

NURSING AND MIDWIFERY COUNCIL

THE NURSING AND MIDWIFERY ORDER 2001 *Accounts for the year ended 31 March 2007* *Presented in accordance with Article 52 of the Order* *(Statutory Instrument 2002 No.253)*

TRUSTEES' REPORT

1. Reference and Administrative Details

Name of Charity - NURSING AND MIDWIFERY COUNCIL

Charity Registration Number 1091434

Registered/Principal Office address:

23 Portland Place
London W1B 1PZ

Background Information and Brief History

This is the statement of accounts of the Nursing and Midwifery Council for the year ended 31 March 2007.

The Nursing and Midwifery Council (NMC) was established under the Nursing and Midwifery Order 2001 (known as "the Order"), and has been fully operational since April 2002. It is the statutory regulator for over 685,000 nurses and midwives (collectively known as "registrants") working in the United Kingdom. The NMC's core function is to protect the public by setting standards of practice for the professions and by ensuring that these are maintained. The *NMC code of professional conduct: standards for conduct, performance and ethics* explains clearly to registrants the standards required of them in carrying out their professional responsibilities. The NMC's main objective is to safeguard the health and well-being of the public by ensuring that registrants provide high standards of care to their patients and clients.

To achieve this, the NMC maintains a register of qualified nurses, midwives and specialist community public health nurses, sets standards for conduct, performance and ethics, provides advice and guidance for registrants and considers allegations of impaired fitness to practise due to misconduct, lack of competence or ill health.

The NMC is accountable to the Privy Council. The Order sets out the nature of the relationship between the NMC and the Privy Council and the reporting mechanisms required. Whilst not accountable to the Department of Health, the NMC has regular contact with officials and ministers in the Department on a wide range of policy and other matters.

Name of Trustees:

The full details of members of the Council (Trustees) during the year ended 31 March 2007 are listed on pages 34 to 35.

Name of Council's Advisers

The details of Council's advisers are listed on page 36.

2. Financial Review

The net incoming resources from operations for the year amounted to £3,781,000 (in 2005/06, £179,000).

The reserves of £10.7 million include the value of the lease of the Council's offices at 23 Portland Place, which contains a restrictive user clause. The lease was re-valued on 31 March 2007 on an existing use basis at £15.75 million.

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During the year income totalled £27,447,000 (2006: £23,656,000) and was comprised of fee income of £26,043,000 (2006: £22,140,000), investment income of £1,164,000 (2006: £1,324,000), and trading income of £240,000 (2006: £192,000).

During the year expenditure totalled £23,666,000 (2006: £23,477,000). This is further analysed within note 12 to the accounts.

Reserves Policy

The free reserves of the NMC were £(7,605,000) at 31 March 2007. The Council has agreed a Reserves policy that the free reserves should equal six months' expenditure.

A financial recovery plan is in place, designed to achieve the free reserve target by 2010. This would equate to £20.9 million at March 2010 on current projections. During the year the Council consulted on fees and voted in March 2007 to approve an increase to the periodic fee with effect from 1 August, 2007. The NMC continues to make cost reductions and efficiencies across the organisation.

Investment Policy

The NMC has the power to invest its surplus funds as it considers appropriate to generate income for the Council. Currently the NMC has a formal investment policy, which limits investment to low and no risk options. At present surplus NMC funds are placed on the money market. The revenue generated from the investment was £1,164,000 during the year.

Fixed Assets

Information relating to changes in tangible fixed assets is given in note 15 to the accounts. The cost of fixed assets additions during the year was £5.016 million.

During the year two major projects were undertaken, the refurbishment of 23 Portland Place at a cost of £4.493 million and the refurbishment of rented office space at 180 Oxford Street at a cost of £313,000. In addition Council gave approval for the sale of 21 Duchess Mews, which was in progress at 31 March 2007.

3. Objectives and Activities

The aims of the NMC are set out in the Order. This states that the NMC must set standards of education, training, conduct and performance for nurses and midwives and ensure that these standards are maintained. To that end, the NMC set five strategic themes for its 2006–2007 business plan. Each theme had its own linked objectives. The following provides an overview of the main activities and issues handled by the NMC in 2006–2007:

Strategic theme one: **Focused activity on the NMC's registration processes.**

Objectives:

- The implementation of an efficient and effective Quality Assurance strategy.
- Depending on timescales, respond to the review of non-medical regulation.
- Have in place an implementation schedule for the fitness for practice requirements at the point of registration, following the consultation.

Strategic theme two: **Leadership in support of registrants to provide safe and effective care.**

Objectives:

- A systematic review of all processes, systems, resources and content involved in the provision of NMC advice and guidance.
- Ensure learning from fitness to practise is incorporated into the provision of advice and guidance.

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Strategic theme three: **Influencing the public protection, nursing and midwifery agenda in the UK and across Europe.**

Objectives:

- Continue developments for improving reciprocity and sharing information about fitness to practise within the extended EU and beyond.
- Agree a strategy and plan for working with public protection partners across the UK and Europe.

Strategic theme four: **Making the NMC more accessible.**

Objectives:

- Implement the agreed communications strategy.
- Updating of the public and patient involvement strategy.

Theme five: **Building an effective business culture.**

Objectives:

- Implement performance measurement mechanisms.
- Develop and commence implementation of an approved IT strategy.
- Embed fully the risk management assurance framework.
- To further identify and implement the efficient and effective delivery of all activities within the NMC, focusing on best practice and the maximisation of value for money across the organisation.

4. Achievements and Performance

In September 2006, Council set up a project board comprising eight members of Council plus the Chief Executive and Registrar to take forward work in two areas: the establishment of an Appointments Board, and the development of new equality and diversity policies and activities.

Appointments Board

The remit of the new board is to appoint, train and appraise panellists for Fitness to Practise hearings as well as non-Council members working on committees or in other capacities on behalf of Council. The board is an arms-length body with transparent, open recruitment and appraisal processes, following best practice in the interests of public confidence and protection. The Appointments Board's Chair is appointed from among Council members, along with a Vice-Chair and three registrant and three lay members, all of whom are identified via an open, external recruitment process. One of the key objectives is to recruit a more diverse group of panellists than hitherto achieved.

Equality and diversity

Following consultation, and in line with the Council's commitment to diversity and recent equalities legislation, the project board developed a Disability Scheme which was approved by the Council and published in December 2006. Plans are in place to follow this with schemes for gender and race from April 2007 (see section 8).

Quality Assurance

Following a procurement process, HLSP, a UK and international professional services firm, commenced delivery of the new Quality Assurance framework in England in October 2006. The roll out of a new framework in Scotland and Northern Ireland was due to follow from April 2007. A new contract has been agreed with HIW to deliver the framework in Wales.

Midwifery

Projects concerned with midwifery training and registration completed during the year included: publication of new policy and standards for midwife applicants who have trained outside the EU; a review and consultation on the standards for length, content and assessment of pre-registration midwifery education;

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the publication of standards for preparation and practice of supervisors of midwives; and the completion of an extraordinary NMC review of maternity services in the North London Hospitals Trust and the related local supervising authority. In addition, nine NMC circulars related to midwifery education, practice and supervision of midwives were published and an updated process for ITP submissions was implemented. Work also began on the development of standards for supervised practice.

Premises

During the year an extensive refurbishment of the offices at 23 Portland Place was undertaken. The refurbishment was partly a response to legacy issues associated with the facilities such as heating and cooling systems and IT cabling, but it was also intended to open up the offices and provide a modern working environment for all staff and users of the premises. Estimated cost of the project was £4.7 million and this was completed on time and within budget. To assist with the funding of this project the Council agreed to sell an adjacent residential property that had been used to accommodate the London overnight stays of Council members. This sale was in progress at 31 March 2007. During the year additional office space was rented at 180 Oxford Street, providing a cost effective location for Fitness to Practise hearings and other NMC business.

Registration

The number of registrants on the Register rose from some 680,000 to around 685,000 during the year.

