in 2020-2021 to 2.9 percent in 2021-2022; a level similar to pre-pandemic levels. With the easing of restrictions and the return to partial office working, we expected absence to increase as colleagues began to interact in person once more. The top three reasons for absence were mental health (35.5 percent), minor illnesses (23.6 percent) and Covid-19 (17.1 percent).

In the year to 31 March 2022, headcount has grown by 3.9 percent (42 colleagues). This figure includes agency and contractor workers. There are two principal reasons for the growth: additional roles to support the high caseload in Professional Regulation and support for the Modernisation of Technology Services (MoTS) programme.

Equality, diversity and inclusion: Supporting our people

In December 2021 we **published the results** of our second submission to the NHS Workforce Race Equality Standard; an initiative used by the NHS in England to demonstrate progress against nine indicators of workforce race equality. Here are the key findings.

1. The percentage of respondents who thought we provided equal career progression increased from 5.2 percent in 2020 to 35.3 percent in 2021.
2. The percentage of respondents who said they had experienced discrimination at work had increased since 2020. Having risen to 11.9 percent of Black or minority ethnic respondents (9.2 percent in 2020) and 7.8 percent of white respondents (5.3 percent in 2020).

We also continue to assess our pay data to identify any ethnicity, gender or disability pay gaps. Analysis from our 2021-2022 pay gaps can be found in the remuneration report.

The findings from the Workforce Race Equality Standard survey and pay gap analysis demonstrate that we have much more to do to tackle lack of equality. This has helped to shape the development of our People Plan and EDI Objectives to ensure we take specific actions, for example, to support progression.

We launched tranche two of our Rising Together Mentoring Programme in October 2021. Rising Together is a mentoring programme open to all colleagues, but particularly those from under-represented backgrounds who may have faced barriers to progression in the past. Following the initial success of the programme, we have doubled the size of the cohort of mentees and mentors from the 2020 programme.

To help us understand the impact of the pandemic on our workforce, we maintained an equality impact assessment throughout 2021-2022. This led to improved processes and guidance on risk assessments and manager-led support.

To support colleagues more generally, we also launched new EDI guidance, including guidance on inclusive communication, and a toolkit to support colleagues to set individual EDI objectives in appraisals. We also recognised key diversity events by organising internal learning and development activity around Black History Month, International Women's Day, Disability History Month and LGBT+ History Month. Our internal EDI networks - BMe (race equality), LGBT+, Parents and Carers, the Mental First Aid network and Workaround (disability) - continued to provide invaluable support to colleagues.

Becoming a hybrid organisation

To prepare for the easing of Covid-19 restrictions, we convened a working group to support colleagues to return to our offices safely and establish a new model of working that supported effective home-based and office-based working. **Through this work we achieved the following results.**

- We developed principles for returning to the office, which teams have been using to discuss what a return to the office means for them.
- We undertook an equality impact assessment to identify and mitigate any adverse impacts on colleagues with protected characteristics and enhance any positive impacts. The initial assessment identified potential adverse impacts on some groups, including disabled colleagues and parents and carers. We have identified mitigating actions which the working group is overseeing and monitoring.
- We installed new video conferencing technology to support hybrid working from our offices and updated our IT training and communications to better support colleagues wherever they work.
- We have continued to ensure that our offices and hearing venues operate Covid-secure measures.
- We have supported those wishing to return to the office to undertake risk assessments and supported wellbeing through guides and manager-led support.

In 2022-2023, we will continue to support colleagues to establish hybrid working models that support wellbeing and the delivery of our strategy.

Information technology

Corporate Commitment for 2021-2022:

Upgrade our digital tools to make it easier for people to connect with us and for NMC colleagues to do their jobs well.

In 2021-2022, we have continued to upgrade and improve our IT services so that our colleagues have the systems and processes they need to fulfil their roles as effectively as possible. Achievements include implementing a new contact centre system and upgrading the technology in our meeting rooms to better support hybrid working. Further work to develop our hybrid capabilities will take place in 2022-2023.

We also completed the initial stages of our move to contemporary collaboration tools. This will enable more effective and seamless collaboration.

Modernisation of Technology Services

The Modernisation of Technology Services (MoTS) programme was established in July 2018. Our vision is for our digital technology to make it easier for people to connect with us and for our colleagues to do their jobs. We have had challenges at various stages of the programme but with the arrival of our Chief Information Officer and the support of our new Executive Director of Resources and Technology Services the programme is now back on track.

In December 2021 we successfully completed phase 2a of the project, involving work to move the major registration processes from legacy systems to Microsoft Dynamics 365 (D365). D365 is a modern cloud-based system, which is more efficient, adaptable and secure than our current approach. This has improved the service we can offer, reduced the risk of relying on legacy systems and laid the foundations for a final migration of all registration data and processes in the coming year.

Planning for the new D365-based case management system to support improved fitness to practise processes has begun and will continue in 2022-2023. We will also work to enhance our D365-based education quality assurance solution through 2022-2023.

Accommodation

Corporate Commitment for 2021-2022:

Deliver fit-for-purpose workspaces for our colleagues at 23 Portland Place and in Edinburgh.

In Edinburgh, we secured new office and hearing venue premises, and successfully welcomed colleagues and members of the public to the space in October 2021. We have received positive feedback on the new office space.

In London, initial work for the refurbishment of 23 Portland Place commenced, with survey work undertaken as part of the feasibility, design and planning phase. Work will continue into 2022-2023 and beyond.

Environmental sustainability and corporate social responsibility

As part of our work to refurbish the new Edinburgh office, we put a metric relating to social value and local spend into our construction contracts, setting targets for local spend. The table below shows that we exceeded these targets and were able to provide economic and social value to the local economy.

Metric	Target (%)	Result (%)
Local Spend within 10 miles	20.00	60.87
Local Spend within 20 miles	40.00	64.25
Local Spend within 40 miles	75.00	82.17

Historically, most of our travel is associated with fitness to practise hearings. Over the past three years our travel has substantially reduced due to the impact of Covid-19 restrictions, which has, in turn, reduced our CO_2 impact. In 2021-2022, we have seen a rise, but we are still seeing substantially less travel than in 2019-2020, which was a typical year for us.

CO_2* tonnes	2019-2020	2020-2021	2021-2022
Flights	415	8	48
Rail	128	2	14
Hotels	275	8	53
Total	818	18	115

As we return to more in-person hearings, there will be an increased need for colleagues to travel. To help travel bookers make more informed choices, we will work with our travel management company to find ways to make the CO_2 impact of different travel options clearer.

*CO_2 units are expressed in metric tonnes of CO_2e (CO_2e = Carbon Dioxide Equivalent. CO_2e is a standardised unit of measurement which allows other greenhouse gas emissions to be expressed in terms of CO_2 based on their relative global warming potential).

In May 2021 we amended our investment policy to exclude investment in companies that are significantly engaged in the production or processing of fossil fuels. This builds on our existing investment policy that adopts the Principles of Responsible Investment supported by the United Nations ('UNPRI') as well as excluding or minimising investment in a range of companies that we feel are not consistent with our purpose and values. Full details of our investment policy are available on **our website.**

Our wider approach to corporate social responsibility is reflected in a range of areas dealt with elsewhere in this report, such as our approach to EDI, our values, our Modern Slavery policy and our People Plan.

03

Strategic plan for 2022-2025

An overview of our commitments for 2022–2025

The following 22 commitments articulate what we expect to achieve over the next three years. To ensure that our plans remain aligned to the needs of the sector and the aims of our strategy, we will continue to review our corporate plan and budget at regular intervals.

Proactive support for professionals

01 Deliver a new set of ambitious post registration standards focusing on community nursing practice.

02 Launch new standards for pre-registration education in the UK to provide greater flexibility in nursing and midwifery pre-registration training.

03 Review regulation of advanced nursing practice.

04 Review revalidation requirements for nursing and midwifery professionals.

05 Implement a new approach to education quality assurance to have clearer oversight of approved education institutions and their programmes.

06 Evaluate protected learning time in line with current nursing associate standards.

Innovation and improvement

07 Reduce our fitness to practise caseload by processing cases in a more timely, proportionate and efficient way.

08 Deliver a substantial programme of regulatory reform to remove barriers that limit improvements in the way we regulate.

09 Tackle discrimination and inequality, and promote diversity and inclusion, to make sure that our processes are fair for everyone.

10 Pilot ways to increase capacity and access to the practical examinations within our test of competence.

11 Deliver policy and legislative change to international registrations, including a review of English language guidance.

12 Close the Covid-19 temporary register and remove recovery education standards.

More visible and better informed

13 Build trust in professional regulation through targeted campaigns to build awareness of who we are, what we do, and what we stand for.

14 Expand our national and local outreach to embed regulation, support and influence at local level.

Empowering and engaging

15 Create a modern and accessible website that effectively portrays our values, delivers our core services, and enhances our communications and engagement.

Greater insight and influence

16 Improve our insight and use our data to enhance our regulatory impact and influence in the sector.

Fit for the future organisation

17 Deliver our People Plan that supports our colleagues to be engaged, retained and supported to deliver our strategy.

18 Improve the way the organisation is structured so that we can deliver our strategy.

19 Update digital systems that support how we regulate to improve the experience for customers and colleagues.

20 Deliver contemporary IT through our technology improvement programme and core business to improve our efficiency.

21 Create modern workspaces that support wellbeing and collaboration.

22 Implement an NMC sustainability and environmental plan.

04

Financial review

Income and expenditure

Our total income for 2021-2022 was £100.4 million (2020-2021: £92.0 million) and total expenditure was £92.9 million (2020-2021: £81.6 million). This has resulted in a net surplus of income over expenditure of £7.5 million (2020-2021: £10.4 million) before the gain on revaluation of our investments and the actuarial adjustments on the defined benefit pension scheme. After that gain and adjustment, our total funds increased over the year by £7.0 million (2020-2021: £11.7 million).

We had planned for a £9.3 million deficit in 2021-2022. The net surplus is largely due to lower expenditure across both our core business and some of our projects when compared to budget. This reflects the continuing impact of the pandemic, resulting in some slippage in activity as well as choices made around re-planning of strategic programmes. These are being re-phased to later years. In particular, expenditure on fitness to practise, standards evaluation and future midwife implementation events was lower than budgeted.

Income from registration and application fees was £96.8 million, in line with our budget and an increase on the previous year (2020-2021: £90.8 million). This was driven by the number of nurses, midwives and nursing associates on our permanent register growing by 3.6 percent, to 758,303, and by the increase in applications from international professionals. The continuation of both these increases in future remains uncertain in the context of an increasing age profile for the register and the general volatility in the number of international applications.

The planned closure of the Covid-19 temporary register will not impact on our income since the professionals on the temporary register do not pay a fee.

Our 'other income' includes £0.1 million (2020-2021: £0.7 million) from the Department of Health and Social Care (DHSC), reimbursing us for the costs of setting up and maintaining the temporary register. £2.6 million 'grant income' was also received from the DHSC for the costs associated with increasing objective structured clinical examination (OSCE) capacity, ensuring sufficient, timely provision to meet the increase in the number of international applicants seeking to take the Test of Competence. Most of this funding, some £2.4 million, was passed by us direct to the OSCE delivery centres in the universities providing the tests.

Our total expenditure of £92.9 million was £9.5 million (9.3 percent) lower than we had budgeted but increased by £11.3 million compared to 2020-2021 when our activities and costs were even more constrained by the Covid-19 pandemic. The overall implication of underspend in 2021-2022 is that our free reserves have increased, but with most activities and investment, such as in technology and accommodation, moving into later years.

Note 5 to the financial statements sets out our fully allocated costs for each charitable activity as required by the Charities Statement of Recommended Practice (SORP). This separates out the direct costs of each activity alongside the associated support costs which have been allocated using headcount or overhead usage. The commentary that follows is based on the direct cost column, before allocation of support costs.

Direct costs of fitness to practise were £42.4 million, a significant increase on £34.7 million in 2020-2021 (this figure is different to the one reported in last year's annual report - £36.9 million - as we have moved activities between charitable activity categories in line with the updated structure of the organisation). This has been driven by an increase in hearings activity, with both in-person and online hearings higher than last year. Costs of additional internal and external resources as well as high court and external counsel fees were also determining factors. This extra resource has enabled us to stabilise the caseload in preparation to reducing it in future.

Reducing our fitness to practise caseload remains our key priority. It creates significant financial demands as we move to reducing it in the future. This is the key driver behind our planned further investment in fitness to practise during 2022-2023 and 2023-2024. Having effectively deferred expenditure due to underspend in the past two years, we have indicatively budgeted for deficits in the next three years as we work to reduce the caseload to pre-pandemic levels. This is made possible by our level of free reserves.

The direct costs of fitness to practise includes the cost of increasing the provision for panellists shown on the balance sheet. The provision reflects our prudent estimate of the possible wider impact of a single employment status claim to an employment tribunal for additional sums by a fitness to practise panellist. Based on the latest available information the provision was increased by £1.3 million in 2021-2022.

The direct costs of maintaining the register were £8.3 million in 2021-2022 (2020-2021: £5.6 million). £2.6 million of the additional expenditure relates to the costs associated with increasing OSCE capacity, for which we received 'grant income' from the DHSC. We passed most of this funding directly to the OSCE delivery centres providing the tests.

Support costs (including facilities, finance, people and technology) were £31.7 million (2020-2021: £31.5 million).

Pensions

The NMC has two pension schemes: a defined benefit scheme, which was closed to new entrants in November 2013 and closed to future accrual of benefits with effect from 1 July 2021; and a defined contribution scheme, into which all new employees are auto-enrolled.

At each year end, the defined benefit pension scheme assets are revalued to market value, and the scheme actuaries update their estimate of the value of the liability (the discounted present value of the pension benefits earned by members of the scheme). The estimate of the liability depends on a number of assumptions including expected mortality rates, inflation and yields on corporate bonds over a number of years into the future.

During the year, the market value of the defined benefit scheme assets rose by £4.5 million, and the liability reduced by £4.5 million, resulting in the scheme showing a net surplus of £5.8 million at the end of the year.

The net position on our scheme shown in our balance sheet is usually the difference between the value of the scheme assets and the value of the pension liability. However, although the FRS102 valuation as at 31 March 2022 shows a surplus, legal advice has confirmed that recovery of the surplus is a very remote possibility. FRS102 states that "an entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus", and therefore an asset ceiling adjustment has been applied to bring the net position to nil.

We make payments to the scheme under a recovery plan which aims to eliminate the actuarial deficit by March 2026. Under the current recovery plan agreed with the pension scheme trustees, we paid £1.9 million in 2021-2022.

Investments

Nurses, midwives and nursing associates pay their registration fee either annually or quarterly in advance. Together with our free reserves, this means that we hold significant cash balances.

During 2020-2021 we moved to implement Council's investment policy, which identified a fund of £30 million to invest in stock markets for the long term and sets a target rate of return for the long-term fund of three percent above the Consumer Price Index (CPI) rate of inflation, net of investment management costs.

While we recognise that investing in equities, funds and bonds carries risk, by investing through expert investment managers - whose performance is overseen and scrutinised by our Investment Committee - we expect that such investment will obtain an above inflation return over the long term and thereby help to avoid or mitigate the need to increase our fees.

In 2021-2022, dividend and interest income from the portfolio, which is reinvested, was £0.7 million, with gains on investments being £1.0 million at the year end. The statement of financial activities shows investment management costs of £0.16 million. The net annual rate of return on our investment portfolio after investment management costs is 5.2 percent. The target rate of return (CPI+3 percent) for 2021-2022 was 9.3 percent. The total value of the investment fund at the year end is £32.8 million. Prior year figures have not been included as investments were only held for part of that year, so the comparison would be misleading.

We regularly review and update our investment policy, including its ethical and sustainability dimensions. Council is due to consider a revised policy on 27 July 2022. Find our current investment policy on **our website.**

The interest earned on our bank deposits during the year was £0.2 million (2020-2021: £0.4 million). The fall compared to the previous year is because deposit account balances were higher in 2020-2021 before £30 million was moved into stock market investments.

Reserves

Our reserves policy is to maintain free reserves within a target range. Free reserves are funds that are freely available to spend, so do not include restricted funds, tangible fixed assets and amounts designated for essential future spending. We also set a minimum level for the aggregate forecast cash and investments balance in the course of the coming financial year. The Council reviews the target range of free reserves and the minimum cash and investments balance at least annually.

