



## EXECUTIVE SUMMARY

Today, the Province's nursing professions are regulated by 3 Colleges:

- College of Registered Nurses of BC
- College of Licensed Practical Nurses of BC
- College of Registered Psychiatric Nurses of BC

The fundamental purpose of the Colleges is to regulate in order to serve and protect the public. In fulfilling this common purpose, all Colleges perform the following core functions: Education Recognition, Registration, Professional Standards, Conduct, and Quality Assurance.

In recent years, the Colleges have worked collaboratively on nursing issues and have become more aligned in their efforts. They have discussed the possibility of integration and, in April 2015, met and discussed options to work more closely together. Pursuant to these discussions, the Colleges' Boards commissioned an exploratory business case for the creation of one nursing regulator. The purpose of this business case is to objectively identify factors to be taken into consideration by each Board in deciding whether to proceed with the creation of one nursing regulator.

As part of this business case process, we reviewed the current operations of each college to gain an understanding on how each organization operates related to: Governance; Organization Profile; Employee Compensation; Employee Benefits (Excluded); and Infrastructure. Similarities identified relate to core purpose and functions performed. Differences relate primarily to the number of registrants and the corresponding size of the organizations. The size difference impacts the breadth of services performed and the availability of enabling infrastructure, e.g. IT systems and staff.

### Stakeholder Consultation

#### *BC Chief Nursing Officer Council*

WMC met with the BC Chief Nursing Officer Council (CNOC), comprised of the eight Chief Nursing Officers in BC and the BC Ministry of Health.

The CNOC members were unanimously in favour of the creation of one nursing regulator to oversee RNs, LPNs, RPNs and NPs. Potential benefits centered on four themes:

- Increased focus on the public interest;
- Greater consistency in core regulatory functions;

- Better integration, alignment and coordination of nursing initiatives; and
- Greater clarity in delineating scope of practice (i.e. overlaps and distinctions).

They were unanimously in favour of requiring the Health Care Aides to be regulated by the new nursing regulator.

### ***Ministry of Health***

WMC met with representatives from the BC Ministry of Health ("the Ministry") responsible for professional regulation and oversight. While not directing the Colleges to create a one nursing regulator, the Ministry is supportive of this initiative and recognizes that:

- Small colleges with fewer resources are tasked with the same statutory obligations under the Act as large colleges and that an amalgamation of resources to regulate all nurses would be a benefit;
- A single voice will promote greater consistency (for the profession and the public) and likely will result in better value for money (lower cost); and
- A single regulatory body presents an opportunity to focus efforts on the public interest and away from individual nursing identities.

### **Jurisdictional Review**

WMC conducted jurisdictional reviews on the state of nursing regulation in United Kingdom; Australia; and Canada. The public healthcare systems and regulatory environments for these jurisdictions are considered comparable to those in BC.

We observed the following:

- A single regulator exists for the nursing profession in both the United Kingdom and Australia.
- There have been recent restructuring in regulating health professionals within the United Kingdom and Australia, with multiple examples of a single regulator for multiple health professions.
- The single regulator model for nursing exists in Canada (Ontario), with two provinces exploring a similar approach (BC & Nova Scotia).
- Board makeup: The United Kingdom has established a 12-person council. All members are appointed by the Privy Council. Fifty percent (50%) of board members are required to have a nursing or midwifery background.

## Chartered Professional Accountants of BC

WMC also met with the newly created Chartered Professional Accountants of BC to gain an understanding of their merger process and to identify key learnings that could inform the one nursing regulator exploratory business case.

## Future State - Key Considerations for Creating One Nursing Regulator

The following considerations for creating one nursing regulator stems from discussions with stakeholders, research performed and information provided by the Colleges:

### *Benefits and Opportunities*

1. Increases focus on the core function of the college - to protect the public interest. Reduces the siloed approach to nursing.
2. Creates a single point of entry/contact for the public who do not always differentiate or understand the different nursing disciplines.
3. Reduces confusion for nurses and health authority clinical leadership through greater coordination of regulation and greater opportunities for collaboration with health authorities.
4. A single set of bylaws supports consistent structures and processes.
5. A single, unified voice improves clarity in communicating with stakeholders/public/union and promotes equality across the nursing profession.
6. Allows for more efficient, coordinated, and consistent implementation of initiatives due to having a single decision-making body (e.g. implementation of new regulations; shift to relational regulation philosophy).
7. Increases opportunities to achieve greater operating efficiencies through elimination of duplicate functions and realizing economies of scale, thereby enhancing the ability to keep registrant fees low.
8. Enables greater ability to coordinate and work inter-professionally with other bodies.
9. Streamlines governance through establishing a single board and single set of committees to facilitate improved decision-making and consistent regulation of nurses.
10. Increases ability of appointed board members to take a more holistic view of regulating the nursing profession as a whole and not a single discipline.
11. Enables greater ability to make clear scope of practice distinctions and areas of overlap between the nursing disciplines.
12. Enables greater access to resources (e.g. access to strategic HR, communications, IMIT, knowledge management, etc.).