Fitness to Practise Activity

The total number of cases considered by the Preliminary Proceedings Committee/Investigating Committee in the year was 2,394. The total number of new matters received was 1,624.

The Health Committee sat 20 times during the year. The total number of cases considered was 67.

The Professional Conduct Committee/Conduct and Competence Committee sat for 377 days during the year. The number of cases heard was 279 and number of cases completed was 222.

There were 678 Interim Order considerations, both new cases and reviews. Of these, the Preliminary Proceedings Committee/Investigating Committee considered 508 and the Professional Conduct Committee/Conduct and Competence Committee considered 170.

5. Structure, Governance and Management

The governing body for the NMC is the Council. The Council that took office in 2002 was entirely appointed by the Privy Council. This Council was replaced on 31 July 2006 by the first Council to include members directly elected by nurses, midwives and specialist community public health nurses. Lay members were appointed or re-appointed as at 31 July 2006.

The Council has 35 members: 11 lay members and 24 elected practitioner members. The 11 lay members are appointed by the Appointments Commission acting on behalf of the Privy Council. They are selected for their expertise in a range of consumer, patient and public involvement issues.

The 24 practitioner members are elected as follows: six members from each of the four national constituencies: England, Northern Ireland, Scotland and Wales; and within each country two members from each of the three parts of the register – nurses, midwives and specialist community public health nurses.

Of the 24 elected members, 12 are known as “registrant members” and 12 as “alternate members”. The Council has 23 voting members: the 12 registrant members and 11 lay members. If a registrant member is unable to attend a Council meeting their corresponding alternate member may attend and vote in their place.

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The Council sets the NMC's overall direction. It meets at least four times a year in public to discuss and decide on the most important strategic issues facing the organisation. It also receives reports from the committees that determine the policy and operational activities of the NMC.

The Order lays down that the first group of elected practitioner members will serve for different periods, varying from one to four years. This means that the practitioner members from one national constituency will serve for one year only. Members from the other national constituencies will serve until 2008, 2009 and 2010 respectively. After the President was elected, lots were drawn to decide the order in which the four national constituencies will hold their elections from 2007 onwards. The order was, Wales, England, Scotland, Northern Ireland.

Staggering the elections in this way is designed to bring continuity to Council membership by avoiding a major turnover of members every four years. For the same reason, lay members appointed in 2006 will serve for between one and four years. After that, lay members will be appointed for four years.

However, in February 2007, the Government published a White Paper *Trust, Assurance and Safety - The Regulation of Health Professionals in the 21st Century* that will have a profound impact on the governance structures of all healthcare regulators including the NMC. The White Paper contained important proposals for all healthcare regulators including separation of governance and adjudication functions, fully appointed councils and for governing bodies to adopt a "more board-like" approach to their strategic duties and responsibilities. In 2006, the Council agreed to the separation of functions with effect from September 2007. It further agreed to set up an independent Appointments Board to oversee the recruitment, appointment and appraisal of non-Council members and Fitness to Practise panellists. The implementation plan and the work-streams flowing from the White Paper will have a major impact on the delivery of the 2007–2008 business plan.

Trustees

In addition to being a statutory body, the NMC is also a charity registered with the Charity Commission. All Council members are trustees of the charity and must be eligible to serve as such. The eligibility requirements are set out in *The NMC code of conduct for members 2006*. Council members must sign a declaration confirming their eligibility to serve as a charity trustee.

Council members are responsible for ensuring that the NMC complies with the provisions of the Order (and its subsidiary, more detailed Rules), and also with the provisions of the Charities Act 1993, those aspects of the Charities Act 2006 which are in force, and other legislation relating to charities.

The NMC will be running training and induction sessions for newly elected Council members from Wales in 2007. The induction sessions help members focus on their roles and responsibilities as Council members and trustees, familiarise them with the NMC's staff and procedures and brief them on the key strategic and policy issues that they will have to handle in the coming months and years. A range of learning materials – including a handbook for Council members - have been developed for this purpose.

Members' performance will be assessed annually. Based on the competency framework for Council members and *The NMC code of conduct for members 2006* the assessment process will normally take place between April and June each year.

Committee Structure

The NMC's committees undertake detailed review and examination of specific issues. The work of the committees is driven by the strategic aims set out in the Business Plan.

The NMC currently has 13 committees. Four of these are statutory committees established by the Order. These are, Investigating Committee; Conduct and Competence Committee; Health Committee and Midwifery Committee. The first three of these (known collectively as the "Practice Committees") are responsible for developing policy in relation to fitness to practise.

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In addition, the Council has established a further nine committees to handle various aspects of NMC business. These are, Audit and Risk Committee; Nursing Committee; Performance and Business Planning Committee; Quality Assurance Committee; Registration Committee; Remuneration and Appointments Committee; Specialist Community Public Health Nursing Committee; and the Appointments Board whose members, apart from the Chair, are independent of the Council. The establishment of a new Governance Committee was approved by Council in March 2007 and the committee will hold its first meeting in May 2007. Most Council members serve on two committees. A senior member of staff is appointed as the lead officer for each committee and works closely with Council members in this role.

From time to time, members also join working groups set up to do a particular piece of work over a limited period.

The procedures for the meetings of the Council and its committees, other than the Practice Committees, which are governed by Rules, are set out in the Nursing and Midwifery Council Standing Orders 2005.

Management Structure

The NMC's 219 members of staff are responsible for implementing the decisions of the Council. The NMC's senior management team is known as the Executive Management Board and is responsible for ensuring that the NMC delivers its full range of statutory functions and achieves the objectives outlined in the Business Plan, and for leading and directing the organisation's business and financial affairs. The Executive Management Board is headed by Sarah Thewlis, Chief Executive and Registrar and consists of four Directors and two Heads of Department.

Risk Review

Regular risk reviews were conducted and risks to NMC were identified. The NMC has implemented systems and procedures to mitigate risks. This is an ongoing process throughout the year.

6. Plans for the Future

The strategic themes for 2007–2008 and onwards are as follows:

Strategic theme one: The NMC is a statutory regulator whose core function is to protect the public. It does this by setting standards, maintaining a register and regulating entry to, maintenance on and removal from that register. The NMC will have integrated systems in place to demonstrate that all its registrants are capable of safe and effective practice and thereby command the confidence of the public and the professions.

The objectives underpinning the delivery of this strategic theme are:

- Entry to register – ensuring that only those meeting NMC standards gain entry to the register including: effective student registration, pre-registration, QA of educational programmes and fitness for practice at point of registration.
- Active and dynamic register – develop an active and dynamic register which is fit for purpose.
- Integration of Fitness to Practise activity with work of Directorates.
- Help and advice – review and development of NMC-wide help and advice systems.
- Revalidation.
- Rules, Standards and Guidance – ensuring all NMC standards, Codes and advice are complete, accurate, reviewed regularly and all regulatory requirements are met.

Strategic theme two: The NMC will take an increasing role in providing leadership and demonstrate innovation and best practice in modern regulation. It will also seek to influence the delivery and practice of nursing and midwifery care for the benefit of public protection.

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The objectives underpinning the delivery of this strategic theme are:

- Partnership – to have an agreed strategy and implementation plan for working with public protection partners across the UK, EU and globally.
- Leading and influencing – NMC to be in the forefront of leading and influencing regulatory developments.
- Delivering best practice in modern regulation.

Strategic theme three: **The NMC will build strong and effective partnerships with all the stakeholders to enhance the delivery of safe and effective healthcare.**

The objectives underpinning the delivery of this strategic theme are:

- Relationships – to identify and develop relationships with new stakeholders and to maintain successful working relationships with existing partners.
- Communications – reviewing external communications to ensure that they are effective, consistent and communicated appropriately and to ensure that feedback is acted upon.
- Protection of the public – to ensure we have processes in place to deal with external regulatory and public protection concerns.

