

Annual report

Annual fitness to practise report

Annual accounts

2018/19

Annual report

Annual fitness to practise report

Annual accounts

2018/19

Annual report and annual fitness to practise report presented to Parliament and the Scottish Parliament pursuant to Paragraph 8 of Schedule 1 to the Pharmacy Order 2010

Annual accounts presented to Parliament and the Scottish Parliament pursuant to Paragraph 7 of Schedule 1 to the Pharmacy Order 2010



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Our year at a glance

The register as at 31 March 2019

56,288
pharmacists



23,387
pharmacy
technicians



14,314
registered
pharmacies



Implemented
revalidation
for pharmacy
professionals



Launched **myGPhC**,
our new online
system for registrants
and applicants



3,667 
pharmacies inspected

520 
action plans
agreed with
pharmacies

95% of these have made
the necessary improvements*
*The remaining 5 per cent is made up of plans more
recently issued, or that relate to issues such as building
works on premises that take longer to complete.

2,674 concerns
raised
about pharmacy professionals



86% of new concerns were
concluded in seven months



Over
7,900 written responses
received to **6** public consultations



Participated in
191 engagement
events
across Great Britain



Over
8.9 million
visits to our website



Responded to over
87,000
calls and emails from
registrants and the public





Foreword

from our chair, Nigel Clarke, and our chief executive, Duncan Rudkin

Over the last year, we have started work to develop a 10-year vision for pharmacy regulation. It is clear to us that we will need to work differently over the next 10 years – in response to changes in pharmacy, in health and social care and in the wider environment in which we work.

External developments, including Brexit, could have a significant impact. Closer to home, we expect to see changes in our responsibilities, as the four UK health departments continue their work to rebalance medicines legislation and pharmacy regulation.

Pharmacy professionals and pharmacies are taking on new and greater roles in managing people's health. One example of this is the big increase in the number of pharmacist prescribers on our register. This has more than doubled since 2016, and increased by 26% in 2018/19 alone. Governments and health systems across Great Britain have invested in a substantial number of new roles for pharmacist prescribers, including in general practice.

But pharmacy professionals and pharmacies will only be able to successfully take on these changing roles and responsibilities if patients and the public have confidence in the care they will receive from them. The public want to know that every member of the pharmacy team has the right skills, knowledge and experience to give them safe and effective care, and that they are working in environments that enable and support them to achieve this.

This starts with making sure pharmacy professionals have the right education and training so they can confidently meet the future needs of patients and the public. To achieve this, we are continuing our programme of work to modernise the standards of education and training for the pharmacy team.

During the year, we published new standards and a new framework for the initial education and training of pharmacist prescribers. And in the first quarter of 2019, we asked for views on significant changes to the initial education and training of pharmacists.

We know that some of the proposals we put forward in our consultation on the initial education and training of pharmacists present a number of challenges, and may involve some difficult decisions. But we also believe it is the right time for us all to think innovatively about how education and training need to change so that the pharmacists of the future are fully equipped for the roles they will need to play. We will continue to work closely with all key stakeholders in the year ahead to find the best way forward.

We know that the public also want assurance that the pharmacy professionals on the register continue to have the necessary skills and knowledge throughout their careers. This is why we have introduced revalidation. In October 2018, the first group of pharmacists and pharmacy technicians submitted their revalidation records with their registration renewals. This is another significant milestone

in enhancing the public's confidence and trust that pharmacists and pharmacy technicians are maintaining, and continuing to improve, standards of practice.

Our aim is for revalidation to be a key way for pharmacy professionals to reflect and learn, and so to continually improve the care people receive. This year we joined with the Royal Pharmaceutical Society and the Association of Pharmacy Technicians in the UK to publish a reflection and learning resource to support everyone across pharmacy to **learn the lessons from the Gosport Independent Panel report**.

The learning resource emphasises the need to reflect on and learn from what happened, to make sure that these failures in care are never repeated. We have encouraged pharmacy professionals to consider using it as a basis for the reflective account they must carry out as part of their revalidation activity.

A key focus in the last twelve months has been on developing our approach to regulating and inspecting registered pharmacies. Our new approach, agreed by our governing council in December 2018, includes a number of operational changes. These will help us to provide greater assurance to the public that pharmacy services are safe and effective, however they are organised and delivered.

Through the consultation we held, we heard that patients and the public support these significant changes, which include moving to unannounced inspections and making inspection reports public.

We have also introduced new guidance for pharmacy owners. This sets out what they are expected to do to ensure a safe and effective pharmacy team and to make sure that both registered staff and pharmacy support staff are empowered and competent to safeguard the health, safety and wellbeing of patients and the public.

Looking forward, we expect the year ahead will be one of continued development and progress, as we aim to build on the work we have done so far and to define a longer-term vision for pharmacy regulation.

We will make sure we are able to quickly respond to developments, so we can deliver improved outcomes for patients.



Nigel Clarke
Chair



Duncan Rudkin
Chief Executive



About us

Who we are

We regulate pharmacists, pharmacy technicians and pharmacies in Great Britain.

We work to assure and improve standards of care for people using pharmacy services.

What we do

Our role is to protect the public and give them assurance that they will receive safe and effective care when using pharmacy services.

We set standards for pharmacy professionals and pharmacies to enter and remain on our register.

We ask pharmacy professionals and pharmacies for evidence that they are continuing to meet our standards, and this includes inspecting pharmacies.

We act to protect the public and to uphold public confidence in pharmacy if there are concerns about a pharmacy professional or pharmacy on our register.

Through our work we help to promote professionalism, support continuous improvement and assure the quality and safety of pharmacy.

Changes to...

Our Council

This year five of our council members finished their second term on 31 March 2019. We would like to thank Berwyn Owen, David Prince, Mary Elford, Mohammed Hussain and Samantha Quaye for their contribution.

We carried out a recruitment process during Autumn 2018 and five new council members have been appointed by the Privy Council. The new members, Aamer Safdar, Ann Jacklin, Neil Buckley, Penny Hopkins and Rima Makarem, started their term in April 2019.

Three present members of the Council, Arun Midha, Joanne Kember and Mark Hammond, have been re-appointed for a second term.

You can **find out more about our council members** in the 'About us' section of our website.

Our staff

Mark Voce was appointed Director of Education and Standards in January 2019, after taking on the role on an interim basis in 2018. Carole Auchterlonie joined us in January 2019 as Director of Fitness to Practise.

Megan Forbes, Deputy Chief Executive and Director for Corporate Resources, left the organisation in August 2018.

The register



The register as at 31 March 2019

All members of the public are able to check whether a pharmacist, pharmacy technician or pharmacy is registered in Great Britain, by checking information from the register on our website. You can also see any decisions we have made about whether pharmacy professionals are safe to practise pharmacy, and which pharmacists are also 'supplementary prescribers' or 'independent prescribers'.

To be able to practise in Great Britain, pharmacists and pharmacy technicians must satisfy us that they meet the standards for pharmacy professionals. Only then can they join the register. Similarly, anyone wanting to register a pharmacy or renew that registration must also meet our standards.

When a pharmacist or pharmacy technician renews their registration with us each year, they must make a declaration confirming that they meet all our standards.

Anyone who is not registered with us, but practises as a pharmacist or pharmacy technician, is breaking the law and can be prosecuted.

You can [**search the online register**](#) for details of pharmacists, pharmacy technicians and pharmacies.

Registration fees

During 2018/19, fees for pharmacists, pharmacy technicians and pharmacy premises stayed at the same levels as those of the previous financial year.

During Autumn 2018, we carried out a consultation on increasing some of our fees. We received over 5,000 responses, which were summarised in a report. Our Council considered the report and decided to increase entry and renewal fees for pharmacists, pharmacy technicians and registered pharmacies from 1 July 2019.

This is the first time the GPhC has increased fees since 2015, and for pharmacy professionals the fees will still be lower than those charged in 2011.

In the coming year, we will develop a longer-term financial strategy which includes a comprehensive review of costs and fee structures, as well as an accommodation review.



Our achievements in 2018/19

Making changes to the way we regulate and inspect registered pharmacies

We decided to make a number of changes to how we regulate and inspect pharmacies. This followed a major consultation across the pharmacy sector and with patients and the public.

Introducing revalidation

For the first time, pharmacy professionals submitted a revalidation record when renewing their registration.

Developing new standards for the education and training of the pharmacy team

We continued our programme of work to review the standards for the education and training of the pharmacy team. This included introducing new standards for pharmacist independent prescribers, and consulting on new standards for the initial education and training of pharmacists.

Improving the way we work

We have continued with a major programme to improve the services we provide to the people registered with us, and have begun work to develop a 10-year vision.

Integrating equality and diversity into our work

In 2018/19 we prioritised establishing an inclusive workplace and supporting staff to identify the potential impact of policies in relation to equality, diversity and inclusion.

Making changes to the way we regulate and inspect registered pharmacies

This year we carried out **a major consultation with patients and the public, and across the pharmacy sector**, about developing our approach to regulating and inspecting registered pharmacies.

Getting feedback on our proposals

We received 812 written responses to our consultation, including 685 from individuals and 127 from organisations. We met stakeholders in England, Scotland and Wales, and our inspectors went to 21 local pharmacy meetings to talk to pharmacy professionals in the three countries.

We also commissioned YouGov to carry out an online survey, to find out the public's views on our consultation proposals. They surveyed a representative sample of 2,040 adults living in Great Britain between 8 and 9 August 2018.

YouGov survey results


- 76% of people supported the publication of inspection reports
- 72% of people supported publication of improvement action plans
- 79% of people agreed that moving to unannounced inspections provides the public with more assurance that pharmacies meet standards for safe and effective care

Changes to the way we regulate and inspect registered pharmacies

What we heard through the consultation helped our Council to agree the **principles that will govern how the GPhC will regulate registered pharmacies in future** and a number of operational changes in line with these principles.

The changes to our approach include:

- **changes to the types of inspections**
The new model will include three types of inspection: routine inspections, intelligence-led inspections and themed inspections
- **moving to unannounced inspections as a general rule in the future**
This will make sure the outcome of the inspection reflects whether the pharmacy is meeting the standards every day
- **changing inspection outcomes**
There will be two possible outcomes for an inspection overall: 'standards met' or 'standards not all met'. There will also be four possible findings for each of the principles: 'standards not all met', 'standards met', 'good practice' and 'excellent practice'
- **publishing inspection reports, and improvement action plans when relevant, on a new website**
This will be designed so that the information is easy to search and analyse. Pharmacy owners will also be expected to display inspection outcomes in their pharmacies
- **requiring all standards to be met to receive an overall 'standards met' outcome**



If any standard is found not to be met, this will result in a 'standards not all met' outcome overall

- **sharing examples of notable practice**

Examples of notable practice identified through inspections will be published in a 'knowledge hub' on the new website. This will help encourage continuous learning and improvement in pharmacy

Pharmacy inspections

3,667 pharmacies inspected in 2018/19

520 action plans agreed with pharmacies in 2018/19

95% of these have made the necessary improvements*

*The remaining 5% is made up of plans issued more recently, or that are about issues such as building work on premises that take longer to complete.

Read more about what we heard in our consultation report

Progress on implementation

We moved to routine unannounced inspections using the new inspection outcomes from April 2019. We will publish reports from inspections taking place from April 2019 on a new pharmacy inspection publication website which will launch in Summer 2019.

To help us to test and refine some of the operational measures, using feedback from the consultation, we formed an operational reference group. The group was made up of responsible pharmacists, superintendent pharmacists and representatives from

pharmacy bodies from across the sector in England, Scotland and Wales.