The target minimum level of free reserves is set to ensure our sustainability, taking account of the security of our income stream, our cash and investment balances, and an assessment of the potential financial impact of risks faced by the NMC. The target maximum level of free reserves is set to ensure our resources are applied effectively, balancing the interests of the people on our register who finance us through the fees that they pay, and the public who benefit from our work.

In March 2022 the Council reviewed the latest position regarding the reserves policy and agreed that the target range of free reserves should remain zero to £25 million, and the minimum aggregate cash and investments balance should remain £20 million.

Total reserves as at 31 March 2022 were £76.3 million (2021: £69.3 million) and free reserves were £47.6 million (2020: £41.5 million). Although free reserves are significantly above the upper end of the target range, this reflects the slippage and re-planning of projects which will be addressed in the next two to three years through additional investment that is planned. The strong levels of reserves also supports the position on going concern that is set out at note 1a to the accounts.

DocuSigned by:
David Warren
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Sir David Warren
Chair
08 July 2022

DocuSigned by:
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Andrea Sutcliffe
Chief Executive and Registrar
08 July 2022

05

Remuneration report

The Remuneration Committee's remit is to ensure there are appropriate systems in place for remuneration and succession planning at the NMC.

To fulfil this remit, the Committee reviews the annual pay review for employees, as well as any significant changes to the People Plan, the employee pay and grading structure and the pension schemes.

The Committee also approves annual reward packages for Executive Directors and considers annual reviews of their performance, as well as having oversight of Executive succession planning.

The Committee also exercises oversight of Council appointment processes and recommends to Council any changes to allowances paid to the Chair, Council members, Associates and Partner members.

In reaching decisions on remuneration, the Committee considers a range of factors, including sector benchmarking and overall affordability. This year those decisions have been taken in the context of the impact of Covid-19, the rising cost of living, as well as pay awards for nursing and midwifery professionals and the wider public sector, and the need to ensure our approach to pay attracts and retains colleagues fairly and effectively.

Other areas of priority focus for the Committee in the year included considering the draft People Plan and approving Council selection processes. The National Audit Office (NAO) audits the financial aspects of this report.

Council allowances and expenses

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

Under the Nursing and Midwifery Order 2001, the Council is responsible for determining the allowances to be paid to the Chair of Council, Council members, Associates and Partner members (members of committees that are not Council members).

To manage conflicts of interest, the Council has put in place arrangements for an Independent Panel made up of external experts to assess the appropriate level of allowances. The Council has agreed that it will either accept or reduce the level of allowance recommended by the Panel but will not increase it. The Remuneration Committee is responsible for overseeing the establishment of the Independent Panel and reviewing its findings for consideration by Council.

Council member allowances were last increased from £13,250 to £14,724 as recommended by the Independent Panel on 1 April 2017. The annual allowance for the Chair of Council was last agreed in May 2018 at £78,000 for a commitment of three days a week. Partner members receive a daily allowance for time spent on NMC business and reimbursement of reasonable travel expenses. The Partner member daily allowance was last increased from £260 to £286 from 1 April 2017.

An Independent Panel met in November 2021 to undertake a full review of allowances. The Panel considered a wide range of evidence, including allowance levels for comparative organisations, overall affordability and pay for nursing and midwifery professionals. The Panel also considered the findings of the most recent light touch review of allowances by an Independent Panel, which concluded in February 2021. At that time the Council decided not to consider the recommendations due to various factors, including the unprecedented circumstances of the Covid-19 pandemic.

In making its recommendations, the Panel was particularly conscious of the pressures on nursing and midwifery professionals due to the impact of the Covid-19 pandemic.

Council considered the Panel's recommendations on 6 July 2022 and, in line with the Panel's recommendations, agreed the following.

- A 3 percent uplift to the Council member allowance, Partner member daily rate and Associate allowance.
- Committee Chairs may be paid an additional allowance of up to £2,500; this should be at the discretion of the Chair based on responsibility and time spent undertaking the role.

The Council agreed that changes to allowances should be backdated to April 2022.

Allowances paid to Council members and Associates in 2021-2022 amounted to £239,542 (2020-2021: £239,258).

No extra contractual payments were made to any Council, Associate or Partner member in 2021-2022.

Allowance payments to Council members, Associates and Partner members are made through payroll, with deductions for income tax and National Insurance. Expenses directly incurred in the performance of duties are reimbursed in accordance with the Council's Travel, Accommodation and Expenses policy.

Expenses are made up of travel, accommodation, meals and subsistence, and are incurred when members are carrying out their duties. Where any meetings are held in London, expenses are considered to be a taxable benefit in kind. The NMC pays the income tax and National Insurance arising through a PAYE settlement agreement with HMRC. Most meetings and events were held virtually in 2021-2022 due to the Covid-19 pandemic, and the amount of expenses incurred was therefore much lower than before the Covid-19 pandemic. All expenses incurred by members and Associates are included in table 1.

When Council meetings are in London, members attend evening meals with members of the Executive and those meals are considered to be a taxable benefit in kind. The NMC pays the income tax arising through a PAYE settlement agreement with HMRC. The value of the benefit is shown gross, including the attributable income tax. During 2021-2022, due to Covid-19 restrictions, only one such meal took place.

Method used to assess performance

The Council regularly reviews its own effectiveness. It also has an agreed policy and process in place for reviewing performance of Council, Associates and Partner members. The performance review of the Chair of the Council is undertaken by the Vice-Chairs and includes a self-assessment by the Chair, peer assessment by Council colleagues and input from the Executive. A similar process is in place for individual Council and Associate members led by the Chair, and the Committee Chair for Partner members.

Diversity of our Council members, Associates and Partner members

Diversity data, on 31 March 2022, for our Council members, Associates and Partner members is shown to the right. In total there were 11 Council members (one vacancy), two Associates and seven Partner members (31 March 2021: 11 Council Members (one vacancy), two Associates, seven Partner members).

Diversity of our Council members, Associates and Partner member

Gender

14	06
Female	Male

(2020-2021: 14 Female, 6 Male)

Ethnicity

16	02	01	01
White British	Black African	Black Caribbean	White British/Irish

(2020-2021: 16 White British, 2 Black African, 1 Black Caribbean, 1 White British/Irish)

Disability

18	01	01
No disability	Declared disability	Preferred not to answer

(2020-2021: 18 No disability, one declared a disability, one preferred not to answer)

More EDI data on Council members, Associates and Partner members can be found in our **EDI data tables.**

Table 1

Council allowances and expenses

	2021-2022				2020-2021			
	Allowance (bands of £5,000) £'000	Taxable expenses (to nearest £100)	Total remu-neration (bands of £5,000) £'000	Other expenses (to nearest £100)	Allowance (bands of £5,000) £'000	Taxable expenses (to nearest £100)	Total remu-neration (bands of £5,000) £'000	Other expenses (to nearest £100)
Sir David Warren (Chair) (from 21 June 2021)	60-65	100	60-65	0	0	0	0	0
Philip Graf CBE - (Chair) (to 31 December 2020)	0	0	0	0	55-60	0	55-60	0
Professor Karen Cox (Deputy (Acting) Chair from 5 October 2020 to 20 June 2021)[1]	10-15	300	15-20	0	10-15	0	10-15	0
Sir Hugh Bayley	10-15	600	15-20	0	10-15	0	10-15	0
Justine Craig (from 1 May 2021 to 31 December 2021)	5-10	0	5-10	0	0-5	0	0-5	0
Maura Devlin MBE (to 30 September 2020)	0	0	0	0	5-10	200	5-10	0
Claire Johnston	10-15	400	15-20	0	10-15	0	10-15	0
Eileen McEneaney MBE (from 1 October 2020)	10-15	600	15-20	0	5-10	0	5-10	0
Robert Parry (to 30 April 2021)	0-5	0	0-5	0	10-15	0	10-15	0
Marta Phillips OBE	10-15	100	10-15	0	10-15	0	10-15	100
Derek Pretty	10-15	500	15-20	0	10-15	0	10-15	0
Stephen Thornton CBE (to 30 September 2020)	0	0	0	0	5-10	0	5-10	0
Lorna Tinsley (to 30 September 2020)	0	0	0	0	10-15	0	10-15	200
Anna Walker CB (from 1 October 2020)	10-15	0	10-15	0	5-10	0	5-10	0
Ruth Walker MBE	10-15	1,400	15-20	0	10-15	0	10-15	0
Sue Whelan Tracy (from 1 October 2020)	10-15	1,700	15-20	0	10-15	0	10-15	0
Dr Lynne Wigens OBE (from 1 October 2020)	10-15	1,200	15-20	0	5-10	0	5-10	0
Dr Anne Wright CBE (to 30 September 2020)	0	0	0	0	5-10	0	5-10	0
Associates								
Tracey MacCormack	10-15	0	10-15	100	0-5	0	0-5	0
Dr Gloria Rowland MBE	10-15	0	10-15	0	0-5	0	0-5	0
Totals	**239.5**	**6,900**	**246.4**	**100**	**239.3**	**200**	**239.5**	**300**

1. Professor Karen Cox declined to accept any additional allowance during the period she was Acting Chair of the Council (5 Oct 2020-21 June 2021).

2. In 2020-2021, new Council members and Associates were reimbursed for time spent engaging in induction and other NMC activities before their formal terms of office began. One former Council member was reimbursed for time spent serving on a selection panel for Council appointments which continued after her term of appointment had ended. In 2021-2022, one new Council member was reimbursed for time spent engaging in induction activities before her formal term of office began. These payments have been included in the allowances' totals for those individuals. Payments were made using equivalent daily rates of £409 for Council members and £286 for Associates.

3. Totals subject to rounding.

Senior management team remuneration and performance assessment

The Executive is the senior management team and comprises the Chief Executive and Registrar (Chief Executive) and Executive Directors, including those in Acting or Interim roles. All Executive Directors report directly to the Chief Executive. No Executive Directors are members of the Council or trustees of the NMC. Remuneration details are disclosed in full for all these individuals in tables 2 and 3.

The Chief Executive and Registrar is the only employee appointed directly by and accountable to the Council. The Council has delegated authority to the Chief Executive to the extent described in the Scheme of Delegation (Annexe 1 to Standing Orders, paragraphs 6–11) and reflected in the annual governance statement later in this report.

Executive performance assessment

The Remuneration Committee reviews the performance of all members of the Executive annually. The Committee reviews reports from the Chair on the performance of the Chief Executive and Registrar. The Committee also reviews reports from the Chief Executive and Registrar on the performance of the Executive Directors.

Executive remuneration

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

The Remuneration Committee reviewed the Executive's remuneration for 2021–2022 in February 2021. The Remuneration Committee concluded that for 2021–2022 the Executive should receive the same cost of living award as agreed by the Council for other employees (one percent). The Committee agreed the Chief Executive and Registrar's request not to receive the cost of living increase.

Andrea Sutcliffe was appointed Chief Executive and Registrar of the NMC on 14 January 2019. Her remuneration package for 2021–2022 included a base salary of £175,000 and employer contributions to the NMC defined contribution pension scheme of £14,000, giving rise to a total remuneration figure of £189,000.

The remuneration of the Executive team is set out in table 2. In total the Executive team (including interim Executive Directors and acting Executive Directors) were paid £1.615 million in 2021–2022 (2020–2021 £1.290 million).

When Council meetings are in London, members of the Executive team attend evening meals with Council and those meals are considered to be a taxable benefit in kind. The NMC pays the income tax arising through a PAYE settlement agreement with HMRC, and the value of the benefit is shown gross including the attributable income tax. During 2021–2022, due to Covid-19 restrictions, only one such meal took place. The Executive team do not receive any other taxable benefits. In line with the limits and processes outlined in our Expenses Policy for Staff and Other Workers, Executive members can claim travel, accommodation and subsistence when undertaking business trips.

Further details about the pension benefits for the current member of the Executive who is a deferred member of the defined benefit pension scheme is in table 3.

The NMC does not operate any performance-related pay or bonus arrangements. None of the Executive therefore received any performance bonuses.

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

The Remuneration Committee considered Executive remuneration for 2022–2023 in February 2022. The Committee's consideration was informed by external benchmarking evidence and overall affordability. The Committee approved a two percent increase for each Executive Director, including acting Executive Directors and interim Executive Directors, with effect from 1 April 2022, which was slightly lower than the three percent recommended for employees. The Committee agreed to a request by the Chief Executive and Registrar not to receive a pay increase for 2022–2023 but expects to keep this under review for future years.

Table 2

Executive team remuneration

	2021-2022					2020-2021				
	Salary (bands of £5,000) £'000	Benefits in kind (to nearest £100)	Pension benefits (to nearest £'000)	Total remuneration (bands of £5,000) £'000	Expenses (to nearest £100)	Salary (bands of £5,000) £'000	Benefits in kind (to nearest £100)	Pension benefits (to nearest £'000)	Total remuneration (bands of £5,000) £'000	Expenses (to nearest £100)
Andrea Sutcliffe Chief Executive and Registrar	175-180	100	14,000	185-190	1,100	170-175	0	14,000	185-190	200
Emma Broadbent[1] Executive Director of Professional Regulation 2020-2021 Executive Director April 2021-23 Jan 2022 Acting Executive Director of People and Organisational Effectiveness from 24 January 2022	150-155	100	21,000	170-175	0	145-150	0	18,000	160-165	0
Sarah Daniels[2] Director of People and Organisational Development Member of Executive Board until 19 October 2020	0	0	0	0	0	165-170	0	12,000	175-180	0
Andrew Gillies Executive Director of Resources and Technology Services to 31 July 2021	45-50 FYE 130-135	0	6,000	50-55	0	130-135	0	16,000	145-150	400
Helen Herniman Interim Executive Director from 21 July to 31 August 2021 Executive Director of Resources and Technology Services from 1 September 2021	95-100 FYE 135-140	100	9,000	105-110	200	0	0	0	0	0
Candace Imison Director of Strategy Development from 8 April 2019 to 30 April 2020, 3 days per week	0	0	0	0	0	5-10	0	1,000	5-10	0
Matthew McClelland[3] Executive Director of Strategy and Insight	140-145	100	32,000	175-180	1,200	135-140	0	42,000	180-185	0
Ngozika Francesca Okosi[1&4] Executive Director of People and Organisational Effectiveness from 19 October 2020 to 28 February 2022	305-310	0	10,000	315-320	0	60-65 FYE 130-135	0	3,000	60-65	0
Tom Scott Interim Executive Director of Professional Regulation from 8 February 2021	135-140	100	19,000	155-160	1,300	15-20 FYE 130-135	0	2,000	20-25	0
Miles Wallace[5] Acting Executive Director of Communications and Engagement from 13 December 2021	95-100 FYE 120-125	100	8,000	100-105	0	0	0	0	0	0
Geraldine Walters Executive Director of Professional Practice	160-165	100	13,000	175-180	800	160-165	0	13,000	175-180	100
Edward Welsh Executive Director of Communications and Engagement 2020-2021	145-150	0	19,000	165-170	0	145-150	0	18,000	160-165	200
Totals	**1,463**	**726**	**150,671**	**1,615**	**4,600**	**1,152**	**0**	**138,000**	**1,290**	**900**

Notes to table 2

1. Emma Broadbent was on leave due to ill health from 11 January 2021 to 8 April 2021. Tom Scott was engaged as interim Executive Director of Professional Regulation to cover her absence. On her return, Emma Broadbent continued as Executive Director without portfolio, overseeing a change programme, while Tom Scott continued as interim Executive Director of Professional Regulation. After Ngozika Francesca Okosi went on leave due to ill health on 13 December 2021, Emma Broadbent assumed the role of Acting Executive Director of People and Organisational Effectiveness from 24 January 2022 and continued in this role after Ngozika Francesca Okosi left on 28 February 2022.

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

3. Matthew McClelland is a deferred member of the defined benefit scheme, and details of the value of his pension benefits in 2021-2022, including 50 percent (£15,402) of an agreed transitional payment of £30,804 on the closure of the defined benefit scheme to future accruals, are shown in table 2. The transitional payment was made as a contribution to the defined contribution pension scheme and the Remuneration Committee agreed that the remaining 50 percent could be made in 2022-2023. Matthew McClelland's pension benefits shown above have been calculated as follows:

   a. For the pension benefits accrued in the defined benefit scheme for the period 1 April 2021 to 30 June 2021: the real increase in his pension in the year multiplied by 20, less the value of employee contributions made amounting to £1,959.

   b. For pension benefits in the defined contribution scheme with effect 1 July 2021, following the closure of the defined benefit scheme to accrual of benefits on 30 June 2021: employer contributions amounting to £30,104.