Strategic theme four: **The NMC will demonstrate principles of good governance in all its activities and thereby maintain and increase trust in the NMC as a regulator and public body.**

The objectives underpinning the delivery of this strategic theme are:

- Governance – implement an effective governance framework ensuring separation of functions, clarity of roles and responsibilities, formal management of risk and performance and quality management information reporting to Council and committees.
- Implementation of separation of functions.
- Fitness to Practise – change to level of proof required.

Strategic theme five: **The NMC continues to develop and construct organisational processes and capabilities necessary to achieve excellent performance. This requires highly motivated staff committed to achieving results and the efficient application of resources and assets to deliver best value for money.**

The objectives underpinning the delivery of this strategic theme are:

- Financial – to deliver the financial recovery plan.
- Management information – to identify the NMC's management information requirements and implement as part of a formal governance framework.
- To develop and commence the implementation of an approved IT strategy that will enable the efficient and effective delivery of core activities that optimise public protection.
- Good practice and value for money – to further identify and implement the efficient and effective delivery of all activities within the NMC, focusing on 'best practice' and the maximisation of value for money.
- Change management – to support a robust programme of change management by stronger internal leadership and management development and an improved recruitment model, promoting best practice and excellence in service delivery in line with external drivers.
- Performance management – to implement effective performance measurement mechanisms for the Council and executive of NMC as part of an NMC-wide formal governance framework.

7. Form of Accounts

The accounts have been prepared in a form directed by the Privy Council with the approval of the Treasury in accordance with Article 52 of the Nursing and Midwifery Order 2001.

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The Council has joint auditors Haysmacintyre and Comptroller and Auditor General (C&AG). Both Haysmacintyre and C&AG produce their audit report on the NMC's final accounts.

8. Equality and diversity

In common with all public bodies in the UK, the NMC is required to meet a number of obligations set out in a number of key pieces of anti-discrimination legislation introduced since 2000. The legislation concerned is the Race Relations (Amendment) Act 2000, the Disability Discrimination Act 2005 and the Equality Act 2006. These Acts place a general and specific duty on all public bodies to eliminate unlawful discrimination, promote equality of opportunity and promote and celebrate the diversity of different groups.

In order to demonstrate compliance, public bodies must publish a series of schemes setting out clearly how they plan to fulfill their obligations. The NMC is required to publish three schemes. The first of these – the Disability Equality Scheme – was published in December 2006, making clear the NMC's commitment to equal treatment and social inclusion and recognition that many disabled people are excluded from opportunities in life which are available to others. The NMC is committed to provision of opportunities for disabled people wherever this is possible. The remaining two schemes – the Overarching Equality Scheme and the Race Equality Scheme will be published during the course of 2007. The Council is committed to achieving excellence in equality and diversity through all of its policies, practices and procedures and in its values and behaviours.

The NMC is an equal opportunities employer and provides employment opportunities and advancement for all suitably qualified persons regardless of age, sex, sexuality, religion, ethnic origin, marital status, dependants, disability or political beliefs. Selection for recruitment or advancement is based upon the ability of the individual to do the job.

9. Employee Involvement

The NMC places considerable reliance on the involvement of its employees. It makes every effort to ensure that all staff are kept informed of the NMC's plans and developments. The main channels of communication include whole organisation meetings, monthly team briefings, Intranet and e-mail. Staff are currently being consulted about the establishment of a staff council intended to provide a forum for discussion and consultation on matters affecting staff at work.

10. Health and Safety

The NMC is committed to adhering to the Health and Safety at Work Act 1974 and other related UK and European requirements to ensure that staff and registrants enjoy the benefits of a safe environment.

11. Euro

There are currently no plans to facilitate the use of the Euro. However it is felt that its impact on the Council will be very slight.

These financial statements were authorised and approved for issue by the Council on 26 June 2007 and signed on their behalf by:

Mrs. Sandra Arthur
President, NMC

NURSING AND MIDWIFERY COUNCIL
STATEMENT OF RESPONSIBILITIES OF COUNCIL AND ITS CHIEF
EXECUTIVE IN RESPECT OF THE ACCOUNTS

The accounts are prepared in accordance with the Accounts Guidance received from the Privy Council which requires the accounts to be prepared in accordance with the Statement of Recommended Practice *Accounting by Charities* and that the accounts also comply with the applicable Accounting Standards issued or adopted by the Accounting Standards Board.

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. In preparing these accounts they are required to:

- a. Observe the applicable accounts directions issued by the Privy Council;
- b. Select suitable accounting policies and then apply them consistently;
- c. Make judgments and estimates on a reasonable basis;
- d. Prepare the accounts on a going concern basis unless it is inappropriate to presume the Council will continue in operation; and
- e. 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 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 of the Nursing and Midwifery Council as Accounting Officer for the Nursing and Midwifery Council. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of the public finances for which she is answerable and for keeping of proper records, are set out in the Accounting Officer's Memorandum, issued by the Privy Council, and published in *Government Accounting*.

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STATEMENT ON INTERNAL CONTROL

Scope of responsibility

As Accounting Officer and President of the Council, we have responsibility for maintaining a sound system of internal control that supports the achievement of the Nursing and Midwifery Council's policies, aims and objectives, while safeguarding the public funds and assets for which we are personally responsible.

The post of Chief Executive and Registrar of the Nursing and Midwifery Council carries with it the responsibility of Accounting Officer. The Chief Executive and Registrar is responsible for the execution of the Council's obligations under the Nursing and Midwifery Order 2001 and is accountable to the Privy Council and the NMC.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Nursing and Midwifery Council's policies, aims and objectives. The system of risk management is designed to evaluate the likelihood of those risks being realised and the impact thereof and to manage them efficiently, effectively and economically. During 2004-05, the NMC began to put in place the procedures necessary to implement Treasury guidance relating to risk management. Further development took place during 2006-07 and time will be required to fully embed the process, which the NMC has invested in to ensure its major risks are being managed.

Capacity to handle risk and the risk and control framework

The system of internal control, which the NMC continues to implement, is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- An organisation-wide Risk Register, an Assurance framework which is reviewed by the Executive Management Board, the Audit and Risk Committee and the top ten risks which are reviewed by Council;
- Regular meetings by the Head of Risk Management with risk managers and risk co-ordinators;
- A programme of risk awareness training;
- The use of agreed risk indicators and risk registers;
- A scheme of delegation together with the Standing Orders for Council and committees;
- A comprehensive Business Plan which is devised by the Executive Management Board and agreed and monitored by the Performance and Business Planning Committee and Council
- Comprehensive budgeting systems with an annual budget which is reviewed by the Executive Management Board, Performance and Business Planning Committee and agreed by Council;
- Regular reviews by the Performance and Business Planning Committee of monthly and annual financial performance against budget;
- A system of measuring performance targets by the use of key performance indicators
- *Financial regulations* with clearly defined procedures for the authorisation and control of items of revenue and capital expenditure;
- A Council which meets to consider the plans and strategic direction of the NMC.

The main risks facing the NMC in 2006-07 were the risks concerning:

- The successful delivery of ongoing projects (e.g. the setting up of an Appointments Board, a Diversity and Equality strategy, and implementation of direct debits for the payment of registration fees)
- Having an effective Quality Assurance process for the training of new applicants to the register
- Having robust systems for entry to, maintenance on and removal from the register
- Business continuity risks and
- The successful delivery of the financial recovery plan

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Review of effectiveness

As President of the Council and Accounting Officer, we have responsibility for reviewing the effectiveness of the system of internal control. Our review of the effectiveness of the system of internal control is informed by the work of the Audit and Risk Department, the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework and comments made by the external auditors in their management letters and other reports. We have been advised on the implications of the result of our review of the effectiveness of the system of internal control by the Head of Risk Management, the Executive Management Board and the Audit and Risk Committee. Plans to address weaknesses and ensure continuous improvement of the system are in place.