We held three meetings with the operational reference group between December 2018 and March 2019. These considered topics including developing our approach to 'notable practice', feedback on the inspection publication website design, and stakeholder views on the inspection annex to our publication and disclosure policy.

Updating our guidance on providing pharmacy services at a distance, including on the internet

In June 2018 we published a discussion paper setting out proposals to strengthen our guidance for pharmacy owners on providing pharmacy services at a distance, including on the internet.

This included introducing new safeguards for patients and the public to help make sure they are only supplied with medicines that are safe and clinically appropriate for them.

These new safeguards received strong support overall from more than 800 individuals and organisations responding to the discussion paper, including patients and members of the public. We also commissioned YouGov to carry out online research with over 2,000 members of the public to help us to understand their views about obtaining medicines online and what we should include in the strengthened guidance.

What we heard helped us to finalise the strengthened guidance, which was published in April 2019.

Responding effectively to issues and developments

Throughout the year, we have carefully considered information and intelligence we have received through our own regulatory activities and from the organisations we work with, and have considered what actions we may need to take in response. One example of this is our work with other partner organisations to help make sure that women and girls receive the right information about sodium valproate.

Sodium valproate is a treatment for conditions including epilepsy and bipolar disorder. Children born to women who take valproate during pregnancy are at significant risk of birth defects and persistent developmental disorders. Guidance was issued by the Medicines and Healthcare products Regulatory Agency (MHRA) in 2018. It says that valproate must no longer be prescribed for any woman or girl able to have children, unless she has a pregnancy prevention programme (PPP) in place.

We worked closely with the MHRA and other organisations to help make sure pharmacy owners and pharmacy teams were aware of the PPP requirements within the guidance. When inspecting pharmacies, GPhC inspectors are now also systematically checking compliance with the guidance. We have also worked directly with organisations representing children and families who have been harmed after valproate was taken during pregnancy, to help us to understand the experiences of patients who may be prescribed valproate and those of their families.

Introducing revalidation for pharmacy professionals

Pharmacy professionals who were due to renew their registration by 31 October 2018 were the first group to carry out revalidation. They submitted their records when they renewed their registration, using the new myGPhC online system. Just under 95% of them successfully completed all the new requirements.

From that date onwards, every time a pharmacy professional renews their registration with us, they must submit records to show how they have carried out and recorded revalidation activities.

As at 31 March 2019, over 47,000 pharmacy professionals (59% of the register) have submitted their revalidation records when they renewed their registrations. All pharmacy professionals will have had to submit their revalidation records for the first time by 15 October 2019.

What is revalidation?

Revalidation is a process which helps to show that the trust members of the public have in pharmacy professionals is well placed. We developed it using what we learned from three years of research, piloting and testing. It helps pharmacists and pharmacy technicians to:

- keep their professional skills and knowledge up to date
- reflect on how to improve

- show how they provide the safe and effective care patients and the public expect, as set out in the standards for pharmacy professionals

Pharmacy professionals whose renewal is due from 31 October 2018 to 15 October 2019 must record four pieces of continuing professional development (CPD) activity carried out during the previous 12 months and submit these with their renewal.

In their second year of submitting their revalidation records, and in all subsequent years, pharmacy professionals will have to submit four CPD records, a peer discussion record and a reflective account.

Find out more in the revalidation

framework, which sets out our expectations of what pharmacy professionals must do each year to meet the revalidation requirements.

Supporting pharmacy professionals to complete revalidation

As well as speaking at 70 events about revalidation implementation, reaching 4,500 stakeholders, we developed a range of materials to help pharmacy professionals to understand and complete their revalidation, including:

- a video animation on YouTube to give an overview of the process, and explain how to submit records and how these may be selected and reviewed. This has been viewed over 13,000 times
- a library of example CPD records, peer discussions and reflective accounts, with examples from eight areas of practice. This includes non-patient-facing and management roles, and locum work
- holding a webinar in June 2018 which included a presentation and a Q and A session, so pharmacy professionals who could not attend a presentation in person could find out about revalidation and ask questions
- links to resources developed by professional bodies and training organisations

Developing new standards for the education and training of the pharmacy team

We continued our programme of work to review the standards for the education and training of the pharmacy team.

Standards for the initial education and training of pharmacists

In January 2019, we launched a landmark consultation proposing significant changes to the initial education and training of pharmacists.

Pharmacists' roles are evolving in response to changes in the way health services and social care are delivered. The consultation asked for views on how education and training should change so that the pharmacists of the future are fully equipped for the roles they will need to take on to deliver a safe, high-quality service to patients and the public.

The proposals include:

- integrating academic study and workplace experience, and putting more emphasis on experiential and inter-professional learning
- a more structured approach to learning in practice (previously known as pre-registration training) with more regular and documented progress meetings
- having one set of learning outcomes which cover both education and practical experience

- revising the learning outcomes so they are more focused on developing clinical skills and communication skills, while still acknowledging the critical importance of science


The proposals also cover how course providers select students and deliver their courses. They include:

- strengthening selection and admission processes
- strengthening equality, diversity and inclusion requirements
- a requirement on course providers to carry out an annual review of student performance and admissions against the protected characteristics in the Equality Act 2010, and
- an expectation that schools of pharmacy, employers and commissioners will work together to develop proposals to integrate academic study and practice

Developing our proposals

Before the consultation opened, we met schools of pharmacy, other organisations involved in education and training, and government officials and the health ministers in Scotland and Wales, to get their views on how the standards and learning outcomes should change.

We have also continued to consider the implications of initial education and training policy developments across the countries of Great Britain. This was to make sure the standards we developed were flexible enough to accommodate diverse and innovative provision of pharmacy education.



For example:

- in Scotland we were involved with work to take forward the Scottish Government's policy to introduce a 5-year integrated initial education and training programme for pharmacists, and
- in Wales, we were involved with work to increase the number of pharmacist training places and offer all pharmacist pre-registration trainees multi-sector training from 2020

Standards of education and training for independent prescribers

In January 2019 we published **new standards for the education and training of pharmacist independent prescribers**, following a consultation that we held in Spring 2018.

The new standards are designed to make sure that prescribing courses are 'fit for purpose' and that the learning outcomes will help prepare pharmacist independent prescribers for their current and future roles. These roles are continuing to broaden and develop. The number of independent prescribers on our register continues to grow: during 2018/19, the number of independent prescribers on our register increased from 6,281 to 7,921 – an increase of 26%.

We expect training providers to design courses incorporating the new standards during 2019. We will make the move to accrediting courses using the new standards during Summer 2019. From then on, we will use the new standards to accredit all providers.

We also produced a draft evidence framework for providers to help them in designing and developing courses incorporating the new

standards. We asked providers who started to use the framework to give us feedback on it, and we will produce a final version later in 2019.

Standards for the initial education and training of pharmacy technicians

During this year, we have been engaging with commissioners, education and training providers and employers across Great Britain as work continues to develop new courses that will meet the standards for the initial education and training of pharmacy technicians. **We introduced these new standards in 2017**, and expect to begin accrediting the new courses in 2019/20.

Pharmacy support staff

As part of our review of the education and training of the pharmacy team, we wanted to look at the education and training of pharmacy support staff and consider how we could strengthen the regulatory framework.

In a 2017 consultation on new guidance on ensuring a safe and effective pharmacy team, we had proposed some changes to the regulatory framework for unregistered members of the team. After carefully considering the feedback to that consultation, our Council decided that more work was needed in this area before we made any final decisions.

As part of this further work, we held focus groups in London, Glasgow and Cardiff with patients, the public and pharmacy support staff themselves in October 2018. We wanted to understand more about what requirements should be set in the future. We spoke to over 50 members of the public, and over 50 pharmacy support staff over the three events.

We **gathered all the feedback we heard in a report** and are using this to develop new proposals during 2019 on training for pharmacy support staff.

New guidance on ensuring a safe and effective pharmacy team

In June 2018, we published new guidance which sets out what pharmacy owners are expected to do to ensure a safe and effective pharmacy team and meet the standards **set out under Principle 2 of the standards for registered pharmacies**.

In response to feedback received during the 2017 consultation, we included a section in the guidance on what pharmacy owners should do to make sure there are enough suitably qualified and skilled staff in each pharmacy.

We wrote to all pharmacy owners when the guidance was published to ask them to take the necessary steps to make sure they are meeting our standards and have taken account of this guidance. Our inspectors have also been looking for evidence of this during inspections. We have also worked with trade associations, trade unions and professional bodies within pharmacy to help us understand how the guidance is being implemented, and the challenges that pharmacy professionals, pharmacy teams and pharmacy owners are experiencing that could increase the risk of our standards and guidance not being met. This included organising a roundtable discussion in February 2019.

Improving the way we work

During 2018/19 we have continued to build on our commitment to improving the way we work.

We have carried out more work on our organisational structure and continued our cultural change programme. We have regularly monitored and reviewed our progress, including through a programme of staff surveys. We have also met other regulatory bodies to see how our work culture compares to similar organisations.

We have continued with a major programme to improve the services we provide to the people registering with us. In March 2018 we launched myGPhC, our new online service for registrants and applicants. This year pharmacy professionals used the new system to renew their registrations and to record and submit their revalidations, and pharmacist pre-registration trainees used it to submit their initial registration applications. We are continuing work to offer more application and revalidation processes online through myGPhC in the coming year.

The new system has helped us to manage our data more efficiently, by improving the quality of the information we hold and making its collection more secure. It also helps us to keep to the new General Data Protection Regulation (GDPR) requirements.

We are bringing together data we have gathered through our regulatory work and from outside sources as we continue to work to improve:

- the quality and consistency of the data we hold

- our data infrastructure, and
- the efficiency of our reporting capability

During the year we continued to monitor our operating costs. We have used existing mechanisms where possible, such as our routine planning and budgeting process, to help make sure we are maintaining and improving our efficiency and effectiveness. The Efficiency and Effectiveness Assurance and Advisory Group (EEAAG) has now become the Finance and Planning Committee and will continue to report to our Council on our progress.

This year we consulted on a fee increase for pharmacists, pharmacy technicians and registered pharmacies. Our council agreed the first increase in fees since 2015, effective from July 2019.

Over the last year we have also begun work to develop a 10-year vision for the organisation, to make sure that we remain relevant and effective, and are fit to successfully deliver our aims. The vision will also help us to plan for and deliver a sustainable financial position. As part of this, we have started to develop a longer-term financial strategy. This includes a comprehensive review of costs and fee structures, and an accommodation review.

Integrating equality and diversity into the way we work

In 2018/19 we prioritised establishing an inclusive workplace with a strong commitment to work/life balance.

This year, we have continued to meet our equality obligations and our commitment to diversity and inclusion, as a regulator and an employer, by:

- carrying out regular training on equality, diversity and inclusion (EDI), including:
 - equality and unconscious bias training for all staff and associates
 - disability awareness training linked with making adjustments for staff, associates and visitors
 - continuing the rollout of ‘Headtorch’ mental health awareness training as part of our focus on mental health
 - setting up a core group of mental health first aiders across the organisation
- setting up networks to help to promote an inclusive workplace, including:
 - Black, Asian and minority ethnic (BAME), and women’s and social networks for staff
 - joint regulatory LGBT+ and disability networks
- establishing an EDI leadership group that monitors and provides assurance of EDI practice, with representation from across the organisation

- introducing a regular programme of lunchtime seminars, blogs and tweets, celebrating LGBT history, International Women's Day, mental health awareness, Black History Month, and Disability Day
- publishing a gender pay gap analysis for the first time
- continuing our existing membership of the Business Disability Forum and the Wharfability Disability Network, and joining Stonewall and Disability Confident
- providing extra support to staff in identifying the potential impact of policies on equality, diversity and inclusion, including templates staff can use to carry out equality impact analyses
- introducing equality monitoring and analysis when we first review and assess fitness to practise concerns
- increasing the number of BAME candidates for council and committee member vacancies
- reviewing, with the Council, the diversity statistics report on the recruitment of the statutory committees and discussing the broader themes identified in the report, to feed into ongoing work
- maintaining EDI monitoring in our education standards, reviewing our registration assessment adjustment framework and engaging with diverse groups to understand potential equality and diversity implications for our standards-setting

Communicating with the Welsh-speaking public

We are committed to making sure that Welsh-speaking members of the public are able to understand and get involved in our work, as set out in our **Welsh language scheme**.

