Cost-Benefit Impact analysis - Regulation of Nursing Associates[1].

Executive Summary

In a speech to NHS Providers, on 30th November 2016, the Secretary of State for Health asked the Nursing and Midwifery Council (NMC) to regulate a new role, Nursing Associates (NAs).

The NMC agreed to support the statutory regulation of Nursing Associates. The NA role aims to bridge the skill gap and provide a development pathway from unregulated health care assistants to registered nurses.

The first cohort will complete their training by January 2019. The Department of Health and Social Care (DHSC) aims to have the legislative framework for regulation in place by this time. Latest Health Education England (HEE) training plans suggest NA training places will increase to 5,000 per year in 2018 and 7,500 per year in 2020.

Nursing associates will only be introduced and regulated in England at this time. The nursing associate role has been developed to meet the specific needs of the English nursing workforce and the decision to regulate has been based on the specific risk profile of nursing associates in England. The devolved administrations are planning to assess how the role is implemented and utilised in England before making any decision to introduce and extend regulation of the role into their respective countries

A consultation on the statutory changes required to NMC's legislation was carried out between 16 October 2017 and 26 December 2017. A number of the modelling assumptions were tested during consultation and a majority of respondents (64%) agreed with our assumptions for quantifying costs and benefits. This breaks down to 62% of organisations and 65% of individuals agreeing with our assumptions. 10% of organisations and 11% of individuals disagreed. The rest were either not sure or did not answer.

The department is investing an estimated £7.3m to allow the NMC set up to regulate NAs. This is in order that the costs of introducing regulation of NAs are

[1] The costs and benefits modelled in this work are on the impact of regulating the NA roles and not of introducing the role itself.

not borne by nurses and midwives. Although our understanding of the likely impact on wider costs is relatively robust, the lack of existing NAs in the workforce makes it difficult to quantify the wider benefits of regulation.

An evaluation is being planned which will look at the impact of the role itself as well as the impact of regulation.

Key Costs

The key costs by main affected groups are described below:

I. **Initial set-up costs:** this relates to the direct cost of setting up the regulatory system to be administered by the NMC. The Department of Health and Social Care (DHSC) has committed to funding this via a grant.
II. **Initial registration, renewing and revalidating**: this relates to the estimated time cost incurred by NAs in registering for the first time with the NMC, renewing on an annual basis and revalidation to confirm ongoing fitness to practice which will happen every three years. It also includes the time cost of registered nurses, as line-managers, who will be required to participate in revalidation of NAs.

We have assumed time taken to initially apply to the register will take an hour. Paying the annual retention fee every year will take 25 minutes. Revalidation occurs every 3 years for nurses with an average total time burden of approximately 6.5 hours. If verification of the revalidation is required an additional hour is required. For quantification purposes, we assumed the revalidation process for nursing associates will be comparable to nurses and midwives. . This was one of the assumptions that were tested during the consultation process. 64% of respondents agreed with our assumption here with 11% disagreeing. 21% were unsure and 4% did not respond.

III. **On-going costs of regulating nursing associates:** this relates to the cost to the NMC for regulating NAs in the future. It is assumed that the regular running costs will be passed on to nursing associates through registration fees. The current fee for nurses and midwives is £120. The NMC recently consulted on proposals to apply similar fees to NAs and is currently analysing responses. For the purposes of estimating costs, we have assumed a £120 annual retention fee applies. .

Other costs which are currently unquantified due to lack of evidence are shown in the table below:

Cost	**Borne by**	**Evidence of impact and potential quantification**
Setting up and/or amending existing nursing associate courses	Higher Education Institutions (HEIs) and Further Education Colleges (FECs)	Impact of setting up/amending existing scope of courses to include regulatory consideration. Currently unquantified due to lack of evidence.
Accreditation of education providers	HEIs and FECs	Education providers are likely to incur costs as a result of being inspected and accredited by the NMC. Currently unquantified due to lack of evidence.

Assumptions on NA numbers

In general, we have assumed a 10% per annum attrition rate during training and later in this document conduct some sensitivity analysis for low and high attrition rate projections. In addition, after joining the register, each cohort will face a 4% attrition rate.

Costs by main affected groups

From the aforementioned assumptions on NA numbers, we have estimated the overall costs over 10 years and by main affected group.

We have estimated a total cost of **£42m** (average £4.2m pa) from 2018/19 to 2027/28.

The main affected groups and a brief description of costs accruing to them is set out below:

i. **The Department of Health and Social Care (DHSC):** the initial set-up costs of regulating NAs will fall on DHSC. This is in form of grants to the NMC and agreed with NMC.

ii. **Her Majesty Revenue and Customs (HMRC):** this is the loss of revenue by HMRC from NAs claiming tax relief on registration fee paid. Currently, nurses who are UK basic rate tax payers can claim back £24 tax relief on the annual registration fee of £120. Previously, the NMC estimated only 30%[2] of nurses took this up. We have assumed similar take up rates among NAs and that NAs will all be basic rate tax payers in the UK.

iii. **Individual NAs**: this is the direct cost to individuals of paying the annual registration fees to the NMC. It also includes the monetised cost of time for self-employed NAs for registration, renewal and revalidation.

iv. **Higher Education Institutions (HEI):** This is the cost to HEIs for submitting NAs proof of identity and qualification to the NMC upon completing their training. According to Liverpool John Moore's University, this takes approximately 1 hour for a cohort of 100. We have used this time figure for estimating this cost.

v. **Employers (private and public):** this is the monetised cost of time to employers for the registration, renewal and revalidation of the NA workforce licence to practice.