13. Results in critical mass in core functions allowing for the ability to develop greater expertise, improve recruitment, attraction and retention of college staff.
14. Enables development of more subject area experts and sustainability with greater career progression opportunities and succession plans.
15. Streamlines regulatory interactions with the government through a single point of contact (benefits both the Colleges and the government).
16. Creates a platform to which other professions can be added (e.g. Health Care Aides).
17. Demonstrates provincial leadership in working together. This has started similar conversations in other provinces.

### ***Risks, Concerns & Barriers***

1. The Boards of the Colleges, all of whom support exploring the concept of one nursing regulator, may not be aligned on integration drivers, vision of future model and timelines.
2. CLPNBC and CRPNBC are concerned regarding their continued roles and influence in a new organization given their relatively smaller sizes as compared to CRNBC.
3. Uncertainty regarding the process for integration and need for the process to be fair to all stakeholders.
4. Risk of loss of uniqueness of the different nursing professions by moving to one regulatory body.
5. Risk of loss of focus of management on protecting the public interest as it deals with integration activities.
6. Risk of losing key employees who choose not to continue with the new organization.
7. Concern of job loss due to prevalence of redundancies across the Colleges.
8. Difficulty of integrating three cultures into a single culture for the new entity.
9. Need to manage both HR and LR issues through transition and integration.
10. Potential increase in costs associated with harmonizing pay and benefit programs.
11. Significant changes required during implementation may create anxiety and stress for staff.
12. CRNBC provides a systems solution to other regulators and is expanding this service to other jurisdictions, including Ontario. There is a risk that attention and resources dedicated to expanding this service may take focus away from core regulatory functions.
13. CRNBC is currently involved in a lawsuit with the BCNU regarding its association. It is unclear what impact the lawsuit will have going forward, financially and on the relationship with the union.
14. Concern over how one regulator will: interact with nursing colleges in other provinces where separate colleges for each discipline are prevalent; and will participate on national initiatives.

# INTRODUCTION

## Background

There are currently four types of nurses practicing in British Columbia: Registered Nurses (RNs); Licensed Practical Nurses (LPNs); Registered Psychiatric Nurses (RPNs); and Nurse Practitioners (NPs), an RN with additional training and certification. These nurses are regulated by three provincial nursing colleges:

College	Nurses Regulated	# of Practising Nurses in BC (rounded to nearest 1,000)
<b>College of Registered Nurses of BC</b>	RNs & NPs	RNs – 36,000 (of which 400 are NPs)
<b>College of Licensed Practical Nurses of BC</b>	LPNs	13,000
<b>College of Registered Psychiatric Nurses of BC</b>	RPNs	3,000
<b>Total</b>		<b>52,000</b>

Nurses are the largest regulated profession in BC. The College of Registered Nurses of BC (CRNBC), the College of Licensed Practical Nurses (CLPNBC), and the College of Registered Psychiatric Nurses (CRPNBC) (together, “the Colleges”) operate under the same governing legislation - the *Health Professions Act*. (In total, the *Health Professions Act* governs 26 professions, of which 25 are self-regulated by 22 colleges). The fundamental purpose of the Colleges is to regulate in order to serve and protect the public. In fulfilling this common purpose, the Colleges perform the same core functions:

1. Education Recognition      Recognition of education programs.
2. Registration                      Establishment of the requirements for registration and register nurses.
3. Professional Standards      Establishment of professional standards.
4. Conduct                              Investigation and resolution of complaints regarding individual nurses.
5. Quality Assurance              Establishment and maintenance of a continuing competency program to promote high practice standards amongst registrants.

In recent years, the Colleges have worked collaboratively on nursing issues and have become more aligned in their efforts. The Boards of each respective nursing college have now commissioned an exploratory business case for the creation of one nursing regulator.

It is important to highlight that the purpose of this exploratory business case is not to make recommendations on whether/how the Colleges should integrate. Rather, this report objectively identifies factors to be taken into consideration by each Board in deciding whether to proceed with the creation of one nursing regulator.

## Guiding Principles

The Colleges met in April of 2015 to discuss and explore options for more closely working together. Principles and a recommendation for a staffing policy were established at this meeting that was meant to guide future discussions between the Boards/Colleges. This exploratory business case takes into consideration the below listed principles and a recommended staffing policy.