During 2018/19, we have continued to publish our key documents – including standards, guidance, consultations and council member recruitment materials – in Welsh.

We have introduced an accessibility tool – Recite Me – to our website, which includes automated Welsh translation.

Welsh-language standards

The Welsh Language (Wales) Measure 2011 updated the legal framework covering the use of the Welsh language in delivering public services. The measure provides for the development of standards of conduct relating to the Welsh language. These will gradually replace the existing system of Welsh language schemes. We have, along with other healthcare regulators, continued to engage with the Welsh Government about the scope and extent of standards that will apply to us.



Looking to the future

We are in the third and final year of **our strategic plan for 2017–20**, which says how we will achieve our key aim of supporting and improving the delivery of safe, effective care and upholding trust in pharmacy, by making sure that:

- the pharmacy team have the necessary knowledge, attitudes and behaviours
- registered pharmacies deliver safe, effective care and services
- pharmacy regulation is efficient and effective

A key priority for 2019/20 will be to finalise our 10-year vision. As part of this work, we have developed an annual plan for 2019/20, which sets out our priorities for the coming year.

Building our data and insight capability

In 2019/20 we will:

- continue to update our data, approach and procedures to ensure compliance with data protection legislation
- develop a strategic engagement and research programme
- develop a strategic approach for how we will systematically evaluate the impact of our work going forwards
- start to report more broadly on our performance based on good quality sustainable data sources
- develop and implement an intelligence model for managing incoming information

- develop a broader range of information for collection to support proactive and intelligence informed actions
- invest in the scoping of a whole organisation approach to managing incoming enquiries about pharmacy

Developing a proportionate and restorative approach to fitness to practise

In 2019/20 we will:

- develop and engage on a strategy for a proportionate and restorative approach to fitness to practise
- design an approach to managing health issues that supports registrants back into practice where appropriate
- improve the way we communicate with everyone involved throughout the fitness to practise process
- improve our understanding of the unintended impact of the fitness to practise process on everyone involved in the process

Implementing our approach to regulating registered pharmacies

In 2019/20 we will:

- implement the updated principles and approach to how we regulate registered pharmacies
- publish our inspection reports and examples of notable practice in the knowledge hub

- enhance our capability to assess the increasing range of clinical and technology supported pharmacy services
- implement a pro-active programme of awareness raising and communication to the sector and the public on key issues affecting patient safety
- make full use of our enforcement options in line with our enforcement policy

Setting and upholding standards

In 2019/20 we will:

- agree a revised set of initial education and training (IET) standards for pharmacists ready for implementation
- implement revised education and training (ET) standards for pharmacist independent prescribers and consult on guidance for safe and effective prescribing
- agree policy for the education and training of support staff in the pharmacy team
- commence a review of how we accredit education and training providers
- invest in the development of new standards for superintendents, chief pharmacists and responsible pharmacists, subject to legislative change
- implement the final part of our revalidation policy with registrants providing reflective accounts and peer review submissions
- commence accreditation of new education and training courses for pharmacy technicians based on revised standards

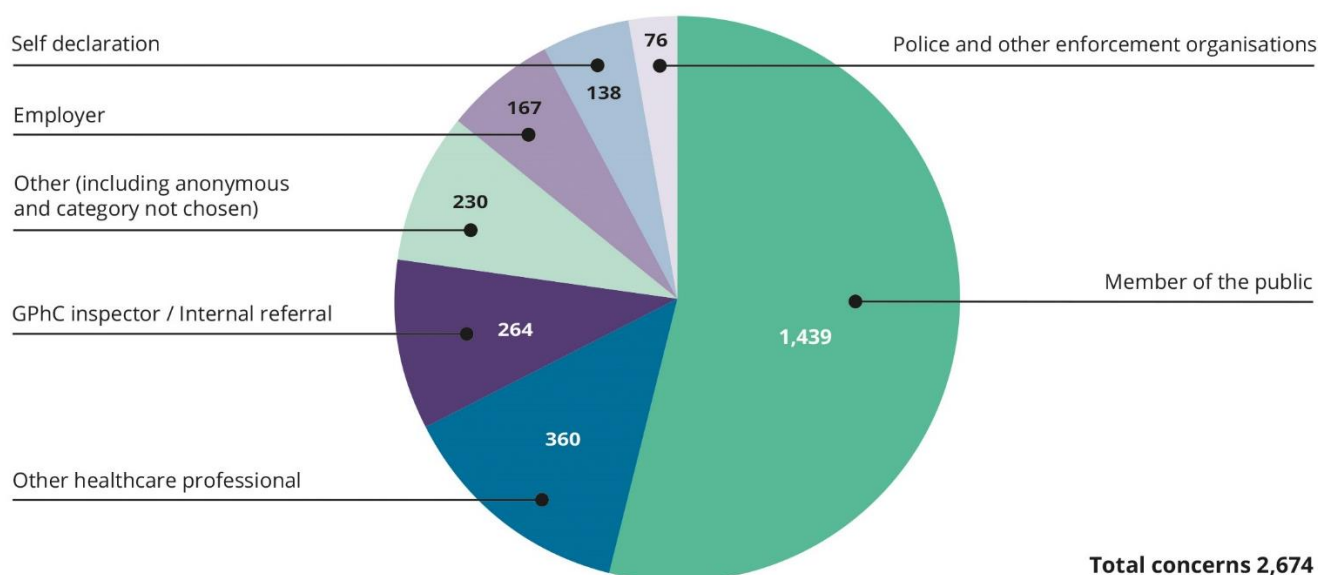
Operating as a professional, lean organisation

In 2019/20 we will:

- launch our 10-year vision and develop a supporting strategic plan
- develop a medium to long-term financial strategy
- move applications for pharmacist pre-registration training, the registration assessment and pharmacy technician initial registration online
- continue the migration of our IT infrastructure and services to the cloud
- develop a medium to long-term strategy for the development of our key business systems aligned to organisational priorities
- develop an updated comprehensive equality, diversity and inclusion strategy with a focus on our regulatory functions
- draft, plan and begin implementation of a three to five-year organisational development strategy
- initiate a review of our current and future accommodation requirements

Annual fitness to practise report

How concerns came to us in 2018/19



What is 'fitness to practise'?

We describe fitness to practise (FtP) as a person's suitability to be on our register without restrictions. We are considering how we define fitness to practise in future, as part of our planned review of our strategy in this area.

Dealing effectively with fitness to practise concerns is at the heart of our commitment to protecting patients and the public, and maintaining public confidence in pharmacists and pharmacy technicians.

If you are concerned that a pharmacist or pharmacy technician registered with us is not fit to practise, you can [**report your concern to us**](#).

You can [**find out more about how we deal with fitness to practise concerns**](#) on our website.

How we deal with concerns

We carefully review and assess every concern we receive. This initial review helps us decide what should happen next. The review may result in a case being closed at this point because it is not within our powers to deal with it. When appropriate, we will tell people about other regulators who may be able to help.

If we can take a case further, we will start an investigation. This will be led by an inspector or a specialist case worker, or – if it is a complicated case – both. Following the investigation, we may decide to:

- take no further action, because we are satisfied that there is no case to answer
- issue a letter containing guidance
- recommend that the evidence is considered by an investigating committee

Many cases are closed at this point, often with guidance which tells the pharmacy professional involved what they must learn from the concerns raised. We keep a copy of this letter on our records. Only the most serious cases are referred to either the investigating committee or the fitness to practise committee.

The investigating committee (IC), which meets in private, can decide to:

- take no action
- agree ‘undertakings’ with a registrant (undertakings are promises by the registrant about things they will or will not do in the future. They may include restrictions on practice or behaviour, or the commitment to undergo supervision or retraining)

- issue a warning or a ‘letter of advice’, or
- refer the case to a fitness to practise committee for a hearing

The fitness to practise committee (FtPC) is a panel which operates independently of the GPhC, and is usually made up of three members.

The FtPC, which usually holds hearings in public, decides if a pharmacy professional is fit to practise.

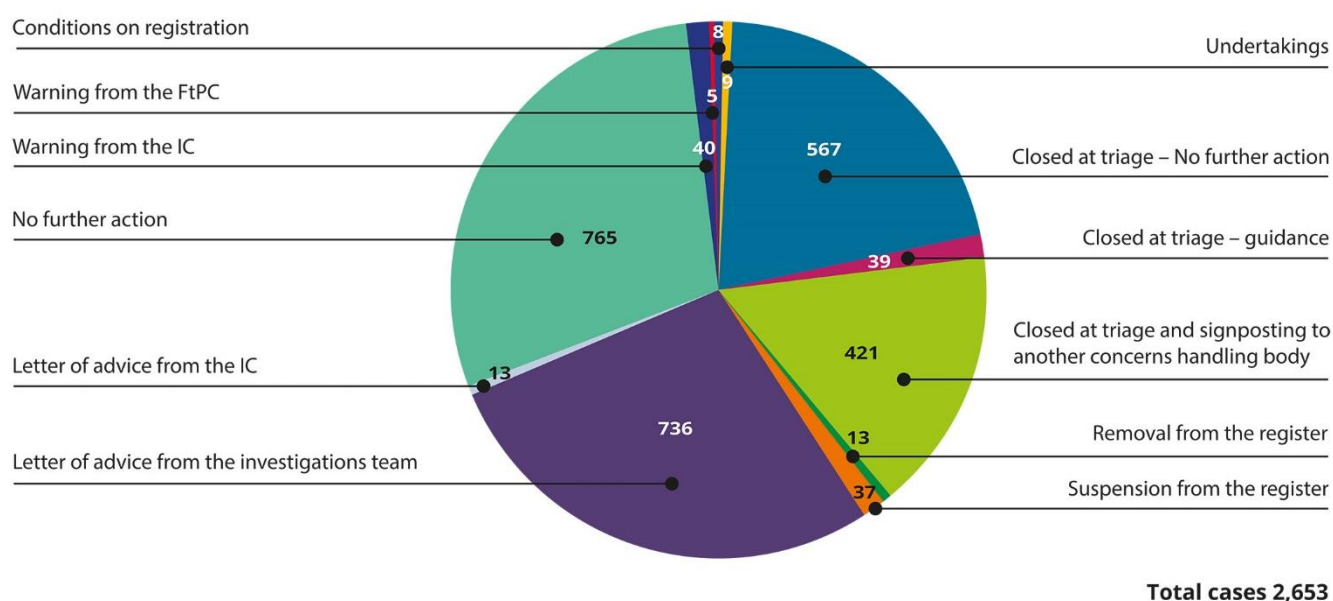
If it finds that they are not fit to practise, it can:

- give them a warning
- set conditions that limit how they can practise
- suspend or remove them from the register

We may receive a concern where a registrant’s behaviour or practice presents a serious continuing risk to patient safety, or they may have a health condition which means that they are a risk to themselves or the public. In these cases we can apply to the fitness to practise committee for an ‘interim order’. Interim orders allow for a pharmacy professional’s registration to be suspended, or made subject to conditions, while we carry out our investigation.