The table below shows estimates of the annual costs and cumulative costs over 10 years to the main affected groups.

	Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9
Year	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
Main affected groups										
DHSC - grant	£ 6,784,900	£ 300,000	£ 200,000	£ -	£ -	£ -	£ -	£ -	£ -	£ -
HMRC - tax revenue loss	£ 5,832	£ 30,388	£ 61,996	£ 103,293	£ 142,963	£ 181,069	£ 217,675	£ 252,837	£ 286,615	£ 319,061
Individuals	£ 97,305	£ 506,960	£ 1,034,090	£ 1,723,541	£ 2,387,374	£ 3,023,790	£ 3,636,167	£ 4,224,579	£ 4,788,688	£ 5,331,490
Higher Education Institutions	£ 94	£ 401	£ 530	£ 707	£ 707	£ 707	£ 707	£ 707	£ 707	£ 707
Public sector employers	£ 9,352	£ 43,845	£ 73,969	£ 178,295	£ 417,175	£ 533,848	£ 738,936	£ 950,677	£ 1,054,093	£ 1,235,881
Private sector employers	£ 1,863	£ 8,735	£ 14,737	£ 35,522	£ 83,115	£ 106,361	£ 147,221	£ 189,407	£ 210,011	£ 246,229
Per annum cost	**£ 6,899,346**	**£ 890,329**	**£ 1,385,322**	**£ 2,041,358**	**£ 3,031,335**	**£ 3,845,774**	**£ 4,740,706**	**£ 5,618,207**	**£ 6,340,114**	**£ 7,133,368**
Cumulative cost	£ 6,899,346	£ 7,789,675	£ 9,174,997	£ 11,216,355	£ 14,247,689	£ 18,093,464	£ 22,834,170	£ 28,452,378	£ 34,792,492	£ 41,925,860

[2] https://www.nmc.org.uk/news/press-releases/2014/70-of-nurses-and-midwives-are-still-not-claiming-tax-relief-on-their-registration-fees/

Benefits

Benefits are currently unquantified due to lack of evidence on the impacts of regulation. Stakeholder engagement and anecdotal evidence suggests the benefits of regulating NAs will include the following:

i) **Increased public protection including patient safety**: Anyone practising as an NA in England must be registered with the NMC and practise in accordance with its standards. . All NAs will pass programmes that meet consistent standards. Revalidation will ensure NAs remain capable of safe and effective practice. Action will be taken if NAs fail to meet standards of conduct and competence, and they can be removed from the register in the most serious instances.

iii) **Reduced time burden of pre-employment checks:** An employer knows any NA on the NMC's register has the relevant qualifications and entitlement to work in the UK, which reduces the need for them to carry out these checks themselves. Employers will still have to check suitability of applicants for the specific role, as is the case currently.

iv) **Consistency of education and training provision and standards**: regulation ensures a consistent standard of training across providers in line with agreed NA standards. This provides certainty of competence for employers and individual NAs.

Risks

We have identified two main risks and one general risk in the impacts analysis.

First, there is a financial risk that the agreed initial set up costs escalate beyond those currently agreed with NMC. Mitigation of this risk involves close monitoring of the approved NMC business case and regular meetings between DHSC and NMC to ensure spending remains within budget.

Second, the unquantified costs mentioned above relating to setting up and/or amending existing nursing associate courses as well as the accreditation of education providers may turn out to be of significant magnitude.

Finally, data from different sources have been combined and broad assumptions applied in order to generate estimated costs. Changing these assumptions could alter the estimated scale of cost impacts.

Sensitivity analysis

- A number of respondents to the consultation disagreed with the training attrition rate assumption but were unable to provide an alternative value. For example, there were comments that the 10% attrition rate seemed optimistic, given data from old nursing diploma courses which were the same academic level as the nursing associate course had an attrition rate of between 15% - 25%.We have therefore modelled total monetised costs under two different attrition rate assumptions during training of NAs: 15% p.a. and 5% p.a. attrition rates keeping all other things constant (the base case was 10%).

I. If attrition rates during training were to rise to 15% p.a. during training, all other variables kept constant, total costs reduce from £42m to £38m from 2018/19 to 2027/28.
II. If attrition rates during training were to fall to 5% p.a. during training, all other variables kept constant, total cumulative costs increase to approximately £45m, from 2018/19 to 2027/28. An increase of about £3m

We can therefore assume the attrition rate during training assumption is relatively insignificant to overall monetised costs.

Evaluation

An independent evaluation is being planned by Health Education England (HEE) which will look at the impact of the role itself as well as the impact of regulation and potentially provide useful evidence on the impacts of regulation.

Amongst other things, the evaluation will assess:

- If the creation of a new level of worker has increased the capacity and capability of the nursing workforce to deliver safe patient care in an efficient and cost-effective manner; and

- If the introduction of the Nursing Associate role has supported the development of a sustained and reliable supply chain of health and care workers