Meeting of Council  
Thursday, 09 June 2016  
1.30pm – 3.30pm  
Council Room 1, 25 Canada Square, London E14 5LQ

**Agenda**

<table>
<thead>
<tr>
<th>Public business</th>
<th></th>
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<tbody>
<tr>
<td>1. Attendance and introductory remarks</td>
<td>Nigel Clarke</td>
</tr>
<tr>
<td>2. Declarations of interest</td>
<td>All</td>
</tr>
<tr>
<td><em>Public items</em></td>
<td></td>
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<tr>
<td>3. Minutes of last meeting</td>
<td>Nigel Clarke</td>
</tr>
<tr>
<td><em>Public session 14 April 2016</em></td>
<td></td>
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<tr>
<td>4. Actions and matters arising</td>
<td>Nigel Clarke</td>
</tr>
<tr>
<td>5. Performance monitoring report and corporate plan</td>
<td>16.06.C.01</td>
</tr>
<tr>
<td>(a) Performance monitoring report</td>
<td>Duncan Rudkin</td>
</tr>
<tr>
<td>(b) Corporate plan end of year report</td>
<td></td>
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<tr>
<td><em>For noting</em></td>
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<tr>
<td>6. Chief Executive and Registrar’s report</td>
<td>16.06.C.02</td>
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<tr>
<td><em>For noting</em></td>
<td>Duncan Rudkin</td>
</tr>
<tr>
<td>7. Remuneration Committee</td>
<td>16.06.C.03</td>
</tr>
<tr>
<td>(a) Minutes of meeting, 28 April 2016 (unconfirmed)</td>
<td>Liz Kay</td>
</tr>
<tr>
<td>(b) Committee’s annual report to Council</td>
<td></td>
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<tr>
<td><em>For noting</em></td>
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<tr>
<td>8. Audit and Risk Committee</td>
<td>16.06.C.04</td>
</tr>
<tr>
<td>(a) Minutes of meeting, 25 May 2016 (unconfirmed)</td>
<td>David Prince</td>
</tr>
<tr>
<td>(b) Committee’s annual report to Council</td>
<td></td>
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<tr>
<td><em>For noting</em></td>
<td></td>
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<tr>
<td>9. Annual report and accounts 2015/16</td>
<td>16.06.C.05</td>
</tr>
<tr>
<td><em>For decision</em></td>
<td>Duncan Rudkin</td>
</tr>
<tr>
<td>10. Appointment of external auditors</td>
<td>16.06.C.06</td>
</tr>
<tr>
<td><em>For decision</em></td>
<td>David Prince</td>
</tr>
<tr>
<td>11. Any other public business</td>
<td>Nigel Clarke</td>
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### Confidential business

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>12.</td>
<td><strong>Declarations of interest</strong></td>
<td>All</td>
</tr>
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<td></td>
<td><em>Confidential items</em></td>
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<tr>
<td>13.</td>
<td><strong>Minutes of last meetings</strong></td>
<td>Nigel Clarke</td>
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<tr>
<td></td>
<td><em>Confidential sessions 10 March and 14 April 2016</em></td>
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<tr>
<td>14.</td>
<td><strong>Actions and matters arising</strong></td>
<td>Nigel Clarke</td>
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<tr>
<td>15.</td>
<td><strong>Audit and Risk Committee minutes</strong></td>
<td>16.06.C.07</td>
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<td></td>
<td><em>Confidential session 25 May 2016 (unconfirmed)</em></td>
<td>David Prince</td>
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<tr>
<td></td>
<td><em>For noting</em></td>
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<tr>
<td>16.</td>
<td><strong>Review of strategic risks</strong></td>
<td>16.06.C.08</td>
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<tr>
<td></td>
<td><em>For review</em></td>
<td>Matthew Hayday</td>
</tr>
<tr>
<td>17.</td>
<td><strong>Any other confidential business</strong></td>
<td>Nigel Clarke</td>
</tr>
</tbody>
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**Date of next meeting**

Thursday, 07 July 2016
Minutes of the Council meeting held on Thursday, 14 April 2016 at 25 Canada Square, London at 10am TO BE CONFIRMED 9 JUNE 2016

Minutes of the public session

Present
Nigel Clarke (Chair)       Joanne Kember
Sarah Brown              Alan Kershaw
Mary Elford              Evelyn McPhail
Digby Emson              Berwyn Owen
Mark Hammond             David Prince
Mohammed Hussain         Samantha Quaye
Liz Kay

Apologies
Arun Midha

In attendance
Duncan Rudkin (Chief Executive and Registrar)
Claire Bryce-Smith (Director of Inspection and Fitness to Practise)
Matthew Hayday (Head of Governance)
Vivienne Murch (Director of Organisational Development and Equality, Diversity and Inclusion)
Andrew Rogers (Interim Director of Service Transformation)
Hugh Simpson (Director of Strategy)
Lyn Wibberley (Chief of Staff)
Christopher Alder (Head of Professionals Regulation)
Elizabeth Filkin (Chair of the Appointments Committee) – item 11
Terry Orford (Head of Customer Services)
Mark Voce (Head of Inspection Team)
Sue Reed (Council Secretary)

7. ATTENDANCE AND INTRODUCTORY REMARKS

7.1. The chair welcomed members and staff to the meeting.

7.2. Also welcomed were: two new Council members, who took up post on 1 April 2016, Mark Hammond and Joanne Kember; and Andrew Rogers, the new Interim Director of Service Transformation.
8. **DECLARATIONS OF INTEREST**

8.1. The following interests were declared:

- **Item 11: Deputising arrangements for Chair of Council**
  
  Nigel Clarke, Sarah Brown, Mary Elford, Digby Emson, Mark Hammond, Mohammed Hussain, Liz Kay, Joanne Kember, Alan Kershaw, Evelyn McPhail, Berwyn Owen, David Prince and Samantha Quaye declared interests as members of Council.

9. **MINUTES OF THE PUBLIC SESSION OF THE PREVIOUS MEETING**

9.1. The minutes of the public session of the meeting held on 10 March 2016 were agreed as a true record, subject to amendment in accordance with minute 10.3 below.

10. **ACTIONS AND MATTERS ARISING**

10.1. Reference minute 81.3 of 10 December 2015 meeting: Council noted that the visual representation of the Investigating Committee’s decision-making process was work in progress and would be distributed to Council members for information.

10.2. Reference minutes 106.1 and 106.2 of 10 March 2016 meeting: Council noted that the minutes of 4 February 2016 had been amended accordingly.

10.3. Reference minute 108.3 bullet point 6 of 10 March 2016 meeting: Council noted that an equality analysis rather than an equality impact assessment would be circulated with the *Standards for pharmacy professionals* consultation, and that the minute would be amended accordingly.

**ACTION:** on reflection the Executive considered that the process, in terms of consideration of the equality analysis, had not been sufficiently clear. A Council workshop discussion on the process would be arranged.

10.4. With regard to issues of conscience in the *Standards for pharmacy professionals consultation*, the chair explained that it had become apparent that the position was unclear. Further work would therefore be undertaken, Council would be advised of the outcome, and the proposed guidance would be amended accordingly if necessary.

11. **APPOINTMENTS COMMITTEE REPORT 2016**

11.1. Elizabeth Filkin presented **16.04.C.03** which informed Council of the work of the Appointments Committee in 2015/16.

11.2. In the ensuing discussion, the following points were made:
• the GPhC’s desired figure of 42 Fitness to Practise Committee members had been arrived at by making a best estimate of the predicted workload

• mentoring was available for all statutory committee members. It had been discussed at the most recent meeting of the Chairs’ group and work was ongoing to continue to develop and improve the induction process. A significant number of experienced statutory committee members had expressed their willingness to offer mentoring to new statutory committee members

• consideration would be given to balancing the number of pharmacy technicians on the statutory committees

• it would be helpful in future reports to include that the GPhC was meeting all its obligations under equality legislation, and to consider reporting the statistics for sexual orientation and religion and belief

11.3. **Council noted the Appointments Committee report 2016.**

12. **DEPUTISING ARRANGEMENTS FOR CHAIR OF COUNCIL 2016/17**


12.2. Council noted that the selection process ensured all Council members were offered the opportunity to deputise during their term of office.

12.3. **Council noted that David Prince would deputise from 1 April 2016 to 30 September 2016 and that Mary Elford would deputise from 1 October 2016 to 31 March 2017.**

13. **PERFORMANCE MONITORING REPORT**


13.2. In the ensuing discussion, the following points were made:

 **Customer Services**

The processing times between pharmacists’ and pharmacy technicians’ registration were markedly different because, for pharmacy technicians, receipt of the application was their first contact with GPhC. The application was therefore required to contain all relevant documentation to meet registration criteria. Providing the application was complete and straightforward, it could be processed to approval very quickly. Pharmacists would already be on the system as pre-registration trainees. A 52-week sign-off was required in addition to a pass at the registration assessment. As many pharmacists wished to register at the earliest opportunity after publication of their results, the GPhC accepted and
processed their applications prior to their results being released. Receipt of applications would be recorded but the application itself would effectively be incomplete and could only be approved once sign-off and the results had been received – thereby increasing the apparent processing time

- data on pharmacists’ place of work was not currently held
- in future reports it would be helpful to track registration trends
- call statistics peaked around the time of renewal and exams, and flexibility to deal with this peak had been built in

**Fitness to Practise (FtP)**

- the FtP team was now at full establishment. An effective recruitment process was in place and the quality of the team members was high. Some newer members were still bedding in so additional productivity was anticipated in due course. Productivity levels had improved since September 2015. The team focused continuously on refining the process of driving and maintaining optimum productivity
- with regard to the case appealed to the Court of Appeal, the financial risk to Council related to external counsel fees. GPhC aimed to restrict the level of exposure to external fees wherever possible, and continued to undertake its own case management
- the FtP hearings budget forecasting was for a 3-month period. A number of anticipated hearings had not proceeded, resulting in an underspend. Work was in hand to link case progression more closely to financial forecasting but the underspend was expected to balance out in the longer term
- the hearings rooms were offered for letting on an ad hoc basis only to ensure the GPhC had capacity to deal with its own hearings
- in future reports it would be helpful to include the KPIs where reference was made to them

**Inspections**

- as Standard 4.3 was very wide-ranging, although it was clearly linked with Standard 1.1, more specific information would be helpful in future reports
- the positive reassurance gained from inspections should be communicated more widely – both within the sector and to the public
- the team was confident that inspectors were working to full capacity. Modelling was being undertaken regarding the transition from the current frequency of inspections, and the outcomes would be submitted to Council in due course
• some of the data required greater analysis, and work was underway to improve on the way in which it was reported

Human Resources
• turnover was higher than desired and had increased but this was a general trend across the other health regulators and the economy more widely, and was not limited to a single reason. GPhC had identified the issues and continued to work on them. To a considerable extent the turnover rate was a reflection of the GPhC’s success in developing staff and providing them with opportunities to step-up to jobs elsewhere. People management and particularly performance management had continued to improve significantly
• an HR internal audit report offering overall assurance had been received and actions were in hand where necessary
• it would be helpful in future reports to separate interim and temporary staff

Financial performance
• the IT delay/underspend related to the GPhC having investigated various options before proceeding as well as issues around the availability of resources from external providers
• reference section 6.2: in future reports the terminology should read ‘pharmacy technicians’

14. CHIEF EXECUTIVE AND REGISTRAR’S REPORT

14.1. DR presented 16.04.C.06 which reported on significant recent meetings and developments.

14.2. Council was referred to section 4 and was reminded that members’ attendance at the joint engagement events would be most welcome.

14.3. Reference section 7: DR reported that at the Professional Standards Authority Symposium, Stephen Dorrell, Chair of the NHS Confederation, had talked about rapidly changing health systems and structures. Mr Dorrell had also stressed his view that the values of the health professions and the principles to which they worked had not changed. This view was reflected in spirit in the Standards for pharmacy professionals consultation.

14.4. The chair asked Council to note two significant ongoing issues being tracked by the GPhC. The first was the community pharmacy contract in England. The GPhC remained an observer but was being consulted which was helpful in terms of its understanding the implications of the contractual discussions. It also allowed the GPhC to gain information about what would be expected of the profession in the coming years. The second piece of work was around the future of regulation of the healthcare professions. The organisations
continued to play a valuable role in engaging with other regulators and others
to inform policy discussions.

14.5. **Council noted the Chief Executive and Registrar's report.**

15. **POLICY AND PROCEDURES REVIEW**

15.1. MH presented **16.04.C.06** which sought Council’s approval of the policies and documents within its remit that had recently been reviewed.

15.2. Reference paragraph 5.3 of the Council member and Council Chair appraisal process, it was agreed that the wording be amended to read ‘from each of the following groups’.

15.3. **Council approved the:**

(i) **Council member and Council Chair appraisal process**

(ii) **Raising Concerns policy**

16. **ANY OTHER BUSINESS**

*Accreditation of NVQ Level 2 qualification for pharmacy support staff*

16.1. A member requested that the policy options in terms of accrediting the NVQ Level 2 qualification for pharmacy support staff be reconsidered.