Our review of the effectiveness of the system of internal control included:

- Periodic reports from the Chairman of the Audit and Risk Committee to the Council concerning internal control as covered by audit and risk assurance
- The Council has its own Internal Audit function which operates within the organisation and reports to the Audit and Risk Committee. The Head of Risk Management works to annual plans based on risk and produces regular internal audit reports, to standards defined in the *Government internal audit manual*. The reports provide an independent opinion on the adequacy and effectiveness of the NMC's system of internal control together with recommendations for improvement. Where enhancements to control systems are identified, they are prioritised and management action plans prepared.
- The Internal Audit function has been outsourced to PKF with effect from April 2007. This will increase flexibility and allow resource to be targeted more specifically at higher risk areas.

The NMC implemented a new integrated purchasing and finance system as from 1 April 2005. In May 2005, a Programme Board was set up to monitor and oversee the successful delivery of projects within the organisation. During the year, we provided project management workshops to project sponsors, managers and staff. As part of our governance structure, we implemented a new scheme of delegation, which clearly sets out the delegated authority from Council to committees. A new Council took office as from 31 July 2006 and an informative induction programme was developed for all new Council members and this will continue during the coming year. During 2006-07 further measures to embed risk management took place with the recruitment of risk co-ordinators in each department across the organisation. A Head of Performance Excellence was contracted and links were made with performance management. Training was provided for key staff across the organisation in the use of root cause analysis, as a methodology for carrying out investigations and the reporting of lessons learned. Further training in risk management for new staff, project managers and Council members will continue during 2007-08. Other actions in hand include the setting up of a portfolio management structure, the simplification of the risk register and the development of incident reporting across the organisation.

Mrs. Sandra Arthur
President, NMC

Mrs. Sarah Thewlis BA FCIPD Hon FRCGP FRSA
Chief Executive and Registrar, NMC

Date: 26 June 2007

Date: 26 June 2007

NURSING AND MIDWIFERY COUNCIL

INDEPENDENT AUDITORS' REPORT TO THE NURSING AND MIDWIFERY COUNCIL

We have audited the financial statements of Nursing and Midwifery Council for the year ended 31 March 2007 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with the regulations made under the Charities Act 1993. Our audit work has been undertaken so that we might state to the Council 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 Council as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of council and auditors

As described in the Statement of Council Responsibilities the Council are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Council's Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit.

We read the Council's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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Opinion

In our opinion the financial statements:

- Give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 March 2007 and of its incoming resources and application of resources in the year then ended; and
- Have been properly prepared in accordance with the Charities Act 1993.

haysmacintyre
Chartered Accountants
Registered Auditors

Fairfax House
15 Fulwood Place
London
WC1V 6AY

Date: 27 June 2007

NURSING AND MIDWIFERY COUNCIL

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of the Nursing and Midwifery Council for the year ended 31 March 2007 under Article 52 of the Nursing and Midwifery Order 2001. These comprise the Statement of Financial Activities, the Balance Sheet, the Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Council, the Chief Executive, and auditor

The Nursing and Midwifery Council and the Chief Executive as Accounting Officer are responsible for preparing the Trustees' Report and the financial statements in accordance with the Nursing and Midwifery Order 2001 and Privy Council directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Responsibilities of Council and its Chief Executive.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Nursing and Midwifery Order 2001 and Privy Council directions made thereunder. I report to you whether, in my opinion, certain information given in the Trustees Report, which comprises the reference and administrative details, financial review, objectives and activities, achievements and performance, structure, governance and management, plans for the future, form of accounts, equality and diversity, employee involvement, health and safety and the euro is consistent with the financial statements. I also report whether in all material respects the expenditure, income and resources have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Nursing and Midwifery Council has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Nursing and Midwifery Council's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Nursing and Midwifery Council's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Trustees Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Council and its Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Nursing and Midwifery Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure, income and resources have been applied to the purposes intended by Parliament

NURSING AND MIDWIFERY COUNCIL

and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinions

Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Nursing and Midwifery Order 2001 and directions made thereunder by the Privy Council, of the state of the Nursing and Midwifery Council's affairs as at 31 March 2007 and of its incoming resources and application of resources for the year then ended;
- the financial statements have been properly prepared in accordance with the Nursing and Midwifery Order 2001 and Privy Council directions made thereunder; and
- information given within the Trustees Report, which comprises the reference and administrative details, financial review, objectives and activities, achievements and performance, structure, governance and management, plans for the future, form of accounts, equality and diversity, employee involvement, health and safety and the euro, is consistent with the financial statements.

Audit Opinion on Regularity

In my opinion, in all material respects, the expenditure, income and resources 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.

John Bourn
Comptroller and Auditor General

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

Date: 2 July 2007

NURSING AND MIDWIFERY COUNCIL
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2007

	Note	Unrestricted Funds 2007 £'000	Restricted Funds 2007 £'000	Total Funds 2007 £'000	Total Funds 2006 £'000
INCOMING RESOURCES					
Incoming resources from charitable activities:					
• Fee Income	3	26,043		26,043	22,140
Incoming resources from generated funds:					
• Investment Income	2	1,164	-	1,164	1,324
• Trading Income	4	240	-	240	192
TOTAL INCOMING RESOURCES		27,447		27,447	23,656
RESOURCES EXPENDED					
Direct Charitable Expenditure	5	19,008	-	19,008	19,008
Governance Costs	6	2,336	-	2,336	2,164
Costs of Generating Funds:					
• Costs of generating Trading Income	8	51		51	41
Other Resources Expended:					
• Publicity	7	2,271	-	2,271	2,264
TOTAL RESOURCES EXPENDED		23,666	-	23,666	23,477
NET INCOMING RESOURCES FROM OPERATIONS		3,781	-	3,781	179
OTHER RECOGNISED GAINS					
Unrealised Gains on Revaluation of Fixed Assets	15	3,080	-	3,080	1,157
NET MOVEMENT IN FUNDS		6,861		6,861	1,336
Reserves brought forward		3,797	25	3,822	2,486
TOTAL FUNDS CARRIED FORWARD		10,658	25	10,683	3,822

All of the Council's activities in the above two financial years were derived from continuing operations. All recognised gains and losses are included in the above statement.

The notes on pages 19 to 33 form part of these accounts.

NURSING AND MIDWIFERY COUNCIL
BALANCE SHEET AS AT 31 MARCH 2007

	Note	2007 £'000	2006 £'000
FIXED ASSETS			
Tangible assets	15	<u>18,263</u>	<u>10,854</u>
TOTAL FIXED ASSETS		<u>18,263</u>	<u>10,854</u>
CURRENT ASSETS			
Debtors	17	427	286
Cash at bank and in hand	25	<u>19,247</u>	<u>31,802</u>
TOTAL CURRENT ASSETS		19,674	32,088
LIABILITIES:			
CREDITORS (amounts falling due within one year)	18	<u>(23,990)</u>	<u>(23,574)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>(4,316)</u>	<u>8,514</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		13,947	19,368
CREDITORS (amounts falling due after more than one year)	19	<u>(3,264)</u>	<u>(15,546)</u>
NET ASSETS		<u>10,683</u>	<u>3,822</u>
Restricted Fund	27	25	25
Unrestricted Fund		<u>10,658</u>	<u>3,797</u>
TOTAL FUNDS		<u>10,683</u>	<u>3,822</u>

The notes on pages 19 to 33 form part of these accounts.

Authorised and approved for issue by the Council on 26 June 2007 and signed on their behalf by:

Mrs. Sandra Arthur
President, NMC

Mrs. Sarah Thewlis BA FCIPD Hon FRCGP FRSA
Chief Executive and Registrar, NMC

NURSING AND MIDWIFERY COUNCIL
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	Note	2007		2006	
		£'000	£'000	£'000	£'000
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	23		(8,703)		3,073
RETURNS ON INVESTMENT AND SERVICING OF FINANCE					
Interest Received		1,164		1,324	
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Payments to acquire Tangible Fixed Assets	15	(5,016)		(442)	
			<u>(3,852)</u>		<u>882</u>
INCREASE/(DECREASE) IN CASH IN THE YEAR	25		<u>(12,555)</u>		<u>3,955</u>

The notes on pages 19 to 33 form part of these accounts.