A fitness to practise committee may impose sanctions. These can include suspending a pharmacy professional or removing them from the register. Sanctions are not about punishing past conduct. Rather, they reflect the interests of the public – either to ensure public safety, to maintain public confidence in the profession, or to maintain proper standards of behaviour.

Outcomes of cases closed in 2018/19



The 'No further action' category includes cases considered at all stages of the FtP process, other than at triage.

Dealing with concerns in 2018/19

The number of concerns we received

This year the overall number of concerns raised with us increased. In 2018/19 we received 2674 concerns, 345 more than in 2017/18. It is difficult to give reasons for the increase because there are many potential causes. In 2019/20 we will make changes to the case categories we use, to better understand possible links between types of concern and increases in number.

Who raised concerns?

We have seen a small change in the source of concerns. Members of the public continued to raise more than half the concerns we consider. But as a proportion of all concerns, members of the public contributed a slightly lower

percentage compared with last year (54% compared with 57%). This is because we received more concerns this year from:

- employers
- other healthcare professionals, and
- our inspectors or other GPhC staff

The outcomes of concerns

There has been a notable change in the outcomes of cases over the last year, compared with the previous year. There are likely to be many contributing factors depending on the stage at which a case is closed.

Triage outcomes

This year, we made changes to how we oversee and report on the earliest stages of considering a concern. The first change was to introduce more senior oversight into this process during the last quarter of 2018/19. This has provided additional assurance that we are taking concerns forward, or closing them, through the most appropriate route.

The second change was to improve how we report outcomes at triage to better demonstrate how often we decide to:

- close a concern with no further action
- close a concern with guidance for the pharmacy professional, or
- signpost to more appropriate concerns-handling organisations

Together, these changes make it more difficult to make a direct comparison with the previous year. It may explain why more concerns were closed at triage. Overall, there were 1,027 concerns closed at this stage in 2018/19 (39% of all concerns raised) compared with 791 in 2017/18 (34% of all concerns raised).

We are currently evaluating the impact of adding more senior oversight into the triage process and we will report on this in 2019/20.

Investigation outcomes

Just before the start of last year, we made a change to how we make decisions during our investigations by introducing revised threshold criteria, which we developed with input from patient-representative and special interest groups. These are the criteria we use to decide whether to refer a case to the investigating committee.

The introduction of the revised criteria appears to have contributed to the increase in the number of cases being closed with guidance from the investigation teams. In 2018/19 we closed 736 cases with guidance following an investigation (45% of all the concerns closed after an investigation). This is compared with 400 cases in 2017/18 (26% of all the concerns closed after being investigated). This is a 19% increase in cases closed without being referred to a committee.


We reviewed how the changes were affecting outcomes soon after we brought them in. Now that we have a full year of data to analyse, we will be carrying out a further evaluation of the impact of our revised threshold criteria on our case outcomes.

Investigating committee and fitness to practise committee outcomes

We have seen a reduction in the number of removal, suspension and warning outcomes at the investigating and fitness to practise committee stages. However, compared with the overall number of concerns, the reductions are not as significant as they first appear. For example, we closed 13 cases through removal from the register in 2018/19. This is half the number closed with the same outcome in 2017/18 (26 cases).

Case progression

We have maintained our performance over the last year in progressing cases, with only a slight increase in cases that are over 12 months old. We have done this despite receiving more concerns, and spending more time considering cases at triage through additional senior oversight. At 31 March 2019, 79% of our open



cases had been open for less than 12 months, compared to 81% at the same time last year. We continue to progress these cases whenever possible with additional management focus on the older cases. We published new guidance on 'parallel investigations' to make sure we take all possible steps to progress cases which are also being investigated by other organisations.

How do I find out about fitness to practise hearings?

Fitness to practise committee hearings are usually held in public at our Pharmacy Hearings Centre and members of the public are welcome to attend.

Some fitness to practise committee hearings are held in private if, for example, there are matters involving a registrant's health.

You can **[find out about upcoming hearings](#)**, and about **[decisions the fitness to practise committee has made](#)** on our website.

Our reporting requirements

Under the Pharmacy Order 2010 there are certain items on which we must report as part of demonstrating our accountability to parliament.

We have to publish annual reports and accounts, and provide them to the Privy Council Office for laying in the UK and Scottish Parliaments.

We have to publish:

- an annual report on how we have carried out our work, including the arrangements we have that make sure we follow good practice in relation to equality and diversity
- a statistical report which shows the efficiency and effectiveness of our arrangements to protect members of the public from registrants whose fitness to practise is impaired. The report includes a description of the arrangements and the Council's comments on the report
- annual accounts, in a form set by the Privy Council
- our external auditors' report on our accounts

This report is published to meet these requirements.

The Privy Council has issued an 'accounts determination', setting out what we must include when preparing our annual accounts. The accounts determination is in appendix 1 to our financial statements. Our accounts have been produced in line with this determination.

As a body funded by fees and independent of government, we are not covered by the treasury guidance on managing public money. But we want to follow best practice, both in being transparent and in communicating with members of the public, who are our main stakeholders. We have therefore aimed to keep our reporting as clear and straightforward as possible, with the least amount of duplication.

We have provided a governance statement by the chief executive and registrar. This covers the systems we have to support our strategy and objectives, while safeguarding our assets. The statement also includes the chief executive's review of the effectiveness of our systems of internal control.



How we govern ourselves

The Council is the GPhC's governing body and is appointed by the Privy Council. It sets the strategic direction and objectives for the organisation, in line with its statutory objectives.

It monitors the organisation's performance, and that of the senior leadership group. It also safeguards the organisation's assets and makes sure its financial affairs are run properly.

The GPhC's Council has 14 members: seven lay members and seven registrant members. There is at least one member who lives or works in each of England, Scotland and Wales.

The Privy Council has re-appointed Nigel Clarke as chair for a period of four years from 1 April 2018 to 12 March 2022. Nigel has served as chair of the GPhC since March 2014 and was re-appointed by the Privy Council following scrutiny of the appointment process by the Professional Standards Authority.

Five council members' terms ended on 31 March 2019 and the GPhC is grateful for the contributions made by the outgoing council members: Berwyn Owen, David Prince, Mary Elford, Mohammed Hussain and Samantha Quayle.

These vacancies were filled after a rigorous selection process and the new appointments have been confirmed by the Privy Council. We were pleased to welcome, from 1 April 2019, Aamer Safdar, Ann Jacklin, Neil Buckley, Penny Hopkins and Rima Makarem.

Three present members of the Council, Arun Midha, Joanne Kember and Mark Hammond, have been re-appointed for a second term.

The Council has agreed a structure of pay and expenses for its members that is in line with the Nolan Committee's 'standards in public life'. It avoids features that would undermine good governance.

Council development

The Council is committed to appraising its members' performance, and its own performance as a governing body, every year. Council members are appraised by the chair of the Council each summer. The chair also receives feedback from an external consultant following a '360-degree' appraisal. The Council considers its own performance as a governing body each year.

Council members' pay and attendance

April 2018 to March 2019

This table records council members' attendance at regular formal meetings only. Council members also take part in other meetings and events. This has included working on assurance and advisory groups, and working with our stakeholders by attending engagement events across Great Britain.

Name	Registrant or lay member	Pay ¹ £	Council meetings attended ²	Council workshops attended	Committee meetings held or attended
Nigel Clarke ³	Lay	56,000	10 out of 10	10 out of 10	RemCo* 3 out of 3
Alan Kershaw	Lay	12,500	10 out of 10	10 out of 10	RemCo 2 out of 3
Arun Midha	Lay	12,500	9 out of 10	9 out of 10	Not applicable
Berwyn Owen ⁴	Pharmacist	15,000	9 out of 10	9 out of 10	RemCo 3 out of 3
David Prince	Lay	12,500	10 out of 10	10 out of 10	EEAAG** 3 out of 4
Digby Emson ⁵	Pharmacist	15,000	10 out of 10	10 out of 10	ARC*** and EEAAG 4 out of 4 & 4 out of 4
Elizabeth Mailey	Pharmacist	12,500	9 out of 10	9 out of 10	RemCo 3 out of 3
Evelyn McPhail	Pharmacist	12,500	8 out of 10	8 out of 10	Not applicable
Jayne Salt	Lay	12,500	10 out of 10	10 out of 10	ARC 3 out of 4
Joanne Kember	Pharmacist	12,500	8 out of 10	8 out of 10	Not applicable
Mark Hammond ⁶	Lay	16,000	10 out of 10	10 out of 10	ARC and EEAAG 4 out of 4 & 4 out of 4
Mary Elford	Lay	12,500	8 out of 10	8 out of 10	EEAAG 3 out of 4
Mohammed	Pharmacist	12,500	9 out of 10	9 out of 10	ARC 4 out of 4
Samantha Quaye	Pharmacy technician	12,500	10 out of 10	10 out of 10	EEAAG 2 out of 4



Notes to the Council members' pay and attendance table

* Remuneration Committee

** Efficiency and Effectiveness Assurance and Advisory Group

*** Audit and Risk Committee

1. Council members' pay is given as a gross figure.
2. The attendance figures cover both formal meetings and informal workshops of the Council, and committee attendance. All council members must take part in other events such as strategy days, stakeholder meetings and task groups and do the relevant preparation. They do not receive extra payment for these.
3. Chair of the Council.
4. Includes £2,500 for chairing the Remuneration Committee.
5. Includes £2,500 for chairing the Audit and Risk Committee.
6. Includes £2,500 for chairing the EEAG, and £1,000 for chairing the group in 2017/18, paid in 2018/19.

Council members expenses

April 2018 to March 2019

Council member	Travel	Accommodation	Subsistence	Total (£)
Nigel Clarke	1,552.81	470.60	6.45	2,029.86
Alan Kershaw	0.00	0.00	0.00	0.00
Arun Midha	2,056.30	1,650.00	272.09	3,978.39
Berwyn Owen	2,346.17	2,366.00	463.65	5,175.82
David Prince	639.95	0.00	0.00	639.95
Digby Emson	2,838.00	0.00	0.00	2,838.00
Elizabeth Mailey	905.20	142.50	0.00	1,047.70
Evelyn McPhail	3,627.99	326.00	0.00	3,953.99
Jayne Salt	964.75	2,043.00	6.29	3,014.04
Joanne Kember	962.50	2,369.14	145.81	3,477.45
Mark Hammond	1,514.70	142.50	0.00	1,657.20
Mary Elford	0.00	0.00	0.00	0.00
Mohammed Hussain	2,021.80	773.61	30.00	2,825.41
Samantha Quaye	135.14	0.00	0.00	135.14



GPhC committees

Statutory committees

Under the Pharmacy Order 2010 there are three statutory committees: investigating, fitness to practise and appeals.

Investigating Committee

This committee considers concerns about a registrant's fitness to practise, or a person's suitability to run a community pharmacy business. The committee decides whether to refer a concern to the Fitness to Practise Committee for a full hearing.

Fitness to Practise Committee

This committee makes decisions about whether a registrant's fitness to practise is impaired because of their conduct, professional performance or health. The committee also makes decisions about whether a person should be disqualified from running a community pharmacy business.

Appeals Committee

This committee considers appeals about registration and education matters.

Non-statutory committees

The Council has decided that any other, non-statutory, committees should be kept to a minimum to help limit bureaucracy and make sure responsibilities are clearly defined. The GPhC has four non-statutory committees: audit and risk, remuneration, appointments, and finance and planning (previously the Efficiency and Effectiveness Assurance and Advisory Group [EEAAG]). The membership of the Council's non-statutory committees is changed

every twelve months through an agreed process.