   In last year's annual report, due to a calculation error, we incorrectly declared Matthew's pension benefits for 2020-2021 as £54,000. The correct figure, as listed in table 2, was £42,000.

4. Ngozika Francesca Okosi was Executive Director of People and Organisational Effectiveness until 28 February 2022, when she left the NMC. Her salary of £305-310k includes salary of £135-140k for the period 1 April 2021 to 28 February 2022 and an exit package of £170-180k. Her exit package is also disclosed in table 5.

5. Miles Wallace was appointed Acting Executive Director of Communications and Engagement from 13 December 2021 to cover Edward Welsh's leave due to ill health.

6. All current directors are members of the defined contribution pension scheme, the value of their pension benefits are the employer contributions made by the NMC into their pension funds.

7. Totals subject to rounding.

Table 3

Executive team defined benefit pension information

	Real increase in pension at age 60 (bands of £2,500) £'000	Accrued pension at age 60 at 31 Mar 2021 (bands of £5,000) £'000	Cash equivalent transfer value at 1 Apr 2021 £'000	Cash equivalent transfer value at 31 Mar 2022 £'000	Real increase in cash equivalent transfer value £'000
Matthew McClelland Executive Director of Strategy and Insight 2020-2022	0-2.5	15-20	543	543	4

Off payroll engagements and exit packages

In line with HM Treasury requirements, information must be published on highly paid and/or senior off payroll engagements at the year end, and the number and cost of exit packages agreed and paid during the year and the prior year. None of the Council or the Executive team are engaged off payroll. All off payroll engagements are assessed using the Government employment status calculator to identify the correct method of engagement.

Table 4

Off payroll engagements

Off payroll engagements as of 31 March 2022, for more than £245 per day and that last for longer than six months	
Number of existing engagements as of 31 March 2022	7
Of which:	
Number that have existed for less than one year at time of reporting	4
Number that have existed for between one and two years at time of reporting	0
Number that have existed for between two and three years at time of reporting	2
Number that have existed for between three and four years at time of reporting	1

For all new off payroll engagements, or those that reached six months in duration, between 1 April 2021 and 31 March 2022, for more than £245 per day and that last for longer than six months	
Number of new engagements, or those that reached six months in duration, between 1 April 2021 and 31 March 2022	3
Of which:	
Number assessed as within IR35	2
Number assessed as outside IR35	1
Number engaged directly and are on the payroll	0
Number of engagements reassessed for consistency/ assurance purposes during the year	1
Number of engagements that saw a change to IR35 status following the consistency review	0

Table 5

Exit packages

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Number of departures where special payments have been made[1]	
	Year ended 31 March 2022	Year ended 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2021
Less than £10,000	2	-	-	4	2	4	-	-
£10,001 - £25,000	1	1	-	-	1	1	-	-
£25,001 - £50,000	1	-	-	-	1	-	-	-
£50,001 - £100,000	-	1	2	-	2	1	1	-
£100,000 - £150,000	-	-	-	-	-	-	-	-
Greater than £150,000	-	-	1	-	1	-	1	-
Total number of exit packages	**4**	**2**	**3**	**4**	**7**	**6**	**2**	**-**
Total cost £	**63,280**	**85,590**	**316,906**	**4,461**	**380,186**	**90,051**	**182,804**	**-**

[1] The two special payments have been included in the same banding as the total exit package they are part of. However, as the special payments are only part of the total exit packages, the total cost of the special payments does not match the minimum cost suggested by adding together the minimum thresholds of the two bandings.

As noted in table 5, two special payments were made to colleagues departing the organisation.
Special payments refer to special severance payments paid to employees and others that are above normal statutory or contractual requirements when leaving employment, whether they resign, are dismissed or reach an agreed termination of contract.
In accordance with governance arrangements approved by the Council, the Remuneration Committee is responsible for approving such payments in accordance with criteria agreed by the Council.

In all cases, on the basis of the information provided by the Executive, the Remuneration Committee was satisfied that in the exceptional circumstances presented, approval was justified and defensible.
Contributions to legal fees were also made in each case in accordance with normal practice.

Remuneration and performance assessment of other employees

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

The remuneration of all employees is reviewed annually taking into account a range of information including employee turnover, recruitment activity and retention trends, benchmarking data and overall affordability. Based on this information, the Council approved a standard rate increase in pay for all eligible employees of one percent with effect from 1 April 2021.

For 2022-2023, the Council approved a standard rate increase in pay for all eligible employees of three percent with effect from 1 April 2022. This increase has also been applied to the minimum and maximum values of each of the staff pay grades introduced in October 2019. These grades were introduced in 2019 as part of a three-year investment in grading and pay, which also saw colleagues moved towards the mid-point of their grade within three years. The Council approved this investment as evidence from benchmarking and high turnover rates had confirmed that our pay rates had fallen behind comparative organisations. While we completed this work in 2021-2022, we have implemented a further progression increase to move colleagues towards the middle of their pay bands, again focused on the lower paid grades, with effect from 1 April 2022. We see this as an important part of ensuring our salaries are competitive.

Our performance and development review process operated as in previous years, with annual objectives set for the coming year in May with a mid-year review and appraisal at year end. This process is not linked to pay.

Pension arrangements

Up until 30 June 2021, we had two active pension schemes: a defined benefit pension scheme and a defined contribution scheme.

Employees who joined the NMC before November 2013 were able to join the defined benefit pension scheme. The scheme was closed to employees joining the NMC after 1 November 2013. On 23 March 2021, following a consultation, the Council approved closure of the defined benefit scheme to future accrual of benefits with effect from 1 July 2021. This achieved the objectives of harmonising benefits for all colleagues, reducing the NMC's exposure to financial risk and enabling costs to be redirected to other expenditure.

Our current active pension scheme is a defined contribution pension scheme. Employees can opt to contribute to this scheme by salary sacrifice. Employees in the scheme contribute a minimum one percent of their salary and the NMC contributes eight percent (2020-2021: eight percent). From 1 April 2021, the NMC matched additional employee contributions up to a maximum total employer contribution of 14 percent. To receive an employer contribution of 14 percent, an employee would need to contribute at least seven percent. We encourage and support colleagues to reflect on how to best plan for their retirement and ensure they are taking full advantage of our pension scheme. At 31 March 2022, 990 employees (92.9 percent) were members of the defined contribution scheme (31 March 2021: 833, 84.3 percent).

Further information about remuneration and pensions is contained in notes 9 and 19 to the accounts.

NMC grading structure and pay differentials

Table 6

Employees by grade and gender on 31 March 2022

Pay Level	Male		Female	
	Percentage of colleagues	Number of colleagues	Percentage of colleagues	Number of colleagues
1-4	14.3%	152	34.4%	365
5-7	14.6%	155	24.9%	264
8-11	3.6%	38	7.4%	78
Executive Directors, including interim/acting	0.4%	4	0.3%	3
CE & R	0.0%	0	0.1%	1
Total employees	**32.9%**	**349**	**67.1%**	**711**

Table 7

Employees by grade and ethnicity on 31 March 2022

Pay Level	White		BME		Undisclosed or prefer not to answer	
	Percentage of colleagues	Number of colleagues	Percentage of colleagues	Number of colleagues	Percentage of colleagues	Number of colleagues
1-4	17.8%	189	24.5%	260	6.4%	68
5-7	22.1%	234	11.8%	125	5.7%	60
8-11	7.9%	84	1.9%	20	1.1%	12
Executive Director, including interim & acting	0.6%	6	0.0%	0	0.1%	1
CE & R	0.1%	1	0.0%	0	0.0%	0
Total employees	**48.5%**	**514**	**38.2%**	**405**	**13.3%**	**141**

Remuneration in the following calculation is based on annualised, full-time equivalent remuneration of all staff (not including contractor and agency staff) as at the reporting date. It does not include paid annual leave, employer pension contributions or the cash equivalent transfer value of pensions.

The highest paid permanent employee in the NMC on 31 March 2022 is the Chief Executive and Registrar, Andrea Sutcliffe, and we have used her salary as the comparator when calculating the differential to the lower quartile, median and upper quartile remuneration of NMC employees.

- Andrea Sutcliffe's salary in 2021-2022 was identical to 2020-2021. When taking employees of the entity as a whole (excluding the highest paid director), the change in average salary from 2020-2021 to 2021-2022 was a decrease of 1.1 percent due to the increased recruitment in our lowest paid roles. No employees received performance pay or bonuses in either the current or previous financial year.
- In 2021-2022 Andrea Sutcliffe's remuneration was 4.76 times the median remuneration of NMC employees, which was £36,792. In 2020-2021, Andrea Sutcliffe's remuneration was 4.61 times the median remuneration of NMC employees, which was £38,000. This represents a 0.15 increase in the median remuneration gap year on year. The median remuneration salary has reduced since 2020-2021 as the proportion of employees in lower grades has increased.
- In 2021-2022, Andrea Sutcliffe's remuneration was 5.85 times the lower quartile remuneration of NMC employees, which was £29,910. In 2020-2021, Andrea Sutcliffe's remuneration was 5.87 times the lower quartile remuneration of NMC employees, which was £29,838. This is a 0.02 decrease in the lower quartile remuneration gap year on year. The lower quartile remuneration salary increased slightly since 2020-2021 due to the 1 percent salary increases implemented in 2021-2022.
- In 2021-2022, Andrea Sutcliffe's remuneration was 3.18 times the upper quartile remuneration of NMC employees, which was £55,000. In 2020-2021, Andrea Sutcliffe's remuneration was 3.17 times the upper quartile remuneration of NMC employees, which was £55,162. This represents a 0.01 increase in the upper quartile remuneration gap year on year. The upper quartile remuneration salary decreased since 2020-2021 as the proportion of employees in lower grades has increased.

Pay gap reporting

As an employer with more than 250 employees, we publish our gender pay gap data every year in line with legislation that came into force in April 2017. Although not required by legislation, we also publish our pay gap data for ethnicity and disability in line with good practice and for transparency. This data is a key tool in providing insights to ensure that we are offering inclusive employment opportunities regardless of gender, ethnicity and disability.

Our pay gap data is shown in the table below:

Pay gap	2022	2021	UK Average for 2021
Gender - Mean	6.2%	4.9%	13.6%
Gender - Median	12.7%	8.3%	12.2%
Ethnicity - Mean	25.5%	23.7%	Insufficient declarations to calculate accurate figures.
Ethnicity - Median	27.1%	27.1%	
Disability - Mean	-4.4%	-3.4%	
Disability - Median	-11.8%	-9.8%	

We recognise that we need to take more meaningful action to address our gender and ethnicity pay gaps. We have established good foundations for this through our People Plan and our EDI Plan. Further details are provided below. While we are pleased that we do not have a disability pay gap, we acknowledge this is likely to reflect under-reporting of disability. Raising disability declarations will also be included in our EDI work.

During 2021-2022, our headcount for permanent and full-time contract employees increased from 988 to 1,060 (7.3 percent), mainly due to our Fitness to Practise Improvement programme.

This increase was primarily within lower grades, with the headcount increase in grades one to five (52 people) accounting for 72.2 percent of the total increase across all grades (72 people). This has affected our pay gaps, as explained below.

Our pay gap data indicates that we need to improve the proportional representation of women and people from a minority ethnic background at higher grades. A detailed narrative on NMC pay gaps for 2022 can be found in our pay gap reports **here.**

Gender pay gap

Our mean gender pay gap at 5 April 2021 was 4.9 percent. At 5 April 2022 this had increased to 6.2 percent. As noted above, this increase reflects the fact when we expanded the number of junior grades as part of our Fitness to Practise Improvement programme, we recruited more women than men. Despite this increase, our gender pay gap consistently remains below the UK average of 14.1 percent. We will work to reduce our pay gap through the implementation of our EDI Action Plan and People Plan 2022-2025. Our People Plan launched in April 2022 and our EDI Plan will be published in summer 2022, setting out how we will improve our processes where there is evidence of bias or unequal outcomes. This includes implementing inclusive action into our management and leadership programmes and embedding EDI into our recruitment and progression practices.

Ethnicity pay gap

Our mean ethnicity pay gap at 5 April 2021 was 23.7 percent. At 5 April 2022 this has increased to 25.5 percent. Our detailed analysis is that this significant pay gap reflects that many colleagues from Black and minority ethnic backgrounds are in junior grades in the organisation and are significantly under-represented in senior roles. During 2021-2022, our headcount has increased in these junior grades which, given they have a larger proportion of our Black and minority ethnic employees, has further exacerbated the gap.

We need to address career progression and representation of Black and minority ethnic staff in more senior roles in the organisation. We are committed to taking meaningful action and have already taken some important steps based on what we have learned, including establishing our Rising Together mentoring programme (as mentioned earlier in this report). We are disappointed that despite these actions the pay gap has increased, but we know that it takes time for these actions to create change and we are committed to reducing the pay gap.

Our EDI Action Plan for the next three years will include targeted actions to address workforce race inequality and includes actions to improve recruitment, progression and the experiences of Black and minority ethnic colleagues. We participate annually in the NHS Workforce Race Equality Standard to support us to measure progress on workforce race equality.

Disability pay gap

Our mean disability pay gap at 5 April 2022 was -4.4 percent (2021: -3.4 percent). This means that colleagues who have declared disabilities are on average paid more than people who have not declared disabilities. There is representation of disabled colleagues throughout most of our pay levels. However, only 7.7 percent of colleagues have declared a disability (4.0 percent 2021-2022). The Office of National Statistics states that in 2018, 18.9 percent of the UK working population was disabled.

Under-reporting is likely to be an issue. In 2021-2022 we have worked further with Workaround, our employee network for colleagues with disabilities, to ensure people are confident to disclose their disabilities and to improve our processes and capabilities to support disabled colleagues better. However, we will continue to do more in 2022-2023.

DocuSigned by:
David Warren
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Sir David Warren
Chair

08 July 2022

DocuSigned by:
C340415A8274412...

Andrea Sutcliffe
Chief Executive
and Registrar

08 July 2022

06

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

The Nursing and Midwifery Order 2001 requires that annual accounts are prepared and audited. The Council and its Chief Executive and Registrar (as Accounting Officer) are responsible for the preparation and approval of the accounts.

The accounts are prepared in accordance with the determination received from the Privy Council which requires the accounts to be prepared in accordance with the Charities Statement of Recommended Practice Accounting and Reporting (SORP) revised 2015 and that the accounts also comply with the applicable law and Accounting Standards issued (Appendix 1).

The law applicable to charities registered in England and Wales and Scotland requires the Council to prepare financial statements for each financial year which give a true and fair view of the state of the charity's affairs and of its net movement in funds for that period. In preparing these accounts they are required to:

- observe the applicable accounts determination issued by the Privy Council
- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates on a reasonable basis
- prepare the accounts on a going concern basis unless it is inappropriate to presume the Council will continue in operation
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements.

The Council and its Chief Executive and Registrar are responsible for the keeping of proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Council and enable them to ensure that the accounts comply with the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the Nursing and Midwifery Order 2001. They are also responsible for safeguarding the assets of the Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Privy Council has appointed the Chief Executive and Registrar as Accounting Officer for the Nursing and Midwifery Council. In her capacity as Accounting Officer she is responsible for the execution of the Council's obligations under section 52 of the Nursing and Midwifery Order (as amended).

In doing so, she is asked to take into account the principles set out in Chapter 3 relating to the responsibilities of Accounting Officers and wider guidance contained in Managing Public Money (HM Treasury, 2013, with annexes revised March 2018).

So far as we know, there is no relevant audit information of which the NMC's auditors are unaware.