NURSING AND MIDWIFERY COUNCIL

Notes to the Accounts

1) Accounting Policies

The accounts are prepared in accordance with the Accounts Direction (see Appendix 1) from the Privy Council which requires the accounts to be prepared in accordance with the Statement of Recommended Practice 'Accounting by Charities' (Charities SORP 2005) and that the accounts also comply with the applicable Accounting Standards issued or adopted by the Accounting Standards Board.

a) Accounting convention

The accounts are prepared under the historical cost convention.

b) Fixed Assets

Depreciation is provided on tangible fixed assets to write them down to a nominal value of £1 over their estimated useful lives in equal instalments as follows:

Equipment	—	03 years
Furniture	—	10 years
Refurbishment	—	10 years
Leasehold Premises	—	50 years
Refurbishment – 180 Oxford St	—	03 years

Tangible fixed assets costing over £1,000 have been capitalised.

The NMC has a policy of revaluing its leasehold properties every five years with interim review in the third year in accordance with FRS15, and an interim review in the intervening years where it is likely that there has been a material change in value.

c) Resources arising - income

Investment income

Investment income is accounted for when receivable and includes any related tax recoverable.

Income from charitable activities

Registration, verification and replacement of PIN card fees have been credited to income on the day of receipt. Periodic Fees have been allocated to the appropriate financial year based on the accruals concept.

Trading Income

Trading Income is recognised in the statement of financial activities when receivable. The income is to defray the cost of some publicity activities.

d) Allocation of costs

The charity's operating costs include staff costs, premises costs and other related costs. Such costs are allocated between direct charitable expenditure, publicity and governance. Staff costs are allocated according to the costs of staff working directly in the relevant departments. Premises costs are allocated according to staff numbers in each department and computer and other costs are apportioned to departments on an appropriate basis (e.g. usage, staff numbers).

Direct charitable expenditure

Direct charitable expenditure includes all expenditure related to the objects of the charity which comprise Fitness to Practise, Research, Maintaining the Register and Standards Promotion and Policy Development.

NURSING AND MIDWIFERY COUNCIL

Governance Costs

Governance costs relate to expenditure incurred in the management of the Council's assets, organisational administration and compliance with statutory requirements.

Other expenditure

Other expenditure is analysed under the following two headings:

Publicity

Publicity costs relate to the costs of the Communications department, the main element of which is the expenditure on the Council's newsletter *NMC News*.

Cost of Generating Funds

This cost relates to expenditure on the trading activities.

e) Development costs

Costs incurred on software developments are written off in the year in which they are incurred.

f) Fund accounting

The Council maintains various types of funds as follows:

i) Restricted funds

These are funds, which are to be used in accordance with specific restrictions imposed by donors. The aim and use of each restricted fund is set out in the notes to the financial statements.

ii) Unrestricted funds

These are funds, which are available for use at the discretion of the Council in the furtherance of the general objectives of the organisation and which have not been designated for other purposes.

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) Pension Costs

Retirement benefits are provided by a defined benefits scheme, which is funded by contributions from both the Council and employees. Payments are made to a pension trust, which is financially separate to the Council. These payments are made in accordance with periodic calculations by professionally qualified actuaries. Pension costs are accounted for on a basis of charging the expected cost of providing pensions over the period during which the Council benefits from the employees' services. The effect of variations from regular costs is spread over the expected average remaining service lives of members of the scheme.

2) Investment Income

	2007	2006
	£'000	£'000
Income from UK listed Investments		
Interest receivable		
• from Money market	1,164	1,324
	1,164	1,324

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3) Fee Income

	2007	2006
	£'000	£'000
Periodic Fees	24,957	19,548
Registrations	785	2,350
Verifications	278	215
Replacement of PIN cards	20	27
Miscellaneous	3	-
	<u>26,043</u>	<u>22,140</u>

4) Other Income

	2007	2006
	£'000	£'000
Trading Income		
Sales of Publications	11	18
NMC News	229	174
	<u>240</u>	<u>192</u>

5) Direct Charitable Expenditure

	Unrestricted	Restricted	2007	2006
	£'000	£'000	£'000	£'000
Standards Promotion and Policy Development	3,355		3,355	3,327
Maintaining the register	5,616		5,616	5,269
Fitness to Practise	10,037		10,037	10,412
	<u>19,008</u>	<u>-</u>	<u>19,008</u>	<u>19,008</u>

These costs include direct costs (as in note 10), staff costs and related overheads.

6) Governance Costs

	2007	2006
	£'000	£'000
Members' Travel and Subsistence	645	421
Auditors' Remuneration - Audit fees - haysmacintyre	24	26
Auditors' Remuneration - Audit fees – NAO	5	5
Allocation of operating costs (inc. salaries) (Note 1d)	<u>1,662</u>	<u>1,712</u>
	<u>2,336</u>	<u>2,164</u>

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7) Other Expenditure – Publicity

	2007 £'000	2006 £'000
Conferences, Seminars and Publicity	131	112
Council Newsletter 'NMC News'	859	868
Communications	87	147
Printing of Council Publications	136	211
Allocation of operating costs (inc. salaries) (Note 1d)	1,058	926
	2,271	2,264

8) Other Expenditure – Cost of Generating Funds

	2007 £'000	2006 £'000
Trading Expenditure	51	41
	51	41

9) Charitable Activities Costs

	Staff Costs £'000	Depre- ciation £'000	Other Costs £'000	Total 2007 £'000	Total 2006 £'000
Direct Charitable Expenditure:					
• Standards Promotion and Policy Development	1,702	103	1,550	3,355	3,327
• Maintaining the Register	3,859	266	1,491	5,616	5,269
• Fitness to Practise	2,677	195	7,165	10,037	10,412
Governance Costs	1,120	57	1,159	2,336	2,164
Other Expenditure:					
• Publicity	699	46	1,526	2,271	2,264
• Trading Expenditure	-	-	51	51	41
	10,057	667	12,942	23,666	23,477

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10) Analysis of Direct Costs

	Direct Costs £'000	Support Costs £'000	Total 2007 £'000	Total 2006 £'000
Cost of Generating funds:				
Costs of Generating Trading Income	51	-	51	41
Charitable Activities Costs:				
• Standards Promotion and Policy Development	2,848	507	3,355	3,327
• Maintaining the Register	4,301	1,315	5,616	5,269
• Fitness to Practise	9,078	959	10,037	10,412
Sub-Total	16,227	2,781	19,008	19,008
Governance	2,054	282	2,336	2,164
Publicity	2,045	226	2,271	2,264
Total	20,377	3,289	23,666	23,477

11) Analysis of Support Costs

Support Cost	Standard Promotion & Policy Development £'000	Maintaining the Register £'000	Fitness to Practise £'000	Govern- ance £'000	Publicity £'000	Total 2007 £'000	Total 2006 £'000
Facilities	105	272	198	58	47	680	975
Finance	191	496	361	106	85	1,239	1,063
Human Resources	211	547	400	118	94	1,370	1,341
	507	1,315	959	282	226	3,289	3,379

The support costs have been allocated on the basis of number of staff in each area.