*Appointment of new Council member*

16.2. Council noted that Dr Arun Midha had been appointed to Council as a lay member as of 1 April 2016.

16.3. There being no further business, the meeting closed at 12pm.

**DATE OF NEXT MEETING**

Thursday, 12 May 2016
## Council actions log

<table>
<thead>
<tr>
<th>Meeting date</th>
<th>Ref.</th>
<th>Action</th>
<th>Owner</th>
<th>Due date</th>
<th>Status</th>
<th>Comments/update</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 Dec 15</td>
<td>81.3</td>
<td><strong>Investigating Committee guidance</strong>: visual representation of the committee’s decision making process</td>
<td>Priya Warner</td>
<td>Jun 16</td>
<td>Open</td>
<td>Work in progress.</td>
</tr>
<tr>
<td>14 Apr 16</td>
<td>9.1</td>
<td><strong>Minutes of the public session of 10 Mar 16 meeting</strong>: to be amended in accordance with paragraph 10.3</td>
<td>Sue Reed</td>
<td>Jun 16</td>
<td>Closed</td>
<td>Minute amended accordingly.</td>
</tr>
<tr>
<td>10.3</td>
<td></td>
<td><strong>Equality analysis</strong>: Council workshop session</td>
<td>Vivienne Murch</td>
<td>May 16</td>
<td>Closed</td>
<td>Session held on 12 May 16.</td>
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<tr>
<td>10.4</td>
<td></td>
<td><strong>Standards for Pharmacy professionals</strong>: position on issues of conscience unclear</td>
<td>Priya Warner</td>
<td>Jul 16</td>
<td>Open</td>
<td>Work in progress.</td>
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Public business

Performance monitoring report

Purpose
To report to Council on operational and financial performance to the end of March 2016

Recommendations
Council is asked to note and comment on the performance information at Appendix 1

1. Introduction
1.1 This paper reports on operational and financial performance to the end of March 2016. This completes the data for 2015/16.
1.2 The sections below provide an executive summary of key areas to note within the report.
1.3 In future Council will receive performance monitoring reports on a quarterly basis. This is more efficient and will ensure consistent reporting across standard periods as well as aligning Council reporting with external reporting requirements.
1.4 Council will receive the reports as follows:
   - April–June data: report at September’s meeting
   - July–September data: report at November’s meeting
   - October–December data: report at February’s meeting
   - January–March data: report at June’s meeting

2. Fitness to Practise (FtP)
2.1 During March two performance standards improved (cases closed or referred at IC within 12 months and cases closed at FtPC within 24 months) and three declined (cases triaged within three days, stream 1 cases closed within 3 months and stream 2 cases closed within 10 months).
2.2 Of particular note is the number of cases closed within 24 months at FtPC which increased to 83%. Although, as reported previously, we anticipate this percentage to fluctuate from month to month, depending on how many of the older cases moving through the process are closed in a particular month, in line with the plan to progress older cases through to closure.

2.3 Slower performance in relation to triage was seen in March with the percentage of cases triaged within 3 days declining to 53%. This was due to a temporary drop in performance resulting from reduced capacity in the triage team.

3. **Inspection**

3.1 The number of routine inspections continues to increase. The average number of routine inspections undertaken per month increased this reporting period from 286 to 303. In January 355 inspections were carried out – the highest number recorded in one month. In February 320 inspections were carried out – the second highest number recorded in one month.

4. **Human Resources**

4.1 The turnover rate showed a decrease of 3.3% from 20.7% to 17.4% compared to the previous reporting period. The number of leavers during the reporting period reduced by 0.8%, 35 compared to 41 during the last reporting period.

4.2 In actual staff numbers, as of 31 March 2016, 163 of the total 224 staff have over 12 months’ service. Stability rates have continued to improve year on year. The current 81.1% sees an increase from 67.9% for the same period last year.

4.3 Supporting staff development and performance management remain key priorities for HR. The new Talent and Resourcing Business Team is now in place to provide more expertise and to act as dedicated resource with the hopeful outcome being an increase in staff retention.

5. **Finance**

5.1 The operating result to the end of March 2016 is a deficit of £489k which is an underspend variance of £724k against forecast.

5.2 This variance arises as a result of expenditure being £685k below forecast and income being marginally higher than forecast (£40k).

6. **Equality and diversity implications**

6.1 The purpose of this report is to report on operational and financial performance. There are no direct equality and diversity implications.
7. **Communications**

7.1 The development and publication of this report is reflective of our commitment to openness and transparency concerning our performance. We have undertaken, and will continue to develop, specific communications on each of the areas of reported performance. This includes information on our website, wider communications through the media and direct through our own publications and communications materials. These activities are designed to reach all our key interest groups including patients and their representatives, pharmacy professionals and their employees, education providers and others.

8. **Resource implications**

8.1 Resource implications are addressed within the report.

9. **Risk implications**

9.1 Failure to maintain an accurate register and/or carry out our other regulatory functions efficiently and effectively could have implications on patient safety, and a significant impact on the GPhC’s reputation.

9.2 Failure to accurately forecast/budget for revenues and expenditure could lead to inappropriate or inconsistent fee policies which could have an adverse impact on the GPhC’s reputation.

10. **Monitoring and review**

10.1 Council will receive a performance monitoring report, in accordance with the schedule at paragraph 1.4 above, providing an update of the delivery of the GPhC’s regulatory functions and finances.

**Recommendation**

Council is asked to note and comment on the performance information at Appendix 1

_Duncan Rudkin, Chief Executive & Registrar_

*General Pharmaceutical Council*

duncan.rudkin@pharmacyregulation.org

020 3713 7811

27 May 2016
Performance monitoring report: end March 2016
1. Customer Services

1.1 Registrations by fiscal quarter

<table>
<thead>
<tr>
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<th>2015/2016</th>
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<tbody>
<tr>
<td></td>
<td>Q1</td>
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<tr>
<td>Pharmacists</td>
<td>195</td>
</tr>
<tr>
<td>Pharmacy technicians</td>
<td>227</td>
</tr>
<tr>
<td>Registered pharmacies</td>
<td>95</td>
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</table>

1.2 Registration totals

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Budgeted</th>
<th>Variance</th>
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<tbody>
<tr>
<td>Pharmacists</td>
<td>51,906</td>
<td>51,336</td>
<td>570</td>
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<tr>
<td>Pharmacy technicians</td>
<td>23,074</td>
<td>22,983</td>
<td>91</td>
</tr>
<tr>
<td>Registered pharmacies</td>
<td>14,393</td>
<td>14,409</td>
<td>-16</td>
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</table>

Register totals as of 31 March 2016.

1.3 Median application processing times

<table>
<thead>
<tr>
<th>Median application processing times for pharmacists (working days)</th>
<th>Median application processing times for pharmacy technicians (working days)</th>
</tr>
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<tbody>
<tr>
<td>Application receipt to approval</td>
<td>Application receipt to approval</td>
</tr>
<tr>
<td>13</td>
<td>1</td>
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<tr>
<td>Application receipt to entry</td>
<td>Application receipt to entry</td>
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<tr>
<td>20</td>
<td>9</td>
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Medians calculated for applications during the period 1 April 2015 to 31 March 2016.
1.4 Contact Centre

<table>
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<th>2015/2016</th>
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<tr>
<td></td>
<td>Q1</td>
</tr>
<tr>
<td>Calls made to GPhC</td>
<td>15,449</td>
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<tr>
<td>Calls answered within 20 seconds (KPI &gt; 80%)</td>
<td>88.7%</td>
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<tr>
<td>Calls abandoned (KPI &lt; 5%)</td>
<td>1.2%</td>
</tr>
<tr>
<td>Correspondence</td>
<td></td>
</tr>
<tr>
<td>Emails actioned within 2 days (KPI &gt; 90%)</td>
<td>100%</td>
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</table>

Notwithstanding the spike in calls received relating to non-renewal and restoration of those registrants who miss the December peak renewal cycle (primarily those transferred over from the RPSGB), this quarter has a tendency to be quieter. Other than the above, calls primarily relate to early queries concerning pre-registration, the registration assessment and BAU enquires. All targets have been comfortably met during this period.
1.5 Continuing professional development (CPD)

Figures are presented as annual call cycles. 2014/15 calls commenced in October 2014 and ended in June 2015. The 2016 call is a pilot study for a reduced sampling approach of 2.5% of the professional registers and commenced in March 2016. The 2016 call is ongoing and is not yet representative of the final degree of compliance with our CPD requirements.

<table>
<thead>
<tr>
<th>Call and submission data</th>
<th>2014/15 Call</th>
<th>2016 Call (2.5%)</th>
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<tr>
<td>Records requested</td>
<td>19,197</td>
<td>1797</td>
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<tr>
<td>Submitted by deadline</td>
<td>17,802</td>
<td>1546</td>
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<td>% submitted by deadline</td>
<td>92.7%</td>
<td>86.0%</td>
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<tr>
<th>Submission issues</th>
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<td>Extensions</td>
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<td>Extension requests</td>
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<td>Requests granted</td>
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<td>Incomplete¹</td>
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<td>116</td>
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<td>Problems²</td>
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Non-compliance action

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<td>1454³</td>
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<td>2nd reminder</td>
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<tr>
<td>Notice of intention to remove</td>
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<td>Notice of removal</td>
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Removals

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<tbody>
<tr>
<td>Removals</td>
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Remediation

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<tr>
<td>Remedial measures</td>
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<table>
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<th>Overall compliance</th>
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<tr>
<td>Compliance following</td>
<td>99.9%</td>
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<tr>
<td>reminders, remediation,</td>
<td></td>
<td></td>
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<tr>
<td>and notice of intention</td>
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<tr>
<td>to remove</td>
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</tbody>
</table>

Data extracted on 2 May 2016. (1) “Incomplete” refers to submitting fewer entries than usually required (9 per year) as a result of periods away from practice, such as parental or sick leave. (2) “Problem” submissions are those that are submitted in formats that cannot be accepted and therefore it is not possible to process them. (3) In 2016, the timing of the first reminder was changed to precede the deadline for submission of records, increasing the number of reminders issued significantly. (4) The number of 2nd reminders issued is reduced by the number of registrants who: submit shortly after the deadline, voluntarily remove themselves from the register, have approved extensions, or have been later exempted from the call because of participation in the CFtP pilot.
2. **Fitness to Practise (FtP)**  

2.1 **Fitness to Practise performance standards**

<table>
<thead>
<tr>
<th>Performance Standard</th>
<th>Q4 cases triaged</th>
<th>Of which March 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>All cases triaged during this period</td>
<td>No. 437</td>
<td>No. 141</td>
</tr>
<tr>
<td>Of which cases triaged within 3 days</td>
<td>No. 324</td>
<td>% 74.14%</td>
</tr>
<tr>
<td>%</td>
<td>53.19%</td>
<td></td>
</tr>
</tbody>
</table>

*Cases triaged 1 January 2016 to 31 March 2016.*

<table>
<thead>
<tr>
<th>Performance Standard</th>
<th>Q4 cases triaged</th>
<th>Of which March 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>All stream 1 cases closed pre-IC</td>
<td>No. 155</td>
<td>No. 46</td>
</tr>
<tr>
<td>Of which closed within 3 months</td>
<td>No. 129</td>
<td>% 83.23%</td>
</tr>
<tr>
<td>%</td>
<td>78.26%</td>
<td></td>
</tr>
<tr>
<td>All stream 2 cases closed pre-IC</td>
<td>No. 139</td>
<td>No. 47</td>
</tr>
<tr>
<td>Of which closed within 10 months</td>
<td>No. 117</td>
<td>% 84.17%</td>
</tr>
<tr>
<td>%</td>
<td>76.60%</td>
<td></td>
</tr>
<tr>
<td>All cases closed or referred at IC</td>
<td>No. 44</td>
<td>No. 15</td>
</tr>
<tr>
<td>Of which reach IC within 12 months</td>
<td>No. 25</td>
<td>% 56.82%</td>
</tr>
<tr>
<td>%</td>
<td>60.00%</td>
<td></td>
</tr>
<tr>
<td>All FTP committee cases closed</td>
<td>No. 23</td>
<td>No. 6</td>
</tr>
<tr>
<td>Of which closed within 24 months</td>
<td>No. 15</td>
<td>% 65.22%</td>
</tr>
<tr>
<td>%</td>
<td>83.33%</td>
<td></td>
</tr>
</tbody>
</table>

*Cases closed 1 January 2016 to 31 March 2016, which may have been opened at any time.*

The dataset shows performance across the entire quarter (January 2016 – March 2016). Specific data for March 2016 is highlighted because it is this month’s performance which has not previously been reported.

During March, two performance standards improved (cases closed or referred at IC within 12 months and cases closed at FtPC within 24 months), and three declined (cases triaged within 3 days, stream 1 cases closed within 3 months and stream 2 cases closed within 10 months).

Of particular note is the number of cases closed within 24 months at the FtPC, which increased to 83%, although as reported previously, we anticipate this percentage to fluctuate from month to month, depending on how many of the older cases moving
through the process are closed in a particular month, in line with the plan to progress older cases through to closure.

Slower performance in relation to triage was seen in March with the percentage of cases triaged within 3 days, declining to 53%. This was as a result of a temporary drop in performance resulting from reduced capacity in the triage team. Whilst performance declined in the timeliness of cases closed at stream 1 and 2, this was within normal variation expected between months. In addition, more stream 2 cases were closed this reporting period, rising to 47 cases closed compared with 41 previously.
2.2 Cases received and closed

Across the quarter, we closed more cases, 459, than the number of concerns which we received, 441. As a result our overall caseload reduced to 731 at the end of March 2016. However, in March itself, we closed 7 fewer cases than the number of concerns we received across the month.

As set out in our previous report, there are early signs that the trend of increasing concerns we receive is reducing. The number of concerns received in March, 141, is lower than the monthly average of 148 set out in the previous reporting period.
2.3 Caseload age profile

<table>
<thead>
<tr>
<th>Age profile</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>February</td>
<td>March</td>
</tr>
<tr>
<td>Under 6 months</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No.</td>
<td>368</td>
<td>401</td>
</tr>
<tr>
<td>%</td>
<td>54%</td>
<td>57%</td>
</tr>
<tr>
<td>6-12 months</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No.</td>
<td>146</td>
<td>142</td>
</tr>
<tr>
<td>%</td>
<td>22%</td>
<td>20%</td>
</tr>
<tr>
<td>12-15 months</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No.</td>
<td>22</td>
<td>21</td>
</tr>
<tr>
<td>%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>15 months old and over</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No.</td>
<td>142</td>
<td>135</td>
</tr>
<tr>
<td>%</td>
<td>21%</td>
<td>19%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No.</td>
<td>678</td>
<td>699</td>
</tr>
<tr>
<td>%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

The overall age profile of the open caseload remains relatively stable, with a continued decrease in the number of cases under 12 months, and a decrease overall in the numbers of cases 15 months and older. This is in line with our two-pronged plan to proactively manage the newer cases at the front end of the process efficiently and effectively, whilst progressing older cases through the various stages of the process to closure. At the end of March 2016, 106 open cases were 15 months or older, compared with 135 in March 2015.