We have taken all steps that we ought to have taken to make ourselves aware of any relevant audit information and to establish that the NMC's auditors are aware of that information. The Accounting Officer confirms that the annual report and accounts as a whole is fair, balanced and understandable and takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

Principal place of business

The NMC works across England, Northern Ireland, Scotland, and Wales. Its principal place of business is:

23 Portland Place London
W1B 1PZ

Advisers

Independent External Auditor:

HW Fisher LLP, Acre House,
11-15 William Road,
London NW1 3ER

Bankers:

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

Statutory Auditor:

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

Investment Managers:

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

Internal Auditor:

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

Solicitors:

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

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

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

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

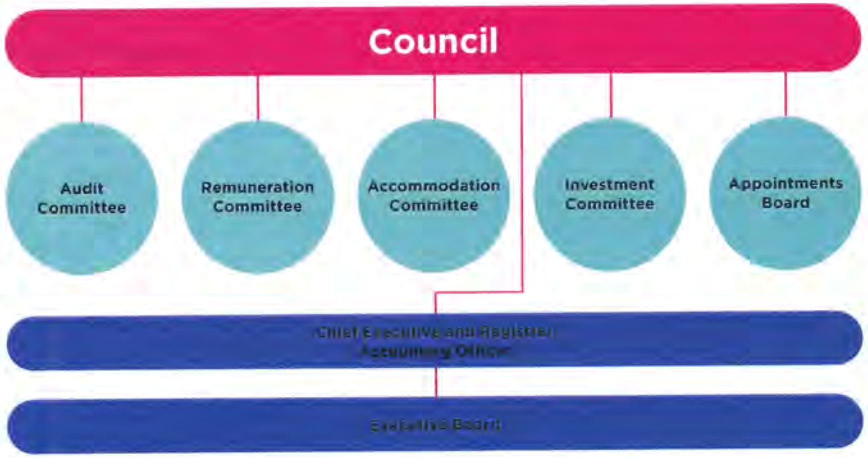
07

Annual governance statement

We are an independent statutory body. Our statutory objectives responsibilities are set out in the **Nursing and Midwifery Order 2001, as amended (SI2002/253), (the Order)**.

We are also a registered charity; registered in England and Wales (1091434) and in Scotland (SC038362). Our charitable object reflects our overarching statutory objective: to protect and safeguard the health and wellbeing of the public.

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



The Council

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

The Council's remit is to (a) set our strategic direction and corporate objectives, in line with our core purpose; (b) ensure effective systems are in place for managing performance and risk; and (c) maintain probity in, and public accountability for, the exercise of our functions and the use of funds.

Our Scheme of Delegation sets out which matters can only be decided by the Council.

The Council is made up of 12 members of which half must be professionals on our register and half are lay members, as set out in the **Nursing and Midwifery Council (Constitution) (Amendment) Order 2008 (SI 2008/2553)**. Lay members are people who have never been a registered nurse, midwife or nursing associate. As a UK-wide regulator, the Council's membership must include at least one member who lives or works wholly or mainly in each of England, Wales, Scotland and Northern Ireland.

The Chair and members of the Council are appointed by the Privy Council, following open and competitive selection processes. The Privy Council receives assurance from the Professional Standards Authority for Health and Social Care (PSA) on the robustness of our appointment or reappointment process.

Sir David Warren was appointed as Chair by the Privy Council and took office on 21 June 2021. Following his appointment, Sir David undertook a comprehensive induction including meeting with NMC colleagues, nursing and midwifery professionals and senior leaders, stakeholders and partners across the health and social care sector and the four nations of the United Kingdom.

Professor Karen Cox had continued to serve as Acting Chair until Sir David Warren took office. This had been agreed by the Council in December 2020 in accordance with legislative requirements and Standing Orders (paragraph 3.3.2).

Justine Craig took office as the Scotland Council member on 1 May 2021, replacing Robert Parry, whose second term of office ended on 30 April 2021. Justine Craig stepped down from her role on 31 December 2021 following her appointment as Chief Midwifery Officer for Scotland. Following a robust recruitment exercise, Margaret McGuire took office as the Scotland Council member on 1 May 2022.

Claire Johnston was reappointed for a second term from 1 May 2022.

Council Associate scheme

The Council established an Associate scheme in July 2020 (Standing Orders, paragraph 3.7) to provide opportunities for individuals with the potential to develop the skills and expertise needed to be Non-Executive Directors. Associates are involved in all aspects of the Council's work in a similar way to appointed Council members but do not vote on Council decisions.

The first two Associates, Dr Gloria Rowland MBE and Tracey MacCormack, took office from 1 January 2021 for a two-year period (the maximum term permitted under Standing Orders).

As this is a new initiative, the Council is keen to assess how the scheme is working in practice and to build learning into future development. In April 2021, the Remuneration Committee approved proposals for a phased evaluation of the scheme. The first phase was completed in 2021-2022 and will be considered by the Remuneration Committee early in 2022-2023.

Council member and Associate attendance 1 April 2021 to 31 March 2022

Council and Associate membership and attendance during 2021-2022 is set out below:

Member	Number of sessions attended*	Number of sessions eligible to attend*	% of sessions attended
Sir David Warren (Chair) (from 21 June 2021)	12	12	100%
Sir Hugh Bayley	12	14	86%
Professor Karen Cox (Deputy (Acting) Chair from 5 October 2020 to 20 June 2021)	12	14	86%
Claire Johnston	14	14	100%
Derek Pretty	14	14	100%
Marta Phillips OBE	13	14	93%
Ruth Walker MBE	14	14	100%
Eileen McEneaney MBE	14	14	100%
Dr Lynne Wigens OBE	14	14	100%
Anna Walker CB	10.5	14	75%
Sue Whelan Tracy	12	14	86%
Justine Craig (from 1 May 2021 to 31 December 2021)	8	10	80%
Associate			
Dr Gloria Rowland MBE	10	14	71%
Tracey MacCormack	10	14	71%

*Includes Open and Confidential meetings

The Council is committed to openness and transparency and seeks to conduct as much business as possible at Open meetings which members of the public can attend. Matters can only be considered in Confidential meetings if they fall within an exemption set out in the Council's Standing Orders (paragraph 5.2.5).

Due to the Covid-19 pandemic, all Council seminars and meetings between March 2020 and February 2022 were held virtually, as allowed for under Standing Orders. All virtual Open meetings were held in a way that ensured members of the public could continue to be present and have the opportunity to raise questions. In March 2022, we were pleased to be able to hold our first in-person Council meeting since the start of the pandemic. Throughout this period, all activities were undertaken taking into account Charity Commission and Office of Scottish Charity Regulator Covid-19 guidance.

In March 2020, recognising that the severity and impact of the Covid-19 pandemic might require urgent regulatory decisions to be taken at speed, the Council agreed arrangements for rapid decision-making to implement emergency measures to support the health and social care workforce. The Council agreed that, wherever possible, the Chair should consult Council members in advance of such decisions, and in all circumstances, the Chief Executive and Registrar would inform Council members within 24 hours of decisions being made.

In 2021-2022, one emergency measure was approved by the Chair in line with the arrangements set out above. This was to open the NMC temporary register to a defined cohort of applicants trained outside the UK to support the national Covid-19 response further to the rapid spread of the Omicron variant. This measure was approved on 20 December 2021, following a Council discussion earlier on the same date. This was reported to the Open Council meeting on 26 January 2022.

In addition to formal meetings, Council members and Associates attend monthly seminars, hold video conferences and participate in a wide range of other activities. These include attending various Task Groups, briefings and webinars with people using health and social care services, professionals and NMC colleagues. These activities help ensure Council members have the insight they need to hold the Executive to account and make informed decisions. In 2021-2022, given the pandemic, these events and activities were primarily held virtually.

Effectiveness of governance

The Council is committed to maintaining the highest standards of governance. Our practice complies with the Cabinet Office Corporate Governance Code of Good Practice for central government departments to the extent that it is applicable. We also strive to meet the principles and recommended practice contained in the Charity Governance Code and the National Council for Voluntary Organisations Charity Ethical Principles. The Council conducts its business in accordance with our organisational values - fair, kind, ambitious and collaborative - and the seven principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

Council members and Associates receive a full induction on appointment and undertake individual appraisals annually. These inform future individual and collective development, as well as consideration of reappointments. Induction sessions and appraisals have all been held virtually during 2021-2022.

In accordance with good governance, the Council undertakes regular reviews of its own effectiveness. During 2021, the Council reflected on key areas of its activities including ways of working for the future and identified some areas for refinement. These included ensuring Council papers and briefings are always succinct and focused, improvements to sharing information between meetings, and embedding learning from ways of working adopted due to the Covid-19 pandemic.

In particular, we are keen to ensure our Open meetings continue to be as accessible as possible for members of the public across the UK.

The Council regularly reviews the governance framework and policies to ensure they reflect best practice and continue to serve the needs of the organisation. In September 2021, our Council reviewed and approved an updated Code of Conduct and policies for Managing Interests and Gifts and Hospitality.

Council committees

The Council continues to have an Audit Committee, a Remuneration Committee, an Appointments Board, an Investment Committee and an Accommodation Committee.

Appointment of Council members to the Audit, Remuneration, Investment and Accommodation Committees is governed by the Council's Standing Orders and Scheme of Delegation, together with a set of principles adopted by the Council in 2015. Council Committee membership is reviewed regularly. The Chair is an ex officio member of all the Council Committees, except Audit Committee and Appointments Board.

The remit, membership and attendance record for each Committee is set out below. Committees also made a number of decisions by correspondence outside of the meetings identified below, where necessary and in accordance with Standing Orders.

Audit Committee

The remit of the Audit Committee is to support the Council and management by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report. The Committee has welcomed the attendance of the Chief Executive and Registrar, Internal Auditors, the External Auditors and the National Audit Office (NAO) at its meetings, and in keeping with good practice, has held private meetings with them at appropriate junctures during the year.

Here are some of the key activities of the Committee in 2021-2022.

- Overseeing the appointment process for external auditors. The Committee was pleased to welcome HW Fisher LLP as the NMC's external auditors, following their appointment by Council on 28 September 2021.
- Reviewing the Annual Report and Accounts and the Annual Fitness to Practise Report and recommending to the Council the approval of those reports. The Committee also reviewed the reports from the External Auditors and NAO, and the Executive's responses to recommendations made by the auditors.
- Reviewing the accounting policies for the year to 31 March 2022.
- Reviewing risk management and assurance arrangements, including undertaking comprehensive reviews of the risks, mitigations and sources of assurance about core work.
- Approving the internal audit work plan for 2021-2022, reviewing internal audit report outcomes and overseeing action to progress closure of outstanding internal audit recommendations.
- Reviewing serious events and data breaches, to ensure organisational sharing and implementing learning to prevent recurrence.
- Reviewing single tender actions and seeking assurance that proper procurement processes are being adhered to by the Executive and that any single tender actions are justifiable.
- Monitoring the implementation and use of the internal Whistleblowing and Anti-Fraud, Bribery, and Corruption policies to be assured that any issues raised are comprehensively investigated and any action and learning is taken forward.

The membership of the Committee and attendance for the period 1 April 2021 to 31 March 2022 were as follows:

Member	Number of sessions attended	Number of sessions eligible to attend	% of sessions attended
Marta Phillips OBE (Chair)	4	4	100%
Robert Parry (until 30 April 2021)	0*	1	0%
Derek Pretty	4	4	100%
Eileen McEneaney MBE	4	4	100%
Sue Whelan Tracy	4	4	100%

*Robert Parry was unable to attend due to family illness

Remuneration Committee

The remit of the Remuneration Committee is to ensure that there are appropriate systems in place for remuneration and succession planning. In 2021-2022, key activities included considering the draft People Plan, reviewing the non-contractual payments policy, and the annual staff and Executive pay review. The Committee also reviewed Council governance policies for recommendation to Council, approved the Scotland Council member selection process, and the Council member reappointment policy and processes, and evaluated learning from the Chair appointment process.

The membership of the Committee and attendance for the period 1 April 2021 to 31 March 2022 are shown below:

Member	Number of sessions attended	Number of sessions eligible to attend	% of sessions attended
Ruth Walker MBE (Chair)	6	6	100%
Sir Hugh Bayley	6	6	100%
Dr Lynne Wigens OBE	5	6	83%
Anna Walker CB	6	6	100%

Investment Committee

The remit of the Investment Committee is to oversee implementation of the Council's investment strategy and monitor the Council's investment portfolio. In 2021-2022, key activities included reviewing the investment policy, ensuring investment risks due to Covid-19 were effectively mitigated and working with our investment managers to ensure environmental, social and governance issues are appropriately considered when managing the portfolio.

The membership of the Committee and attendance for the period 1 April 2021 to 31 March 2022 were as follows:

Member	Number of sessions attended	Number of sessions eligible to attend	% of sessions attended
Derek Pretty (Chair)	3	4	75%
Thomasina Findlay	3	4	75%
Nick McLeod-Clarke	4	4	100%
Claire Johnston	4	4	100%
Sue Whelan Tracy	4	4	100%

Accommodation Committee

The Accommodation Committee was established by Council in May 2020 to oversee implementation of the Council's Accommodation plan within the financial and other parameters set by the Council. The Committee meets as and when necessary. There were no meetings in 2021-2022, as there were no accommodation matters for the Committee to address.

The membership of the Committee for the period 1 April 2021 to 31 March 2022 was as follows:

Member
Derek Pretty (Chair)
Anna Walker CB
Dr Lynne Wigens OBE

Appointments Board

The Appointments Board is made up entirely of non-Council (Partner) members, appointed following open competitive recruitment processes. Jane Slatter was reappointed to serve a second term as Chair of the Appointments Board from 6 August 2021. Robert Allan was reappointed to serve a second term from 1 October 2021. Decisions regarding reappointment were made by the Acting Chair of Council following a robust process assessing performance and commitment to our values.

The remit of the Appointments Board is to assist the Council in connection with the exercise of any function relating to the appointment of Fitness to Practise panel Chairs and members and Legal Assessors to the Practice Committees (the Investigating Committee and the Fitness to Practise Committee) and the appointment of Fitness to Practise panel members to the Registration Appeals panel.

Key activities in 2021-2022 included: the appointment of new panel members; the appointment of panel members as Panel Chairs; oversight of induction and training for new panel members; approval of the panel member training programme for 2022-2023; and preparation for a selection process (open to external applicants) for added Panel Chairs.

The membership of the Committee and attendance for the period 1 April 2021 to 31 March 2022 is set out below:

Member	Number of sessions attended	Number of sessions eligible to attend	% of sessions attended
Jane Slatter (Chair)	7	7	100%
Robert Allan	7	7	100%
Angie Loveless	6	7	86%
Frederick Psyk	7	7	100%
Clare Salters	6	7	86%

Role of the Executive

The Chief Executive and Registrar is appointed by, and accountable to, the Council. The Chief Executive and Registrar's role is to lead and manage the NMC's regulatory, professional, business and financial affairs within the strategic framework established by the Council.

As the Accounting Officer, the Chief Executive and Registrar has personal responsibility for matters relating to financial propriety and regularity; keeping proper account of financial affairs; avoidance of waste and extravagance; and the effective use of resources.

The Executive Board is the key management decision-making body. The Board's membership comprises the Chief Executive and Registrar and all Executive Directors. General Counsel also attends. The Board works with the Chief Executive and Registrar and provides assurances to the Council through: developing and implementing strategies, policies, business plans and budgets; ensuring effective and efficient use of resources, finance and people; and identifying and managing risk.

The Executive Board meets weekly and regularly reflects on its own operation and how business is conducted.

Professional Standards Authority oversight

The Professional Standards Authority (PSA) oversees and reports to Parliament on our work, as well as that of the other health and social care professional regulators. In November 2021, the PSA published its annual review of our performance for 2020-2021. It found that we had met 17 of the 18 Standards of Good Regulation: we did not meet the standard requiring us to deal with fitness to practise cases as quickly as is consistent with a fair resolution of the case. As outlined in the performance review section of this report, our number one corporate priority continues to be addressing the fitness to practise caseload. We are doing so by improving our processes, namely through our Fitness to Practise Improvement programme and increasing capacity and resources.

The PSA recognised the improvements we have made since last year's 2019-2020 performance review and our response to the Covid-19 emergency. The report also included positive feedback on the implementation of the temporary register; the support we provided to those on our register and the public through our 'Coronavirus Hub' on our website; our research into issues relevant to diversity and the plan to address the timeliness of fitness to practise case progression. The Executive Board review progress in implementing learning from PSA reviews regularly.

Performance monitoring and data quality

We have aligned our corporate plan and budget to our 2020-2025 Strategy. The Council monitors our progress against our corporate plan and budget through quarterly performance reports presented at public meetings. These provide updates against our corporate commitments, key performance indicators (KPIs), our budget and investments, and corporate risk exposure. In collaboration with the Executive, the Council decides what performance information and data it wants to review so it can make effective decisions about our performance and risk exposure. The Council regularly considers the quality and content of performance reporting, and we made further refinements to the content and presentation of reporting in 2021-2022.