**Principles:** In our work together, we (the Colleges) will:

1. Recognize that protection of the public interest is paramount.
2. Engage in respectful working relationships and conversations.
3. Ensure clarity and transparency of our actions, decisions and communications.
4. Provide equal voice and decision-making authority to each of the nursing professions.
5. Recognize the unique role and contribution of each of the three nursing professions.
6. Recognize the need to maintain the identity of nursing disciplines to recognize differences in roles and competencies.
7. Respect the autonomous decision-making authority of each regulatory College.
8. Focus on continued self-regulation.
9. Endeavour to align/integrate and/or unify our key processes.
10. Strive to move our governance, processes and practices along the 'ladder of opportunity' (collaborate-align-integrate-unify)
11. Speak with one voice to external stakeholders regarding process and outcomes.
12. Engage our key stakeholders in dialogue regarding our process and outcomes.
13. Demonstrate good stewardship of resources in our actions and decision-making

## Project Governance

The Colleges established a Task Group to oversee the exploration of creating one nursing regulator. This Task Group is comprised of the Registrar and two Board members from each college. All information received from the Colleges was requested directly from each College Registrar and/or from the Colleges' senior management team members, at the direction of their respective Registrar.

The Task Group Members are as follows:

**CRNBC:** Cynthia Johansen, Registrar  
David Kruyt  
Sheila Farrell

**CLPNBC:** Carina Herman, Registrar  
Colin Bennett  
Jocelyn Bradley

**CRPNBC:** Kyong-ae Kim, Registrar  
Dorothy Jennings  
Michelle Mollineaux

## Project Approach

WMC undertook a multi-faceted approach in gathering data to support the development of the business case. Our work was informed by several consultations and datasources:

### Consultations

One-on-one interviews and group meetings with:

- Task Group members from each college.
- Senior staff at each college.
- Key stakeholders at the BC Ministry of Health responsible for the *Health Professions Act*.
- The Chief Nursing Officer Council (comprised of all the Chief Nursing Officers in the province).
- The Registrar of the College of Nurses of Ontario.
- The Registrar of the College of Registered Nurses of Nova Scotia.
- The President and CEO of the Chartered Professional Accountants of BC.

### Data Sources

- Organizational information provided by each of the colleges (e.g. policies, budgets, employee benefit plans, salary ranges, etc.).
- Review of literature relevant to trends and practices in regulating both health professionals and, specifically, nurses



# CURRENT STATE

We reviewed the current operations of each college to gain an understanding on how each organization operates.

## Summary of Similarities and Differences

Based on our understanding of the current state, and on input and data from all sources, we summarize the commonalities and differences between the Colleges below:

### *Similarities*

- As evidenced by each college's vision and mission statements, the primary mandate of the Colleges is to serve and protect the public interest.
- All three colleges are supporters/followers of "right touch" and relational regulation.
- The core functions performed by each college are identical, although processes and policies are not standardized (e.g. Inquiry and Discipline process).
- Professional standards and policies, with the exception of competencies, apply to all nursing professionals.
- With the introduction of new regulations in December 2015, the Colleges will operate under a more comparable regulatory framework.

### *Differences*

- The size of the registrant base and, correspondingly, the size of each college varies significantly. There is a large difference in breadth of services and specialization within departments due to a difference in available resources (financial and human).
- CRNBC and CRPNBC both have unionized employers (same union; different locals); CLPNBC does not have unionized employees.
- CRNBC collects dues from its registrants on behalf of its association; CLPNBC and CRPNBC do not collect association dues from registrants.
- Due to the size of the organizations, CRNBC has more organizational hierarchy, CLPNBC has some hierarchy but to a lesser extent; and CRPNBC is a flat organization with all staff reporting to the Registrar. These differences in structure result in differences in how decisions are made, roles and responsibilities for like positions and ultimately, organizational culture.
- The Colleges are not aligned on whether one regulator should be pursued and/or on the timelines for integration. However, most (if not all, in the case of certain colleges) individuals from each organization are supportive of the initiative.
- There are potentially material differences in compensation levels across the Colleges.
- Benefits offered to Excluded employees are similar between CRNBC and CRPNBC but are lower for CLPNBC

## Stakeholder Consultations

### Chief Nursing Officer Council

WMC met with the Chief Nursing Officer Council (CNOc), comprised of the eight Chief Nursing Officers in BC (representing six provincial health authorities, Providence Health Care and First Nations Health Authority). The purpose of the meeting was to obtain the employers' perspective regarding the potential for creating one nursing regulator.

The CNOc members were unanimously in favour of the creation of one nursing regulator to oversee RNs, LPNs, RPNs and NPs. Many examples of potential benefits were identified, centering on four themes:

- Increased focus on the public interest;
- Greater consistency in core regulatory functions;
- Better integration, alignment and coordination of nursing initiatives; and
- Greater clarity in delineating scope of practice (i.e. overlaps and distinctions).