Whilst there has been a rise in the numbers of cases over 12 months old overall, rising from 131 in the previous quarter to 151, this is largely in the cohort of cases between 12 and 15 months old. During March we saw an increase in these cases from 29 to 45 cases. This does not represent a significant increase and largely corresponds with the increased number of concerns received
through 2015. Of those 45 cases, 31 have completed the investigation stage and the cases are progressing through the various fitness to practise stages.

In relation to the 151 open cases over the age of 12 months, 104 (69%) are beyond the investigatory stage on their way to closure. Of those cases:

- 22 have been listed for a Principal Hearing between April and October 2016
- 37 are in the listing process for scheduling to be heard at FtPC between April and August 2016
- 23 are subject to an interim order. Cases not subject to third party investigation, have planned closure dates between April and October 2016
- 19 are scheduled to be considered by the Investigating Committee

The remaining 47 cases over the age of 12 months are at the investigation stage. 15 of these are subject to third-party intervention and therefore no further investigation can be undertaken until other agencies have completed their enquiries. 31 cases are currently under investigation, 21 of which have planned investigation completion dates before the end of May 2016. With regard to the remaining 10 cases: 4 require the completion of health assessments; 4 require Court Orders for the disclosure of information which are actively being sought; and 2 are due to be completed by end of June 2016.
2.4 Cases over 15 months

<table>
<thead>
<tr>
<th>Age profile</th>
<th>2015</th>
<th></th>
<th>2016</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>February</td>
<td>March</td>
<td>November</td>
<td>February</td>
</tr>
<tr>
<td>15-19 months</td>
<td>No.  64</td>
<td>50</td>
<td>40</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>%  45.1%</td>
<td>37.0%</td>
<td>35.7%</td>
<td>33.0%</td>
</tr>
<tr>
<td>20-24 months</td>
<td>No.  36</td>
<td>44</td>
<td>25</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>%  25.4%</td>
<td>32.6%</td>
<td>22.3%</td>
<td>22.3%</td>
</tr>
<tr>
<td>25-29 months</td>
<td>No.  16</td>
<td>18</td>
<td>15</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>%  11.3%</td>
<td>13.3%</td>
<td>13.4%</td>
<td>21.3%</td>
</tr>
<tr>
<td>30-34 months</td>
<td>No.  16</td>
<td>14</td>
<td>18</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>%  11.3%</td>
<td>10.4%</td>
<td>16.1%</td>
<td>10.6%</td>
</tr>
<tr>
<td>35-39 months</td>
<td>No.  5</td>
<td>3</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>%  3.5%</td>
<td>2.2%</td>
<td>4.5%</td>
<td>5.3%</td>
</tr>
<tr>
<td>40-42 months</td>
<td>No.  1</td>
<td>2</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>%  0.7%</td>
<td>1.5%</td>
<td>6.3%</td>
<td>2.1%</td>
</tr>
<tr>
<td>43-50 months</td>
<td>No.  3</td>
<td>3</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>%  2.1%</td>
<td>2.2%</td>
<td>0.90%</td>
<td>4.3%</td>
</tr>
<tr>
<td>50 months or more</td>
<td>No.  1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>%  0.7%</td>
<td>0.7%</td>
<td>0.9%</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

The direction of travel in progressing the oldest cases remains positive and in line with our plan to progress these through to closure. These 106 cases represent 15% of our open caseload, compared with 112 cases (15%) in the previous reporting period, and 135 cases (19%) in March 2015, demonstrating sustained improvement.
Of the 106 cases, 77 (72%) are beyond the investigatory stage and on their way to closure: 10 of these are listed with the IC; 18 are subject to an Interim Order; 20 are listed with the FtPC and 15 cases are currently in the process of being listed for a FtPC.

Of the remaining 29 cases within this age profile, 12 are subject to third-party investigation which we are unable to progress whilst those external investigations are ongoing. 17 cases are at the investigation stage, with the exception of 7 cases (4 of which require the completion of health assessments, 3 of which we are seeking Court Orders for the disclosure of information), the remaining cases have planned investigation completion dates by the end of June 2016.

Of the 10 cases over 40 months old, 2 are now being investigated, having been subject to lengthy third-party investigations – the investigations are due for completion by the end of June 2016. 1 is being prepared for consideration by the IC. 2 are listed for FtPC hearings and 2 are currently in the process of being listed before FtPC. 3 cases within this cohort are planned for closure in May 2016.
2.5 Cases closed by stage

In relation to March 2016, the graph illustrates the numbers of cases closed within table 2.1 with the exception of cases closed at IC. Whilst only 1 case was closed at IC in March, a further 8 were referred on by IC to the FtPC.
2.6 DBS referrals
The Disclosure and Barring Service (DBS) and Disclosure Scotland (DS) Referrals Panel considered 12 cases during this reporting period although, due to the timings of the meetings, none were considered in March. Two matters were referred to the DBS in February. No matters were referred to DS.

2.7 Appeals
There are 9 live appeals within this reporting period. One appeal was dismissed by the High Court in March but has subsequently been referred to the Court of Appeal by the appellant.
Since March 2015, the GPhC has made 36 interim order applications, of which 32 were granted and 4 declined. One application was made in March 2016 but this was declined by the Fitness to Practise Committee. Interim orders are sought in circumstances where an order is necessary to protect the public, is in the public interest or is necessary to protect the registrant. In March, our application for an IO was made in 2.6 weeks, which is consistent with the average set out in the previous report of 2.5 weeks – this is taken as being from the time we receive the relevant information to the date on which the decision to make an interim order is made by the FtPC.
3. Inspection

3.1 Inspections undertaken

<table>
<thead>
<tr>
<th></th>
<th>Routine inspections</th>
<th>Follow up inspections</th>
<th>Visits before registration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmacies</td>
<td>970</td>
<td>38</td>
<td>75</td>
</tr>
</tbody>
</table>

Figures above relate to inspection activity between 1 January 2016 and 31 March 2016.

The number of routine inspections continues to increase. The average number of routine inspections undertaken per month has increased this reporting period from 286 to 303. In January, 355 inspections were carried out, the highest number recorded in one month. In February, 320 inspection were carried out, the second highest number recorded in one month.

3.2 Pharmacy premises not inspected

<table>
<thead>
<tr>
<th>Months since previous inspection</th>
<th>2015</th>
<th></th>
<th>2016</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>November</td>
<td>February</td>
<td>March</td>
<td>November</td>
</tr>
<tr>
<td>36-38 months</td>
<td>1,270</td>
<td>32.36%</td>
<td>1,087</td>
<td>25.94%</td>
</tr>
<tr>
<td>39-41 months</td>
<td>1,017</td>
<td>25.83%</td>
<td>1,218</td>
<td>29.07%</td>
</tr>
<tr>
<td>42-47 months</td>
<td>1,334</td>
<td>33.88%</td>
<td>1,558</td>
<td>37.18%</td>
</tr>
<tr>
<td>48 months or more</td>
<td>316</td>
<td>8.03%</td>
<td>327</td>
<td>7.80%</td>
</tr>
<tr>
<td>Total</td>
<td>3,937</td>
<td>100%</td>
<td>4,190</td>
<td>100%</td>
</tr>
<tr>
<td>Of all registered pharmacies</td>
<td>14,410</td>
<td>27.32%</td>
<td>14,390</td>
<td>29.12%</td>
</tr>
</tbody>
</table>

Figures correct as at 31 March 2016.
3.3  Age profile of pharmacies not inspected for 48 months and over

<table>
<thead>
<tr>
<th>Months since previous inspection</th>
<th>East</th>
<th>%</th>
<th>North</th>
<th>%</th>
<th>South</th>
<th>%</th>
<th>West</th>
<th>%</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>48 – 50 Months</td>
<td>102</td>
<td>80.96%</td>
<td>79</td>
<td>94.05%</td>
<td>48</td>
<td>92.31%</td>
<td>164</td>
<td>64.57%</td>
<td>393</td>
<td>76.16%</td>
</tr>
<tr>
<td>51 – 53 Months</td>
<td>11</td>
<td>8.73%</td>
<td>5</td>
<td>5.95%</td>
<td>3</td>
<td>3.77%</td>
<td>57</td>
<td>22.44%</td>
<td>76</td>
<td>27.52%</td>
</tr>
<tr>
<td>54 – 56 Months</td>
<td>5</td>
<td>3.97%</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
<td>27</td>
<td>10.63%</td>
<td>32</td>
<td>6.20%</td>
</tr>
<tr>
<td>57 – 59 Months</td>
<td>2</td>
<td>1.59%</td>
<td>0</td>
<td>0%</td>
<td>1</td>
<td>1.92%</td>
<td>5</td>
<td>1.97%</td>
<td>8</td>
<td>1.55%</td>
</tr>
<tr>
<td>+60 Months</td>
<td>6</td>
<td>4.76%</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
<td>1</td>
<td>0.39%</td>
<td>7</td>
<td>1.36%</td>
</tr>
<tr>
<td>Total</td>
<td>126</td>
<td>24.42%</td>
<td>84</td>
<td>16.28%</td>
<td>52</td>
<td>10.08%</td>
<td>254</td>
<td>49.22%</td>
<td>516</td>
<td>100%</td>
</tr>
</tbody>
</table>

Figures correct as at 31/03/2016

The number of pharmacies not inspected for 48 months has increased to 516, despite the overall higher productivity. This is due to a high number of pharmacies entering this category in March. Our modelling of the flow of pharmacies awaiting an inspection tells us that this is likely to vary from month to month, as it is linked to the level of inspection activity undertaken 4 years ago.

Our plan to target the areas with a particularly high concentration of pharmacies that had not been inspected for 48 months has been successful and is continuing. This means we have dealt with the previously high numbers of pharmacies awaiting inspection in the West Midlands, Essex, Kent and parts of London. This has been achieved with use of our floating inspectors and a more consistent and higher productivity overall. There is now a more even numerical spread of pharmacies in individual inspector areas, although in overall regional terms we continue to have a higher number in the East of England and Wales and the West of England. Our plan continues for all inspectors to prioritise those pharmacies in their individual areas that have not been inspected for the longest time. We are also now beginning to redeploy two of our floating inspectors elsewhere, notably to South Wales where we have a particular flow of pharmacies entering the 48 months category. We are also using inspectors across other regional boundaries where it is effective and efficient to do so.
We continue to pick up any pharmacies awaiting an inspection if a concern is raised or if we receive additional intelligence. In March, 5 pharmacies were visited as a result of concerns raised. This represents 0.1% of pharmacies awaiting an inspection.

### 3.4 Top 5 standards ranked as not met

<table>
<thead>
<tr>
<th>Standard no.</th>
<th>Description</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.3</td>
<td>Medicines and medical devices are: obtained from a reputable source; safe and fit for purpose; stored securely; safeguarded from unauthorized access; supplied to the patient safely; and disposed of safely and securely</td>
<td>1</td>
</tr>
<tr>
<td>1.1</td>
<td>The risks associated with providing pharmacy services are identified and managed</td>
<td>2</td>
</tr>
<tr>
<td>1.2</td>
<td>The safety and quality of pharmacy services are regularly reviewed and monitored</td>
<td>3</td>
</tr>
<tr>
<td>2.2</td>
<td>Staff have the appropriate skills, qualifications and competence for their role and the tasks they carry out, or are working under the supervision of another person while they are in training</td>
<td>4</td>
</tr>
<tr>
<td>1.6</td>
<td>All necessary records for the safe provision of pharmacy services are kept and maintained</td>
<td>5</td>
</tr>
</tbody>
</table>

*(nb: 2.2 and 1.6 are new in the top 5 not met, as at the end of March 16)*

### 3.5 Top 5 standards ranked as good

<table>
<thead>
<tr>
<th>Standard no.</th>
<th>Description</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.2</td>
<td>Staff have the appropriate skills, qualifications and competence for their role and the tasks they carry out, or are working under the supervision of another person while they are in training</td>
<td>1</td>
</tr>
<tr>
<td>1.1</td>
<td>The risks associated with providing pharmacy services are identified and managed</td>
<td>2</td>
</tr>
<tr>
<td>2.4</td>
<td>There is a culture of openness, honesty and learning</td>
<td>3</td>
</tr>
<tr>
<td>1.2</td>
<td>The safety and quality of pharmacy services are regularly reviewed and monitored</td>
<td>4</td>
</tr>
<tr>
<td>4.2</td>
<td>Pharmacy services are managed and delivered safely and effectively</td>
<td>5</td>
</tr>
</tbody>
</table>
The performance of those pharmacies that have waited the longest for inspection remains very similar to the performance of all other pharmacies. We have seen a small rise in the number of poor pharmacies in this category (10 in this reporting period) and will continue to monitor this closely. We are also starting work on a detailed analysis of the reasons that pharmacies are not meeting these standards, and will report this later in this year.
4. Complaints

4.1 Formal complaints and negative feedback by category

<table>
<thead>
<tr>
<th>Period</th>
<th>Equality &amp; Diversity</th>
<th>Staff Conduct</th>
<th>Fees</th>
<th>Outcome of a GPhC Decision</th>
<th>Standards &amp; Assessment</th>
<th>myGPhC</th>
<th>Information &amp; Data</th>
<th>GPhC Process</th>
<th>Outcome of a Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr-Jun 2015</td>
<td>3</td>
<td>3</td>
<td>7</td>
<td>8</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jul-Sep 2015</td>
<td></td>
<td></td>
<td>31</td>
<td></td>
<td></td>
<td>14</td>
<td>4</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Oct-Dec 2015</td>
<td>5</td>
<td>17</td>
<td>5</td>
<td>11</td>
<td>13</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jan-Feb 2016</td>
<td>1</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mar-Apr 2016</td>
<td>2</td>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The majority of complaints in the reporting period relate to the GPhC renewal process and reflect the trend in complaints over previous years. The main issues are those raised by registrants and owners which relate to not receiving a renewal notice and the cost of restoration.
5. Human Resources

### Number of staff

<table>
<thead>
<tr>
<th>Directorate</th>
<th>Permanent</th>
<th>Fixed-Term</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Office</td>
<td>11</td>
<td>0</td>
<td>11</td>
</tr>
<tr>
<td>Inspection and Fitness to Practise</td>
<td>85</td>
<td>11</td>
<td>95</td>
</tr>
<tr>
<td>OD&amp;EDI</td>
<td>10</td>
<td>2</td>
<td>13</td>
</tr>
<tr>
<td>Operations</td>
<td>61</td>
<td>6</td>
<td>67</td>
</tr>
<tr>
<td>Strategy</td>
<td>34</td>
<td>6</td>
<td>40</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>202</strong></td>
<td><strong>23</strong></td>
<td><strong>224</strong></td>
</tr>
</tbody>
</table>

#### 5.1 Staff turnover

<table>
<thead>
<tr>
<th>Total permanent staff</th>
<th>Leavers 1 Apr 2015–31 Mar 2016</th>
<th>Turnover (rolling year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>201</td>
<td>35</td>
<td>17.4%</td>
</tr>
</tbody>
</table>

**Permanent staff stability rate**

- Based on 163 permanent staff with over 12 months' service
- Figures as at 30 April 2016

The turnover rate showed a decrease of 3.3% from 20.7% to 17.4% compared to the previous reporting period. The number of leavers during the reporting period reduced by 0.8%, 35 compared to 41 during the last reporting period.