Risk management and internal control

The Council is responsible for establishing and maintaining a sound system of risk management and internal control. Our system of internal control is designed to manage, rather than eliminate, risk and provide reasonable assurance of effectiveness. The Audit Committee provides assurance to the Council about the operation of the system of internal control and risk management. The Council considers corporate risk exposure at Open meetings on a quarterly basis and the full corporate risk register twice a year.

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

The Council approved and updated the risk management framework in 2021. The framework has been embedded throughout the year by improving our templates and reports; organisation-wide and bespoke training sessions and tailored workshops; and monthly engagement between risk coordinators and the corporate risk and performance team.

Assurance

Our system of internal control includes these elements.

- A wide-ranging programme of training, induction, appraisals and coaching to ensure our colleagues have the right skills, values and experience for their roles.
- Strategic relationships between corporate services and business leaders that foster collaboration, best practice, and supportive challenge. Business partners are in place for People Services (human resources, recruitment, learning and development), finance, risk and performance, technology and procurement.
- Internal control and planning mechanisms, such as detailed schemes of delegation for decision-making, documented policies and standard operating procedures, service level agreements, restricted access to systems, segregated duties, incident reporting, business continuity planning, business planning, programme and project framework, personal objectives and improvement plans.
- Widespread monitoring and reporting to track our performance and KPIs, financial management (budgets, forecasting, monthly reporting), risk exposure, quality, data and insights, operational management information and people management.
- Centralised assurance management includes internal and external audits, serious event reviews (SERs) and quality assurance (QA) reviews where we use learning to make improvements to our processes. The Audit Committee undertakes regular targeted comprehensive assurance reviews (CARs) to delve deeper into specific risk problems.
- A new Change Board, established in November 2021, to provide detailed oversight of our change projects and programmes to ensure that we focus holistically on the highest impact areas to deliver our 2022-2025 strategy.

The Executive Board is responsible for:

- ensuring that the annual internal audit work plan and other internal quality assurance work are complementary and focused on areas of potential internal control weakness
- reviewing the performance of our strategic change portfolio alongside our corporate risk register every month
- undertaking an annual assessment of the effectiveness of risk management and internal control arrangements for each directorate.

We undertake an annual review of the effectiveness of our internal control environment and risk management. The 2021-2022 review concluded that we have a reasonable assurance that our internal control environment operates adequately at corporate and directorate level. As part of our maturity work, we strengthened the approach to assess each directorate against a set of key criteria and reviewed sample evidence to ensure our internal control environment reflected the standards set out in our policy and guidance.

Our risk management maturity has significantly improved during 2021-2022, with all directorates able to demonstrate that they have:

- risk registers that are overseen by risk coordinators
- regular engagement with the corporate risk and performance team about directorate and corporate risks
- oversight of technology risks from the Chief Information Officer
- better consideration of management controls.

Internal control mechanisms remain comparable to last year. All directorates adhere to expected requirements for planning. Agreed business plans and budgets, projects and programmes undergo business case approval and adhere to delegated approval levels. Our internal auditors have highlighted some areas for improvement which have informed our Internal Audit Work Plan for 2022-2023.

Key issues and risks

Covid-19 pandemic

When Council approved the corporate plan for 2021-2022, it recognised that the Covid-19 pandemic would continue to affect the pace at which we would be able to take forward our strategic ambitions. To minimise disruption, we continued to take a range of actions: supporting frontline colleagues to work safely from our offices; supporting remaining colleagues to work from home; and strong internal engagement and communications to provide clear advice. To ensure our strategy remains feasible, we have reviewed progress and re-scoped or re-phased some commitments and decided not to pursue others before 2025.

Throughout the year, we were responsive to the easing and tightening of restrictions, supporting colleagues to return to the offices should they wish. We also disbanded our Gold and Silver command structures as business during the pandemic became normalised.

Thanks to the impact of the vaccination programme, we also prepared for a long-term easing of restrictions and have worked with colleagues to develop hybrid ways of working that will enable us to deliver our objectives.

These actions enabled us to support the professionals on our register and the national response to the pandemic: enabling us to deliver our regulatory role, maintain the temporary register and provide clear guidance and support to nurses, midwives and nursing associates.

Mitigation in 2022-2023

Despite the pandemic easing, we know that the professionals on our register remain under pressure due to fluctuating rates of infection; the secondary impacts of the pandemic, such as the backlog of elective treatments; long hospital waiting times and staffing levels. We will continue to work with professional leaders to understand how the sector is recovering and monitor the impact of our requirements to ensure that we are not adding avoidable pressure. To help support the workforce, we will encourage professionals on our temporary Covid-19 register to join our permanent register before it closes on 30 September 2022, should they wish to do so.

To ensure we can deliver our objectives, we will continue to support colleagues to establish hybrid ways of working that enable them to effectively fulfil their objectives.

Fitness to practise caseload

Throughout the year we managed a high fitness to practise caseload which grew before and during the pandemic. This has now stabilised, but this has taken longer than envisaged. We now expect work to reduce our caseload to stretch into 2023-2024.

The impact of a high caseload is that we take longer to process concerns, which has a distressing impact on all those involved in fitness to practise referrals. We continue to manage cases in a person-centred way, aligned to our values, and ensure the quality of our decision-making.

Mitigation in 2022-2023

In 2022-2023, we will:

- build on the improvements we made in 2021-2022 so that we process cases more efficiently and close cases at the earliest appropriate opportunity
- increase our capacity at key stages to increase our output
- continue to build knowledge in the sector to reduce the number of inappropriate referrals we receive.

Through these actions we aim to reduce the caseload to a target of 5,000 by March 2023.

Managing economic, political and climate challenges

Like all organisations, we are operating in a difficult environment with many factors to consider. Inflation is at its highest for many years; the impact of the pandemic on the global supply chain; and the conflict in Ukraine threatens food supplies and energy supply and heightens the threat of cyber-attacks. We also need to play our part in minimising and mitigating the climate emergency.

Mitigation for 2022-2023

We have accounted for extra costs within our plan and budget for 2022-2023.

For major programmes and projects, we will release funding in phases and keep budgets under continual review.

We have undertaken simulation testing and updated our cyber security precautions. We will commission an independent review of cyber security during 2022-2023.

We continue to monitor the external environment and will adjust as required.

Concerns relating to maternity care

The Ockenden report, published in March 2022, has highlighted systemic weaknesses in maternity care. Although it did not make specific recommendations for us to address, we have ourselves identified learning which can help support improvements in maternity safety. Other ongoing independent investigations (including at East Kent and at Nottingham) are likely to identify safety risks in maternity care and, once they are known, we will need to carefully consider the implications for our regulation of midwives.

Mitigation in 2022-2023

Our current assessment is that our midwifery standards of proficiency appropriately address the skills and knowledge deficits in relation to midwifery identified in the Ockenden report. Following the publication of the East Kent and Nottingham reports we will commission a further external, independent review of our standards.

We will write to all midwives on our register to ask them to confirm through revalidation that they have considered the midwifery standards of proficiency and have identified any deficiencies in knowledge and skills to be addressed through continuing professional development.

We will explore how we can get better insight directly from midwifery students to inform our quality assurance and insight.

We will continue to work in partnership with other regulators and system leaders to support improvements in maternity services.

Recruitment and retention

Confidence has grown across the labour market, with people more willing to move jobs now that restrictions have eased. This has led to challenges to attract and retain talent and led to capacity gaps in our workforce in areas such as fitness to practise, human resources, technology services and legal. We expect this trend to continue into 2022-2023.

Mitigation in 2022-2023

We will launch our new People Plan in the first half of 2022-2023, which will address significant areas relating to both recruitment and retention, such as reward, progression, and development over the next three years.

We will continue to be creative in how we attract new talent, such as using flexible working to attract people from across the UK; creating talent pools from good candidates who have already applied; and improving the candidate experience. We have reviewed our workforce plans for 2022-2023 to ensure that we have phased our recruitment throughout the year.

We will also focus on retention, ensuring that talented colleagues are supported to develop and progress their careers with us.

Regulatory reform

More modern and flexible legislation will enable us to deliver proportionate and safer regulation for the public and better support the professionals on our register. During 2021-2022 we continued our preparations for reform by responding to the Government's consultation and undertaking detailed planning about the scale of what will be required. We continue to manage uncertainty within the timelines for reform as the Department of Health and Social Care set these and are subject to change within the context of the wider programme.

Mitigation in 2022-2023

To ensure we are able to influence reforms to our legislation as effectively as possible, we will continue to engage proactively with the Department of Health and Social Care and work closely with our stakeholders to identify the changes we want to make.

We continue to manage uncertainties, such as dependencies with other major internal programmes (such as modernising our technology services) and engagement and communications with stakeholders through detailed planning that involves subject matter experts from across the organisation. A programme board provides oversight of the detailed planning and our new Change Board will provide expertise to manage dependencies across all our strategic activities.

Technology

We continue to improve our technology to deliver tools that will increase the efficiency and productivity of colleagues. While we deliver significant technology change programmes, we tolerate a number of risks related to using legacy systems, building capability and capacity for the future, and managing the dual running of systems while we safely migrate across our core processes. To assist us, in 2021-2022 we recruited a Chief Information Officer to provide leadership, specialist knowledge and oversight of our technology improvement programme and technology services.

We expect to carry this risk for a number of years while we deliver multi-year programmes to improve our technology infrastructure; deliver new hardware, remove legacy systems

(WISER and case management system); update our data capabilities and capacity; and deliver technology that will support regulatory reform.

Mitigation for 2022-2023

We will commission a second independent review of our Modernisation of Technology Services programme to support the third major phase of the programme.

We will commission an independent review of our cyber security.

We will continue to invest in improving our technology by delivering our two major technology programmes.

We will begin to build in-house capability in data architecture and IT development to build our own capacity and reduce reliance on outside suppliers.

Public interest (whistleblowing)

Our Whistleblowing policy encourages colleagues and others who work for, or with us, to speak up if they see something wrong. We review the policy regularly and have continued to raise awareness of the policy and associated guidance by promoting it through the Chief Executive and Registrar's weekly message and other internal communications.

In October 2021, we ran an internal engagement exercise as part of Speak Up month; an initiative in England to promote the importance of whistleblowing and encouraging everyone to speak up. This was an opportunity to remind all our staff, wherever they are based, about our Whistleblowing policy and guidance, share examples of when it might be appropriate to raise concerns, and outline what actions they could expect to be taken as a result.

The Audit Committee receives a report on whistleblowing at every meeting. There were three occasions when people used the Whistleblowing policy to raise concerns in 2021-2022 (2020-2021: zero). Of the concerns raised in 2021-2022, one was found to be a complaint rather than a whistleblowing issue and was progressed in accordance with our corporate complaints process. The other two are described below:

- A concern that some Fitness to Practise panel members were being discriminated against on the basis of their race; and that some panel members and legal assessors lacked integrity and work ethic. Follow-up discussions took place with the person who raised the concern and, although they did not wish to raise a formal complaint, they asked us to consider what more could be done to create a more inclusive culture and an environment with zero tolerance for racism. This helped inform a range of work we were doing to strengthen our approach to EDI. This included asking all NMC-appointed panel members and legal assessors to take part in an EDI survey to gather feedback on their experiences. Through this work we identified several areas for improvement, including the need to provide more extensive EDI training and to increase visibility and awareness on how to raise a concern. We developed an action plan which is being overseen by our Appointments Board. This plan was shared with the person who raised the issues, who was pleased with the rigour and seriousness with which we are tackling these issues. As detailed in the performance review section of our Annual Report, during 2021-2022 we also took forward other work to strengthen our approach to EDI which is captured in our revised EDI Plan 2021-2025 (published in November 2021). Our detailed EDI Plan will be published in summer 2022.
- An allegation that the organisation was not appropriately managing reports of potential bullying and harassment. A review was overseen by the Chair of Audit Committee and lead Audit Committee member and this matter has now been concluded. The Chair of Audit Committee and the lead Audit Committee member were content with the outcome.

Safeguarding and protecting people

We want to safeguard and protect from harm all who work with or come into contact with us. This includes our colleagues, people who we come into contact with as part of our regulatory processes and those we engage with.

Our Safeguarding and Protecting People from Harm policy sets out our responsibilities and the actions colleagues should take if they identify a safeguarding concern. Our policy is easily accessible and available on our website. The Council reviewed and approved an updated policy in January 2022. To support the policy, we have underpinning guidance and a standard operating procedure for employees to follow. We report on the operation of the policy to Council regularly.

We provide safeguarding training to ensure colleagues understand our safeguarding policy and know how to use it. Our safeguarding training is mandatory for all new starters and a refresher course must be completed by all colleagues every two years. For 2021-2022, our completion rate is 87 percent. We held awareness raising and briefing sessions in our Professional Regulation Directorate which deals directly with those on our register and the public in relation to regulatory matters. We also carried out workshops with a cross-section of colleagues to better understand and mitigate risks in our safeguarding policies and processes.

We have improved our safeguarding arrangements by:

- embedding safeguarding in our contracts for services provided for Victim Support and Lay Advocacy
- introducing a triaging system in our Enquiries and Complaints team so that safeguarding concerns can be escalated and reported as appropriate
- improving the coordination of safeguarding concerns between the Public Support Services team and other teams in our Professional Regulation Directorate.

In 2021-2022, we logged 62 safeguarding concerns. We referred 22 of these cases to local authorities and the police. We did not make any reports to the Charity Commission or the Office of the Scottish Charity Regulator during 2021-2022. In May 2022, we deemed one safeguarding case serious enough to report to the Charity Commission, in line with our obligations as a registered charity. The Commission was satisfied that the Council was dealing with the matter appropriately and responsibly.

In the previous financial year (2020-2021) we had 52 safeguarding concerns, of which 20 referrals were made to local authorities and the police; we also reported one case to the Charity Commission. In 2019-2020 we had 14 safeguarding concerns.

Since we adopted our safeguarding policy in November 2018, we have been raising awareness around safeguarding through briefings and mandatory training, which could explain the increased number of concerns that we have logged.

Some of our responses to the concerns included the involvement of our Fitness to Practise Careline who helped to provide the person with appropriate support. In other cases, we were satisfied that the person at risk already had support in place and we signposted them to an appropriate charity or decided no further action was required by us.

We completed a quality assurance review of our safeguarding arrangements which identified the need for more support for our Designated Safeguarding Lead. We are creating a new Strategic Safeguarding Lead role that will help us embed our safeguarding and duty of care responsibilities and implement the recommendations from our quality assurance review. We have an NMC-wide safeguarding working group to help us with improvements and monitor our safeguarding arrangements.

Information governance and lapses in protective security

We continue to align our information security management to ISO 27001, the international information security standard.

Incidents are reported, managed and investigated in line with our Serious Event Reporting (SER) process through which learning and recommendations for improvement are identified.

The table on the following page provides a breakdown of the number of information security incidents in 2021-2022, with 2020-2021 figures shown for comparative purposes. Of the 83 information security incidents recorded in 2021-2022, 54 (65 percent) were unauthorised disclosure of data (data breaches). At the start of the Covid-19 pandemic, we had a temporary reduction in the volume of fitness to practise casework, which will have contributed to fewer incidents in 2020-2021 compared to 2021-2022.

	2021-2022	2020-2021
Critical	0	0
Major	1	0
Moderate	23	26
Minor	59	31
Total	**83**	**57**

In 2021-2022 we reported one personal data breach to the Information Commissioner's Office (ICO). It has not taken any regulatory action in relation to the breach.

Anti-fraud, bribery and corruption

No instances of actual or suspected fraud, bribery or corruption were detected in 2021-2022 (2020-2021: none). Anti-fraud and bribery training is mandatory for all new employees. Refresher training is undertaken by all colleagues every two years.

In February 2022 we updated our Anti-Fraud and Anti-Bribery policy to reflect our values; this was endorsed by Executive Board and approved by Audit Committee.

In September 2021, we published our Personal Interests and Outside Appointments policy for colleagues which explains how we deal with conflicts of interest. In February 2022, all NMC colleagues were required to make a declaration, stating any interests outside the NMC.

All potential conflicts of interest are subject to review by line managers who will consult with appropriate expert colleagues where required.