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12) Total resources expended by Natural Classification

	2007	2006
	£'000	£'000
Salaries and Associated Costs	10,057	9,486
Other Staff Expenses	343	380
Premises	899	447
Insurance	45	50
Sundry, Furniture, Equipment and Maintenance	50	71
Hire of Equipment	102	125
Fitness to Practise	6,135	6,588
Depreciation	667	482
Nurses Welfare Service	27	140
Election Cost	58	439
Hospitality	52	13
Council Restaurant	259	234
Policy Development and Standards Promotion	831	488
Loss on Furniture Disposal	20	7
Professional fees	791	1,052
Auditors' Remuneration - Audit Fees	24	26
Auditors' Remuneration - Audit Fees (NAO)	5	5
IT Development and Support	54	122
Telephones	126	88
Postage	512	540
Printing and Stationery	472	650
Advertising and Recruitment	162	133
Bank Charges	66	111
Communications	87	147
Conferences, Seminars and Publicity	131	112
Council Newsletter "NMC News"	859	868
Printing of Council Publications	136	211
Members' Travelling and Subsistence	645	421
Cost of Generating Funds	51	41
Total Resources Expended	<u>23,666</u>	<u>23,477</u>

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13) Information regarding employees

	2007	2006
	£'000	£'000
Salaries and Associated Costs		
Wages and Salaries:		
• Management	507	442
• Administration	6,033	5,796
Social Security Costs:		
• Management	56	49
• Administration	517	484
Pension Costs-Present Staff (Note 21):		
• Management	71	92
• Administration	1,374	1,320
Pension Costs-Retired Staff of Previous Organisations (Note 21)	43	54
Temporary Staff	<u>1,456</u>	<u>1,249</u>
	<u>10,057</u>	<u>9,486</u>

The aggregate remuneration of the Directors was as follows:

Salary bands	Number of Staff	Total Accrued Pension at 60 at 31/3/2007	Number of Staff
(£)		(£)	
50,001-60,000	1	0-5,000	2
60,001-70,000	1	5,001-10,000	2
80,001-90,000	2	10,000-15,000	-
120,001-130,000	1		

Pension benefits are provided through a scheme operated by Capita Hartshead. The scheme provides benefits on a 'final salary' basis at a normal retirement age of 60. Benefits accrue at a rate of 1/60th of pensionable salary for each year of service. In addition, members have the option to commute part of their pension for a tax-free lump sum. They also have the option to accept a lower pension in order to provide a pension for a surviving nominee. On death within five years of retirement, a lump sum is payable equal to the balance of the pension, which the pensioner would have received had he/she survived to the fifth anniversary of his/her retirement.

On death in service, a lump sum of twice pensionable pay is payable together with the return of all the member's contributions with compounded tax free interest of 3% per annum. On death in service where there is a surviving spouse, a pension equal to 1/60th of pensionable salary is also payable, for each year of service.

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Medical retirement is possible in the event of permanent incapacity. In this case pensions are brought into payment immediately without actuarial reduction.

All the above employees are Ordinary members of the Capita Hartshead scheme number FPS 1654.

- (i) In addition to the above, there were 17 members of staff whose remuneration fell in the following bands:

£50,001 - £60,000 -	12
£60,001 - £70,000 -	3
£70,001 - £80,000 -	2

- (ii) The average number of employees in the year was 219 (management 5 and administration 214) and in the previous year was 224 (management 6 and administration 218).

- (iii) During the year, season ticket loans given to the Directors were as follows:

	£
K. George	5,501-6,000
S. Williams	1,501-2,000
S. Thewlis	1,001-1,500

14) Taxation

Due to its charitable status the Council is not liable to corporation tax on its charitable activities. It is not liable to Capital Gains Tax on the sale of assets where the profit is used for charitable purposes.

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15) Tangible Fixed Assets for use by the charity

	Furniture	Equipment	Building Refurbishment	Long Leasehold Premises Note (a)	Building 180 OS Refurbishment	Long Leasehold Premises Note (b)	Total £'000
	£'000	£'000	£'000	£'000	£'000	£'000	
Cost:							
1 April 2006	317	2,124	278	9,250	-	1,000	12,969
Additions during year	-	155	4,170	-	313	-	4,638
Additions (Accrual)	-	55	323	-	-	-	378
Transfers	261		(261)				-
Disposals	(211)	(293)	-	-	-	-	(504)
Revaluation Adjustment	-	-	-	2,130	-	659	2,789
31 March 2007	<u>367</u>	<u>2,041</u>	<u>4,510</u>	<u>11,380</u>	<u>313</u>	<u>1,659</u>	20,270
Depreciation:							
1 April 2006	278	1,743	9	77	-	8	2,115
Charge for year	8	226	132	185	87	21	659
Additional Charge	-	2	6	-	-	-	8
Transfers	7		(7)				-
Disposals	(191)	(293)	-	-	-	-	(484)
Revaluation Adjustment	-	-	-	(262)	-	(29)	(291)
31 March 2007	<u>102</u>	<u>1,678</u>	<u>140</u>	<u>-</u>	<u>87</u>	<u>-</u>	2,007
Net book value							
31 March 2007	<u>265</u>	<u>363</u>	<u>4,370</u>	<u>11,380</u>	<u>226</u>	<u>1,659</u>	18,263
31 March 2006	<u>39</u>	<u>381</u>	<u>269</u>	<u>9,173</u>	<u>-</u>	<u>992</u>	10,854

a) The UKCC 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 expires in the year 2933. The lease was valued as at 31 March 2007 on an existing use basis, inclusive of the refurbishment, by external valuers Drivers Jonas, at £15,750,000. It should be noted that due to the restrictive user clause the lease is un-assignable.

b) The UKCC acquired the leasehold interest in 21 Duchess Mews on 1 February 1991. The lease expires on 3 April 2953. The sale of this property has been agreed and was in progress at 31 March 2007. The value has been stated at its prospective sale value as the sale has not been completed as at 31 March 2007.

c) During the year two major capital projects were undertaken, the refurbishment of 23 Portland Place at a cost of £4.493 million and the refurbishment of rented office space at 180 Oxford Street at a cost of £313,000. The refurbishment of 23 Portland Place will be depreciated over 10 years whereas the

NURSING AND MIDWIFERY COUNCIL

refurbishment of 180 Oxford Street will be depreciated over 3 years as the lease expires in March 2009.

16) Related Party Transactions

The Nursing and Midwifery Council is accountable to the Privy Council. The Nursing and Midwifery Order 2001 sets out the nature of the relationship between the NMC and the Privy Council and the reporting mechanisms required. Whilst not accountable to the Department of Health, the NMC has regular contact with the Department on policy and other matters.

Two Presidents held office during 2006/07. Barts NHS Trust was paid £19,054 and Cardiff University was paid £16,854 to reimburse them for the President's time (previous year: £57,179).

A daily allowance of £260 is paid to members of the Council. Full details are shown below.

During the year, allowances and travel and subsistence expenses of £645,000 were paid to members of the Council. There were two Councils in operation during the year; the new Council took office on 31 July 2006. There are 35 members of Council. 16 members held floats for the payment of travel and subsistence expenses. The total amount held by these members was £14,442.

Included in the above, the members received an attendance allowance, approved by the Council. The NMC directly reimbursed to members and employers of some members for their time incurred on NMC business (see below for full details).

Registrant/Lay Council Members	Governance (£)	Fitness to Practise (£)	Total (£)	Paid Directly to Members (£)	Paid to Member's Employer (£)
Ms. M. Ali*	10,270	4,420	14,690	14,690	
Mrs. S. Arthur	1,833		1,833		1,833
Reverend W. A. G. Buxton	4,160	1,820	5,980	5,980	
Ms. R. Carter	7,020	0	7,020	7,020	
Mrs. L. Coey	260	260	520	520	
Ms. J. N. Crawford (Carter)*	8,970	9,360	18,330	18,330	
Professor A. Ferguson OBE	780	260	1,040	1,040	
Ms. P. Frost	1,300	4,940	6,240	6,240	
Mrs. C. Funnell	3,380	1,820	5,200		5,200
Mrs. A. Gardner	8,203		8,203	6,370	1,833
Mrs. C. Gritzner*	6,415	1,528	7,943		7,943
Professor M. Hanratty	4,420	4,030	8,450		8,450
Professor J. M. Irvine	780		780	780	
Mr. J. L. Jones	2,860	2,340	5,200	5,200	
Ms. M. E. Jones	5,938	741	6,679	780	5,899
Mrs. M. McElligott	4,550		4,550	520	4,030