The data also shows a decrease in leavers from the same period last year. The overall stability rate measures the number of all staff with one or more years' service, and includes both permanent and fixed-term staff. In actual staff numbers, and as of 31 March 2016, 163 of our total 224 staff have over 12 months' service. Stability rates have continued to improve year on year. The current 81.1% sees an increase from 67.9% for the same period last year.

Supporting staff development and performance management remain key priorities for HR, and we now have the new Talent and Resourcing Business Team in place to provide more expertise and act as dedicated resource with the hopeful outcome being an increase in staff retention.
## 5.2 Starters and leavers

**Leavers (fixed-term contract and Permanent Staff) from 1 January 2016 - 31 March 2016**

<table>
<thead>
<tr>
<th></th>
<th>Fixed-Term</th>
<th>Permanent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Office</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Inspection and Fitness to Practise</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>OD&amp;EDI</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Operations</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Strategy</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

**Joiners (fixed term contract and Permanent Staff) from 1 January 2016 - 31 March 2016**

<table>
<thead>
<tr>
<th></th>
<th>Fixed-Term</th>
<th>Permanent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Office</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Inspection and Fitness to Practise</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>OD&amp;EDI</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Operations</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Strategy</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>
5.3 Staff sickness

<table>
<thead>
<tr>
<th>Month</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>Septemb.</th>
<th>October</th>
<th>NovemberDecember</th>
<th>January</th>
<th>February</th>
<th>March</th>
</tr>
</thead>
<tbody>
<tr>
<td>No of Days Absent</td>
<td>71</td>
<td>48</td>
<td>35</td>
<td>81.5</td>
<td>29</td>
<td>33</td>
<td>23</td>
<td>31</td>
<td>41</td>
<td>61.5</td>
<td>35</td>
<td>66.5</td>
<td>41.5</td>
<td>81.5</td>
</tr>
</tbody>
</table>
January and February saw a slight increase on the previous month. Coughs, colds and viral illnesses made up 85% of reported absences. The increase can be attributed to a seasonal peak being similar to last year’s figure.

A total of 556 days were lost due to short-term sickness absence for the 12 month period ending 31 March 2016. This equates to an average of less than 2.5 days per annum per employee.

Less than 10% of staff accounted for almost half of all short-term absences (48.74%), with the remaining 51% made up of short intermittent absences of 7 days or less, taken by 93 members of staff. Long-term sickness absence is defined as any absence of over 4 weeks in one continuous period. Long-term absence is excluded from the chart and table above. There were a couple of cases of long-term sickness absence during the reporting period that are being managed with HR support.

HR continues to support managers to reduce sickness absence in a targeted approach and to assist staff to enable them to return to work.

<table>
<thead>
<tr>
<th>Short term Absence</th>
<th>Number of Employees</th>
<th>% of Employees absent</th>
<th>Total days absent (12 month rolling period)</th>
<th>% of total days absent</th>
</tr>
</thead>
<tbody>
<tr>
<td>+8 Sickness Days</td>
<td>22</td>
<td>9.82%</td>
<td>271</td>
<td>48.74%</td>
</tr>
<tr>
<td>0.5-7 Sickness Days</td>
<td>93</td>
<td>41.52%</td>
<td>285</td>
<td>51.26%</td>
</tr>
<tr>
<td>0 Sick Days</td>
<td>109</td>
<td>48.66%</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>224</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>556</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>
6. Financial performance

6.1 GPhC balance sheet as at 31 March 2016

<table>
<thead>
<tr>
<th></th>
<th>March 2016</th>
<th>March 2015</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisitions</td>
<td>7,625</td>
<td>7,693</td>
<td>(68)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(1,843)</td>
<td>(785)</td>
<td>(1,058)</td>
</tr>
<tr>
<td></td>
<td>5,782</td>
<td>6,908</td>
<td>(1,126)</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>472</td>
<td>413</td>
<td>59</td>
</tr>
<tr>
<td>Prepayments</td>
<td>1,194</td>
<td>959</td>
<td>235</td>
</tr>
<tr>
<td>Accrued Income</td>
<td>45</td>
<td>142</td>
<td>(97)</td>
</tr>
<tr>
<td>Escrow</td>
<td>30</td>
<td>56</td>
<td>(26)</td>
</tr>
<tr>
<td>Bank &amp; Cash</td>
<td>25,621</td>
<td>25,249</td>
<td>372</td>
</tr>
<tr>
<td></td>
<td>27,362</td>
<td>26,819</td>
<td>543</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors</td>
<td>1,076</td>
<td>944</td>
<td>132</td>
</tr>
<tr>
<td>Tax due</td>
<td>301</td>
<td>277</td>
<td>24</td>
</tr>
<tr>
<td>Grant Income</td>
<td>735</td>
<td>1,044</td>
<td>(309)</td>
</tr>
<tr>
<td>Deferred Fee Income</td>
<td>13,364</td>
<td>12,638</td>
<td>726</td>
</tr>
<tr>
<td>Data Sub Income</td>
<td>10</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Accruals</td>
<td>737</td>
<td>1,126</td>
<td>(389)</td>
</tr>
<tr>
<td></td>
<td>16,223</td>
<td>16,034</td>
<td>189</td>
</tr>
<tr>
<td><strong>Net Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>11,139</td>
<td>10,785</td>
<td>354</td>
</tr>
<tr>
<td><strong>Landlord Incentive</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,562</td>
<td>3,845</td>
<td>(283)</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>13,359</td>
<td>13,848</td>
<td>(489)</td>
</tr>
<tr>
<td><strong>Funds Employed</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated B/Fwd</td>
<td>13,848</td>
<td>15,795</td>
<td>(1,947)</td>
</tr>
<tr>
<td>Surplus/(Deficit) in Year</td>
<td>(489)</td>
<td>(1,947)</td>
<td>1,458</td>
</tr>
<tr>
<td><strong>Total Funds</strong></td>
<td>13,359</td>
<td>13,848</td>
<td>(489)</td>
</tr>
</tbody>
</table>

**Fixed Assets**

The reduction in cost is due to expenditure on Access and CRM phase 2 project now expensed and a cost adjustment for leasehold.

**Outstanding debtors this year include:**

- Recovery of legal costs - £35k
- Recovery of hearing room costs - £8.5k
- Recovery of Accreditation costs - £79k

**Long Term Liabilities**

This figure of £3.5m represents the amount the landlord has contributed towards the fit-out costs for our offices offset by the provision for long term rent increases.

The balance sheet shows total fixed assets of £5.8m which is made up of works carried out to our offices, new office furniture, computer equipment and development of the CRM project phase 1.

Current liabilities of £16.2m are primarily made up of deferred income £13.3m which relates to monies received in relation to fee income and the working capital grants provided by the DH, a PAYE tax liability of £0.3m and accruals £0.8m. Net current assets at £11.1m have decreased by £0.3m year-on-year.

Landlord incentive of £3.5m represents the amount that the landlord has contributed to date towards the fit-out costs for our offices. The landlord is meeting 85% of these costs. They will be credited over the 10 year lease term to the income and expenditure account. The amount has been offset by the provision for rent increases as per the lease agreement.
### 6.2 Management accounts to March 2016

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Quarter 4</th>
<th>Actual vs Budget Year to date</th>
<th>Actual vs Forecast Year to date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>F/cast</td>
<td>Variance</td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Pharmacist Income</td>
<td>3,352</td>
<td>3,297</td>
<td>55</td>
</tr>
<tr>
<td>- Premises Income</td>
<td>954</td>
<td>923</td>
<td>31</td>
</tr>
<tr>
<td>- Pharmacy Technician Income</td>
<td>697</td>
<td>699</td>
<td>(2)</td>
</tr>
<tr>
<td>- Pre-Registration Income</td>
<td>109</td>
<td>107</td>
<td>2</td>
</tr>
<tr>
<td>- Other Fee Income</td>
<td>5</td>
<td>19</td>
<td>(13)</td>
</tr>
<tr>
<td>- Other Income</td>
<td>27</td>
<td>62</td>
<td>(35)</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>5,200</td>
<td>5,161</td>
<td>40</td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Chief Executive</td>
<td>(98)</td>
<td>(96)</td>
<td>(3)</td>
</tr>
<tr>
<td>- Organisational Development &amp; EDI</td>
<td>(279)</td>
<td>(302)</td>
<td>23</td>
</tr>
<tr>
<td>- Strategy</td>
<td>(640)</td>
<td>(758)</td>
<td>117</td>
</tr>
<tr>
<td>- Strategy</td>
<td>(640)</td>
<td>(758)</td>
<td>117</td>
</tr>
<tr>
<td>- Pre-Registration Income</td>
<td>109</td>
<td>107</td>
<td>2</td>
</tr>
<tr>
<td>- Pre-Registration Income</td>
<td>109</td>
<td>107</td>
<td>2</td>
</tr>
<tr>
<td>- Other Fee Income</td>
<td>5</td>
<td>19</td>
<td>(13)</td>
</tr>
<tr>
<td>- Other Income</td>
<td>27</td>
<td>62</td>
<td>(35)</td>
</tr>
<tr>
<td><strong>Total Directorate Costs</strong></td>
<td>(4,666)</td>
<td>(5,311)</td>
<td>645</td>
</tr>
<tr>
<td>- Chief Executive</td>
<td>(98)</td>
<td>(96)</td>
<td>(3)</td>
</tr>
<tr>
<td>- Organisational Development &amp; EDI</td>
<td>(279)</td>
<td>(302)</td>
<td>23</td>
</tr>
<tr>
<td>- Strategy</td>
<td>(640)</td>
<td>(758)</td>
<td>117</td>
</tr>
<tr>
<td>- Pre-Registration Income</td>
<td>109</td>
<td>107</td>
<td>2</td>
</tr>
<tr>
<td>- Pre-Registration Income</td>
<td>109</td>
<td>107</td>
<td>2</td>
</tr>
<tr>
<td>- Other Fee Income</td>
<td>5</td>
<td>19</td>
<td>(13)</td>
</tr>
<tr>
<td>- Other Income</td>
<td>27</td>
<td>62</td>
<td>(35)</td>
</tr>
<tr>
<td><strong>Total Occupancy Costs</strong></td>
<td>(516)</td>
<td>(506)</td>
<td>(10)</td>
</tr>
<tr>
<td><strong>Total Contingency Costs</strong></td>
<td>0</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td>(5,182)</td>
<td>(5,867)</td>
<td>685</td>
</tr>
<tr>
<td><strong>Net Operating Surplus/(Deficit) before interest &amp; tax</strong></td>
<td>19</td>
<td>(706)</td>
<td>725</td>
</tr>
<tr>
<td>- Interest Receivable</td>
<td>61</td>
<td>62</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Net Operating Surplus/(Deficit) after tax</strong></td>
<td>69</td>
<td>(655)</td>
<td>724</td>
</tr>
</tbody>
</table>
Commentary 19:

Operating surplus/(deficit) after interest and tax
The operating result to the end of March 2016 is a deficit of £489K, which is an underspend variance of £724K against forecast. This variance arises as a result of expenditure being £685k below forecast and income being marginally higher than forecast (£40k).

Income

Pharmacist Income is £55k higher than forecast for the year; with approximately 210 more pharmacists on the register than originally forecast and restoration income up £26k compared to forecast.

Premises Income is £31k higher than forecast year to date; renewal fees are down £6k compared to forecast. This has been offset by a £10k increase in restoration fees. The number of premises on the register at this stage of the year is 86 behind forecast.

Other Income is down £35k against forecast this is due to legal fees repaid by registrants now being classified as a cost recovery rather than an income stream.

Expenditure

Employee costs across the organisation are lower than forecast for the year, more than 60% of the saving was due to recruitment delays and staff vacancies. The remainder of the variance was predominantly due to lower than anticipated associate’s events and saving in travel and accommodation.

Organisational Development and EDI
The £23k saving is due to several associate training events which did not go ahead as planned during the last quarter. This has been offset by increased contractor and recruitment costs.

Strategy
The majority of the savings (approximately £110k) for the year relate to staff vacancies and a reduced number of associate events taking place during the last quarter. The remainder of the variance comprises of a £10k overspend in consultancy costs offset by the £20k saving due to education engagement events which did not go ahead.

Inspections and Fitness to Practise
Staff vacancies and the reduction in the number of expected hearing days over the last quarter generated savings in excess of £100k. Expenditure with panel firms was also lower than expected for the year and legal fees repaid is now classed as a costs recovery, this in total lead to a reduction in legal fees against forecast.

Operations
Staff vacancies contribute the biggest savings with a number of roles being vacant. Savings in IT approximately £182k is due to several projects being delayed or being done in-house.