A gifts and hospitality policy is in place for Council members, Partner members and colleagues, which supports good practice in this area. The policy is periodically reviewed to ensure it reflects good practice and was most recently reviewed and approved by Council in November 2021. Regular reminders are issued about the importance of adhering to the policy. A register of all gifts and hospitality accepted or declined is maintained.

Modern slavery

No modern slavery issues have been identified during the year to date (2020-2021: none).

In accordance with the Modern Slavery Act 2015, we updated and published our Modern Slavery Statement in June 2022.

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

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

Serious event reviews

Internally, we report any incidents or near-misses where things have gone wrong. These are investigated under our serious events review (SER) process to identify learning and to put in place measures to prevent recurrence. Themes and learning from SERs are reported to the Executive Board and Audit Committee meetings every six months. During 2021-2022, a total of 172 corporate incidents and near-misses were reported (2020-2021: 142). Under our incident reporting process, we distinguish between adverse incidents (AIs) and serious events (SEs) based on the severity of the incident.

Incidents are classified as AIs when they have a minimal impact on our organisation and our work, although they still provide valuable learning for us. We classify as SEs incidents that impact, actually or potentially, more seriously on our organisation and our work. Of the 172 corporate incidents reported in 2021-2022, 54 were classified as SEs (2020-2021: 52), while the remaining 118 were AIs (2020-2021: 90).

During 2021-2022, we conducted a SER into a direct award of a contract which was not compliant with the Public Contracts Regulations 2015 ('the PCR'- the legislation applicable to us as a public sector body) or our own procurement policy.

It was agreed that due to mistakes earlier in the procurement process, alternative approaches would have resulted in significant additional costs over the life of the contract and put key business operations at risk. As we were satisfied that the direct award was appropriate and in the best interests of the charity's beneficiaries and the public, we decided that it did not require reporting to charity regulators.

The circumstances leading us to the direct award have been thoroughly investigated. The SER was completed in November 2021 and from that learning we have produced an action plan to prevent a recurrence. Our internal auditors have undertaken an audit to ensure these actions have been appropriately implemented. They reported on this review at the June Audit Committee and concluded that the actions taken were the right ones in relation to Technology Services but that the lessons learnt could be applied more broadly in the procurement plan. We also ensured that the National Audit Office and HW Fisher LLP, our external auditors, were informed of our decision and the reasons why we directly awarded the contract. This was part of routine communication rather than seeking any explicit assurance of our approach.

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

Serious incident/ notifiable event reporting

Issues which require reporting to the Charity Commission/OSCR are identified through several routes, including the Serious Event Review policy and process, and through the Whistleblowing; Anti-Fraud, Bribery and Corruption; and Safeguarding policies and processes. In accordance with guidance from the Charity Commission (CC) and the Office of the Scottish Charity Register (OSCR), where we identify an issue, permission is sought from the Council, as trustees, to report to the Charity Commission/ OSCR. If more urgent reporting is needed, we seek permission from the Chair and Council are informed at the earliest opportunity.

There have been no serious incidents or notifiable events to raise with the Charity Commission or OSCR in 2021-2022 (2020-2021: one). In May 2022, we informed the Charity Commission of one serious incident arising from a safeguarding matter. The Commission was satisfied that the Council was dealing with the matter appropriately and responsibly.

Internal audit annual opinion 2021-2022

Our annual internal audit programme is agreed and overseen by our Audit Committee. Nine internal audit assignments took place during the year, although two reports were considered at the start of 2022-2023 due to delays in completion.

Our internal auditors review the implementation of audit recommendations and provide regular updates to the Audit Committee. There have been delays in implementing nine internal audit recommendations in our People Services function. They were in the areas of starters, onboarding, and retention. These delays were due to challenges arising from changes in senior leadership, systems deficits and an equally challenging recruitment market in resourcing. From November 2021 to March 2022 a plan of continuous improvement has been created for People Services. This includes prioritising audit and other key business improvement outcomes. The actions will be implemented as highest priority along with four further actions arising in 2021-2022. Sustainable leadership strategies are also now in place in People Services. All other recommendations from audits, where action has fallen due in the period, have been implemented.

The Head of Internal Audit's annual opinion is that:

"The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective."

Overall assessment of effectiveness of governance and assurance

As Chair of the Council and Accounting Officer, we have reviewed the effectiveness of governance, risk management and internal controls.

In reaching our assessment, we have relied upon a range of evidence, including the opinion and report of the Head of Internal Audit; the corporate assessment of the quality of controls and assurance in place in directorates, and the annual review of the effectiveness of risk management. We have also relied on the Opinion and Audit Findings Report of our external auditors; and the Audit Completion Report and Management Letter of the National Audit Office.

Overall, we consider that there is reasonable assurance that there are adequate arrangements in place for governance, risk management and control. We recognise the need to address and strengthen our controls in relation to our Learning and Development and Retention processes, and to maintain a high level of scrutiny over the recovery of our fitness to practise caseload and the progression of the Modernisation of Technology Services programme.

DocuSigned by:
David Warren
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Sir David Warren
Chair
08 July 2022

DocuSigned by:
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Andrea Sutcliffe
Chief Executive and Registrar
08 July 2022

07

Independent auditor's report to the trustees of the Nursing and Midwifery Council

Opinion

We have audited the financial statements of the Nursing and Midwifery Council (the 'charity') for the year ended 31 March 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2022 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (asamended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of responsibilities of the Council, Council (being the trustees) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

As part of our planning process:

- We enquired of management the systems and controls the charity has in place, the areas of the financial statements that are most susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The charity did not inform us of any known, suspected or alleged fraud.
- We obtained an understanding of the legal and regulatory frameworks applicable to the charity. We determined that the following were most relevant: the Charity SORP, FRS 102, Charities Act 2011, the Nursing and Midwifery Order 2001 and the determination of the Privy Council issued thereunder and the requirements of the Professional Standards Authority for Health and Social Care.
- We considered the incentives and opportunities that exist in the charity, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the charity, together with the discussions held with the charity at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Reviewing and challenging the assumptions and judgements used by management in their significant accounting estimates, in particular in relation to the defined benefit pension obligation and the panellist provision.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations.
- Testing key income lines, in particular cut-off, for evidence of management bias.
- Assessing the validity of the classification of income, expenditure, assets and liabilities between unrestricted and restricted funds.
- Performing a physical verification of key assets.
- Obtaining third-party confirmation of material bank and investment balances.
- Documenting and verifying all significant related party balances and transactions.
- Reviewing documentation such as the charity board minutes for discussions of irregularities including fraud.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements even though we have properly planned and performed our audit in accordance with auditing standards. The primary responsibility for the prevention and detection of irregularities and fraud rests with the trustees of the charity.

A further description of our responsibilities is available on the Financial Reporting Council's website at: **https://www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
HW Fisher LLP
925FB7E262E74C1

HW Fisher LLP
Chartered Accountants
Statutory Auditor
11 July 2022

Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

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The Certificate and Report of the Comptroller and Auditor General to the trustees of the Nursing and Midwifery Council and the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Nursing and Midwifery Council for the year ended 31 March 2022 under the Nursing and Midwifery Order 2001.

The financial statements comprise: the Nursing and Midwifery Council's:

- Balance Sheet as at 31 March 2022;
- Statement of Financial Activities and Statement of Cash Flows for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom accounting standards including Financial Reporting Standards (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion, the financial statements:

- give a true and fair view of the state of the Nursing and Midwifery Council's affairs as at 31 March 2022 and its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Nursing and Midwifery Order 2001 and the determination of the Privy Council issued thereunder; and
- have been properly prepared in accordance with the Charities and Trustee Investment (Scotland Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006, the Charities Act 2011.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

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

I am independent of the Nursing and Midwifery Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and I have also elected to apply the ethical standards relevant to listed entities. I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

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

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

Other Information

The other information comprises information included in the Annual Report other than the financial statements and my auditor's certificate thereon. The Council and the Chief Executive and Registrar are responsible for the other information contained within the Annual Report.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Remuneration Report subject to audit have been properly prepared in accordance with the determination made by the Privy Council under the Nursing and Midwifery Order 2001; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Nursing and Midwifery Council and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report, I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- the information given in the financial statements is inconsistent in any material respect with the Annual Report; or
- sufficient and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- certain disclosures of remuneration specified by the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 or the Charities Act 2011, or as required by the determination made by the Privy Council under the Nursing and Midwifery Order 2001 have not been made or parts of the Remuneration Report to be audited is not in agreement with the accounting records and returns; or
- the Annual Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Council and of the Chief Executive and Registrar for the financial statements

As explained more fully in the Statement of the responsibilities of the Council and of the Chief Executive and Registrar in respect of the accounts, the Council and its Chief Executive and Registrar are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Council are responsible for assessing the Nursing and Midwifery Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Nursing and Midwifery Order 2001.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

The extent to which my procedures are capable of detecting irregularities, including fraud, is detailed below.

As part of my planning process:

- I enquired of management the systems and controls the charity has in place, the areas of the financial statements that are most susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The charity did not inform me of any known, suspected or alleged fraud.
- I obtained an understanding of the legal and regulatory frameworks applicable to the charity. I determined that the following were most relevant: the Charity SORP, FRS 102, Charities Act 2011, and the requirements of the Professional Standards Authority for Health and Social Care.
- I considered the incentives and opportunities that exist in the charity, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored my risk assessment accordingly.
- Using my knowledge of the charity, together with the discussions held with the charity at the planning stage, I formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored my procedures according to this risk assessment.

I also obtained an understanding of the Nursing and Midwifery Council's framework of authority as well as other legal and regulatory frameworks in which the Nursing and Midwifery Council operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Nursing and Midwifery Council. The key laws and regulations I considered in this context included the Nursing and Midwifery Order 2001, the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008, the Charities Accounts (Scotland) Regulations 2006, the Charities and Trustee Investment (Scotland) Act 2005.

The key procedures I undertook to detect irregularities including fraud during the course of the audit included:

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Reviewing and challenging the assumptions and judgements used by management in their significant accounting estimates, in particular in relation to the defined benefit pension obligation and the panellist provision.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations.
- Testing key income lines, in particular cut-off, for evidence of management bias.
- Assessing the validity of the classification of income, expenditure, assets and liabilities between unrestricted and restricted funds.
- Performing a physical verification of key assets.
- Obtaining third-party confirmation of material bank and investment balances.
- Documenting and verifying all significant related party balances and transactions.
- Reviewing documentation such as the charity board minutes for discussions of irregularities including fraud.
- In addressing my assurance over regularity, considering any special payments made in year, any offpayroll arrangements, review of Council and Audit Committee papers and minutes and an overall comparative review of current year to prior year.

Owing to the inherent limitations of an audit, there is an unavoidable risk that I may not have detected some material misstatements in the financial statements even though I have properly planned and performed my audit in accordance with auditing standards. The primary responsibility for the prevention and detection of irregularities and fraud rests with the trustees of the charity.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities.** This description forms part of my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

Gareth Davies 12 July 2022

Gareth Davies
Comptroller and Auditor General

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

10

Financial statements for the year ended 31 March 2022

Statement of financial activities for the year ended 31 March 2022

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Year ended 31 March 2022 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Year ended 31 March 2021* £'000
Income from:							
Charitable activities:							
Fees	2	96,787	-	96,787	90,778	-	90,778
Grants	3	-	2,609	2,609	-	-	-
Other income	3	79	-	79	676	-	676
Total		96,866	2,609	**99,475**	91,454	-	**91,454**
Investment income:	3	923	-	923	551	-	551
Total income		97,789	2,609	**100,398**	92,005	-	**92,005**
Expenditure on:							
Raising funds	4	(157)	-	(157)	(40)	-	(40)
Charitable activities	5	(90,165)	(2,609)	(92,774)	(81,520)	-	(81,520)
Total		(90,322)	(2,609)	**(92,931)**	(81,560)	-	**(81,560)**
Net income before net gains/losses on investments		7,467	-	**7,467**	10,445	-	**10,445**
Gain on investments	14	1,024	-	1,024	1,125	-	1,125
Net income		8,491	-	**8,491**	11,570	-	**11,570**
Other recognised gains/(losses):							
Actuarial gain on defined benefit pension scheme and asset ceiling adjustment	19	(1,453)	-	(1,453)	176	-	176
Net movement in funds		7,038	-	**7,038**	11,746	-	**11,746**
Reconciliation of funds:							
Total funds brought forward		69,273	-	**69,273**	57,527	-	57,527
Total funds carried forward		76,311	-	**76,311**	69,273	-	**69,273**

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

*Net income for the year ended 31 March 2021 has been adjusted to include gains on investments, which were previously reported after net income. The net movement in funds remains unchanged.

The notes on pages 132-163 form part of these accounts.

Balance sheet as at 31 March 2022

	Note	As at 31 March 2022 £'000	As at 31 March 2021* £'000
Fixed assets:			
Intangible assets	11	10,515	10,881
Tangible assets	12	18,163	16,849
Investments	14	32,838	31,281
Total fixed assets		**61,516**	**59,011**
Current assets:			
Debtors	15	3,306	4,022
Investments	14	48,125	28,362
Cash at bank and in hand		21,881	39,550
Total current assets		**73,312**	**71,934**
Liabilities:			
Creditors: amounts falling due within one year	16	(55,173)	(56,425)
Total current liabilities		**(55,173)**	**(56,425)**
Net current assets		**18,139**	**15,509**
Total assets less current liabilities		**79,655**	**74,520**
Creditors: amounts falling due after more than one year	17	(76)	(135)
Provisions for liabilities	18	(3,268)	(1,957)
Net assets excluding pension liability		**76,311**	**72,428**
Defined benefit pension scheme liability	19	-	(3,155)
Total net assets		**76,311**	**69,273**
The funds of the NMC			
Unrestricted funds		**76,311**	**69,273**
Total funds		**76,311**	**69,273**

*Software and IT projects have been reclassified as intangible fixed assets for both 2022 and 2021. Total fixed assets remains unchanged. Current asset investments and cash at bank and in hand have been reanalysed for the year ended 31 March 2021. Total current assets remains unchanged.

The notes on pages 132-163 form part of these accounts.

DocuSigned by:
David Warren
F7DC477AD4364BF...
Sir David Warren
Chair
08 July 2022

DocuSigned by:
C340415A8274412...
Andrea Sutcliffe
Chief Executive and Registrar
08 July 2022

Statement of cash flows for the year ended 31 March 2022

	Note	Year ended 31 March 2022 £'000		Year ended 31 March 2021 £'000	
Cash flows from operating activities					
Net cash provided by operating activities			**8,317**		**5,039**
Cash flows from investing activities					
Interest earned from bank deposits	3	233		355	
Cash investment - long-term deposits		(19,763)		(7,926)	
Cash investment - fixed asset investments	14	-		(30,000)	
Purchase of property, plant and equipment	11 & 12	(6,456)		(4,464)	
Net cash used in investing activities			**(25,986)**		**(42,035)**
Change in cash and cash equivalents in the reporting period			**(17,669)**		**(36,996)**
Cash and cash equivalents at the beginning of the year			**39,550**		**76,546**
Cash and cash equivalents at the end of the year			**21,881**		**39,550**

Reconciliation of net income to net cash flow from operating activities

	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Net income from the reporting period (as per the statement of financial activities)	8,491	11,570
Interest earned from bank deposits	(233)	(355)
Dividends and interest earned in our fixed investment portfolio	(690)	(196)
Gain on investments	(1,024)	(1,125)
Investment management charge	157	40
Depreciation and amortisation charges	5,508	3,273
Loss on equipment disposal	-	1
(Increase)/decrease in debtors	716	(1,278)
Increase/(decrease) in creditors and provisions	-	1,400
Change in pension scheme liability	(3,155)	176
Pension scheme actuarial gain and asset ceiling adjustment	(1,453)	(8,467)
Net cash inflow from operating activities	**8,317**	**5,039**

Net income from the reporting period for 2021 has been updated to reflect the amended presentation on the face of the SoFA, with gains on investments now shown before net income.

Analysis of cash and cash equivalents

	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Cash at bank and in hand	20,874	13,668
Short-term investments[1]	1,007	25,882
	21,881	**39,550**

In accordance with the Charities SORP, FRS 102:

In the balance sheet, cash at bank and in hand means bank accounts with instant access or investments maturing within three months of the balance sheet date. Investments with maturities of between three and twelve months are classified as current asset investments.

In the above analysis of cash and cash equivalents, cash at bank and in hand means bank accounts with instant access while investments maturing within three months of the balance sheet date are classified as short-term investments.