Audit and Risk Committee

The Audit and Risk Committee supports the Council by reviewing the GPhC's internal and external audit arrangements. It also reviews the arrangements for managing risks. It provides assurance to the Council that risks are being identified and managed. This includes advising the Council on the assurances provided in respect of risk and internal controls.

The committee is made up of four council members including the chair of the committee, Digby Emson. Digby's appointment began on 1 April 2017 and he continued to serve as chair throughout 2018/19. On 7 March 2019, the Council approved Digby's appointment as chair for 2019/20, with effect from 1 April 2019.

The committee also has an independent member, Helen Dearden. Helen took up the appointment on 1 April 2017 and continued to serve as independent member throughout 2018/19.

The Audit and Risk Committee met four times in the year: in May, July and October 2018, and in January 2019.

The committee continues to focus on risks to the GPhC's ability to achieve its strategic objectives. The committee has reviewed the GPhC's management of risk at each meeting and its reviews have been used as part of the Council's scrutiny of the chief executive and registrar's reports on risk management.

The annual internal audit plan is based on the three-year internal audit strategy agreed with internal auditors Moore Stephens. Under the strategy there is a systematic and prioritised review of policies, procedures and operations, and the focus of internal audit is on higher-risk areas.

Overall, ten engagements were undertaken by our internal auditors and reviewed by the committee, of which two were advisory in nature, and another following up previous recommendations.

1. Fitness to practise decision-making process: green
2. Intelligence (data strategy) – Part 1: not applicable
3. Intelligence (data strategy) – Part 2: green-amber (advisory)
4. Key financial controls: green-amber
5. Quality control for report publication: green-amber
6. Strategy and vision 2030 development: green-amber (advisory)
7. Health and safety: amber
8. Integrity of the register: amber
9. Follow up: green-amber
10. Digital transformation project – security review: not applicable

Appointment of external auditors

The current external auditors Crowe UK LLP were appointed by the Council on 12 October 2017, following the recommendation of the Audit and Risk Committee tender panel.

Explanation of the ratings

Green: overall, there is a sound control framework in place to achieve system objectives, and the controls to manage the risks audited are being consistently applied. There may be some weaknesses but these are relatively small or relate to achieving higher or best-practice standards.

Green-amber: generally a good control framework is in place. However, some minor weaknesses have been identified in the control framework, or there are areas of non-compliance which may put the achievement of system or business objectives at risk.

Amber: weaknesses have been identified in the control framework or there is non-compliance, and this puts the achievement of system objectives at risk. Some remedial action will be needed.

Amber-red: significant weaknesses have been identified in the control framework or there is non-compliance with controls, and this puts the achievement of system objectives at risk. Remedial action should be taken promptly.

Red: fundamental weaknesses have been identified in the control framework or there is non-compliance with controls, and this leaves the systems open to error or abuse. Remedial action is needed as a priority.

Advisory: these reports do not have a formal assurance rating as they are a review of work areas that are ongoing and not complete.



Remuneration Committee

The Remuneration Committee has the power, delegated from the GPhC's governing council, to approve or reject the pay framework for GPhC employees and the packages for the chief executive and directors. The committee advises the Council on the remuneration (pay) policy for Council members and on the expenses policy for Council members and staff. The committee is also responsible for setting the remuneration and expenses policy for associates.

The committee is made up of four council members including the chair of the committee, Berwyn Owen, appointed in April 2017, Alan Kershaw, who was also appointed to the committee in April 2017, Nigel Clarke, Chair of Council and Elizabeth Mailey, who joined the Council in April 2017. The committee also has two independent members, Rob Goward and Janet Rubin.

Berwyn stepped down as chair of the committee on 31 March 2019 having completed two terms of office as council member. We are grateful to Berwyn for his commitment and contribution to the work of the committee over the years.

On 7 March 2019, the Council appointed Elizabeth Mailey as the new chair of the committee for 2019/20, with effect from 1 April 2019.

The committee met three times in the year: April and September 2018, and February 2019. Over the year the committee considered the pay of the chief executive and registrar, directors and employees, as well as the remuneration for council members. Following discussion in September 2018, the committee recommended that there should be no increase

to the remuneration rates for the chair and members of the Council. It also recommended that the discretionary payments for the council members who chaired the non-statutory committees should stay as they were. These recommendations were agreed by the Council in November 2018.

The committee's other work in this area focused on:

- the review of staff reward and recognition, and
- monitoring ongoing work in relation to our culture and all staff surveys.

Equality, diversity and inclusion has also been prominent in the committee's discussions and decision-making over the course of the year. There has been a strong focus on ensuring that policies within the committee's remit reflect and promote our commitment to EDI, and that this is working as intended in practice - for example, in relation to scrutiny of the gender pay gap, and staff health and wellbeing.

Efficiency and Effectiveness Assurance and Advisory Group (EEAAG)

The chief executive and the chair of the Council established the group to provide assurance to the chief executive that the GPhC's efficiency and effectiveness programme is progressing and delivering the desired outcomes.

The committee includes five council members, including the chair of the committee, Mark Hammond, and meets four times a year. Mark continued to serve as chair throughout 2018/19. On 7 March 2019, the Council approved Mark's appointment as chair for 2019/20, with effect from 1 April 2019.

At their meeting on 11 April 2019, the Council agreed that this group should become the finance and planning committee, and approved the updated terms of reference.

Appointments Committee

This committee is responsible for recruiting and appointing statutory committee members. It also oversees arrangements for their training and for reviewing their performance. The committee reports to the Council, but no council members serve on the committee. It also has an independent chair, Elisabeth Davies. This is an important part of making sure there is a proper separation of tasks between the Council and the statutory committees.

Chief executive and registrar and directors

The GPhC's staff is headed by the chief executive and registrar. In last year's annual report, we reported that a new structure and leadership model had been introduced, and new people brought into the leadership team. With all senior leaders and directors being involved in aspects of strategy, policy operations and regulatory development, the changes were designed to strengthen integrated working and improve our regulatory effectiveness.

The organisation structure is based on four directorates:

- Education and Standards: Mark Voce, director
- Fitness to Practise: Carole Auchterlonie, director
- People: Francesca Okosi, director
- Insight, Intelligence and Inspection: Claire Bryce-Smith, director

Mark Voce was appointed director of the Education and Standards Directorate in January 2019, after taking on the role on an interim basis in 2018.

Carole Auchterlonie joined us in January 2019 as Director of Fitness to Practise. We are grateful to Matthew Hayday for his commitment and contribution during his time as interim Director of Fitness to Practise from 1 December 2017.

Senior leadership group

The senior leadership group has been set up by the chief executive and registrar as a way of carrying out a number of key executive governance responsibilities. The senior

leadership group is made up of the chief executive and registrar, the directors, and the chief of staff, Laura McClintock.

You can find more information about our structure on our website.

Accounting requirements

The GPhC is an independent statutory body, accountable to Parliament and the Scottish Parliament. The GPhC must, under the Pharmacy Order 2010, prepare annual accounts in a form set by the Privy Council. We must prepare accounts for each year in line with UK accounting principles and the disclosure requirements prescribed in the United Kingdom Generally Accepted Accounting Practice (GAAP). The accounts must be prepared so they give a true and fair view of the state of affairs of the organisation, and of its income, spending, recognised gains and losses, and cash flows for the financial year.

Number and types of complaints

We received 80 complaints about our services in 2018/19 (106 in 2017/18). Some complaints were about more than one issue so we have set them out in the table according to the main theme of the complaint. More detailed information about complaints is reported to the Council through regular performance monitoring.

Issue	Total 2018/19
GPhC process	31
Outcome of a concern/GPhC decision	10
Information and data	2
myGPhC	11
Staff conduct	3
Equality and diversity	0
Standards and assessment	4
Fees	7
Other	12
Total	80

How we meet freedom of information and data protection legislation

Under the Freedom of Information Act 2000 (Fol), anyone can ask to see GPhC records. You can **find out how to do this on our website**.

Our publication scheme is the 'model publication scheme', revised and approved by the Information Commissioner (ICO) in 2014 for all health regulators. This commits us to publishing information routinely.

As a registered data controller under the Data Protection Act 2018 (DPA), we collect, store and use personal data. We use this data for, for example, updating the register, dealing with concerns, compiling statistics and keeping our stakeholders up to date with information about the GPhC. We share personal data with other organisations in the public interest and to support our statutory role and responsibilities. You can find out more about **how we use and protect personal data and the organisations we work with** on our website.

There were no personal data incidents reported to the Information Commissioner's Office in the year.

We updated our policies and practice to meet the new data protection legislation (General Data Protection Regulation (EU 2016/670) and Data Protection Act 2018) that came into force in May 2018. We consulted on and updated our publication and disclosure policy. Our employees, associates and council members took part in training about the new legislation.

In 2018/19, we received 225 information requests under the Freedom of Information and

Data Protection Acts (we received 312 in 2017/18). Although the number of requests was lower this year, we have seen an increase in their complexity and more subject access requests that involve reviewing large volumes of information.

Information request type	Number in 2018/19
FOI	151
DPA*	36
Subject access**	38

* DPA cases are those when a third-party organisation makes a request for the personal data of an individual and we consider disclosure under one of the exemptions in the Data Protection Act.

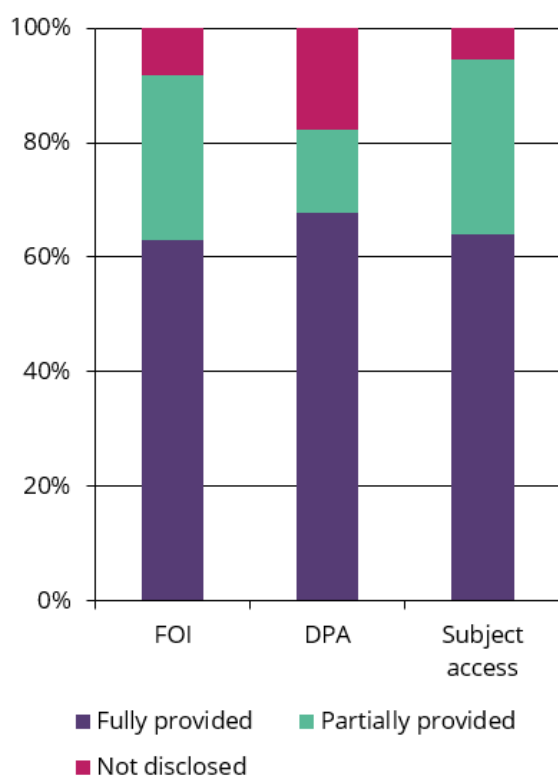
**Subject access requests are when someone asks us to disclose to them the information we hold about them. We aim to be as transparent as possible in these cases, but may not be able to provide all the information they ask for. For example, we may 'redact' (edit or remove) information that contains the personal data of other people.

In 14 cases we did not hold the information requested. When we held the information, we disclosed it – either in full or in part – in 91% of our responses to requests. We received nine requests to review a decision we had made about disclosure, and the **Information Commissioner's Office** assessed three

complaints about our responses during the year. The Commissioner partially upheld one complaint, but did not uphold another. We settled one case informally and agreed to give part of the requested data, where it did not identify individual registrants.

We also received seven requests under other rights in the new data protection legislation.