In addition, the CNOc was unanimously in favour of requiring the Health Care Aides to be regulated by the new nursing regulator.

### Ministry of Health

WMC met with representatives from the BC Ministry of Health ("the Ministry") responsible for professional regulation and oversight. The Ministry is not directing the Colleges to create a one nursing regulator. However, the Ministry is supportive of this initiative and recognizes that:

- Small colleges with fewer resources are tasked with the same statutory obligations under the Act as large colleges and that an amalgamation of resources to regulate all nurses would be a benefit;
- A single voice will promote greater consistency (for the profession and the public) and likely will result in better value for money (lower cost); and
- A single regulatory body presents an opportunity to focus efforts on the public interest and away from individual nursing identities.

The Ministry cautioned that any progress on this initiative should not come at the expense of disruption of service provision.

The mechanics of creating a new college would not require changes to legislation. From the Ministry's perspective, the government would have to pass two types of regulations:

1. Order in Council (to be passed by Cabinet); and
2. Ministerial Order (to be passed by the Minister of Health).

These regulations would likely require two months to draft and an additional three to four months to pass. In addition, the Colleges would be required to draft a new, single set of bylaws. Once completed, the bylaws would need to be posted for three months. The Ministry believes that bylaw development would require more time to complete than that required for passing the two regulations.

From a regulatory perspective, the Ministry estimated that at least 12 months would be required to transition to a single regulator model.

The benefits, risks and barriers related to this initiative, as identified by the CNOC and the Ministry, are reflected in the Key Considerations section of this report.

## Jurisdictional Review

WMC conducted jurisdictional reviews on the state of nursing regulation for:

- United Kingdom;
- Australia; and
- Canada.

The public healthcare systems and regulatory environments for these jurisdictions are considered comparable to those in BC.

Based on the findings from our Jurisdiction Review, we observed the following:

- A single regulator exists for the nursing profession in both the United Kingdom and Australia.
- There have been recent restructuring in regulating health professionals within the United Kingdom and Australia with multiple examples of a single regulator for multiple health professions.
- The single regulator model for nursing exists in Canada (Ontario), with two provinces exploring a similar approach (BC & Nova Scotia).
- Board makeup: the UK has established a 12 person council. All members are appointed by the Privy Council. 50% of Board members are required to have a nursing or midwifery background.

## United Kingdom

### *Professional Standards Authority and Social Care*

The Professional Standards Authority for Health and Social Care (PSAHSC) oversees statutory bodies that regulate health and social care professionals in the UK. The PSAHSC's role is to:

- Assess the performance of statutory bodies, including conducting audits, scrutinizing decisions and reporting to Parliament; and
- Set standards for organizations holding voluntary registers for health and social care occupations and accredit those that meet them.

There are nine statutory bodies that regulate health and social care professionals. Many of these regulators oversee multiple professions (e.g. the Health and Care Professional Council regulates 17 professions).

### *Nursing and Midwifery Council*

The Nursing and Midwifery Council (NMC) regulates all nurses and midwives, which includes the following disciplines:

- First level nurses (equivalent to Registered Nurses);
- Second level nurses (equivalent to LPNs); and
- Multiple Specialist Nurses (NPs, Specialist Community Public Health Nurses, Clinic Nurse Specialists, etc.).

NMC has approximately 675,000 nurses registered across all disciplines and shares the same core function as the Colleges – to protect the public. NMC also performs the same functions as the Colleges, namely, Education, Registration, Professional Standards, Conduct and Quality Assurance.

For the most part, NMC operates with an integrated set of professional standards for all nurse registrants, with separate standards set for midwives and separate competency standards for nursing disciplines.

NMC is governed by a 12-person Council which is appointed by the Privy Council. The Nursing and Midwifery Order 2001, and other applicable legislation, states that one-half of Council members (six members) must have a background in nursing or midwifery. The other half – 'lay members' - are selected for skills and expertise gained in other professional fields.

## Australia

### *National Co-Regulatory Environment*

The Council of Australian Governments decided in 2008 to establish a single National Registration and Accreditation Scheme for registered health practitioners. Between 2010 and 2012, 14 National Boards were established to regulate health practitioners.

Regulation of Nursing in Australia is overseen by two national entities:

- Australian Nursing and Midwifery Accreditation Council (ANMAC).
- Nursing and Midwifery Board of Australia (NMBA).

ANMAC is the national body responsible for:

- The development and implementation of accreditation standards for programs of study leading to registration, as an enrolled nurse, registered nurse and midwife, and endorsement; and
- The accreditation of programs of study leading to registration and endorsement.