Council and governance
The saving against forecast is largely due to staff vacancies and Internal audit costs being marginally lower than budget.
6.3 Expenditure by Cost Category

![Expenditure by Cost Category chart]

- Total expenditure incurred per cost category expressed as a percentage
- Research Costs
- Other Costs
- Marketing Costs
- Property Costs
- Event Costs
- Office Costs
- Financial Costs
- IT Costs
- Professional Costs
- Occupancy & Service Level Costs
- Employee Costs

6.4 Income by Registrant Type

![Income by Registrant Type chart]

- Pharmacist Income
- Premises Income
- Pharmacy Technician Income
- Pre-Registration Income
- Other Fee Income
- DH Grant Income
- Other Income
7. **Education**

7.1 **Accreditation and recognition activity**

<table>
<thead>
<tr>
<th>Course</th>
<th>Type</th>
<th>Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>MPharm degree</td>
<td>Accreditation</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Reaccreditation</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Interim visit</td>
<td>3</td>
</tr>
<tr>
<td>Independent prescribing</td>
<td>Accreditation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Reaccreditation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Monitoring visit</td>
<td>1</td>
</tr>
<tr>
<td>Level 2 medicines counter assistant and dispensing assistant</td>
<td>Accreditation</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Reaccreditation</td>
<td>0</td>
</tr>
<tr>
<td>OSPAP</td>
<td>Reaccreditation</td>
<td>0</td>
</tr>
</tbody>
</table>
Public business

Corporate Plan end of year report

Purpose
To report to Council on progress against the Corporate Plan 2015/16 at the end of Q4

Recommendation
Council is asked to note and comment on the Corporate Plan report at Appendix 1

1. Introduction
1.1 This paper reports on progress against the Corporate Plan for 2015/16 and provides an update on where initiatives had reached at the end of the financial year (31 March 2016).

2. Corporate Plan report
2.1 Appendix 1 provides an end of year overview of progress against the Corporate Plan 2015/16. The Corporate Plan for 2015/16 covered the following work streams:
   - Refining our new approach to inspection
   - Improving the quality and timeliness of our fitness to practise (FtP) cases
   - Developing a model for continuing fitness to practise (CFtP)
   - Review of education standards within pharmacy
   - Review the standards of conduct, ethics and performance
   - Continuing to improve our efficiency and effectiveness

2.2 A number of initiatives have been completed within the year and some continue as projects as expected. Council will note that the publication of inspection reports is highlighted as delayed and this is directly linked to the need for our new powers to come into force.
2.3 Council will recall that the current Corporate Plan for 2016/17 focuses on the external facing projects that impact our stakeholders, and a report on progress will be submitted to Council’s 10 November 2016 meeting.

3. **Equality and diversity implications**

3.1 The purpose of this report is to report on Corporate Plan progress. There are no direct equality and diversity implications. Specific work streams for equality and diversity are described within the Corporate Plan update.

4. **Communications**

4.1 The development and publication of this report is reflective of our commitment to openness and transparency concerning our performance. We have undertaken, and will continue to develop, specific communications on each of the areas of reported performance. This includes information on our website, wider communications through the media and direct through our own publications and communications materials. These activities are designed to reach all our key interest groups including patients and their representatives, pharmacy professionals and their employees, education providers and others.

5. **Resource implications**

5.1 Resource implications are addressed within the report.

6. **Risk implications**

6.1 The Corporate Plan sets out the external facing work streams that impact on the GPhC’s stakeholders. Without regular monitoring and reporting Council is unable to ensure that the progress is being achieved within the expected timeframes.

**Recommendation**

Council is asked to note and comment on the Corporate Plan report at Appendix 1

_Duncan Rudkin, Chief Executive & Registrar_

*General Pharmaceutical Council*

duncan.rudkin@pharmacyregulation.org

020 3713 7811

02 June 2016
Corporate plan report: quarter 4 2015/16

Key:

<table>
<thead>
<tr>
<th>Initiative Status</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black</td>
<td>Not started</td>
</tr>
<tr>
<td>Red</td>
<td>Off track and project at risk</td>
</tr>
<tr>
<td>Amber</td>
<td>Minor issues but achievable</td>
</tr>
<tr>
<td>Green</td>
<td>On track/ completed</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Direction of travel</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rating from last period unchanged</td>
</tr>
<tr>
<td></td>
<td>Rating from last period improved</td>
</tr>
<tr>
<td></td>
<td>Rating from last period worsened</td>
</tr>
</tbody>
</table>
Providing proactive good quality regulatory services

Priority: Refining our new approach to inspection

What does success look like?

- We will have a final inspection model which takes account of the views of patients and the public, pharmacy professionals and pharmacy owners, and the GPhC’s own experience of running the prototype inspection model
- Published inspection reports that are easy for patients, the public and pharmacy professionals to find and use
- An inspection model that is in proportion and takes account of relevant risks
- A measurable reduction in the number of pharmacies awaiting inspection

Initiatives in 2015-16 to deliver success:

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consult on the final inspection model, including using ‘sounding boards’ to gather views</td>
<td>✔️</td>
</tr>
<tr>
<td>Bring in a system for publishing inspection reports</td>
<td>✔️</td>
</tr>
<tr>
<td>Introduce a formal review mechanism for superintendents and owners who disagree with the indicative inspection judgement given to one of their pharmacies</td>
<td>✔️</td>
</tr>
<tr>
<td>Develop risk indicators to help plan inspections</td>
<td>✔️</td>
</tr>
<tr>
<td>Agree a ‘logic model’ for regulating pharmacies and carry out an external evaluation of our regulation of pharmacies</td>
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Key links and assumptions:

- The timetable for the consultation and publishing inspection reports depends on when the legislation is passed

Milestones:

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<tr>
<td>• Assessing the results of our evaluation research</td>
<td>• Prepare the draft inspection rules</td>
<td>• Consult on the key parts of our pharmacies regulation model</td>
<td>• Finalise preparations and communications for bringing in the full statutory inspection process</td>
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<tr>
<td>• Introduce the review mechanism for disputed inspection judgements</td>
<td>• Prepare the consultation on our pharmacies regulation model</td>
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<tr>
<td>• The sounding boards will discuss the publication of inspection reports</td>
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Commentary:

The external evaluation of our regulatory approach has been completed and was published on 28 October 2015. We have continued our review of inspection ratings and tested some initial ideas with patient groups and individuals within the profession in November 2015. We also took this opportunity to set out our overall inspection approach, including the frequency of inspection based on performance and on a series of prompts (such as concerns or significant changes in activities). Subject to further ongoing work on capacity we are on course to set out our model as planned in a consultation document. The exact timing of the consultation and subsequent inspection will be confirmed once Privy Council advisors have given informal clearance of draft Rules and when the relevant parts of the section 60 Order are commenced. We have also developed a process whereby superintendents/owners can seek a review of inspection judgements and this is ready for piloting once we have completed our review of ratings.
Providing proactive good quality regulatory services

Priority: Improving the quality and timeliness of our fitness to practise (FtP) cases

What does success look like?

- We deal with cases in line with our performance standards
- We make accurate and proportionate decisions throughout the FtP process
- We respond quickly to risks to patient safety

Key links and assumptions:

- That the number of concerns we receive will continue to rise
- Improvements in internal data quality and its use

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<tr>
<td>• Develop revised criteria for issuing interim orders</td>
<td>• Consult on the revised interim orders criteria.</td>
<td>• Issue revised criteria for issuing interim orders</td>
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<tr>
<td>• Develop guidance for employers on handling concerns</td>
<td>• Develop information for employers when thinking of raising a concern</td>
<td>• Issue information for employers on raising concerns</td>
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Initiatives in 2015-16 to deliver success:

- Update our fitness to practise process from beginning to end
- Review how we issue interim orders, so that we deal with potentially urgent issues more quickly
- Improve the way the inspection and fitness to practice teams work together
Commentary:

We have successfully revised the criteria for issuing interim orders. As a result the median time it takes from receiving information which suggests the need for an interim order to a decision being made by the fitness to practise committee has reduced to 2.1 weeks in 2015/16 from 3 weeks previously. This represents a positive improvement in timeliness. Information for employers who are thinking of raising a fitness to practise concern has also been shared with a range of employers and locum agencies and their comments incorporated. This is scheduled to be up on our website in July after being plain English edited by the Word Centre. Inspection and fitness to practise teams continue to increasingly work closely on a range of cases and issues together, sharing relevant knowledge, experience, skills and regulatory intelligence to ensure the most appropriate regulatory lever is used. This has resulted in better joined up management of dual regulatory activity in a number of high profile cases this reporting period, enhancing the efficiency and effectiveness of our response. Our direction of travel in improving the timeliness of fitness to practise cases continues to be positive. The age profile of the open caseload is getting younger and we have reduced the number of older cases over the age of 12 months old. 40% more cases were closed at FtPC in 2015/16 and our overall caseload is remaining stable overall, despite a 23% increase in concerns received. We are continuously improving the efficiency and effectiveness of our processes. Of particular note this reporting period is the improvements to the online journey for those reporting concerns. We now provide more detailed information to those raising concerns about fitness to practise, who we are, what we can (and cannot) do to better manage expectations and improve the online experience.
Putting people at the heart of what we do

Priority: Developing a model for continuing fitness to practise (CfPtP)

What does success look like?

- Extra reassurance for patients and the public that registrants are fit to practise, because we have introduced an additional quality assurance process – a model for CfPtP
- The CfPtP model meets the public’s expectations of our role in assuring the fitness to practise of registrants
- There is a high level of awareness and understanding of the CfPtP model among registrants

Key links and assumptions:

- Linked to the review of Conduct, ethics and performance, which will be the core standard for CfPtP
- We will be working with partner organisations

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<tr>
<td>Review the CPD scheme and report to Council in June</td>
<td>Develop and test CfPtP peer review processes and performance indicators</td>
<td>Evaluate and propose options to Council for piloting</td>
<td>Prepare piloting</td>
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<td>Develop and test CfPtP peer review processes and performance indicators</td>
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Initiatives in 2015-16 to deliver success:

- Review our continuing professional development (CPD) scheme
- Develop and test the peer review part of CfPtP with partner organisations*
- Develop and test performance indicators for the CfPtP scheme*  
  *before a later pilot phase in 2016/17
Commentary:
The work programme has continued to progress on time and within available resources. Evidence collected throughout the research and test phase has been used to successfully design a pilot study for the 2016/17 financial year. Findings have included:

- Simplification of recording requirements for CPD appears to enhance reflection on learning and development activities for the benefit of users of pharmacy services.
- Peer discussion appears to be a powerful aid to effective reflection. Our next phase of activity will now be focused on determining the qualities of the most effective forms of peer discussion and determining feasibility of setting new requirements in this area.
- Reflection on the standards for pharmacy professionals appears most effective in the form of a case study, which will be piloted in the coming year.

Preparation for piloting is progressing well. A new online recording form has been developed and a representative sample of almost 1000 volunteers from across pharmacy has been recruited to date. Materials to support pilot volunteers are being produced in the form of a guidance document and examples of good recording practice.

Work has also been undertaken to engage more broadly with the users of pharmacy services through surveys and focus groups to ensure that future policy proposals are in line with public expectations for assurance.

A 2.5% sampling approach to calling CPD records for review has been piloted in this period and will be evaluated in the coming financial year ahead of a recommendation to make a more permanent change towards a more proportionate approach to checking compliance with our current requirements.
Promoting a culture of patient-centred professionalism in pharmacy

Priority: Review of education standards within pharmacy

What does success look like?

- We will have a set of core regulatory standards for educating and training pharmacists which are relevant to practice
- We will have a set of core regulatory standards for educating and training pharmacy technicians which are relevant to practice
- We will have a set of core regulatory standards for educating and training pharmacy support staff which are relevant to practice
- The standards meet the public’s expectations and reflect professional values
- There is a high level of awareness and understanding of the standards among educators, students, trainees and other relevant stakeholders
- We have a revised quality assurance process for education which is fit for purpose, in light of the changes made to education and training standards

Initiatives in 2015-16 to deliver success:

- Produce an initial discussion paper summarising the new standards for the pharmacy team (as a stage before developing the standards themselves)
- Commission a perceptions of education and training standards study among pharmacy technicians
- Start a programme of engagement on the education and training of members of the pharmacy team, and the quality assurance processes that go with this – from January 2016
- Plan and deliver the strategic communications involved with launching and bringing in the new standards

Key links and assumptions:

- Linked to the review of Standards of conduct, ethics and performance
- Links to the education reform programmes in the countries of GB, especially the timing of implementation
- Links to the review of National Occupational Standards (NOS) for Pharmacy Services led by Skills for Health (March 2015 to March 2016)
- We will discuss the new standards for pharmacists with the Pharmaceutical Society of Northern Ireland so that they are implemented across the UK (not just GB)
Milestones:

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<tr>
<td>• Publish a discussion paper summarising the new standards for the pharmacy team, call for feedback and analyse the feedback</td>
<td>• Consult on education and training standards for the pharmacy team</td>
<td>• Run a conference to launch a year of consultation around education standards for the pharmacy team (November 10th)</td>
<td>• Run initial consultation and engagement events on the education and training of the pharmacy team</td>
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<td>• Set up standards drafting groups</td>
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<tr>
<td>• Commission and take delivery of the perceptions of education and training study</td>
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<td>• Work with Skills for Health to develop new NOS (to March 2016)</td>
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Commentary:

The discussion paper ‘Educating the pharmacy team’ was published in December 2015 and included an analysis of consultation responses. The conference on educating the pharmacy team ran in November to launch further consultation and discussion work. New education standards for pharmacy technicians were drafted in Spring 2016.

The plan for revisions to the education and training standards has been revised and timings will now be:
Autumn 2016: Consult on education standards for pharmacy technicians and begin pre-engagement work for pharmacist standards.
2017: Draft and consult on standards for pharmacist education and accreditation.
Promoting a culture of patient-centred professionalism in pharmacy

Priority: Review the standards of conduct, ethics and performance

What does success look like?

- We have a set of revised core regulatory standards for the profession supported by any necessary guidance
- The standards meet public expectations and reflect professional values
- There is a high level of awareness and understanding of the standards by registrants, pharmacy students, trainees and other stakeholders

Initiatives in 2015-16 to deliver success:

- Run a programme of engagement and consultation
- Develop the standards, using relevant evidence
- Plan and deliver the strategic communications involved with bringing in the new standards

Key links and assumptions:

- Links with the review of education and training standards
- Links with external work about related issues, such as candour and organisational cultures
- Code of conduct for pharmacy students will be reviewed as part of this work stream
- Continuing fitness to practise depends on output of this work to provide the standard against which registrants’ continuing fitness to practise is to be demonstrated

Milestones:

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<tr>
<td>Hold national conversation about patient-centred professionalism in pharmacy</td>
<td>Draft standards for pharmacy professionals and seek informal views on approach</td>
<td>Consultation on draft standards for pharmacy professionals</td>
<td>Review the consultation responses and produce a final draft. New standards to be approved Autumn 2016</td>
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Following the delayed publication of the discussion paper, *Patient-centred professionalism in pharmacy*, we heard from 502 individuals, including 35 organisations across England, Scotland and Wales over the course of nine weeks. In September 2015, the GPhC published an animation and report to share what we had heard through the discussion paper. This was used to inform the review of the standards for pharmacy professionals.