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Registrant/Lay Council Members	Governance	Fitness to Practise	Total	Paid Directly to Members	Paid to Member's Employer
Mrs. K. McLean*	4,940	12,220	17,160	17,160	
Mrs. B. Maitland	3,120		3,120	3,120	
Ms. R. Marks	4,940		4,940	1,820	3,120
Mrs. K. Martin	5,200		5,200	4,160	1,040
Mr. A. Middleton	5,200		5,200	5,200	
Professor B. Poulton*	780		780	780	
Mr. S. Powell	6,240		6,240	6,240	
Mr. T. G. Purt*	2,210		2,210		2,210
Mrs. A. Rose	6,263		6,263		6,263
Mrs. P. Southgate	4,160		4,160	2,860	1,300
Mrs. I. White*	1,040	780	1,820	1,820	
Mr. G. Williams	6,500		6,500	780	5,720
Professor C. L. Warwick	1,850	260	2,110		2,110
Mrs. B. Webster	1,535	845	2,380		2,380

Alternate Council Members	Governance (£)	Fitness to Practise (£)	Total (£)	Paid Directly to Members (£)	Paid to Member's Employer (£)
Ms. M. Cowpe*	7,670	1,690	9,360	780	8,580
Professor S. Hunt	5,200		5,200		5,200
Mr. D. Maslen Jones	3,120		3,120	1,300	1,820
Ms. N. Kirkland*	3,250	6,890	10,140	10,140	
Professor P. Lewis*	3,640	1,560	5,200		5,200
Mrs. R. Malone	3,510		3,510		3,510
Ms. L. Ness*	4,290	1,170	5,460		5,460
Ms. A. O'Connor	3,640	4,680	8,320	1,560	6,760
Professor J. Orr CBE	1,560		1,560		1,560
Ms. M. Price	2,600		2,600		2,600
Ms. A. Roberts	1,820		1,820		1,820
Mr. G. Smith	3,770		3,770	3,770	
Ms. M. Vance	3,169	834	4,003		4,003
Mrs. S. Wright	0	260	260	260	

* Denotes member who was in office for the full year. Please refer to pages 34 to 35 for a full list of members and the periods for which they held office.

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The total amount due to Council members at 31 March 2007 was £63,130 (previous year - £12,964).

The above table represents payments made directly and indirectly to Council members by the NMC but does not necessarily relate directly to the number of days committed by Council members. The names of some members do not appear on the list because they have either not claimed by 31 March 2007 for attendance allowance due to them or do not intend to do so.

17) Debtors

	2007	2006
	£'000	£'000
Other Debtors	144	125
Prepayments and Accrued Income	283	161
	<u>427</u>	<u>286</u>

18) Creditors

	2007	2006
	£'000	£'000
Amounts falling due within one year		
Other Creditors and Accruals	3,530	2,815
Other Taxes and Social Security	191	190
Deferred Income - Periodic Fee for 2006/2007	-	20,569
Deferred Income - Periodic Fee for 2007/2008	20,269	-
	<u>23,990</u>	<u>23,574</u>

19) Creditors

	2007	2006
	£'000	£'000
Amounts falling due after more than one year		
Deferred Income - Periodic Fee 2007/2008	-	12,324
Deferred Income - Periodic Fee 2008/2009	3,263	3,222
Deferred Income - Periodic Fee 2009/2010	1	-
	<u>3,264</u>	<u>15,546</u>

Deferred income relates to periodic fees prepaid, for amounts falling due after more than one year.

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20) Charitable Status

On 27 March 2002 the Council was registered in the Central Register of Charities (Charity No.1091434). In view of this a rate relief has been allowed by the City of Westminster. There are also tax benefits because of this status (Note 14).

21) Pension Commitments

The Council participates jointly with the Department of Health, NHS Education for Scotland, Health Professions Wales and Nurses Welfare Service in a pension scheme administered by Capita Hartshead (FPS 1654). The scheme, to which most of the Council's employees belong, is a funded, defined benefit scheme.

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

A full valuation of the scheme is being carried out at 31 March 2007. The results will be communicated later in the financial year. Any resulting changes to contributions will be actioned in future financial periods.

The latest completed valuation of the scheme was carried out by William M Mercer Limited as at 31 March 2004, using the projected unit method of valuation. At the date of the valuation the market value of the fund of the scheme was £45,429,000 (excluding annuities purchased to meet pension benefits). The actuarial value of the assets represented 56% 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 15 years. The main assumptions used in the valuation were a real return on investments above salary increases of 2.2% per annum and above pension increases of 2.2% per annum.

The pension cost assessed on the basis of past actuarial advice and charged in the account was as follows:

	2007	2006
	£'000	£'000
Council's (employer's) contributions to all schemes made in year	1,445	1,412
	<u>1,445</u>	<u>1,412</u>
Council's (employer's) contribution	23%	23.8%
Employees' contribution	6%	6%

If the scheme had discontinued on the valuation date (31 March 2004), the assets would have been approximately 56% 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.

Accounting standard, FRS 17: No provision relating to NMC's share of the total scheme deficit of £35.7 million as at the time of the latest actuarial valuation (31 March 2004) is included within the Accounts at the end of the year, as it is a multi-employer scheme and the Council is unable to identify its share of the underlying assets and liabilities.

In these circumstances, FRS 17 provides for contribution to the scheme to be accounted for as if it were a defined contribution scheme. As such, the cost recognised within the Council's SOFA will be equal to the contribution payable to the scheme for the year.

The Council meets the cost of unfunded pension increases provided to pensioners of predecessor organisations who are not members of FPS 1654. These costs are met on a pay-as-you-go basis and are

NURSING AND MIDWIFERY COUNCIL

charged to the Statement of Financial Activities as they arise. In 2006-2007 this expenditure amounted to £43,114 (previous year - £53,990).

Following the actuarial valuation of the scheme at 31 March 2004, all participants of the scheme agreed to an increase in contributions to the scheme from 1 April 2005. It is expected that the new higher contributions will mean a gradual improvement in the funding level of the scheme, so that at the end of 15 years from the valuation date the funding level will have reached 100% based on current actuarial assumptions.

22) Capital Commitments

At 31 March 2007, there was no capital expenditure that was approved but not contracted for, nor any capital expenditure that had been contracted for but that had not been provided for in the financial statements.

23) Reconciliation of Net Incoming/(Outgoing) Resources To Net Cash flow from Operating Activities

	2007	2006
	£'000	£'000
Net incoming resources	3,781	179
Investment income	(1,164)	(1,324)
Depreciation Charges	667	482
Deficit on Disposal of Tangible Fixed Assets	20	7
(Increase)/Decrease in Debtors	(141)	144
(Decrease)/Increase in Creditors and provisions	(11,866)	3,585
	<u>(8,703)</u>	<u>3,073</u>

24) Reconciliation of Net Cash flow to Movement in Net Funds

	2007	2006
	£'000	£'000
Increase/(Decrease) in Cash in Period	(12,555)	3,955
Net funds at 1 April 2006	31,802	27,847
Net funds at 31 March 2007	<u>19,247</u>	<u>31,802</u>

25) Analysis of changes in Net Funds

	1 Apr 06	Cash Flows	31 Mar 07
	£'000	£'000	£'000
Cash at Bank and in hand	31,802	(12,555)	19,247
Total	<u>31,802</u>	<u>(12,555)</u>	<u>19,247</u>

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26) Leasing Commitments

At 31 March 2007 the Council had commitments for payments in the following year under non-cancellable operating leases as set out below.

	2007	2006
	£'000	£'000
Operating leases which expire:		
• within 1 year	67	175
• in the second to fifth years inclusive	1,527	-
Annual commitment at 31 March 2007	1,594	175

The NMC leased rental premises at 180 Oxford Street during the year, for the period until March 2009. In the previous year rent payable under an operating lease for land and buildings was less than £1,000 per year and expiring in more than five years.

27) Movement in Restricted Funds

No Restricted funds were received during the year.

	2007	2006
	£'000	£'000
Balance as at 1 April	25	25
Balance at 31 March	25	25

The restricted fund balance brought forward of £25,000 is a donation for the care of older people which has not been used in this year. This donation money will be spent next year.