NMBA is responsible for the approval of the ANMAC accreditation standards and the accredited programs of study leading to registration and endorsement. NMBA also has specific 'oversight' roles in relation to the assessment of overseas qualifications, monitoring of practitioners and the receipt, assessment and investigation of notifications. NMBA and its committees are the principal regulatory decision-makers. However, NMBA does not have the power to employ staff or enter into contracts.

A third organization, the Australian Health Practitioner Health Regulation Agency (AHPRA) was created to provide operational support to all 14 National Boards. NMBA contracts with AHPRA to undertake delegated duties (e.g. the day-to-day operational activities related to Education, Registration, Professional Standards, Conduct and Quality Assurance).

### *Nursing Regulation*

NMBA regulates all nurses and midwives, which includes the following disciplines:

For all states other than Victoria:

- NPs.
- RNs.
- Enrolled Nurse (equivalent to LPNs).

For Victoria:

- RN Division 1 (RN equivalent).
- RN Division 2 (equivalent to LPNs).
- RN Division 3 (formerly trained in psychiatric nursing).
- RN Division 4 (formerly trained in caring for people with intellectual disability).
- RN Division 5 (formerly trained in postnatal care and early parenting).

Note: All midwives are not listed separately as they are presumed to be registered nurses; NPs are starting to be introduced in Australia.

NMBA has approximately 365,000 nurses registered across all disciplines and shares the same core function as the Colleges – to protect the public. Similar to the UK, NMBA operates with an integrated set of professional standards for all nurse registrants, with separate standards set for midwives and separate competency standards for nursing disciplines.

## Canada

The nursing profession is regulated at the provincial level in Canada. Each province has legislation that defines the authority and requirements for either health care professions and/or nurses. There are four nursing disciplines but not all are recognized in each province:

- RNs.
- LPNs or Licensed Vocational Nurse (LVN), known as Registered Practical Nurse (RPN) in Ontario and Quebec.
- RPNs - are licensed to practice only in British Columbia, Alberta, Saskatchewan, Manitoba, and the Territories.
- NPs.

In all provinces except Ontario, RNs and NPs are regulated by a common college and each of the LPNs and RPNs are regulated by their own college. In some provinces, the regulating body also serves as the association for the nurses that it oversees.

### *Ontario*

The College of Nurses of Ontario (CNO) is the regulating body for RNs, LPNs (known as Registered Practical Nurses in Ontario) and NPs. CNO has approximately 160,000 registered members (115,000 RNs of which 2,600 are NPs, and 45,000 Registered Practical Nurses).

The CNO has 35-39 Council members, composed of 14 to 18 public members, 14 RNs and 7 RPNs. The ratio of RNs to RPNs on the Council is approximately proportional to the number of registered members for each discipline. Nurses from across the province are elected to Council by their fellow college members, while public members are appointed by the provincial government. The Council elects its president. The current president is an RPN for the first time in the organization's history.

The CNO performs the same functions as the Colleges (Education, Registration, Professional Standards, Conduct and Quality Assurance). All standards are integrated into a single set for all nurses. Processes are also harmonized for all key business functions (e.g. one registration process; one Inquiries, Complaints and Reports Committee; etc.). Staff positions are based on competency frameworks and are not tied to specific nursing disciplines (i.e. same person does inquiry work for both RNs and LPNs).

CNO is currently undergoing a governance review as part of their provincial government's efforts to modernize the regulatory framework. Issues in scope for the review include:

- Optimal board size (likely reduction).
- Regional representation for Council members.
- Publically appointing Council member versus elected members (to increase focus on public interest).

This governance review is ongoing with no outcomes available at this time.

### ***Nova Scotia***

Nova Scotia currently has two nursing colleges – the College of Registered Nurses of Nova Scotia (CRNNS) and the College of Licensed Practical Nurses of Nova Scotia. These colleges are currently exploring the possibility of combining to become one nursing regulator. We spoke with the Registrar of CRNNS to gain an understanding of the status of their discussions.

The Nova Scotia college boards have had a series of discussions on integration and have agreed to jointly sponsor a feasibility study in January 2016 to further explore benefits and risks associated with creating one nursing regulator. The primary driver is the public interest. The key question is whether one regulator would better serve this interest. Cost savings and efficiencies were identified as being important, but of secondary consideration.

The feasibility study is due to be completed by the end of April 2016. As such, no findings are available at this time. The college boards have established December 2016 as the target date for a proceed/not-proceed decision. This target date was established to ensure the colleges have sufficient time to follow up on any issues or concerns that may arise from the feasibility study.

## Learnings from Creating One Professional Regulator – Chartered Professional Accountants of BC

The accounting profession in Canada has recently undergone a significant restructuring with the merger of the three main accounting bodies (Chartered Accountants, Certified General Accountants, and Certified Management Accountants) into a single regulatory body – Chartered Professional Accountants (CPA). This new organization has 125,000 professional members, 20,000 candidates and registered students, and is one of the largest accounting bodies in the world.