From October 2015 to March 2016, we drafted the standards for pharmacy professionals and tested our approach to the future standards with stakeholder organisations and patients. At its meeting in March 2016 the Council agreed the standards for pharmacy professionals for consultation. The consultation was launched on 4 April 2016.

Following the initial delay to this work, the timelines for the work were revised and we are currently on schedule to complete the review of the standards in Autumn 2016.
Providing proactive good quality regulatory services

Priority: Continuing to improve our efficiency and effectiveness

What does success look like?

- There are measurable efficiency gains during the year, leading to specific savings in the longer term
- We have improved productivity data, which we can use for resource planning and taking management decisions

Initiatives in 2015-16 to deliver success:

<table>
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<tr>
<th>Activity</th>
<th>Status</th>
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<tr>
<td>Carry out an efficiency and effectiveness review</td>
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<tr>
<td>Refine the cost allocation model further</td>
<td>🟢</td>
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<tr>
<td>Continue to build our capacity to search and use our data</td>
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Key links and assumptions:

- Links to all other priorities
- Links to developments in our IT infrastructure, particularly new information systems

Milestones:

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<tbody>
<tr>
<td>Carry out the efficiency and effectiveness review</td>
<td>Carry out the efficiency and effectiveness review</td>
<td>Develop an efficiency programme</td>
<td>Budget will take account of ongoing efficiency gains for</td>
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<tr>
<td>Refine the cost allocation model further</td>
<td>Refine the cost allocation model further</td>
<td>for our 2016/17 budget and fees setting</td>
<td>2016/17</td>
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Commentary:

As reported previously a fundamental aspect of the approach we have taken to efficiency and effectiveness is that the theme needs to be built into our strategy and our ways of working at all levels, over the long term. To illustrate this, delivering efficient and effective regulatory services is one of our four key aims in our strategic plan 2016-2019. In light of the work done, with Council’s support, in taking a long-term strategic approach to efficiency and effectiveness, for 2015/16 rather than rewrite the page in the corporate plan, we continue to report in a narrative way on our progress.

We continue to look to embed efficiency and effectiveness into our planning and budgeting cycle, aligning these much more closely. A Planning Team consisting of Heads of Function leads on and co-ordinates this process supported by the Senior Leadership Group. Outputs from this year’s planning and budgeting process included directorate plans and business cases for new and continuing projects. These outputs supported further discussion around priorities in line with the budget and efficiency and effectiveness drive.

We continue with our objective to break even by 2018/19 and the focus on delivering an increased level of service without increasing costs.

We have recently appointed an Interim Director of Service Transformation with a view to transforming our thinking about our service model. This programme will touch all areas of the GPhC as we strive to ensure that we are delivering regulation services in the most effective and efficient way. This is in line with the priority in the Corporate Plan 2016-17 about moving services online to improve efficiency, effectiveness and service.

An efficiency and effectiveness assurance and advisory group with a membership of Council Members and senior staff continues to meet. This ensures Council level scrutiny of planning, achievements and challenges.

We continue to review the way in which we utilise data through our knowledge and insight function with a particular focus on data quality. We have strengthened the capacity of the team, improved the technology we use for reporting and have re-aligned our reporting to Council on a quarterly basis. Over the coming months we will continue to look to improve our data quality, data capability and utilisation of data.
Public business

Chief Executive and Registrar’s report

Purpose
To keep Council abreast of significant recent meetings and developments

Recommendation
Council is asked to note the Chief Executive and Registrar’s report.

1. Recent meetings
1.1 Listed in Appendix 1 is a non-exhaustive selection of significant meetings held during the two months since the last Chief Executive and Registrar’s report to Council.
1.2 Council members are reminded to liaise with the office before accepting external invitations to speak on behalf of the GPhC in order to minimise overlap and to ensure that they have the most up-to-date supporting material.

2. External engagement events
2.1 We are continuing with our programme of events with stakeholders on the consultation on standards for pharmacy professionals and the launch of the continuing fitness to practise pilot.
2.2 The events, details of which have been provided to Council, are taking place across Great Britain, along with a Twitter chat and webinar.
2.3 A number of Council members have participated in the events we have held to date. Council members who wish to participate in forthcoming events, or would like further information, are asked to contact Rachael Oliver rachael.oliver@pharmacyregulation.org or Laura Oakley laura.oakley@pharmacyregulation.org

3. GPhC Prescriber survey
3.1 On 7 June 2016 the GPhC will be publishing a report based on a recent survey of prescribing pharmacists.
3.2 The survey findings will inform our work on regulatory standards and provide useful information for a range of other organisations. The report will be shared with commissioners and funders, professional bodies and other stakeholders so that they are aware of the opportunities, as well as the barriers, for pharmacist prescribers and to ensure that any gaps in guidance are addressed.

4. **Ministerial appointments**

4.1 Following elections to the Scottish Government and Welsh Assembly in May 2016, the following appointments have been made:

**Scotland**: Shona Robison MSP (SNP) has been re-appointed as Cabinet Secretary for Health, Wellbeing and Sport. Aileen Campbell MSP (SNP) has been appointed as Minister for Public Health and Sport and Maureen Watts MSP (SNP) has been appointed to the newly created post of Minister for Mental Health.

**Wales**: Vaughan Gething AM (Labour and Co-operative) has been appointed as Cabinet Secretary for Health, Wellbeing and Sport and Rebecca Evans AM (Labour) has been appointed as Minister for Social Services and Public Health.

4.2 Following elections to the Northern Ireland Assembly, Michelle O’Neill MLA (Sinn Fein) has been appointed as Minister for Health.

5. **Healthcare Safety Investigation Branch**

5.1 The Department of Health has announced its intention to create a Healthcare Safety Investigation Branch later this year. The branch is being established in response to a report from an independent advisory group established to advise the Secretary of State.

5.2 DH is considering the full recommendations of the group and has said it expects a Chief Safety Investigator to be appointed in summer 2016.

**Recommendation**

Council is asked to note the Chief Executive and Registrar’s report.

*Duncan Rudkin, Chief Executive and Registrar*

*General Pharmaceutical Council*

duncan.rudkin@pharmacyregulation.org

020 3713 7811

31 May 2016
Appendix 1

List of meetings

Listed below is a non-exhaustive selection of significant meetings held during the two months since the last Chief Executive and Registrar’s report to Council.

Initials are as follows: Nigel Clarke (NC), Duncan Rudkin (DR), Hugh Simpson (HS), Claire Bryce-Smith (CBS):

Chair (Nigel Clarke):

- Meeting with Dr James Davies MP
- GPhC stakeholder engagement event – Glasgow
- Clinical Pharmacy Congress (speaking)
- Meeting with The Rt Hon Alistair Burt, Minister of State for Community and Social Care at the Department of Health (with DR)
- GPhC patient panel focus group - London
- GPhC stakeholder engagement event - Cardiff
- Meeting with President, Association of Pharmacy Technicians UK (with DR)
- Meeting with Chair, Healthwatch England
- Meeting with Baroness Cumberledge
- Roundtable discussion on the role of pharmacy in urgent and emergency care and the role of community pharmacy – Kings Fund
- Bilateral on the future of community pharmacy consultation – Department of Health (with DR, HS and CBS)
- Meeting with Chair, General Optical Council
- Meeting with Pharmacist Defence Association (with DR)

Staff:

- Short life working group on Supervision (HS) (18 April)
- Health and Social Care Regulators Forum (DR)
- Meeting with Chief Pharmaceutical Officer for England and Chief Executive, Royal Pharmaceutical Society (DR)
- Meeting with Alistair Burt (with NC)
- Community Pharmacy in 2016/17 and beyond – Department of Health Consultation event (DR and HS)
- Chief Executives’ Legislation Group (DR and HS) (29 April)
- Regulators’ forum (HS)
- Meeting with Chief Executive of General Optical Council (DR)
- Meeting with President, Association of Pharmacy Technicians UK (with NC)
- GPhC stakeholder engagement event - Manchester (DR and HS)
• Bilateral on the future of community pharmacy consultation – Department of Health (DR, HS, CBS and NC)
• Meeting with Chief Pharmaceutical Officer for England (DR)
• Chief Executives’ Steering Group meeting (DR)
• GPhC stakeholder engagement event – London (DR and CBS)
• Meeting with Pharmacist Defence Association (with NC)
• Short life working group on supervision (HS) (18 May)
• Northern Chief Pharmacists’ meeting (DR)
• Public Policy Exchange Event: Putting Community Pharmacies at the heart of the NHS (HS)
• Chief Executives’ Legislation Group meeting (DR and HS) (27 May)
• Regulation and implementation of ‘hub and spoke’ supply of medicines – NHSE, DH and MHRA (DR, CBS and HS)
• Meeting with Chief Executive, Royal Pharmaceutical Society (DR)
Council meeting 09 June 2016

Public business

Remuneration Committee unconfirmed minutes, 28 April 2016

Recommendation

Council is asked to note the unconfirmed minutes of the Remuneration Committee meeting held on 28 April 2016.
Minutes of the **Remuneration Committee** meeting held on **Thursday, 28 April 2016** at 25 Canada Square, London at 10.30am

**TO BE CONFIRMED 29 SEPTEMBER 2016**

*Minutes of the public session*

**Present**
- Liz Kay (Chair)
- Sarah Brown
- Nigel Clarke
- Berwyn Owen

**Apologies**
- None

**In attendance**
- Duncan Rudkin (Chief Executive & Registrar)
- Vivienne Murch (Director of Organisational Development & Equality, Diversity and Inclusion)
- Matthew Hayday (Head of Governance)
- Sue Reed (Council Secretary)
- Rachael Davis (Talent, Resourcing & Development Partner) – items 1 and 2
- Sophie Ducker (Talent, Resourcing & Development Advisor) – items 1 and 2
- Elaine Mulingani (Associates & Partners Manager) – item 6

1. **ATTENDANCE AND Introductory REMARKS**

1.1. Berwyn Owen was welcomed to his first Remuneration Committee meeting since having been appointed a member of the committee on 15 April 2016.

1.2. The committee thanked Digby Emson, who had stepped down on 14 April 2016, for all his good work.

1.3. The committee noted that Paul Hart, independent committee member, had resigned in December 2015 and that discussion about his replacement would be covered under agenda item 5.
2. **WORKSHOP: PERFORMANCE DEVELOPMENT REVIEW CYCLE AND COMPLIANCE**

2.1. Vivienne Murch, Rachael Davis and Sophie Ducker gave a presentation on the performance development review (PDR) cycle and compliance.

2.2. The committee asked that the submission data for the forthcoming PDR cycle be provided for information at its next meeting on 29 September 2016.

3. **DECLARATIONS OF INTEREST**

3.1. The following interests were declared:

   - **Item 9: Staff pay review 2016**
     - Staff present

4. **MINUTES OF THE PREVIOUS MEETING**

4.1. The minutes of the meeting held on Thursday, 24 September 2015 were agreed as a true record of the meeting.

5. **ACTIONS AND MATTERS ARISING**

5.1. In relation to Paul Hart’s resignation, Matthew Hayday (MH) reported that recruitment for a replacement had not yet proven successful as it had not been possible to identify suitable candidates at interview. The decision to recruit two independent members: one with senior human resources experience and one with a broader background at a senior level remained in force. An agency was being commissioned for the second recruitment round to be undertaken in summer 2016. The possibility of co-option was being considered in the case of a further unsuccessful campaign.

5.2. The committee agreed that it was important for the two members to be in place for the committee’s next meeting on 29 September 2016, and that a contingency plan was necessary to account for the possibility of the second round of recruitment being unsuccessful.

**ACTION:** the Chair and MH to formulate a contingency plan.

5.3. Ref. paragraph 20: the committee noted that the new expenses policies had been implemented on 1 April 2016.

5.4. The committee noted that no further actions were outstanding and that the updated actions log would be presented at the 29 September 2016 meeting.
6. **STATUTORY COMMITTEES CANCELLATION POLICY REVIEW**

6.1. Elaine Mulingani tabled an amended version of 16.04.Rem.01 and explained that the amendments had been made with a view to offering greater clarification of aspects of the proposed policy.

6.2. In the ensuing discussion, the following points were made:

- in the last two years, three associates had received higher fees – totalling approximately £9k, as a result of the current cancellation policy
- associates had been advised that the current cancellation policy was under review
- it would be important, when communicating the policy changes, to ensure associates understood they were unlikely to be adversely affected by the changes and to offer comparisons with other regulators
- the terminology should be consistent and unambiguous throughout the policy
- the policy was being clarified rather than amended
- an electronic tool had been developed to allow simple calculation of the relevant cancellation periods
- associates should be reminded of the policy at regular intervals, particularly if they were engaged to sit on a panel for several weeks

6.3. The committee agreed:

(i) the changes to the wording as set out in section 6 of the amended version of 16.04.Rem.01

(ii) to promote communication of the policy

7. **REMUNERATION COMMITTEE PERFORMANCE REVIEW 2015/16**

7.1. MH presented 16.04.Rem.02 which provided the results of the performance review online survey and proposed actions required to address the issues raised in the report.