Disclosure rates 2018/19



Whistleblowing disclosures to us as a 'prescribed person'

The Small Business, Enterprise and Employment Act created a power for the Secretary of State to require 'prescribed persons' to produce an annual report on protected ('whistleblowing') disclosures made to them by workers. The aim of this duty is to increase transparency in the way that these disclosures are dealt with and to increase confidence among people raising the concern that their disclosures are taken seriously.

As a prescribed person we have to report in writing every year on protected disclosures made to us. This is the report for the period beginning 1 April 2018 and ending on 31 March 2019.

Our role as a prescribed person is to provide workers with a place to make their disclosure to an independent body when:

- the worker does not feel able to make a disclosure directly to their employer, and
- we may be in a position to take regulatory action on the disclosure

When we are unable to take regulatory action because the disclosure is outside the scope of our functions, we would refer the disclosure to an appropriate organisation.

From 1 April 2018 to 31 March 2019 we received 16 qualifying disclosures of information.

Out of the disclosures made, we concluded our enquiries on eight with a further eight still under review.

The action we took included:

- a full investigation through established fitness to practise processes, and
- follow-up action through our inspection network

The former action can result in any available outcome throughout the fitness to practise process. The latter can include issuing guidance, a follow-up visit or an unexpected inspection.

Three cases were investigated and concluded with no further action. One case was signposted to another organisation. The remaining five cases were investigated and concluded with advice from fitness to practise, inspection or education colleagues.

None of the disclosures had an impact on our ability to perform our functions and meet our objectives.



Governance statement 2018/19

Scope of responsibility

As chief executive and registrar, I am accountable to the Council for maintaining a sound system of internal control that supports the Council's strategy and objectives, while safeguarding the GPhC's assets. I am also responsible for making sure that GPhC business is conducted in line with the law and proper standards.

In carrying out this overall responsibility, I am responsible for putting in place proper arrangements for the governance of the GPhC's affairs and for making sure it carries out its functions effectively. This includes arrangements for risk management.

The purpose of the governance framework

Governance is about the GPhC making sure it is doing the right things, in the right way, for the right people, and in a timely, inclusive, open, honest and accountable manner.

The governance framework is made up of:

- the systems, processes, culture and values by which the GPhC is directed and controlled, and
- the GPhC's activities, through which it engages with registrants, the public and other stakeholders

The framework allows the GPhC to monitor the achievement of its objectives and to consider whether those objectives have been met in an effective and efficient manner.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to deliver policies, aims and objectives. Therefore it can 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 these risks, to evaluate the likelihood and possible impact of those risks being realised, and to manage them effectively, efficiently and economically.

Apart from the changes to the Senior Leadership Group as described earlier in this report, the governance framework has been in place at the GPhC for the year ended 31 March 2019 and up to the date of approval of the annual report and statement of accounts.

The governance framework

Our vision for pharmacy regulation is set out in the GPhC strategic plan 2017–20. Our key streams of work which will help us achieve our strategic aims are explained in the GPhC business plan 2017–20. Both documents are on the GPhC website.

Our business plan gives our senior leadership and staff a clear focus. It gives us a framework we can use to monitor what we are doing to achieve our priorities, so that we can assess our progress and performance in implementing the strategic plan. In turn, key streams of work are supported by more detailed project plans, which are also regularly monitored and reviewed.

You can find more information about the governance framework, including organisational structure and the workings of our committees, in the *GPhC committees* section of this annual report.

Review of effectiveness

As chief executive and registrar, I am responsible for reviewing the effectiveness of the GPhC's governance framework, including the system of internal control. The review of effectiveness is supported by:

- the work of the executive managers within the GPhC, who are responsible for developing and maintaining of the governance environment
- the head of internal audit's annual report, and
- comments received from the external auditors and other review agencies

The Council has appointed Moore Stephens as our internal auditors. At the beginning of 2019, our internal auditors Moore Stephens LLP merged with BDO, with the newly merged firm operating under the BDO brand. This had no practical or other significant impact on our internal audit work during the year.

As in previous years, an annual audit plan was compiled using professional judgement, risk evaluation, and reference to the three-year internal audit strategy 2017-20. To make sure the review of effectiveness has a wide enough scope, the adequacy and effectiveness of the system of internal control has been assessed in relation to main service delivery areas, the management systems that enable us to deliver them, and to our core processes.

We have continued to work with internal audit to make sure our system of internal control is fit for both the present and future.

In last year's annual report, we highlighted our ongoing work to improve our organisation, our services and processes. We also set out our commitment to take a more joined-up approach to this work and to make significant changes to how we develop and implement our strategy. We have continued this work throughout 2018/19, including the development of our 10-year vision for pharmacy regulation, which will provide the overarching framework within which future strategic and business plans will sit. We have also sought assurance from our auditors through an advisory assignment, to help ensure that our vision and strategy work will be effective. In particular, the focus was whether a clear vision is emerging in an effective way that engages Council and takes account of existing plans and financial objectives.

I have been advised that the Audit and Risk Committee's review of the effectiveness of our governance framework indicates that the framework continues to be fit for purpose.

In making this statement, I have noted the internal audit opinion that there is an adequate and effective system of governance, risk management and internal control to address the risk that management's objectives are not fully achieved.

The areas we have already addressed and those to be specifically addressed with new or additional actions are outlined below.



Key governance issues

Governance issue: improving the capability of key staff responsible for health and safety oversight and delivery, and improving responsibility and accountability for incident reporting

Mitigating/proposed action: We have set up a health and safety steering group, whose responsibility is to address these issues and to strengthen health and safety arrangements. Additionally, we are being supported in this work by external health and safety consultants, to ensure that actions and recommendations are taken forward appropriately, including the important issues of staff training and competency.

Governance issue: improving the design of detective controls through management checks and quality assurance procedures in our registration processes

Mitigating/proposed action: Preventive controls are proactive and designed to discourage errors or irregularities from occurring. Detective controls are designed to identify errors or irregularities that have occurred. Our internal auditors found that the design of the controls around the end to end registrations process are mainly preventive, although these controls are working well in practice. Where the GPhC needs to improve is the design of its detective controls through more 'in-process' checks and quality assurance procedures. Overall, and through our different audit and assurance processes, we have not identified significant concerns about the integrity of the register, in terms of maintaining accurate, complete and up to date data about registrants and registered pharmacy premises.

There are a number of important areas for improvement that we will be focussing on going forward, specifically around improving our quality assurance processes, reviewing our control framework and key risk areas, and updating relevant procedures and manuals.

Summary

I propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. I am satisfied that these steps will address the need for improvements that were identified in our review of effectiveness, and I will monitor their implementation and operation as part of my next annual review.

Duncan Rudkin
Chief Executive
13 June 2019

Financial statements for the year ended 31 March 2019

Review of business activities

During 2018/19 we maintained progress on developing the key objectives detailed in the 2017-20 strategic plan. We continue to ensure 1) pharmacy regulation is effective, 2) the pharmacy team have the necessary knowledge, attitudes and behaviours to deliver care, 3) services are delivered safely and efficiently.

Income

In 2018/19 our total income for the year was £22.7m (2017/18: £22.5m).

Our income is mainly comprised of:

	2018/19		2017/18	
	Registrant numbers	Annual income (£m)	Registrant numbers	Annual income (£m)
Pharmacists	56,288	14.7	55,258	14.5
Pharmacy technicians	23,387	2.9	23,367	2.9
Pharmacy premises	14,314	3.7	14,348	3.8

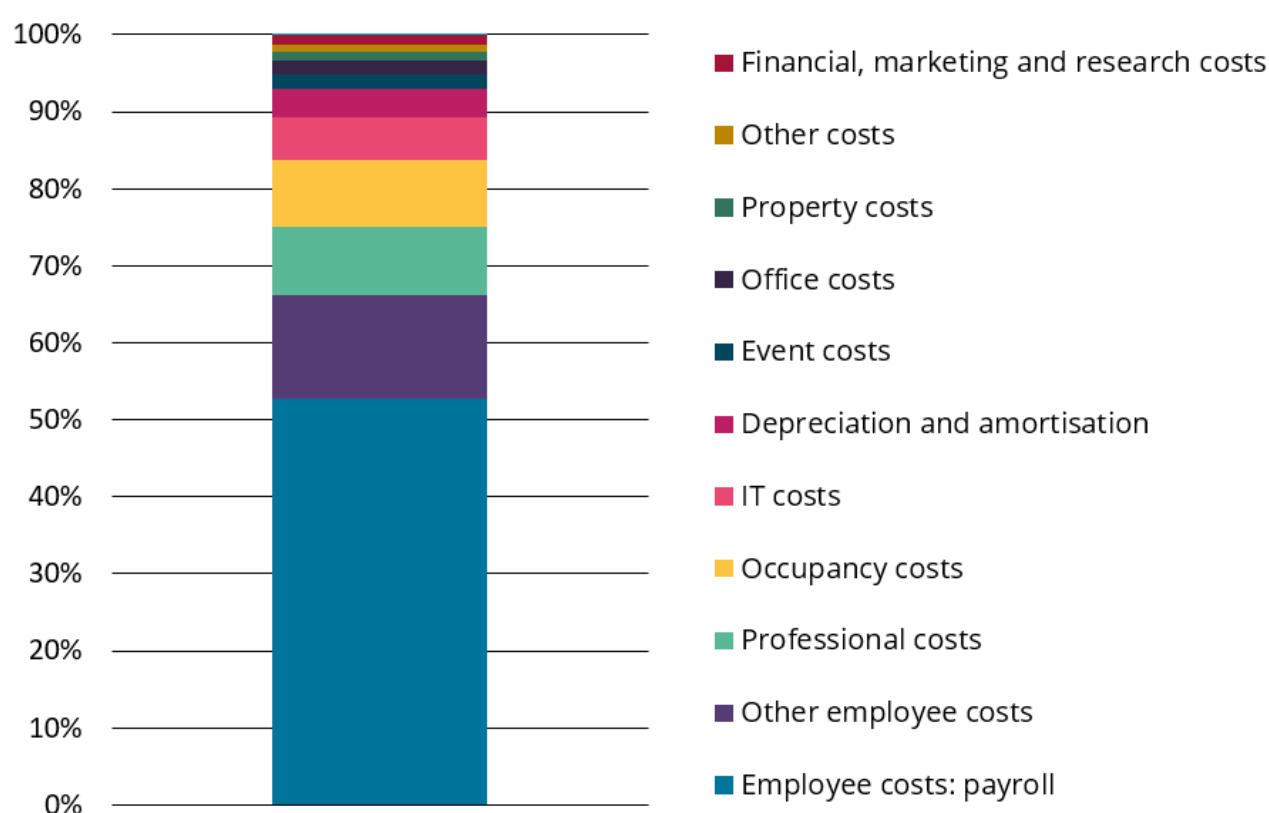
The figures above include annual renewal fees, initial registration and application fees.

Income received from renewal fees for pharmacists, pharmacy technicians and registered pharmacies has been recognised in the accounts over the length of the registration year, with the balance shown on the balance sheet as deferred income. Therefore, the income recognised during the financial year from renewal fees does not reflect actual monies received during the year.

Income received from the pre-registration assessment exam and the pre-registration year was £1.1m (2017/18: £1.1m). A total of 3,786 students took the exams in June and September 2018 (2017/18: 3,648).

Income across all registrant groups remained fairly consistent with the previous financial year. The annual growth in registrant pharmacists fell from 2.4% in 2017/18 to 1.2% in 2018/19. There was a marginal increase in the number of initial registrations this year compared to last year. However, this has been offset by the increase in the number of voluntary removals. This is most likely attributable to the new approach to revalidation and the move toward online services.