While the merger proposal was framed in a national context, approval was undertaken on a province-by-province basis. We met with the President and CEO of the Chartered Professional Accountants of BC. The purpose of our meeting was to gain an understanding of their merger process and to identify key learnings that could inform the one nursing regulator exploratory business case.

A high level description of the merger process in BC, along with key milestones, is provided below.

May 2013	<u>Merger Agreement signed</u> <ul style="list-style-type: none"><li>• Process managed by Co-CEOs started.</li><li>• Joint Steering Committee established with equal representation from all bodies to oversee all major decisions.</li><li>• Meetings inclusive with all three bodies represented.</li></ul>
October 2013	<u>Merger Joint Venture Agreement Signed</u> <ul style="list-style-type: none"><li>• Three organizations began pooling resources, operating as a joint venture and begin integrating operations.</li><li>• New brand was introduced to the marketplace/stakeholders.</li><li>• Commenced work with BC government to develop CPA enabling legislation.</li></ul>
December 2013	<u>New CEO Appointed</u> <ul style="list-style-type: none"><li>• Design, planning and implementation of new organization ongoing.</li></ul>
March 2015	<u>CPABC Established</u> <ul style="list-style-type: none"><li>• Implementing legislation for amalgamating the three bodies received Royal Assent in March 2015, and came into force in June 2015.</li></ul>

Note: A significant amount of work took place over approximately four years before the merger agreement was signed. This is similar to the Colleges which too have been in discussions over the past few years.



The guiding principles for the merger discussion were established at the onset of the merger process and were as follows:

- Evolution to a single designation over a 10-year transition period.
- Continued use of existing designations.
- Retention but no expansion of rights (i.e., current mutual recognition agreements would be confined to legacy members concerned).
- A uniform certification process for new members.
- Introduction of post-certification specialty programs.
  
- Branding the CPA designation, with de-emphasis of legacy designations.
- Common code of conduct, regulations and the practice of public accountancy.
- Merged operations and governance.

Pre-merger, each accounting body's Board had approximately 15 members and between 1 to 3 public representatives. It was agreed that the new board would retain the original size of 15 members and have 3 public representatives. All new board members were appointed by the provincial government.

Board membership from each accounting body was roughly proportionate to membership: 6 CAs; 6 CGAs and 3 CMAs (pre-merger membership: 12,000 CAs; 11,000 CGAs; 5,000 CMAs). The role of CPABC's Board of Directors is to govern the CPA profession in BC and develop policy supporting the organization's CPABC's mandate on professional education, regulation, member service, and protection of the public interest.

CPABC was able to realize two significant benefits from the merger:

1. Enhance the public interest by having:
  - One place to call for the public and employers.
  - One set of licensing standards.
  - One set of rules.
  
2. Achieve economies of scale to reduce operating costs:
  - Space footprint reduced from 42,000 square feet to 32,000 square feet.
  - Approximately a 20% reduction in staff (144 staff pre-merger).









# FINANCIAL IMPACTS

## Combined Statement of Operations

A high level summary of the combined operating results, based on each college's 2015/16 operating budget, is shown below. Due to differences in organizational structures, we present a rolled-up summary to allow for comparisons across the Colleges. We have included total FTE by functional area.

High Level Financial Summary Combined Statement of Operations (Based on 2015/16 Budgets)								
	CRNBC		CLPNBC		CRPNBC		Total	
	(\$)	(FTE)*	(\$)	(FTE)*	(\$)	(FTE)*	(\$)	(FTE)*
<b>REVENUE</b>								
Registration Fees	\$ 13,247,594		\$ 3,915,200		\$ 1,126,020		\$ 18,288,814	
Credentials Processing Fees	\$ 756,790		\$ 308,800		\$ 3,500		\$ 1,069,090	
Examination Fees	\$ 120,800		\$ 223,625		\$ 11,850		\$ 356,275	
Investment Income	\$ 560,000		\$ 40,722		\$ 2,000		\$ 602,722	
Sundry Revenue	\$ 680,950		\$ 3,030		\$ 16,000		\$ 699,980	
	<u>\$ 15,366,134</u>		<u>\$ 4,491,377</u>		<u>\$ 1,159,370</u>		<u>\$ 21,016,881</u>	
<b>EXPENSES</b>								
Registrar/CEO Office	<u>\$ 1,984,001</u>	4.0	<u>\$ 536,176</u>	2.0	<u>\$ 222,916</u>	1.0	<u>\$ 2,743,093</u>	7.0
Corporate Support	<u>\$ 5,290,511</u>	31.5	<u>\$ 1,874,494</u>	5.0	<u>\$ 231,903</u>	1.0	<u>\$ 7,396,908</u>	37.5
Policy, Practice & Quality Assurance	<u>\$ 4,320,741</u>	26.3	<u>\$ 731,850</u>	6.4	<u>\$ 262,183</u>	1.5	<u>\$ 5,314,774</u>	34.2
Registration, Inquiry & Discipline	<u>\$ 5,934,819</u>	28.5	<u>\$ 1,333,482</u>	12.0	<u>\$ 487,784</u>	4.0	<u>\$ 7,756,085</u>	44.5
	<u>\$ 17,530,072</u>	90.3	<u>\$ 4,476,002</u>	25.4	<u>\$ 1,204,786</u>	7.5	<u>\$ 23,210,860</u>	123.2