7.2. In the ensuing discussion, the following points were made:

- overall the committee’s performance had been rated as fully satisfactory or above average but the responses reflected the need for an additional independent committee member. The committee noted that plans were underway to address that need
- ref. question 11 of the survey relating to oversight of relevant strategic risks: the committee agreed that consideration be given to oversight of relevant strategic risks being included in its work plan

**ACTION:** paper to be drafted for consideration at the next meeting of the committee on 29 September 2016 (MH)
• ref. question 19 of the survey relating to the committee’s effectiveness in advising the Council on remuneration policy for Council members: the committee asked that its rationale in this regard be made more explicit when reporting its decisions to Council

**ACTION:** the committee’s rationale to be included in its annual report to Council 2015/16 (agenda item 8 – 16.04.Rem.03) (MH)

• ref. questions 20 and 21 of the survey: the committee agreed that it would be helpful to seek feedback on the effectiveness of the policies on remuneration of non-statutory committee members and associates, and the expenses policy. MH reminded the committee that the expenses policy would be reviewed in September 2016

**ACTION:** informal feedback to be presented to the committee at its 29 September 2016 meeting, and formal feedback to be presented at its April 2017 meeting (MH)

• some of the comments in the survey did not necessarily reflect the high level of satisfaction

**ACTION:** presentation of future performance review reports to be reviewed accordingly (MH)

7.3. **The committee:**

(i) **noted the outcome of the performance review 2015/16**

(ii) **agreed the proposed actions required to address the issues raised in the report**

8. **Remuneration Committee Annual Report to Council 2015/16**

8.1. MH presented 16.04.Rem.03 which submitted for approval the committee’s draft annual report to Council for the period 1 April 2015 to 31 March 2016.

8.2. **The committee approved the draft Annual Report to Council 2015/16 subject to the inclusion of:** the recommended recruitment of two external committee members, and the rationale for pay awards to Council members.

**ACTION:** Chair/MH to agree the Chair’s overview at section 2 outwith the meeting.

9. **Staff Pay Review 2016**

9.1. Vivienne Murch introduced 16.04.Rem.04 which sought the committee’s agreement to a proposed increase of 2.42% of current year salary bill for staff remuneration (excluding the Chief Executive & Registrar and directors), effective from 1 June 2016 – to implement the recommended performance increases.
9.2. In the ensuing discussion, the following points were made:

- ref. paragraph 2.3: the phrase ‘above the norm’ related to any recommendation for a pay increase that fell significantly wide of the general range. In such cases, more information would be sought from the manager before approving the recommendation. No prescriptive norm was in place
- all rates were above the London living wage
- the work of the Efficiency and Effectiveness Assurance and Advisory Group was noted
- no increase in registrants’ fees had been implemented for 2016/17

9.3. The committee agreed an increase of 2.42% of current year salary bill (excluding the Chief Executive & Registrar and directors) for staff remuneration, effective from 1 June 2016 – to implement the recommended performance increases.

10. ANY OTHER PUBLIC BUSINESS

10.1. There being no further business, the public session closed at 12:35pm.

DATE OF NEXT MEETING

Thursday, 29 September 2016
Public business

Remuneration Committee annual report 2015/16

Purpose
To provide Council with a report on the Remuneration Committee’s work from 1 April 2015 to 31 March 2016.

Recommendation
Council is asked to note the Remuneration Committee annual report 2015/16 at Appendix 1.

1. Background

1.1 At its meeting on 28 April 2016 the Remuneration Committee considered a draft report on its work during the previous financial year. The report was approved subject to a small number amendments being agreed by the chair of the committee.

1.2 The final report, as approved by the chair, is attached at Appendix 1.

Recommendations
Council is asked to note the Remuneration Committee annual report 2015/16 at Appendix 1.

Matthew Hayday, Head of Governance
General Pharmaceutical Council
matthew.hayday@pharmacyregulation.org
020 3365 3450
01 June 2016
1. Introduction

1.1 Council established the Remuneration Committee (the committee) to support it by overseeing the arrangements for remuneration within the organisation. This annual report is divided into three sections reflecting the key duties of the committee as set out in its terms of reference, and the key areas of focus set out in the 2014/15 annual report.

1.2 Council approved changes to the committee’s terms of reference in November 2015 but these did not relate to the committee’s remit. The committee’s responsibilities are as follows:

- approving or rejecting the remuneration packages, including the basis on which performance would be assessed and any bonuses awarded, for the Chief Executive & Registrar and those directors who report directly to the Chief Executive & Registrar
- approving or rejecting the overall remuneration framework for the remainder of the GPhC’s employees
- advising Council on remuneration policy for Council members
- determining the remuneration and expenses policy for non-statutory committee members, and those associate groups established under legislation (statutory committee members, legal and clinical advisers to statutory committees, assessors and visitors), including advising on appropriate remuneration for any recipients of honoraria
- advising the Chief Executive & Registrar on the staff expenses policy

1.3 This annual report provides a high-level summary of the work carried out by the committee from 1 April 2015 to 31 March 2016, demonstrating how the committee has performed against each area detailed in its terms of reference.

2. Chair’s overview

2.1 The Remuneration Committee has continued to provide assurance to Council throughout 2015/16 on the GPhC’s remuneration processes through delivering the work required to meet its terms of reference.

2.2 The committee’s workload was comparable to last year and an additional meeting was not required. Workshop sessions continue to provide committee members with insight and context on both the organisation and the external
environment, which helped inform the committee’s work and allowed meaningful discussion with staff on areas that are relevant to but outside of the terms of reference.

2.3 The committee has been concerned about the levels of staff turnover but has worked with the executive, both in workshop and more formally in meetings, on establishing the many factors affecting this complicated area. The committee is assured that remuneration was not the driving cause of turnover and welcomed the plans from the executive on improving recruitment and on-boarding, in particular, to address the higher than expected turnover of staff in post for less than 12 months.

2.4 Following a significant recruitment exercise of associates in statutory committee roles, the committee will be seeking assurance on the outcomes of appointments in terms equality, diversity and inclusion.

3. Meetings and membership

3.1 The committee met on 23 April 2015 and 24 September 2015 and was quorate on each occasion.

3.2 Membership comprised: Liz Kay (Chair), Sarah Brown, Nigel Clarke, Digby Emson and Paul Hart (independent member).

3.3 Paul Hart resigned from the committee on 3 December 2015. Prior to this the committee had agreed that it would seek an additional independent member, to strengthen the senior pay advice on the committee. Recruitment for both independent members is planned for the first quarter of 2016/17.

4. Principal areas of review

Remuneration of the Chief Executive & Registrar, directors and employees

4.1 In line with its terms of reference, the committee considered the remuneration of the Chief Executive & Registrar, directors and employees and agreed with the recommendations proposed. The changes to remuneration were within the financial allocation set by Council. As context to the committee’s discussions a workshop item was held on recruitment and retention to assure the committee over its concerns in relation to turnover. The committee’s other work in this area focused on:

- Revised Performance Development Review process
  
  The committee received details on the proposed amendments to the Performance Development Review (PDR) for all staff and received assurance that the approach had been tested with managers and staff and that engagement on the finalisation of the process was ongoing with staff.
• **Pay review process**

The committee received assurance on the allocation of pay increases to staff across gender, ethnic group and grade. The committee was assured that the pay review process had been undertaken in line with the GPhC policy and the application of pay increases was fair.

*Remuneration of Council members*

4.2 The committee recommended to Council that there should be no change to the remuneration rates for the Chair and members of Council. This included the discretionary payments for the Council members who chaired the non-statutory committees. The committee noted that it could benefit from further independent advice on setting the remuneration for Council members and this strengthened the case for a second independent committee member.

*Remuneration and expenses of associates*

4.3 Significant detailed work was undertaken in the previous year by the committee to simplify and standardise the remuneration of associates. This year the committee reviewed the use of the preparatory fee and agreed, based on the evidence provided, that it should remain discretionary.

4.4 Amendments to the expenses of Associates are considered below.

*Expenses policy*

4.5 During the year the committee agreed that a separate approach to expenses was required for staff and non-staff to reflect the requirements for the different groups and the different regimes in place for employees under HRMC. The changes to the policies also clarified the allowable expenses and made their administration simpler.

4.6 Updated expenses policies for staff and non-staff were approved and implementation was agreed for 1 April 2016.

5. **Review of effectiveness**

5.1 In line with best practice, and with its terms of reference, the committee undertakes an annual review of its effectiveness.

5.2 Committee members, along with a sample of Council members and staff, completed the reflective survey used by the committee. The key findings of the committee’s effectiveness review were as follows:

- the committee’s performance overall was rated as fully satisfactory or above average
- the importance of the involvement of independent advice on senior pay and Council member remuneration was, again, highlighted. This
will be addressed through the recruitment of an additional independent committee member

- it was suggested that the committee would benefit from oversight of the relevant strategic risks and it was agreed that this should be included in its work plan going forwards
- the committee noted that its rationale in regard to the decisions on Council member remuneration should be made more explicit when reporting its decisions to Council
- the committee would seek feedback from associates groups on the implementation of the new non-staff expenses policy

6. Conclusion

6.1 Over the past year the Remuneration Committee has met the requirements of its terms of reference and has been able to provide assurance to Council on the organisation’s remuneration processes.

6.2 Looking ahead, the key areas of focus for the committee, in addition to the cyclical items, include:

- the implementation of the revised PDR arrangements and ongoing monitoring of compliance
- reviewing the outcomes of the 2016 associate recruitment
- the appointment of two independent committee members
- the work arising from the 2015/16 committee performance review.

Liz Kay  Matthew Hayday
Chair, Remuneration Committee    Head of Governance

01 June 2016
Public business

Audit and Risk Committee unconfirmed minutes, 25 May 2016

Recommendation
Council is asked to note the unconfirmed minutes of the Audit and Risk Committee meeting held on 25 May 2016.
Minutes of the Audit and Risk Committee meeting held on
Wednesday, 25 May 2016 at 25 Canada Square, London at 2pm

TO BE CONFIRMED 19 JULY 2016

Minutes of the public session

Present
David Prince (Chair)
Hilary Daniels
Digby Emson
Mohammed Hussain

Apologies
Mark Hammond

In attendance
Duncan Rudkin (Chief Executive & Registrar)
Jenny Brown (Grant Thornton)
Helen Dalrymple (Governance Administrator)
Matthew Hayday (Head of Governance)
Sarah Hillary (Moore Stephens)
Ruth McGregor (Head of Finance and Procurement)
Bill Mitchell (Moore Stephens)
Suzannah Nobbs (Corporate Communications Manager) – item 6 only
Sue Reed (Council Secretary)
Lyn Wibberley (Chief of Staff) – items 6, 7 and 8

1. ATTENDANCE AND INTRODUCTORY REMARKS
1.1. The chair welcomed Digby Emson to the meeting as a new member who had
joined the committee on 15 April 2016.

2. DECLARATIONS OF INTEREST
2.1. No declarations of interest were made.
3. **MINUTES OF THE PUBLIC SESSION OF THE PREVIOUS MEETING**

3.1. The minutes of the public session of the meeting held on Wednesday, 27 January 2016 were agreed as a true record.

4. **ACTIONS AND MATTERS ARISING**

4.1. The chair reported that John Allsop, Risk and Assurance Manager, had left the GPhC. His replacement was scheduled to take up post in July 2016. The committee noted his contribution in improving the management of internal audit and embedding risk management.

4.2. The committee noted that all other actions and matters arising were either covered under substantive agenda items or had been closed.

5. **INTERNAL AUDIT REPORTS**

5.1. Matthew Hayday (MH) introduced the Internal Audit Report 2015/16 Q4 16.05.ARC.01.

5.2. The committee agreed that the finalised report should emphasise that reports had all resulted in a green or green/amber rating – an improvement on last year, and that all follow up actions had either been completed, were planned or were in progress.

5.3. The group also discussed the change in priority status compared to the previous year, with only one priority 1 rating in 2015/16 – which was lower than last year.

*Internal audit annual report*

5.4. Sarah Hillary (SH) presented the internal audit annual report 2015/16.

5.5. With reference to paragraph 1.7 it was noted that the report gave the GPhC the highest rating available. The chair summarised that the report showed improving trends and that the GPhC was on budget in terms of audit days. The committee commended management in responding constructively to the audit and ensuring that follow up actions were completed.

5.6. The committee noted that the *Risk data sharing and risk intelligence gathering* advisory report would be finalised and circulated to the committee before its next meeting on 19 July 2016.

**ACTION: MH**

*Referrals to the Register – internal audit report*

5.7. SH agreed to add to the report how exceptions would be monitored when business continuity was threatened.

**ACTION: SH/BM**
5.8. The scope of the referrals to the register audit would be amended to ensure that those who were removed from the register were also removed from the external facing register in a timely manner.

**ACTION: SH/BM**

*IT and digital strategy – internal audit report*

5.9. Dates for completion of the IT projects specified in the audit report should be more specific. This would be reviewed and in place by the time of the committee’s next meeting on 19 July 2016.

*HR strategy, systems and succession planning – internal audit report*

5.10. The committee asked to have sight of the Remuneration Committee’s discussions in relation to HR strategy.

**ACTION: DP to liaise with the chair of the Remuneration Committee**

*Continuing Fitness to Practise – internal audit report*

5.11. The committee discussed the risks around having a small team working on Continuing Fitness to Practise (CFtP) in terms of considerable knowledge and leadership of the project resting with the Head of CFtP.

5.12. MH reassured the committee that the CFtP work stream was overseen by the Director of Strategy, and that the Head of Education also had significant involvement. In addition, a CFtP steering group and an advisory group had been established which included external members.

5.13. The committee noted the:

- Internal audit performance report 2015/16 Q4
- Internal audit reports:
  - IT and digital strategy
  - HR strategy, systems and succession planning
  - Continuing Fitness to Practise
  - Referrals to the Register
- Internal audit annual report 2015/16 – and the positive audit opinion for the year

6. **REVIEW OF ANNUAL REPORT AND ACCOUNTS 2015/16**

6.1. The committee noted that the draft letter of representation would be circulated to members for information.

**ACTION: MH**

6.2. Suzannah Nobbs (SN) presented the review of the annual report and accounts 2015/16 16.05.ARC.02.
6.3. The committee commented that the report and accounts read well and that they had no major queries.

6.4. Members examined the annual report page by page and made a small number of suggestions about reordering some sections and clarifying a point around Council members’ attendance at meetings. The committee also agreed that it would be helpful to expand on the proactive work done by the GPhC in relation to equality, diversity and inclusion.

6.5. The committee noted that the report would be updated to reflect their comments before being presented to Council at its meeting on 9 June 2016.

6.6. Jenny Brown (JB) presented the external auditor’s findings and reported that the outcome had been satisfactory.

6.7. The committee thanked Ruth McGregor, Saleem Akuji and the Finance team for all their good work in producing the annual accounts.