In note 14, investments with maturities of between three and twelve months have been classified as short-term investments.

The NMC does not hold any physical cash.

[1] See note 14 investments

Notes to the accounts

1 Basis of preparation and accounting policies

We prepare our accounts in accordance with the Charities SORP (FRS 102). As set out in our Accounts Direction from the Privy Council, which is reproduced at Appendix 1, we also have regard to the Government Financial Reporting Manual (FReM), to the extent that the requirements of the FReM clarify or build on the requirements of the Charities SORP.

We meet the definition of a public benefit entity under FRS102.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are as follows:

a) Going concern

The accounts are prepared on the going concern basis.

Our objective is to protect the public by regulating nurses and midwives in England, Wales, Scotland and Northern Ireland, and nursing associates in England. We are funded by the registration fees paid by nurses, midwives and nursing associates. Taking into account our relatively secure source of income and our significant reserves, the Council has reviewed our circumstances, work plans, budgets, cash flow forecasts and our current and forecast reserves levels and is comfortable with deficit budgets in the medium term (3-5 years) as we recover from the impact of Covid-19 and fund significant investment programmes.

The recent consultation by the Department of Health and Social Care on the UK model of regulation for healthcare professionals was clear on the presumption of the continued future need for our regulatory functions.

Given the continued need for our regulatory functions and our financial position outlined above, the Council considers that adequate resources continue to be available to fund our activities for the foreseeable future and there are no material uncertainties about the NMC's ability to continue as a going concern.

b) Accounting convention

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

c) Critical accounting judgements and estimates and key sources of estimation uncertainty

In the application of these accounting policies, we are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources.

Estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may ultimately differ from those estimates.

The significant areas subject to estimation and judgement are:

- **Depreciation/Amortisation**

  The useful economic lives of fixed assets are based on management's judgement and experience.

- **Pensions**

  The principal assumptions used to calculate the liabilities in the defined benefit pension scheme are those as set out in note 19. An asset ceiling has been applied to bring the net position to nil, recognising that the NMC does not have an unconditional right to a surplus.

- **Panellist provision**

  The provision for potential additional panellist costs reflects our prudent estimate of the possible wider impact of a single claim to an employment tribunal for additional sums by a fitness to practise panellist.

d) Income

All income is recognised once the NMC has entitlement to the income, it is probable that the income will be received and the amount can be reliably measured.

- **Income from charitable activities**

  Nurses, midwives and nursing associates must pay an annual registration fee to be registered with the NMC and able to practise. Registration fees are paid either annually in advance or quarterly in advance. We recognise the fees as income on a monthly basis across the year to which the registration fee applies. The deferred income amount within our creditors is the value of fees that we have received at each balance sheet date that relate to a future financial year. Other fees including verification fees are credited to income on the day of receipt.

- **Investment Income**

  Investment income is accounted for when receivable.

- **Government Grants**

  Grant income is recognised once the NMC has entitlement to the income, it is probable that the income will be received and the amount can be reliably measured. For performance related grants, entitlement to the income includes meeting the performance related conditions.

e) Expenditure

- **Charitable activities**

  Expenditure on charitable activities includes all expenditure related to the objects of the charity which comprise: standards promotion and policy development, education, maintaining the register, fitness to practise, and communication and public engagement. See note 5.

- **Support costs**

  Support costs are the costs of our corporate functions including premises, IT, finance and human resources. They are apportioned to the regulatory functions on the basis of the employee numbers in the regulatory functions.

f) Fund accounting

All funds are currently unrestricted and reported as such in the financial statements. They are available for use at the discretion of the Council to support the general objectives of the NMC.

We have received restricted grant funding and these funds have been used in accordance with the specific restrictions imposed.

g) Leased assets

Rentals applicable to operating leases, where substantially all the benefits and risks of ownership remain with the lessor, are charged to the statement of financial activities in equal amounts over the periods of the leases.

h) Employee benefits

- **Holiday pay**

  Holiday pay is recognised as an expense in the period in which the service is received.

- **Pension costs**

  Retirement benefits are provided by a defined benefit scheme and a defined contribution scheme. Payments are made to pension trusts, which are financially separate from the NMC.

The defined benefit scheme was closed to future accrual of benefits with effect from 1 July 2021. There is a recovery plan in place to ensure that the scheme funding level will reach 100 percent, based on current actuarial assumptions, by 31 March 2026.

The difference between the market value of the assets of the pension fund and the present value of accrued pension liabilities is shown as an asset or liability on the balance sheet, except that an asset is only recognised where the Charity has an unconditional right to that surplus. As the NMC does not have an unconditional right to a surplus, an asset ceiling adjustment has been applied to bring the net position on the balance sheet to nil, with the actuarial gain and the asset ceiling adjustment both charged to the SoFA.

The service cost of pension provision relating to the period, together with the costs of any benefits relating to past service and the pension finance cost, which is a charge equal to the increase in the present value of the Pension Fund's liabilities at the previous year end, less a credit equivalent to the Pension Fund's longterm expected return on assets are allocated to the SoFA.

Payments to the defined contribution scheme are made on the basis of set percentage contributions by the NMC and employees, and the costs are charged to the Statement of Financial Activities (SoFA) as incurred.

i) Fixed assets

Expenditure is only capitalised where the cost of the asset or group of assets acquired exceeds £5,000. Depreciation /amortisation is provided on fixed assets to write them down to a nominal value of £1 over their estimated useful lives in equal instalments as follows:

Long Leasehold Premises - 23 Portland Place[2]	50 years
Office fit out and refurbishment	Period of the lease or the useful economic life of the asset
Furniture	10 years
IT Projects	3-5 years
Software	3-5 years
Equipment	3-5 years

[2] See Note 12.1

We revalued 23 Portland Place during 2013-14 and on first adoption of FRS102 opted to use this valuation as deemed cost going forward.

Fixed Assets are assessed at each reporting date for any indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated.

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

j) Investments

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

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

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

Current asset investments are investments with maturities of between three and twelve months.

k) Debtors

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

l) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short-term highly liquid investments with a maturity of three months or less at the balance sheet date.

m) Creditors and provisions

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

n) Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost. Financial assets held at amortised cost consist of cash balances, investments, trade and other debtors. Investments in the stock market are held at market value. Financial liabilities held at amortised cost comprise trade creditors, other creditors and accruals.

2 Fee income

	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Registration fees	89,749	86,901
Other fees paid by registrants	7,038	3,877
Total	**96,787**	**90,778**

3 Investment, grant and other income

	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Interest earned from bank deposits	233	355
Dividends and interest earned in our fixed asset investment portfolio	690	196
Investment income	**923**	**551**
Grant income	2,609	-
Other income	79	676
Total	**3,611**	**1,227**

£2.609 million grant income was received from the Department of Health and Social Care for work undertaken by the NMC to increase the speed of processing of international applications to join the register (2020-2021: £ nil). £2.4 million of this funding was passed directly to the test centres providing the tests for international applicants.

£0.062 million of other income was received under a contract with the Department of Health and Social Care for work undertaken by the NMC to set up a temporary register to support nursing resources in response to the Coronavirus pandemic (2020-2021: £0.676 million).

4 Analysis of expenditure on raising funds

	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Investment management charge	157	40

5 Analysis of expenditure on charitable activities

Year ended 31 March 2022	Standards promotion and policy development £'000	Education £'000	Maintaining the register £'000	Fitness to practise £'000	Comms and public engagement £'000	Total 2021-2022 £'000
Activities undertaken directly						
Employee costs	4,730	889	5,757	26,864	2,408	40,648
Other costs	1,750	42	2,520	15,519	597	20,428
Support costs						
Employee costs	1,152	150	1,980	8,302	583	12,167
Other costs	1,592	208	2,735	14,191	805	19,531
Total	**9,224**	**1,289**	**12,992**	**64,876**	**4,393**	**92,774**

£2.609 million of the expenditure on activities undertaken directly relates to restricted grant income received from the Department of Health and Social Care for work undertaken by the NMC to increase the speed of processing of international applications to join the register (2020-2021: £ nil). £2.4 million of this funding was passed directly to the test centres providing the tests for international applicants.

Year ended 31 March 2021	Standards promotion and policy development £'000	Education £'000	Maintaining the register £'000	Fitness to practise £'000	Comms and public engagement £'000	Total 2020-2021 £'000
Activities undertaken directly						
Employee costs	3,902	890	5,479	24,313	2,010	36,594
Other costs	581	1,765	103	10,395	588	13,432
Support costs						
Employee costs	579	309	2,838	9,748	656	14,130
Other costs	619	330	3,032	12,682	701	17,364
Total	**5,681**	**3,294**	**11,452**	**57,138**	**3,955**	**81,520**

In order to aid comparison with the 31 March 2022 figures, which reflect the NMC's new structure, the figures above have been reanalysed. This has resulted in £2.2 million expenditure being transferred from Fitness to practise to Standards promotion and policy development for the year ended 31 March 2021.

6 Analysis of support costs

Year ended 31 March 2022	Standards promotion and policy development £'000	Education £'000	Maintaining the register	Fitness to practise	Comms and public engagement	Total 2021-2022
Facilities	228	30	392	4,368	116	5,134
Finance and Procurement	298	39	512	2,149	151	3,149
HR	438	57	753	3,157	222	4,627
ICT	943	123	1,620	6,794	477	9,957
Governance	461	60	793	3,322	233	4,869
Legal	123	16	212	887	62	1,300
Depreciation	522	68	896	3,757	263	5,506
Pension Adjustment	(269)	(35)	(463)	(1,941)	(136)	(2,844)
Total	**2,744**	**358**	**4,715**	**22,493**	**1,388**	**31,698**

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

7 Governance costs

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

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Council members' allowances, national insurance, travel and subsistence	300	288
Auditors' remuneration for audit services: HW Fisher LLP	46	24
Auditors' remuneration for audit services: NAO	17	7
Professional Standards Authority annual fee	1,982	1,902
Operating costs (including salaries)	2,524	2,402
Total	**4,869**	**4,623**

Of the £17k NAO audit fee for the year ended 31 March 2022, £3k relates to an additional fee for the 2021 audit that was not accrued in the prior year.

8 Total resources expended by cost category

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Salaries and associated costs	52,815	50,724
Fitness to practise related costs	14,602	9,794
IT development and support	4,707	4,477
Professional fees	7,169	5,082
Rent payable on office leases	2,290	1,979
Other premises costs	1,888	1,970
Other employee-related costs	1,464	1,109
Quality assurance of education	1,258	1,761
Depreciation and amortisation	5,508	3,273
Printing, postage and stationery	132	228
Finance and insurance[3] costs	833	802
Council and committee costs	265	361
Total	**92,931**	**81,560**

Expenditure on consultancy

The definition of consultancy is the provision to management of objective advice relating to strategy, structure management or operations of an organisation, in pursuit of its purposes and objectives. Such advice will be provided outside the 'business-as-usual' environment when in-house skills are not available and will be time-limited.

Consultancy may include the identification of options with recommendations, or assistance with (but not the delivery of) the implementation of solutions. On this basis consultancy costs have been identified as below. These costs are included mainly in the Professional fees category, and also in the IT development and support category.

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Consultancy	775	979

[3] Includes trustees' indemnity insurance

9 Information regarding employees

Salaries and associated costs	Executive	Other employees	31 March 2022	31 March 2021
	£'000	£'000	£'000	£'000
Wages and salaries	1,293	41,251	42,544	38,590
Social security costs (Employer's NI contributions and Apprenticeship levy)	180	4,432	4,612	4,187
Defined benefit pension costs - present employees[4]	(55)	(2,237)	(2,292)	2,279
Defined contribution pension costs - present employees	149	4,874	5,023	3,120
Temporary and contract workers	-	2,548	2,548	2,458
Termination payments[5]	170	210	380	90
Total	1,737	51,078	**52,815**	**50,724**

[4] Further information about the NMC's employee pension schemes can be found in Note 19.
[5] This includes £183,000 extra contractual payments, redundancy payments of £92,000 and payments in lieu of notice of £105,000 (2020-21: extra contractual payments of £nil, redundancy payments of £44,000 and payments in lieu of notice of £47,000).

Information relating to higher paid employees (including the Executive)

There were 143 (2020-2021: 136) employees (including members of Executive for the period) whose remuneration fell in the following bands:

Remuneration bands (£)	Year ended 31 March 2022 Number of employees	Year ended 31 March 2021 Number of employees
60,001-70,000	62	52
70,001-80,000	43	51
80,001-90,000	20	19
90,001-100,000	5	3
100,001-110,000	5	3
110,001-120,000	1	-
120,001-130,000	-	-
130,001-140,000	2	3
140,001-150,000	1	2
150,001-160,000	-	-
160,001-170,000	2	2
170,001-180,000	1	1
300,001-310,000	1	-

Key management is made up of the Chief Executive and Registrar and the Executive directors. The total employee benefits of the key management, including employer's national insurance and pension contributions, were £1,737,000 (2020-2021: £1,454,000). The above table includes nine Executive members who received more than £60,000 in the year. There was one Executive member in post for part of the year whose earnings fell in the £40,000-£50,000 banding.

For more information on Executive remuneration in the year, see the Remuneration report.

The table shows one employee with remuneration in 2021-2022 in the £300,000-310,000 band, with none in that band in 2020-2021. That employee's remuneration included an exit package of £170,000 -£180,000. Also in 2021-2022, one employee's remuneration in the £160,000-£170,000 band included an exit package of £90,000-£100,000 and one employee's remuneration in the £100,000-£110,000 band included an exit package of £50,000-£60,000. Furthermore, two employee's remuneration in the £60,000-£70,000 band saw exit packages of £10,000-£20,000 and £40,000-£50,000 respectively. All details are disclosed in the remuneration report. All other movement in bandings was through the 2021-2022 standard annual pay increase.

	Year ended 31 March 2022	Year ended 31 March 2021
	Number of employees	Number of employees
Average number of permanent and fixed term contract employees during the year:		
Executive	8	7
Other employees	999	886
Average number of agency temporary staff and contractors during the year	69	71
Total	**1,076**	**964**

10 Charitable status

We are registered as a charity in England and Wales with the Charity Commission (charity no. 1091434) and in Scotland with the Office of the Scottish Charity Regulator (charity no.SC038362).

Due to our charitable status we are not liable to corporation tax on our charitable activities or on our investment income and gains. We also receive charitable rate relief from the City of Westminster, London Borough of Newham and Edinburgh City Council.

11 Intangible fixed assets for use by the charity

	Software	IT Projects	Capital Work in Progress[6]	Total
	£'000	£'000	£'000	£'000
Cost:				
01 April 2021	6,632	13,236	2,180	**22,048**
Additions	-	3,972	139	**4,111**
Disposals	-	-	-	**-**
Revaluation	-	-	-	**-**
Transfers	-	1,763	(1,763)	**-**
31 March 2022	**6,632**	**18,971**	**556**	**26,159**
Amortisation:				
01 April 2021	6,632	4,535	-	**11,167**
Amortisation charge for the year	-	4,476	-	**4,476**
Disposals	-	-	-	**-**
Revaluation	-	-	-	**-**
Transfers	-	1	-	**1**
31 March 2022	**6,632**	**9,012**	**-**	**15,644**
Net Book Value:				
31 March 2021	-	8,701	2,180	**10,881**
31 March 2022	**-**	**9,959**	**556**	**10,515**

Intangible fixed assets, comprising IT software and projects, have been split out of Tangible Fixed Assets (note 12). A review of the assets in question against the financial reporting guidance concluded that, as the assets are transferable rather than being linked to individual pieces of hardware, they fit the criteria for being classed as intangible rather than tangible fixed assets.

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

Fixed Assets are assessed at each reporting date for any indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated.

During the year, £1.763 million of work in progress relating to our Modernisation of Technology Services programme (MoTS) was brought into use and transferred to IT Projects, with a further £3.972 million of additions capitalised also relating to the MoTS programme. The £1k transfer is a result of the transfer being between tangible and intangible fixed assets.

11.1 Capital work in progress

These are projects to create capital assets for use in the business where expenditure has been incurred at the period end but the assets have not yet been completed or brought into use. These include the Modernisation of Technology project and the Test of Competence management project.