Actual expenditure 2018/19



Expenditure

Expenditure increased by 4% to £23.8m (2017/18: £22.8m). In addition to the delivery of our statutory functions, much of the organisation's focus and resources continues to be directed at delivering the six key priorities detailed in the 2017-20 strategic plans.

Employee costs increased by £0.8m (2017/18: £11.8m). The organisation underwent a restructure at the tail end of 2017/18 with several vacant and new roles being filled during

the final quarter. 2018/19 reflect a full year of costs in relation to the increased headcount. A proportion of vacant posts have been filled during the year to aid the development and delivery of improved services.

Other staff costs were £3.2m (2017/18: £2.7m). Recruitment costs are up £0.2m with several senior and technical roles being recruited

during the year. Temporary staff costs were £0.1m higher in 2018/19 with contractors used to cover vacant post to maintain progress on the delivery of strategic aims. Committee and Associates costs were up £0.2m compared to 2017/18 with a higher number of accreditation and training events occurring in 2018/19.

The total expenditure on professional costs fell by £0.2m to £2.1m in 2018/19, due to a reduction in external legal costs. This is because a higher number of the more complex cases were dealt with externally in 2017/18 while staff worked on development projects.

Depreciation on fixed assets increased by £0.1m (2017/18: £0.7m). This is due to the majority of development projects that had been capitalised in 2017/18 now being live.

IT costs have reduced by £0.1m compared to last year as we drove forward efficiencies in our service contracts.

Please see Note 3 for more details on expenditure.

Surplus/deficit for the year

The budget approved by the Council for 2018/19 authorised a planned deficit of £1.7m to be funded out of existing reserves. The actual result is a deficit of £0.9m (2017/18: £0.1m deficit).

Actual income for 2018/19 was broadly in line with budget expectation across all registrant groups. The actual growth in the number of pharmacists broadly matched the budget, with

the increase in joiners being offset by the increase in the number of leavers.

Expenditure for the year was £0.7m below budget expectation. The main drivers were employee costs with a carrying number of vacant posts over the year generating a £0.5m saving, and a lower-than-expected level of expenditure around IT of £0.2m, due to a combination of efficiency savings and changes in the approach to some development projects.



Statement of the Council's responsibilities for the preparation of financial statements

The Council is responsible for preparing the General Pharmaceutical Council's report and the financial statements in accordance with applicable law and regulations.

Under the Pharmacy Order 2010, Council members must prepare financial statements for each financial year. Under that law, the Privy Council has directed the GPhC to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standard and applicable laws) including Financial Reporting Standard 102. Council members will not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and the surplus or deficit of the GPhC for that period. In preparing these financial statements, the Council members must:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, and disclose and explain any material departures from these in the financial statements
- prepare the financial statements on a 'going-concern' basis unless it is inappropriate to assume that the GPhC will continue its activities

Council members are responsible for keeping adequate accounting records. These must be adequate to show and explain the GPhC's

transactions, and disclose with reasonable accuracy – at any time – the financial position of the GPhC. They must enable the Council to ensure that the financial statements keep to the Pharmacy Order 2010. Council members are also responsible for safeguarding the assets of the GPhC and therefore for taking reasonable steps to prevent and detect fraud and other irregularities.

By the order of the Council

Nigel Clarke
Chair
13 June 2019

Independent auditor's report to the council members of the General Pharmaceutical Council

Opinion

We have audited the financial statements of the General Pharmaceutical Council for the year ended 31 March 2019 which comprise the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in funds and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Council, as a body, in accordance with Schedule 1 of the Pharmacy Order 2010. Our audit work has been undertaken so that we might state to the Council's member's 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 Council and the Council as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Council's affairs as at 31 March 2019 and of its income and expenditure, for the year then ended; and

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice


Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Council members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the



financial statements are authorised for issue.

Other information

The Council members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Council

As explained more fully in the Council members' responsibilities statement the council members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the council members determine is necessary to enable the

preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the council members are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going-concern basis of accounting unless the council members either intend to liquidate the General Pharmaceutical Council or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Crowe UK LLP
Statutory Auditor
London, 14 June 2019

Statement of comprehensive income for the year ending 31 March 2019

	Note	2019 £000	2018 £000
Income	2	22,707	22,530
Expenditure	3	(23,822)	(22,800)
Operating deficit		(1,115)	(270)
Interest receivable and similar income	4	211	163
Deficit on ordinary activities	5	(904)	(107)
Taxation	6	(38)	(31)
Total comprehensive income for the year		(942)	(138)

Statement of financial position as at 31 March 2019

	Note	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Tangible assets	7		3,132		3,804
Intangible assets	8		746		482
Investments	9		12,500		12,500
			<u>16,378</u>		<u>16,786</u>
Current assets					
Debtors	10	1,247		1,737	
Bank and cash	11	12,610		13,814	
		<u>13,857</u>		<u>15,551</u>	
Creditors: amounts falling due within one year	12	(15,228)		(15,964)	
Net current assets			<u>(1,371)</u>		<u>(413)</u>
Total assets less current liabilities			15,007		16,373
Creditors: amounts falling due after more than one year	13		(2,462)		(2,886)
Provision for liabilities	14		(1,412)		(1,412)
Total net assets			<u>11,133</u>		<u>12,075</u>
Funds employed					
Accumulated surplus					
- General Reserve			7,255		7,789
- Fixed Asset Reserve			3,878		4,286
Total funds employed			<u>11,133</u>		<u>12,075</u>

The financial statements were approved, authorised for issue and signed on behalf of the Council by Nigel Clarke, Chair, 13 June 2019

Statement of cash flows for the year ended 31 March 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Surplus / (deficit) for the financial year		(1,115)	(270)
Adjustments for:			
Depreciation and amortisation	3	847	735
Release of lease incentive	13	(453)	(453)
Taxation		(30)	(39)
(Increase) / decrease in trade and other debtors		490	(91)
Increase / (decrease) in trade and other creditors		(706)	54
Net cash (used in) generated by operating activities		(967)	(64)
Cash flows from investing activities			
Purchases of tangible fixed assets	7	(29)	(247)
Purchases of intangible fixed assets	8	(423)	(501)
Profit on disposal		4	-
Interest received	4	211	163
Net cash (used in) / provided by investing activities		(237)	(585)
Change in cash and cash equivalents in the reporting period		(1,204)	(649)
Cash and cash equivalents at the beginning of the period		13,814	14,463
Cash and cash equivalents at the end of the reporting period		12,610	13,814
		£000	£000
Cash in hand		857	1,226
Notice Deposits (less than 3 months)		11,753	12,588
Total cash and cash equivalents		12,610	13,814

Statement of changes in reserves for the year ended 31 March 2019

	Note	General Reserve	Fixed Asset Reserve	Total
		£000	£000	£000
At 1 April 2017		7,940	4,273	12,213
Total comprehensive income		597	(735)	(138)
Transfers between reserves		(748)	748	-
At 1 April 2018		7,789	4,286	12,075
Total comprehensive income		(82)	(860)	(942)
Transfers between reserves		(452)	452	-
At 31 March 2019		7,255	3,878	11,133

The accumulated fund has been segmented into a General Reserve and a Fixed Asset Reserve. The fixed asset reserve represents functional assets that are used operationally. The general reserves represents the balance of the GPhC's accumulated reserves.

Notes to the financial statements for the year ended 31 March 2019

1. Accounting policies

The General Pharmaceutical Council (GPhC) was established by the Pharmacy Order 2010 and is domiciled in the United Kingdom. The principal place of business is 25 Canada Square, Canary Wharf, London E14 5LQ.

1.1. The format of the accounts

The General Pharmaceutical Council is required to prepare annual accounts in a form as determined by the Privy Council. The Privy Council is required to lay the certified accounts before each House of Parliament and the Scottish Parliament. The statutory purpose of the GPhC is to protect, promote and maintain the health, safety and wellbeing of members of the public by upholding standards and public trust in pharmacy.

These financial statements have been prepared on a going-concern basis in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'). The financial statements have been prepared on the historical cost basis.

The comparatives have been restated to reflect the GPhC's obligation to make good the fit out of the Canada Square premises in 2015. Further details are provided in Note 14.

The financial statements are presented in Sterling (£).

1.2. Critical accounting estimates and judgements

To be able to prepare financial statements in accordance with FRS 102, the General Pharmaceutical Council must make certain estimates and judgements that have an impact on the policies and the amounts reported in the annual accounts. The estimates and judgements are based on historical experiences and other factors including expectations of future events that are believed to be reasonable at the time such estimates and judgements are made. Actual experience may vary from these estimates.

The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

Depreciation and amortisation

The General Pharmaceutical Council accounts for depreciation and amortisation in accordance with FRS 102. The depreciation and amortisation expense is the recognition of the decline in the value of the asset and allocation of the cost of the asset over the periods in which the asset will be used. Judgements are made on the estimated useful life of the assets which are regularly reviewed to reflect the changing environment.

Dilapidation

Provisions for property dilapidation costs are assessed where the costs can be reasonably estimated. These are reviewed on an annual basis.

1.3. Tangible fixed assets

Tangible fixed assets include leasehold properties and equipment. All assets in these categories with a value of £1,000 or more have been capitalised (including the cost of implementation). Fixed assets are valued at cost less depreciation. Depreciation is calculated on a straight line basis.

The principal useful economic lives of assets are as follows:

Short leasehold improvements – term of the lease

Office furniture – five years

Computer software – three years

Computer hardware (excluding PCs and laptops) – three years

PCs and laptops – one to four years

1.4. Intangible fixed assets

Intangible fixed assets comprise of internally developed computer software and systems. All assets in this category with a value of £10,000 or more have been capitalised. Amortisation is calculated on a straight line basis over 3 years.

1.5. Impairment

At each balance sheet date, the GPhC reviews the carrying amounts of its assets to determine whether there is any indication the assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment

loss is charged to the statement of comprehensive income immediately.

1.6. Expenditure

Expenditure is accounted for on an accrual basis when either the goods have been received or the service performed. Irrecoverable VAT is included with the item of expense to which it relates.

1.7. Income

All fees from registrants and premises are shown in the statement of comprehensive income for the period to which they relate being from the month an individual is entered onto the register. Income attributable to future periods is included in creditors under deferred income.

Interest on loans and deposits is accrued as earned.

Government grants are recognised based on the accrual model and classified either as a grant relating to revenue or a grant relating to assets.

All other income is shown in the statement of comprehensive income when entitlement is earned.

1.8. Operating lease rentals

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the entity. All other leases are classified as operating leases. Rentals payable under operating leases are charged to the

statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

financial instruments are initially recognised at transaction value and subsequently measured at amortised cost.

1.9. Pensions

The GPhC has a defined benefit pension scheme and a defined contribution scheme.

Contributions to both schemes are charged to the statement of comprehensive income as they fall due.

1.10. Provisions

A provision is recognised when an obligation exists at the reporting date as a result of a past event, it is probable that the GPhC will be required to transfer economic benefits and the obligation can be reliably measured.

1.11. Management of liquid resources and investments

The GPhC has one main current account from which all day-to-day transactions take place. The balance of this account is kept to a minimum to ensure that surplus funds are placed on short-to medium-term deposits. The policy in managing cash is to maximise returns while minimising risk. The element of cash and deposits held for long term return in excess of 12 months are recorded within investments.