\* Budgeted FTEs

The Statement of Operations indicates that the Colleges incur a deficit of approximately \$2 million on a combined basis. However, this is misleading as CRNBC currently has a large cash position on its balance sheet and has chosen to use this cash to fund operations in the current year in lieu of increasing registrant fees, thereby incurring a planned deficit. The Colleges do not anticipate unplanned deficits in the future as each college has the ability to adjust fees to ensure it has adequate revenue.



currently in talks with CNO to provide IT infrastructure support)

These additional savings could be material but we do not have enough information to be able to estimate the magnitude of savings at this time.

## Validation of Operational Efficiencies

We conducted the following research to validate our overall estimates for cost-saving opportunities:

1. CNO has approximately 160,000 RN and LPN registrants. This registrant base is 208% higher than the combined operating costs of the Colleges. This analysis implies that significant opportunities to realize economies of scale exist.
  - W K D Q W K H S U R M H F W H G F R P E L Q H G U H J L V W U D Q W P E T H R I W K H
  - E \ H [ S D Q G L Q J D U H J X D B W R U \ V U H J L V W U D Q W
2. A review of the cost effectiveness and efficiency of health professional regulators was conducted in the United Kingdom in 2012. Key findings from this study include:
  - x Scale has an impact on efficiency; doubling a registrant base is associated with a 19% reduction in operating costs.
  - x Most scale economies appear to be optimized at a registrant base of 100,000 to 200,000.
3. A review of the cost-effectiveness and efficiency of the Australian Registration and Accreditation Scheme was conducted in 2014<sup>ii</sup>. Key findings from this study include:
  - x The Nursing and Midwifery Board of Australia has approximately 362,000 registrants. The cost to regulate each registrant is AUS\$162 (CDN \$160).
  - x The Nursing and Midwifery Council in the UK has approximately 675,000 registrants. The cost to regulate each registrant is AUS\$136 (CDN \$134).

While total cost of regulation - as defined in these studies - is not a direct comparison to the Colleges' respective registration fee levels (total cost for the Colleges would be higher), the magnitude of the differences show that the United Kingdom and Australia have significantly lower costs when compared to the Colleges, and their respective costs are more in line with those incurred in Ontario. These lower costs are attributable to economies of scale associated with a much larger registrant base.

4. When the three accounting bodies merged in BC to become CPABC, the total number of employees pre-merger was 144 FTE. This size of organization is comparable to the R O O H J H V combined total of 126.7 FTE. CPABC realized a 20% reduction in staffing during its merger integration process



# INTEGRATION AND IMPLEMENTATION CONSIDERATIONS

As highlighted at the beginning of this report, the purpose of this exploratory business case is not to make recommendations on whether/how the Colleges should integrate. In order to further inform the College Boards in their decision-making processes, we provide a proposed draft approach to the creation of a new organization that we believe is suited for this initiative. The integration process should be designed to take into consideration the specific requirements and factors of the Colleges as well as integration best practices.

## Integration and Implementation Project Teams

We suggest the creation of an Integration and Implementation team that includes:

- A Transition Steering Committee;
- An Integration Lead and Project Office; and
- Integration Project Teams.