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Membership of the NMC Council

1 April 2006 – 31 July 2006

(Appointed by the Privy Council 1 April 2002 unless otherwise stated)

President

Mr. J. Asbridge Nursing Representative, ENGLAND

Registrant/Lay Members

Mrs. M. Ali	Lay Member, SCOTLAND	
Mrs. E. Bannon	Midwifery Representative, NORTHERN IRELAND	
Reverend W. A. G. Buxton	Lay Member, ENGLAND	
Mrs. J. N. Crawford (Carter)	Lay Member, ENGLAND	
Ms. M. Cowpe	Specialist Community Public Health Nursing Representative, WALES	
Professor A. Ferguson OBE	Lay Member, NORTHERN IRELAND	
Ms. P. Frost	Lay Member, SCOTLAND	Appointed Dec 2003
Mrs. C. Funnell	Lay Member, ENGLAND	
Mrs. C. Gritzner	Lay Member, ENGLAND	
Professor M. Hanratty	Nursing Representative, NORTHERN IRELAND	
Ms. C. Hayes	Midwifery Representative, WALES	Appointed alternate April 2002. Appointed registrant Dec 2004.
Professor J.M. Irvine	Lay Member, ENGLAND	Appointed Oct 2004
Ms. M. E. Jones	Nursing Representative WALES	Appointed alternate Dec 2003. Appointed registrant Feb 2006.
Mr. J. L. Jones	Lay Member, WALES	
Mrs. K. McLean	Nursing Representative, SCOTLAND	
Professor D. Pennington	Lay Member, ENGLAND	
Professor B. Poulton	Specialist Community Public Health Nursing Representative, NORTHERN IRELAND	Appointed July 2005
Mr. T. G. Purt	Lay Member, ENGLAND	
Ms. H. Shaw	Midwifery Representative, SCOTLAND	
Professor C. L. Warwick	Midwifery Representative, ENGLAND	
Mrs. B. Webster	Specialist Community Public Health Nursing Representative, ENGLAND	
Mrs. I. White	Specialist Community Public Health Nursing Representative, SCOTLAND	

Alternate Members

Ms. N. Kirkland	Nursing Representative, SCOTLAND	
Professor P. Lewis	Midwifery Representative, ENGLAND	
Mrs. H. Livesey	Specialist Community Public Health Nursing Representative, ENGLAND	
Ms. L. Ness	Midwifery Representative, Wales	Appointed Mar 2004
Ms. A. O'Connor	Nursing Representative, NORTHERN IRELAND	
Ms. E. Pollock	Midwifery Representative, NORTHERN IRELAND	
Ms. A. Roberts	Specialist Community Public Health Nursing Representative, WALES	
Professor D. Sines	Nursing Representative, ENGLAND	
Ms. M. Vance	Midwifery Representative, SCOTLAND	
Mrs. S. Wright	Specialist Community Public Health Nursing Representative, SCOTLAND	

NURSING AND MIDWIFERY COUNCIL

Membership of the NMC Council 31 July 2006 – 31 March 2007

(Appointed or elected 31 July 2006*)

President

Mrs. S. Arthur Midwifery Representative, WALES

Registrant/Lay Members

Mr. A. Akinoshun Nursing Representative, ENGLAND
Mrs. M. Ali Lay Member, SCOTLAND
Mrs. E. Bannon Midwifery Representative, NORTHERN IRELAND
Ms. R. Carter Lay Member, ENGLAND
Mrs. L. Coey Nursing Representative, NORTHERN IRELAND
Mrs. J. N. Crawford Lay Member, ENGLAND
Mrs. A. Gardner Lay Member, ENGLAND
Mrs. C. Gritzner Lay Member, ENGLAND
Mrs. B. Maitland Lay Member, NORTHERN IRELAND
Ms. R. Marks Specialist Community Public Health Nursing Representative, WALES
Mrs. K. Martin Midwifery Representative, ENGLAND
Mrs. K. McLean Nursing Representative, SCOTLAND
Mrs. M. McElligott Midwifery Representative, SCOTLAND
Mr. A. Middleton Lay Member, ENGLAND
Professor D. Pennington Lay Member, ENGLAND
Professor B. Poulton Specialist Community Public Health Nursing Representative, NORTHERN IRELAND
Mr. S. Powell Lay Member, WALES
Mr. T. G. Purt Lay Member, ENGLAND
Mrs. A. Rose Lay Member, ENGLAND
Mrs. P. Southgate Specialist Community Public Health Nursing Representative, ENGLAND
Mrs. I. White Specialist Community Public Health Nursing Representative, SCOTLAND
Mr. G. Williams Nursing Representative, WALES

Alternate Members

Mrs. M. Benefield Specialist Community Public Health Nursing Representative, SCOTLAND
Ms. M. Cowpe Specialist Community Public Health Nursing Representative, WALES
Professor S. Hunt Midwifery Representative, SCOTLAND
Ms. N. Kirkland Nursing Representative, SCOTLAND
Professor P. Lewis Midwifery Representative, ENGLAND
Mr. D. Maslen-Jones Specialist Community Public Health Nursing Representative, ENGLAND
Mrs. R. Malone Midwifery Representative, NORTHERN IRELAND
Ms. L. Ness Midwifery Representative, WALES
Professor J. Orr C.B.E. Nursing Representative, NORTHERN IRELAND
Ms. M. Price Nursing Representative, WALES
Mr. G. Smith Nursing Representative, ENGLAND
Mrs. J. Taylor Specialist Community Public Health Nursing Representative, NORTHERN IRELAND

*Lay members were appointed by the Privy Council; Nursing, Midwifery and Specialist Community Public Health Nursing Representatives were elected by registrants.

NURSING AND MIDWIFERY COUNCIL

The Council's Advisors

Joint Auditors

haysmacintyre
Chartered Accountants
Fairfax House
15 Fulwood Place
London
WC1V 6AY

Bankers

HSBC
117 Great Portland Street
London
W1A 4UY

Joint Auditors

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

Solicitors

Hempsons
Hempsons House
40 Villiers Street
London
WC2N 6NJ

Beachcroft Wansbroughs
1 Redcliffe Street
Bristol
BS1 6NP

Field Fisher Waterhouse
35 Vine Street
London
EC3N 2AA

Herbert Smith
Exchange House
Primrose Street
London
EC2A 2HS

ACCOUNTS DIRECTION

1. The Privy Council, with the approval of the Treasury, in pursuance of Article 52 of the Nursing and Midwifery Order 2001, hereby gives the following Direction:

In this Direction, unless the context otherwise requires –

“the Order” means the Nursing and Midwifery Order 2001

“the Council” means the Nursing and Midwifery Council.

2. The statement of accounts, which it is the duty of the Council to prepare in respect of the financial year ended 31 March 2004 and subsequent financial years, shall be as set out in the following paragraphs.
3. The statement of accounts in respect of the Council shall comprise:
 - (a) a foreword;
 - (b) a statement of financial activities;
 - (c) a balance sheet;
 - (d) a cash flow statement;
 - (e) notes to the accounts.
4. The statement of accounts shall give a true and fair view of the incoming resources, application of resources and cash flow for the year and the balance sheet shall give a true and fair view of the state of affairs at the end of the year. Subject to these requirements, the statement of accounts shall also, without limiting the information given, meet:
 - (a) generally accepted accounting practice in the United Kingdom including accounting standards issued or adopted by the Accounting Standards Board;
 - (b) all relevant guidance given by the Charity Commission, including the Statement of Recommended Practice (SORP) “Accounting by Charities”;
 - (c) any disclosure and accounting requirements which the Treasury may issue from time to time;

In so far as these are appropriate to the Council and are in force for the financial year for which the statement of account is to be prepared.

5. A notional charge for the cost of capital need not be entered in the accounts, and is not required by the SORP. Nor need modified historic cost accounting (MHCA) be adopted with regard to fixed assets.
6. The accounts direction shall be reproduced as an appendix to the published account.

G C Donald
Deputy Clerk of the Privy Council

Dated: 21 October 2004

Signed by the authority of the Privy Council