1.12. Financial instruments

The GPhC only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties. Basic

2. Income

	2019 £000	2018 £000
Pharmacists	14,668	14,487
Premises	3,704	3,757
Pharmacy technicians	2,920	2,889
Pre-registration	1,125	1,094
Grant income	16	16
Other income	274	287
Total income	22,707	22,530

3. Expenditure

	2019 £000	2018 £000
Employee costs: payroll	12,554	11,828
Other employee costs	3,232	2,754
Property costs	278	322
Office costs	410	431
Professional costs	2,082	2,293
Event costs	467	458
Marketing costs	62	94
Depreciation and amortisation	847	735
Financial costs	172	137
Research costs	60	28
IT costs	1,327	1,438
Other costs	240	240
Occupancy costs	2,091	2,042
Total expenditure	23,822	22,800

3. Expenditure (continued)

Employee costs

Employee costs including directors were made up as follows:

	2019 £000	2018 £000
Wages and salaries	10,454	9,750
Employer's National Insurance	1,182	1,116
Pension costs	879	770
Redundancy	39	192
	12,554	11,828

The average number of staff employed during the year ended 31 March 2019 was 248 (234 at 31 March 2018).

Detailed below is a schedule showing numbers of staff, including directors, who are earning above £60,000 (excluding redundancy payments):

	2019 £000	2018 £000
£60,001 – £70,000	10	9
£70,001 – £80,000	11	5
£80,001 – £90,000	1	3
£90,001 – £100,000	3	3
£100,001 – £110,000	-	1
£110,001 – £120,000	2	1
£120,001 – £130,000	-	1
£170,001 – £180,000	1	1
	28	24

Under FRS 102, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. This includes the chief executive and registrar and the directors.

3. Expenditure (continued)

Remuneration in respect of key management personnel for the year ended 31 March 2019 was £803,657 (£821,031 at 31 March 2018). A breakdown of their salary and benefits are as follows;

Name	Job title	Pay (stated in £10K bandings)	Benefits in Kind* (to the nearest £100)
Duncan Rudkin	Chief Executive	£170,000 - £180,000	-
Claire Bryce-Smith	Director of Insight, Intelligence & Inspection	£110,000 - £120,000	-
Francesca Okosi	Director of People	£110,000 - £120,000	£400
Mark Voce	Director of Education and Standards	£90,000 - £100,000	-
Matthew Hayday	Interim Director of Fitness to Practise	£70,000 - £80,000	£700
Megan Forbes	Director of Corporate Resources and Deputy Chief Executive	£40,000 - £50,000	£300
Carole Auchterlonie	Director of Fitness to Practise	£20,000 - £30,000	-

*Benefits in kind include private healthcare and subsidised gym membership.

Carole Auchterlonie joined the organisation on 7 January 2019 to replace Matthew Hayday.

Megan Forbes left the organisation on 10 August 2018.

Expenses for key management personnel are as follows:

Name	Travel	Accommodation	Subsistence	Total
Duncan Rudkin	1,223	126	34	1,383
Claire Bryce-Smith	1,497	821	61	2,379
Mark Voce	1,037	209	-	1,246
Matthew Hayday	65	-	7	72
Francesca Okosi	279	600	-	879

Carole Auchterlonie and Megan Forbes did not claim any expenses during the year.

3. Expenditure (continued)

Remuneration of highest-paid director as a multiple of median remuneration:

	2019 £000	2018 £000
Mid-point of band of highest-paid director's total remuneration	175,000	175,000
Median total remuneration	38,776	36,200
Remuneration ratio	1:5	1:5

Council members' pay and expenses:

	2019 £000	2018 £000
Total pay, of council members	227	208
Total expenses paid to council members	31	26
	<u>258</u>	<u>234</u>

4. Interest receivable and similar income

	2019 £000	2018 £000
Interest receivable	211	163
	<u>211</u>	<u>163</u>

5. Total comprehensive income

This is stated after charging:

	2019 £000	2018 £000
Operating lease rentals: motor vehicles	116	118
Operating lease rentals: photocopiers	9	18
Operating lease rentals: buildings	1,231	1,231
Depreciation of tangible fixed assets	688	716
Amortisation of intangible fixed assets	159	19
Auditor's remuneration: audit services – Crowe	22	21

6. Taxation

	2019 £000	2018 £000
UK corporation tax at 19% in the year	38	31
	38	31

Corporation tax is only payable on interest receivable and data subscription income, net of attributable costs, in the year.

7. Tangible fixed assets

	Short leasehold improvements £000	Office equipment £000	Total £000
Cost			
As at 1 April 2018	5,607	2,344	7,951
Additions	-	29	29
Disposals	-	(176)	(176)
As at 31 March 2019	5,607	2,197	7,804
Depreciation			
As at 1 April 2018	2,079	2,068	4,147
Charge for the year	582	106	688
Disposals	-	(163)	(163)
As at 31 March 2019	2,661	2,011	4,672
Net book value			
As at 31 March 2019	2,946	186	3,132
As at 31 March 2018	3,528	276	3,804

8. Intangible fixed assets

	Computer software and systems development £000
Cost	
Balance at 1 April 2018	501
Additions	423
Balance at 31 March 2019	924
Amortisation	
Balance at 1 April 2018	(19)
Amortisation charge for the year	(159)
Balance at 31 March 2019	746

9. Investments

	2019 £000	2018 £000
Cash deposits	12,500	12,500
	12,500	12,500

Surplus cash is currently invested in cash deposits, with no more than 20% of cash in any one institution, in line with our cash management policy.

10. Debtors

	2019 £000	2018 £000
Trade debtors	120	3
Registrant direct debits to be collected	221	241
Other debtors	69	103
Prepayments and accrued income	833	1,298
Debtors (due in more than one year)		
Trade debtors	4	92
	1,247	1,737

11. Bank and cash

	2019 £000	2018 £000
Current accounts	857	1,226
Deposit accounts	11,753	12,588
	12,610	13,814

Money is moved from deposit accounts into the current account as and when needed. This ensures a maximum return is earned from money on deposit. The GPhC maintain 6 months of operating expenditure as an operating liquidity reserve to be held in liquid funds for the day-to-day running of the organisation.

12. Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	673	920
Corporation tax	40	32
Other taxation and social security	314	439
Other creditors	13	44
Accruals	615	739
Deferred income	13,573	13,790
	15,228	15,964

Deferred income is made up of the following:

Deferred income from registrants and premises	13,481	13,660
Other deferred income	13	34
Deferred capital grant	79	96
	13,573	13,790

All deferred income from registrants and premises is released to income in the subsequent year.

13. Creditors: amounts falling due after more than one year

	2019 £000	2018 £000
Balance at 1 April	2,886	3,310
Reserve built up during the year		
Rent increase accrual	29	29
Reserve released during the year	(453)	(453)
Balance at 31 March	2,462	2,886
Split of rent reserve:		
Reserve reversing in one year	481	471
Current obligations	481	471
Reserve reversing within two to five years	1,922	1,885
Reserve reversing more than five years	59	530
Non-current obligations	1,981	2,415
Total	2,462	2,886

The lease on 25 Canada Square in Canary Wharf is for 15 years with a lessee-only break-clause after 10 years. The GPhC has benefitted from a capital contribution of £4.4m, by way of landlord incentive, towards the fitting-out of the premises. This and other incentives are being spread over the ten-year lease period to offset the annual rental costs.

14. Provisions

	2019 £000	2018 £000
Dilapidation	1,412	1,412
	1,412	1,412

Following review of the lease for 25 Canada Square and after taking professional advice, the GPhC has made a provision for dilapidations. The potential liability has arisen as a result of the original fit-out of the office in 2014 and so there has been no change to the provision during the current or previous year.

15. Commitments

As at 31 March 2019 the GPhC's future minimum operating lease payments are as follows:

	2019 £000	2018 £000
Within one year		
Motor vehicles	98	93
Property	778	791
Equipment	12	3
	888	887
Between one year and five years		
Motor vehicles	190	99
Property	3,113	3,162
Equipment	29	-
	3,332	3,261
Later than five years		
Property	97	889
	97	889

The annual cash lease payments under the operating lease for the property are £1.2m. The commitment shown above takes into account the lease incentive received on entering into the lease which is being amortised on a straight-line basis over the term of the lease at £0.5m.



16. Related parties

Remuneration and expenses paid to council members shown in note 3 (council members' pay and expenses).

17. Financial risk management

The GPhC has a formal risk management framework for which the Council is accountable. The GPhC has exposure to liquidity risk. The objective of the GPhC in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The GPhC expects to meet its financial obligations through operating cash flows. Given the availability of cash, the GPhC is in a position to meet its commitments and obligations as they come due. Funds are placed with investment grade institutions.

18. Pensions

NHS Defined Benefit Pension Scheme

The GPhC participates in the NHS Pensions Scheme in respect of 94 employees (2018: 99 employees). The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period. The pension charge for the year includes contributions payable to the NHS Pension scheme of £657,487 (2018: £682,033).

The valuation of the scheme liability as at 31 March 2019, is based on valuation data as at 31 March 2018, updated to 31 March 2019 with summary global member and accounting data. The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers. The scheme regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the scheme actuary and appropriate employee and employer representatives as deemed appropriate.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. The Department of Health and Social Care has recently laid scheme regulations confirming that the employer contribution rate will increase to 20.6% of pensionable pay from this date. However, the GPhC will pay the existing rate of 14.38% for the 2019/20 financial year as the increase in the rate will be met centrally.

The 2016 funding valuation was also expected to test the cost of the scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal

in December 2018 the Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

Defined contribution scheme

The GPhC also operates a defined contribution scheme. The total contributions paid into this scheme for the year ended 31 March 2019 were £221,540 (2018: £87,243) in respect of 120 employees (2018: 120 employees). The increase in pension costs was due to the minimum employer contribution rate increasing from 1% to 3%.

Employees' participation is voluntary, although all staff are initially required to be opted in. Where an employee chooses to be a member, the GPhC will contribute as follows:

Employee contribution	Employer contribution
3-5%	3-5%
6%	12%
7%	14% max

From April 2019 employer and employee minimum contributions will be rising to 5%.



Appendix 1: General Pharmaceutical Council Accounts Determination given by the Privy Council under the Pharmacy Order 2010

Their Lordships make the following determination in exercise of powers conferred by Schedule 1 (7) of the Pharmacy Order 2010.

This determination has effect from 13 March 2010.

Interpretation

1. In this determination –

“the accounts” means the statement of accounts which it is the Council’s duty to prepare under section 2 Schedule 1 (7) of the Pharmacy Order 2010

“the Council” means the General Pharmaceutical Council.

Determination

2. The Council must prepare the accounts for each calendar year in compliance with the accounting principles and disclosure requirements prescribed in the Generally Accepted Accounting Practice (GAAP).
3. The first accounts will be prepared for the financial year 2010-2011, and will incorporate any residual accounts declaration from the financial year 2009-2010.
4. The accounts must be prepared so as to:
 - give a true and fair view of the state of affairs as at the end of the calendar year and of the income and expenditure, total recognised gains and losses (or, as appropriate, recognised gains and losses), and cash flows of the Council for the calendar year then ended; and
5. Compliance with the requirements of the GAAP will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view of the state of affairs for the financial year in question.
6. If there are such exceptional circumstances and compliance with the requirements of the GAAP would give rise to the preparation of accounts which were inconsistent with the requirement for those accounts to give a true and fair view of the state of affairs at the end of that year, the requirements of the GAAP should be departed from only to the extent necessary to give a true and fair view of that state of affairs.
7. In cases referred to in paragraph 5, informed and unbiased judgement should be used to devise an appropriate alternative treatment which is consistent with both the economic characteristics of the circumstances concerned.
8. Any material departure from the GAAP should be discussed, in the first instance, with the Privy Council Office in any event.
9. This determination is to be reproduced as an appendix to the published accounts.

Signed by the authority of the Privy Council



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