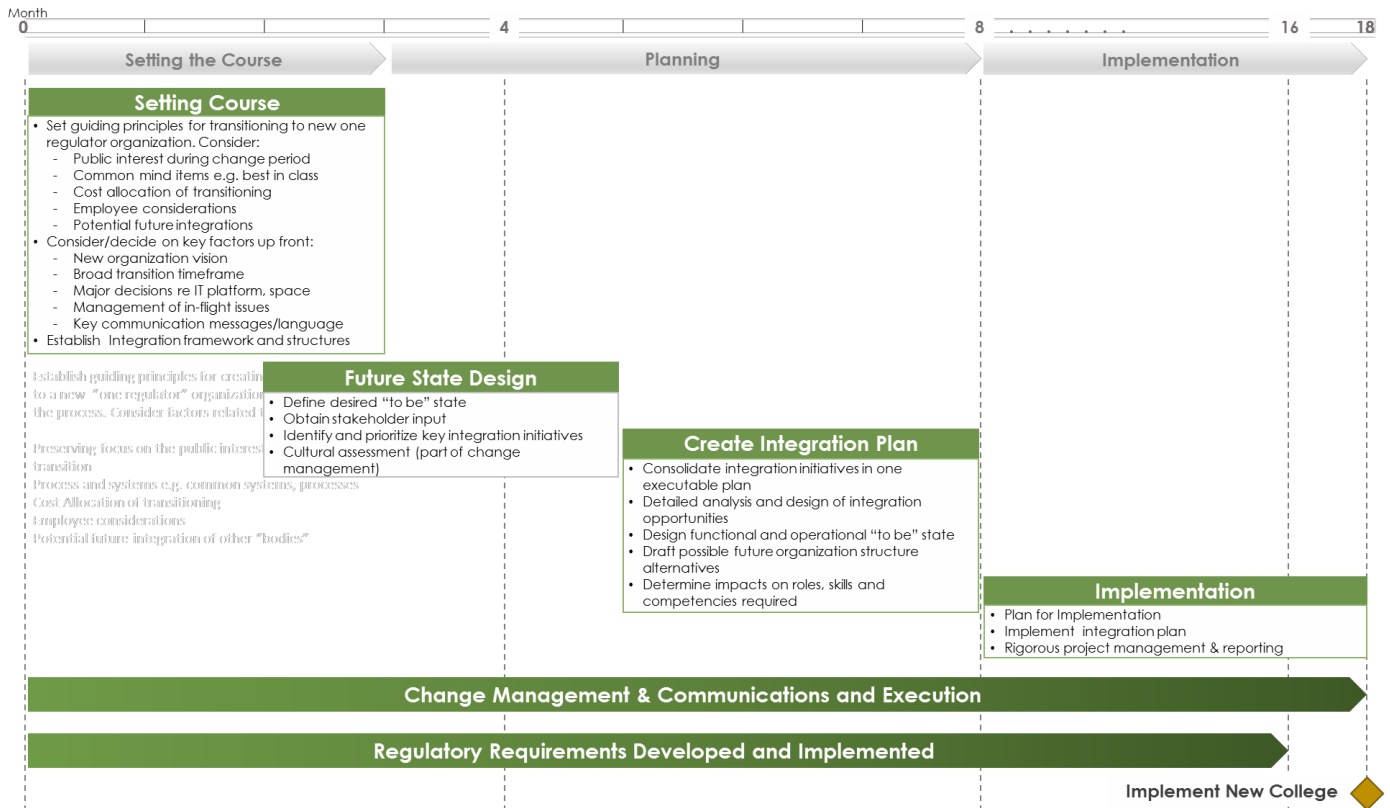
Ultimately, the Project reports to the College Boards.

The key roles of each entity within this framework are described below.

Group	Role
<b>College Boards</b>	<ul style="list-style-type: none"> <li>• Approve Terms of Reference for Transition Project and Final Deliverables</li> <li>• Consider and decide upon recommendations brought forward from Transition Steering Committee</li> </ul>
<b>Transition Steering Committee with equal representation from each college</b>	<ul style="list-style-type: none"> <li>• Oversees all integration activities</li> <li>• Primary decision-making body for integration issues</li> <li>• Takes major decisions and/or recommendations to respective College Boards and facilitates obtaining approvals</li> <li>• Key communicators to stakeholder groups, Colleges</li> <li>• Provide guidance to the Integration leadership</li> <li>• Resolves issues for Integration Leader and Project Teams</li> </ul>
<b>Integration Leadership &amp; Integration Project Office</b>	<ul style="list-style-type: none"> <li>• Establishes Project Charter</li> <li>• Establishes and communicates process for Project Teams to conduct their work</li> <li>• Manages overall work of Project Teams</li> </ul>
<b>Project Teams</b>	<ul style="list-style-type: none"> <li>• Understand project deliverables, sensitivities, roles</li> <li>• Development of future functional and operational organization</li> <li>• Develop detailed implementation plans.</li> </ul>

## Integration Process

A high level work plan is shown below. Typically, we find organizations wish to perform the fundamentals of the integration effort as quickly as possible to minimize disruptions resulting from change and to achieve synergies.



## REFERENCES

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<sup>i</sup> *Review of the cost effectiveness and efficiency of the health professional regulators.* Professional Standards Authority for Health and Social Care. November 2012.

<sup>ii</sup> *Cost-effectiveness and efficiency review of the Australian National Registration and Accreditation Scheme for health professions.* Professional Standards Authority for Health and Social Care and Centre for Health Service Economics and Organisation. October 2014.