[6] See Note 11.1

12 Tangible fixed assets for use by the charity

	23 Portland Place long leasehold premises[7]	Buildings refurbishment	Furniture	Equipment	Capital Work in Progress[8]	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost:						
01 April 2021	15,448	11,881	517	3,795	160	**31,801**
Additions	-	2,226	-	-	119	**2,345**
Disposals	-	-	-	-	-	**-**
Revaluation	-	-	-	-	-	**-**
Transfers	-	160	-	-	(160)	**-**
31 March 2022	**15,448**	**14,267**	**517**	**3,795**	**119**	**34,146**
Depreciation:						
01 April 2021	2,423	8,333	405	3,791	-	**14,952**
Depreciation charge for the year	354	657	18	3	-	**1,032**
Disposals	-	-	-	-	-	**-**
Revaluation	-	-	-	-	-	**-**
Transfers	1	(37)	34	1	-	**(1)**
31 March 2022	**2,778**	**8,953**	**457**	**3,795**	**-**	**15,983**
Net Book Value:						
31 March 2021	13,025	3,548	112	4	160	**16,849**
31 March 2022	**12,670**	**5,314**	**60**	**-**	**119**	**18,163**

Intangible fixed assets, comprising IT software and projects, have been transferred to a separate note (note 11). As a result, the 1 April 2021 figures in the table above differ from those in last year's accounts.

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

[7] See Note 12.1
[8] See Note 12.2

Fixed Assets are assessed at each reporting date for any indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated.

During the year, £160,000 of work in progress relating to the refurbishment of 10 George Street was also brought in to use, with a further £2.226 million of additions capitalised in the year.

The £1k total transfer is a result of one of the transfers being between tangible and intangible fixed assets.

12.1 Long leasehold premises

The UKCC (the NMC's predecessor body) acquired the leasehold interest in 23 Portland Place, London W1B 1PZ from the General Nursing Council for England and Wales at nil cost. The lease has a peppercorn rent of £250 a year and expires in the year 2933. The lease was valued at 31 March 2014 on an existing use basis, by external valuers Carter Jonas, at £17.185 million. There is a restrictive covenant on the lease which restricts the use and occupation of the property to the NMC.

12.2 Capital work in progress

These are projects to create capital assets for use in the business where expenditure has been incurred at the period end but the assets have not yet been completed or brought into use, including the Infrastructure programme.

13 Related party transactions

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

During the period 1 April 2021 to 31 March 2022, the total allowances paid to the current and previous Chair were £60,667 (2020-2021: £58,500), and allowances, travel and subsistence and training expenses paid to, or incurred in relation to, members of the Council were £246,402 (2020-2021: £239,258). Council members are paid directly via the NMC payroll. Details of amounts paid to individual Council and Executive members are set out in the remuneration report.

During the year, the NMC engaged facilitation and coaching services from Aim Higher Leadership Ltd. John Welsh, the brother of Edward Welsh, Director of Communications and Engagement, is an external associate sub-contractor of Aim Higher Leadership. The NMC paid Aim Higher Leadership a total of £13,252 during the year (2020-2021: £31,650). There were no balances outstanding with related parties at year end.

14 Investments

Fixed asset investments	As at 31 March 2022	As at 31 March 2021
	£'000	£'000
Market value at 1 April 2021	31,281	-
New capital invested	-	30,000
Dividends and interest received and retained in fund	690	196
Management fees charged at source	(157)	(40)
Net gain/(loss) on revaluation	1,024	1,125
Market value at 31 March 2022	**32,838**	**31,281**
Comprising the following:		
Listed investments	-	-
Fixed income securities	3,112	3,470
Equities	22,929	22,524
Property Funds	1,864	503
Alternative investment funds	4,219	2,482
	32,124	**28,979**
Cash	714	2,302
Market value at 31 March 2022	**32,838**	**31,281**

During the period 1 April 2021 to 31 March 2022, no additional funds were invested in the stock market using our investment managers Sarasin & Partners (2020-2021: £30,000,000).

Current asset investments

Short-term deposits (maturity of more than 3 months but less than 12 months)	48,125	28,362

15 Debtors

	As at 31 March 2022	As at 31 March 2021
	£'000	£'000
Debtors	91	767
Prepayments and accrued income	3,215	3,255
Total	**3,306**	**4,022**

16 Creditors
(Amounts falling due within one year)

	As at 31 March 2022	As at 31 March 2021
	£'000	£'000
Creditors and accruals	13,478	13,263
Other taxes and social security	1,437	1,405
Deferred income	40,258	41,757
Total	**55,173**	**56,425**

17 Creditors
(Amounts falling due after more than one year)

	As at 31 March 2022	As at 31 March 2021
	£'000	£'000
Lease premium	76	135
Total	**76**	**135**

18 Provisions

	Dilapidations[1]	Pension - Early Retirement[2]	Panellists[3]	Total
	£'000	£'000	£'000	£'000
At 1 April 2021	(668)	(89)	(1,200)	(1,957)
Additions	(78)	-	(1,300)	(1,378)
Utilised in the year	-	67	-	67
Releases	-	-	-	-
At 31 March 2022	**(746)**	**(22)**	**(2,500)**	**(3,268)**

1. The provision for dilapidations represents our prudent estimate of the costs of putting our leased properties back into the condition they were in prior to the start of our leases.
2. The provision for pension early retirement reflects the cost of a member of the defined benefit pension scheme retiring early due to incapacity. The additional cost is being paid monthly until June 2022.
3. The provision for potential additional panellist costs reflects our prudent estimate of the possible wider impact of a single claim to an employment tribunal for additional sums by a Fitness to Practise panellist. Panellists are independent contractors who sit on our Fitness to Practise panels. Legal proceedings with respect to this are continuing. The increase in the provision compared to last year reflects more recent legal advice as to the likely extent of the potential liability.

19 Pension commitments

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

The defined contribution scheme

Our main pension scheme is a defined contribution pension scheme operated by The People's Pension.

The minimum contribution level is that employees contribute one percent of their pensionable salary and the NMC contributes eight percent (2019-2020: 8 percent). Employees may make additional contributions which are matched by the NMC up to a maximum employer contribution of 14 percent. As at 31 March 2022, 93 percent of employees were members of the defined contribution pension scheme. Employees also have the option of making their contributions through a salary sacrifice scheme introduced at the beginning of 2021-2022.

	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
NMC's (employer's) defined contribution scheme contributions made in year	**5,023**	2,936
	%	%
NMC's (employer's) basic contribution defined contribution scheme	**8.00%**	8.00%
Employees' basic contribution defined contribution scheme	**1.00%**	1.00%

The defined benefit scheme

Employees who joined the NMC before November 2013 were able to join our defined benefit pension scheme, The Nursing and Midwifery Council and Associated Employers Pension Scheme, scheme registration number 101652586. It is a funded, multi-employer scheme with the Department of Health and Social Care, administered by Premier Pensions Management Limited.

The National Assembly for Wales and NHS Education for Scotland, the previous participants, withdrew from the scheme during 2013 and 2015 respectively.

In March 2021, following a consultation with the active members of the Scheme, Council decided to close the defined benefit scheme to future accrual of benefits with effect from 1 July 2021. Therefore, at 31 March 2022 no employees are active members of the scheme.

Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations. Contributions have been charged to the Statement of Financial Activities (SoFA) so as to spread the cost of pensions over employees' working lives.

The latest completed valuation of the scheme was carried out on behalf of the pension trustees by Premier Pensions Management Limited as at 31 March 2019, using a full yield curve approach. At the date of the valuation, the value of the scheme assets was £124.0 million (including annuities held for insured pensioners). The value of the assets represented 88 percent of the value of the benefits, which had accrued to members after allowing for expected future increases in earnings and pensions. The past service shortfall of assets is being amortised over the period to 31 March 2026. The main assumptions used in the valuation were a real return on investments above salary increases of 0.65 percent per annum and above pension increases of -0.15 percent and -0.20 percent for non-pensioners and pensioners respectively per annum.

If the scheme had been wound up on the valuation date (31 March 2019), the assets would have been approximately 72 percent of the amount necessary to purchase insurance contracts to meet the accrued benefits for active members and past leavers and the current benefits for pensioners. The estimated deficit would have been £42.8 million.

There is a Recovery Plan in place to ensure that the scheme funding level will reach 100 percent, based on current actuarial assumptions, by 31 March 2026. We will make good the deficit over the period to 31 March 2026 by making Recovery Plan payments of £1.9 million per annum with increases of 3.65 percent each April. The value of Recovery Plan payments, in the year ended 31 March 2022 was £1,860,000 (31 March 2021: £8,100,000). The value of other, non-recovery plan payments, in the year was £676,000 (2020-2021: £1,958,000).

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

The FRS 102 valuation is based on a full assessment of the liabilities of the scheme as at 31 March 2022. Although this valuation shows a surplus, legal advice has confirmed that the NMC does not have an unconditional right to that surplus. FRS102 states that "an entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus" and therefore an asset ceiling adjustment has been applied to bring the net position to nil.

Amounts recognised in Balance Sheet

	As at 31 March 2022	As at 31 March 2021
	£'000	£'000
Assets at fair value	101,836	97,343
Present value of defined benefit obligation	(96,036)	(100,498)
Surplus/(Deficit)	**5,800**	**(3,155)**
Asset ceiling adjustment	(5,800)	-
Net liability	**-**	**(3,155)**

Amounts recognised in SoFA

	As at 31 March 2022	As at 31 March 2021
	£'000	£'000
Current service cost	(587)	(1,565)
Past service cost	-	(11)
Expected return on plan assets	1,848	1,736
Curtailment	2,495	-
Interest on pension obligation	(1,889)	(1,926)
Net amount recognised in SoFA	**1,867**	**(1,766)**

	%	%
NMC's (employer's) contribution defined benefit scheme	39.30%	39.30%
Employees' contribution defined benefit scheme	6.00%	6.00%

Reconciliation of present value of defined benefit obligation

	As at 31 March 2022	As at 31 March 2021
	£'000	£'000
Opening balance at 1 April 2021	**100,498**	**78,626**
Current service cost	587	1,565
Past service cost	-	11
Curtailment	(2,495)	-
Interest cost	1,889	1,926
Employee contribution	92	269
Actuarial (gain)/losses	(1,502)	19,943
Benefits paid	(3,033)	(1,842)
Closing balance at 31 March 2022	**96,036**	**100,498**

Reconciliation of fair value of plan assets

	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Opening balance at 1 April 2021	**97,343**	**67,004**
Expected return on assets	1,848	1,736
Actuarial gain/(losses)	2,845	20,119
Employer contribution	2,741	10,057
Employee contribution	92	269
Benefits paid	(3,033)	(1,842)
Closing balance at 31 March 2022	**101,836**	**97,343**

	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Asset ceiling at start of Period	-	N/A
Change in asset ceiling not included in income statement	(5,800)	-
Asset ceiling at end of Period	**(5,800)**	-

Reconciliation of change in funded status

	Period ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Opening balance at 1 April 2021	**(3,155)**	**(11,622)**
Pension expense	1,867	(1,766)
Actuarial gain/(losses)	4,347	176
Employer contribution	2,741	10,057
Asset ceiling adjustment	(5,800)	-
Closing balance at 31 March 2022	**-**	**(3,155)**
Actual return on plan assets	**4,693**	**21,855**

History of experience adjustments	Period ended 31 March 2022	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
	£'000	£'000	£'000	£'000
Defined benefit obligation	(96,036)	(100,498)	(78,626)	(91,100)
Plan assets	101,836	97,343	67,004	76,862
Surplus/(Deficit)	**5,800**	**(3,155)**	**(11,622)**	**(14,238)**
Experience adjustments on scheme liability - gain/(loss)	(4,347)	731	5,226	(695)
Experience adjustments on scheme assets	**2,845**	**20,119**	**(13,789)**	**898**

Expected contribution in following period

	As at 31 March 2022
	£'000
Employer (including fees)	2,184
Employee	-
Total	**2,184**

Principal assumptions	As at 31 March 2022 £'000	As at 31 March 2021 £'000
Discount rate	2.60%	1.90%
Retail price inflation	3.70%	3.05%
Consumer price inflation	3.25%	2.60%
Pension increases	3.65%	3.05%
Expected return on assets	2.60%	1.90%

Life expectancy at age 60	Years	Years
Males born 1962	26.6	26.6
Females born 1962	29.2	29.2
Males born 1982	28.1	28.1
Females born 1982	30.7	30.7

Scheme assets	As at 31 March 2022 £'000	As at 31 March 2021 £'000
Growth funds	51,361	64,444
Bonds	6,993	1,929
Liability driven investments	19,984	4,998
Cash	2,384	3,461
Insured annuities	21,114	22,511
Total	**101,836**	**97,343**

20 Capital commitments

At 31 March 2022, £0.6 million for Registration and Revalidation, Test of Competence and £1.2 million Modern Workplace fo· Me capital expenditure has been con:racted for but has not been provided for in the financial statements.

The following capital expenditure had been approved but not contracted for:

	As at 31 Ma·ch 2022 £'000	As at 31 March 2021 £'000
Modernisation of Technology Services	1,200	2,400
Accommodation programme	763	5,100
Modern Workplace for Me	100	700
Total	**2,063**	**8,200**

21 Operating lease commitments

At 31 March 2022 we had the following future minimum operating lease payments:

	Land and Buildings	
	As at 31 March 2022 £'000	As at 31 March 2021 £'000
Leases which expire:		
Within one year	1,816	1,491
Between one and five years	5,723	4,724
More than five years	4,226	2,800
Total	**11,765**	**9,015**

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

22 Financial instruments

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

	As at 31 March 2022	As at 31 March 2021
	£'000	£'000
Financial assets	106,150	103,215
Financial liabilities	(14,915)	(14,668)

Financial assets consist of cash balances £21.881 million (2020-2021: £39.550 million), investments in fixed term bank deposits £48.125 million (2020-2021: £28.362 million) and debtors £3.306 million (2020-2021: £4.022 million). held at amortised cost and investments in the stock market (via investment managers) £32.838 million (2020-2021: £31.281 million) held at market value. Financial liabilities held at amortised cost comprise creditors and accruals £13.478 million (2020-2021: £13.263 million) and other taxes and social security £1.437 million (2020-2021: £1.405 million).

23 Comparative statement of financial activities

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

24 Extra-contractual payments

There were two extra-contractual payments in the period ended 31 March 2022: £182,804 (31 March 2021: £Nil). Further detail can be found in the remuneration report.

25 Contingent assets and contingent liabilities

At 31 March 2022 there were no contingent assets or liabilities.

26 Post balance sheet events

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

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

Appendix 1

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

Their Lordships make the following determination in exercise of powers conferred by article 52(1) of the Nursing and Midwifery Order 2001[1].

This determination has effect from 23rd February 2010.

Interpretation

1. In this Determination-

"the accounts" means the accounts which it is the Council's duty to keep and prepare under article 52(1) of the Nursing and Midwifery Order 2001 in respect of the financial year ending on 31st March 2010 and subsequent financial years;

"the Charities' SoRP" means the "Accounting and Reporting by Charities: Statement of Recommended Practice 2005 prepared by the Charities Commission or any updated edition in force for the relevant financial year.

"the Council" means the Nursing and Midwifery Council;

"the FReM" means the Government Financial Reporting Manual issued by HM Treasury which is in force for the relevant financial year.

[1] S.I 2002/253

Determination

2. The accounts must-
   - **a.** be prepared so as to give a true and fair view of the Council's state of affairs as at 31st March of the financial year in question and of the incoming resources and application of resources of the Council for that financial year; and
   - **b.** disclose any material incoming or outgoing resources that have not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
3. Subject to paragraph 4, in order to comply with paragraph 2(a), the accounts must be prepared-
   - **a.** in compliance with the accounting principles and disclosure requirements contained in the Charities' SORP; and
   - **b.** having regard to the requirements of the FReM to the extent that those requirements clarify, or build on, the requirements of the Charities' SORP.
4. Where the presence of exceptional circumstances means that compliance with the requirements of the Charities SORP or the FReM would give rise to the preparation of accounts which were inconsistent with the requirement in paragraph 2(b), those requirements should be departed from only to the extent necessary to give a true and fair view of that state of affairs.
5. In cases referred to in paragraph 4, informed and unbiased judgement should be used to devise an appropriate alternative treatment which is consistent with both the economic characteristics of the circumstances concerned and the spirit of the Charities' SORP and the FReM.
6. This determination shall be reproduced as an appendix to the published accounts.

Signed by the authority of the Privy Council
Dated: 18th July 2011

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