6.8. The committee reviewed and noted the:

- draft annual report and accounts for 2015/16 and recommended the report to Council, subject to the minor amendments discussed
- external auditors’ key issues memorandum

7. APPOINTMENT OF EXTERNAL AUDITORS

7.1. Ruth McGregor (RM) recommended that Grant Thornton be reappointed as external auditors for 2015/16.

7.2. The committee noted that this was a further extension of Grant Thornton’s current contract as the tender process, run in early 2016, had not been successful. It was noted that the tender process had received no bids and the committee believed this was related to the framework and rates in the tender specification being unattractive to firms for an audit of the GPhC’s size and would be unprofitable. This was combined with the fact that the market was anticipating a change in the framework in the near future. It was also noted that this point would be made clear in the committee’s recommendation to Council on 9 June 2016.

**ACTION: MH**

7.3. The committee agreed to recommend to Council the reappointment of Grant Thornton as external auditors for 2015/16.

8. ASSURANCE REVIEW: INTERNAL COMMUNICATIONS

8.1. Lyn Wibberley presented to the committee on the recent work done to improve internal communications.

8.2. The committee discussed how the initiatives highlighted might be expanded to include Council and committee members.
8.3. **The committee noted the presentation.**

9. **COMMITTEE PERFORMANCE REVIEW 2015/16**

9.1. MH presented the committee performance review 2015/16 **16.05.ARC.03.**

9.2. The committee commented that it was a positive report overall but agreed that:

- a skills audit might be necessary in advance of Hilary Daniels’s term ending on 31 March 2017
- it would be helpful, in future reports, to make clear the distinction between committee members’ and non-committee members’ responses

9.3. **The committee noted the outcome of the committee’s performance review 2015/16, and the agreed actions at 9.2 above.**

10. **COMMITTEE ANNUAL REPORT TO COUNCIL**

10.1. MH presented the audit and risk committee’s annual report to Council **16.05.ARC.04.**

10.2. The committee suggested a small number of minor amendments to the report. They also discussed the benefits of further involving Council members in committee meetings – such as encouraging them to attend as observers.

10.3. The committee asked that the background to the reappointment of Grant Thornton as external auditors be included in the report.

10.4. It was agreed that the report should emphasise the robustness of the committee’s approach, and include a paragraph on ‘looking forward’.

10.5. The amendments to the report would be made and agreed with the chair before its submission to Council on 9 June 2016.

**ACTION: MH/DP**

10.6. **The committee agreed the committee’s annual report to Council 2015/16.**

11. **ANY OTHER BUSINESS**

11.1. There being no further business, the public session was declared closed.

**DATE OF NEXT MEETING**

Tuesday, 19 July 2016
Public business

Audit and Risk Committee annual report 2015/16

Purpose
To provide Council with a report on the Audit and Risk Committee’s work from 1 April 2015 to 31 March 2016

Recommendation
Council is asked to note the Audit and Risk Committee annual report 2015/16 at Appendix 1.

1. Background

1.1 At its meeting on 25 May 2016, the Audit and Risk Committee considered a draft report on its work during the previous financial year. The report was approved subject to a small number amendments being agreed by the chair of the committee.

1.2 The final report, as approved by the chair, is attached at Appendix 1.

Recommendation
Council is asked to note the Audit and Risk Committee annual report 2015/16 at Appendix 1.

Matthew Hayday, Head of Governance
General Pharmaceutical Council
matthew.hayday@pharmacyregulation.org
020 3365 3450
01 June 2016
Audit and Risk Committee annual report 2015/16

1. Introduction

1.1 Council established the Audit and Risk Committee (the committee) to support it by reviewing the comprehensiveness and reliability of assurances and internal controls.

1.2 Council has delegated authority to the committee to:

- monitor risk management arrangements
- approve the internal audit programme
- advise on the comprehensiveness and reliability of assurances and internal controls

1.3 This annual report provides a high-level summary of the work carried out by the committee from 1 April 2015 to 31 March 2016, demonstrating how the committee has performed against each area detailed in its terms of reference, and the key areas of focus set out in last year’s report.

2. Meetings and membership

2.1 The committee met in May, July and October 2015 and in January 2016, and was quorate on each occasion.

2.2 Membership comprised: David Prince (Chair), Soraya Dhillon, Mohammed Hussain, Judy Worthington and the independent member, Hilary Daniels. The committee notes its thanks for the contributions from Soraya Dhillon and Judy Worthington who left the committee as outgoing members of Council on 31 March 2016 (replaced by Digby Emson and Mark Hammond).

3. Principal areas of review

3.1 In this section, each area of the committee’s work has been in line with requirements set out in its remit.

**Governance, risk management and internal control**

3.2 The committee reviewed the organisation’s risk register at each meeting, making recommendations to inform the subsequent review by Council. The committee challenged management’s view on some principal areas of risk, identifying where the level of risk should be higher and where risks overlap directorate areas, and asked the executive to consider whether the controls were sufficiently robust. In particular the committee challenged the senior leadership group (SLG) to monitor and report on the actions it was taking to address equality, diversity and inclusion issues.
3.3 The committee continued to monitor the development of the risk management framework within the organisation and reviewed the risk management training material that formed the basis of staff development sessions. The committee reviewed the draft risk appetite and opportunity statement in a workshop setting and agreed a revision of the risk types so that they were better represented across the GPhC’s strategic themes. The committee also identified the difference in risk appetite in performance terms for Fitness to Practise, where the risk appetite was low, versus the rest of the organisation.

3.4 The presentation of assurance reviews (‘deep dives’) at each meeting has enabled the committee to review a number of issues in some detail. The assurance reviews were derived from the committee’s review of strategic risk and were conducted on the following topics during the year:

- Efficiency and effectiveness
- Memoranda of understanding and information sharing
- Staffing
- Educational risks
- Strategic Communications Plan

3.5 Following each assurance review, the committee received updates from the executive where particular issues or gaps had been identified.

3.6 Progress has been made on developing an assurance map to identify the level of overall assurance provided across all activities through procedural and management controls and independent external scrutiny.

3.7 In accordance with best practice the committee held a private session at its meeting in May 2015 with the internal and external auditors. No issues of substance were raised.

**Internal audit**

3.8 With internal auditors, Moore Stephens, the committee reviewed the annual internal audit plan which had been developed with SLG. This ensures that there is a systematic and prioritised review of policies, procedures and operations and that the focus of internal audit is on higher risk areas.

3.9 The progress of implementation of recommendations made during previous audits continued to be monitored. An internal audit progress report was considered at each meeting and the committee received assurance on actions identified in the reports via the follow up report. This has confirmed that there has been timely and effective follow up of all recommendations.

3.10 The following internal audits were carried out during the year and received assurance ratings of either green or green/amber:
- Project Management: Microsoft Dynamics CRM Application
- Disclosure and Barring Service Checks
- Referrals to the Register
- Governance Arrangements
- Integrity of the Register
- Core Financial Controls
- IT Strategy, Landscape and Infrastructure
- Continuing Fitness to Practise
- HR Strategy, Staff and Succession Planning

3.11 The internal auditors also produced an advisory report on Risk Data Sharing and Risk Intelligence Gathering and as such did not require an assurance rating.

3.12 The committee agreed to the deferral of one internal audit in education to allow for a number of planned developments. This audit will be carried out in 2016/17.

3.13 While audit assignments vary year to year, the direction of travel has been a positive trend towards Green (full assurance) reports (with no Red, Amber/Red or Amber reports) and a sharp reduction in high priority recommendations towards priorities 2 and 3.

3.14 Accordingly, the auditors have concluded that there is an adequate system of risk and internal control to address the risk that management’s objectives are not fully achieved.

**External audit**

3.15 The committee received the output of the external auditors’ work in relation to the annual report and accounts 2014/15 at its May 2016 meeting, as described below.

3.16 The committee reviewed and approved the external audit plan for the year 2015/16 at its January 2016 meeting.

**Financial reporting**

3.17 The committee reviewed the statutory annual report and accounts. The committee considered the report of the external auditors and was assured that the financial statements were a true and fair view of the GPhC’s affairs for the financial year 2014/15.

3.18 Following some minor amendments, the committee recommended the annual report, accounts and statement of internal control for adoption by Council. The approved annual report and accounts were subsequently laid before the Westminster and Scottish Parliaments on 25 June 2015.
4. Review of key areas of focus

4.1 The committee’s 2014/15 annual report suggested a number of areas that should be considered by the committee in addition to cyclical items. Achievements during the year include:

- **Development of GPhC’s policy on risk appetite and opportunity**
  As described above, the committee led on the development of the draft statement which was approved by Council in November 2015.

- **Monitoring the revised arrangements for risk management**
  The committee received assurance on the implementation of the revised arrangements for risk management through the strategic risk performance report. The committee noted that work was ongoing to ensure that risk was fully owned within teams and directorates.

- **Assuring Council on the organisation’s work in delivering value for money**
  The committee monitored developments in this area of work as evidenced in section 3.4, through the efficiency and effectiveness assurance review. The committee maintains a watching brief in this area with Council’s assurance being delivered by the Efficiency and Effectiveness Assurance and Advisory Group (of which the chair of the committee is a member).

5. Review of effectiveness

5.1 In line with the committee’s terms of reference and with best practice, the committee undertakes an annual review of its effectiveness over the preceding financial year.

5.2 Committee members, along with a sample of Council members and staff, completed a reflective survey in April 2016 and discussed the findings at its meeting on 25 May 2016. The key findings of that review were:

- overall, the committee’s performance was rated as ‘fully satisfactory’ or ‘above average’, with no ‘below average’ or ‘poor’ responses
- there is a need regularly to refresh whistle-blowing training as well as induction training on appointment and ongoing training
- there were also some comments on the benefit for both staff and Council members of increased visibility of the committee’s work. This can be addressed through the new internal communications approach for staff. The Audit and Risk Committee welcomes, and indeed encourages, Council members to attend its meetings to assure themselves that its work provides the underlying assurance given through its reports and minutes.
6. **Chair’s overview and conclusion**

6.1 Over the past year the Audit and Risk Committee has met the requirements of its terms of reference and has been able to provide assurance to Council on the organisation’s audit and risk management processes.

6.2 As an advisory body the Committee therefore assists with, but is not a substitute for, Council’s overall responsibility for good governance, exercised for example by the periodic risk reviews and performance monitoring reports as well as through the minutes and reports of this committee.

6.3 Looking ahead key areas of focus for the committee, in addition to cyclical items, include:

- ensuring that the current extensive revision of the strategic risk register encompasses the challenges of our strategy within a changing landscape for pharmacy and regulation and that the register remains a dynamic document that actively assists in risk management
- ensuring that the evolving assurance mapping will enable better targeting of audit and other work, including the committee’s own work programme, so that the levels and cycles of assurance in each area remain proportionate and cost-effective
- revisiting the findings of the committee’s own assurance reviews to review consequent action, before selecting any new topics for the year
- selecting a recommended external audit provider and recruiting a replacement independent member for the 2017/18 year

6.4 Finally, I would like to thank committee members for their diligence and commitment, and the officers and auditors for their unstintingly professional support in our work.

---

David Prince                   Matthew Hayday  
Chair, Audit and Risk Committee  Head of Governance  
1 June 2016
Annual report and accounts 2015/16

Purpose
To approve the combined annual report, annual accounts and annual fitness to practise report

Recommendations
Council is asked to:

i. approve the combined annual report, annual accounts and fitness to practise report for 2015/16

ii. authorise the Chair of Council to sign the letter of representation as required by the auditors.

1. Introduction

1.1 The Pharmacy Order 2010 sets out reporting requirements for the GPhC, including the requirement to present to the Privy Council on an annual basis:

- the annual report, including how the GPhC has met good practice in equality and diversity
- annual accounts including a report from external audit
- a statistical report on fitness to practise proceedings, with Council’s observations

1.2 The combined report and accounts should be provided to the Privy Council Office by 14 June 2016 so it can be laid in both Houses of Parliament and the Scottish Parliament before the summer recess. The report will also be provided to the Welsh Assembly.

2. Key considerations

2.1 The annual accounts were independently audited by Grant Thornton UK LLP and the financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). A copy of their audit report is at Appendix 2.
2.2 The Audit and Risk Committee’s terms of reference require it to consider the annual report and, following the independent audit of accounts, the annual accounts. The Audit and Risk Committee considered the annual report and accounts at its meeting on 25 May 2016 and recommended them to Council for approval.

2.3 The letter of representation (statement of council’s responsibilities for the preparation of financial statements) was also reviewed by the Audit and Risk Committee (via email). The committee recommended that the Chair of Council sign the letter.

2.4 The Privy Council Office and the parliamentary authorities have specific requirements in terms of the report’s format and printing and they have been consulted on these matters.

3. **Equality and diversity implications**

3.1 The annual report sets out the actions that have been taken to ensure the GPhC is compliant with legislative requirements on equality and diversity. The report will be produced bilingually in English and in Welsh in accordance with the requirements of the Welsh Language Act 1993.

4. **Communications**

4.1 The annual report, annual accounts and annual fitness to practise report will be published on the GPhC website. In addition, links to the report will be sent to key organisations covering all major stakeholders including, but not limited to, pharmacy and patient representative organisations across Great Britain. The GPhC will also share the bilingual digital annual report with the Welsh Language Board.

4.2 A copy of the annual report, annual accounts and annual fitness to practise report will also be submitted to the Professional Standards Authority.

5. **Resource implications**

5.1 Publishing and communicating the annual report, accounts and fitness to practise report will be covered by existing budgets.

6. **Risk implications**

6.1 The GPhC is required by statute to submit reports to the Privy Council Office for laying before each House of Parliament and the Scottish Parliament.

7. **Monitoring and review**

7.1 The process for producing the annual report is reviewed annually to ensure that its content meets the relevant requirements, such as the standards
required for financial reporting, and the Information Commissioner's guidance for health regulators.

**Recommendations**

Council is asked to:

i. approve the combined annual report, annual accounts and fitness to practise report for 2015/16

ii. authorise the Chair of Council to sign the letter of representation as required by the auditors

*Duncan Rudkin, Chief Executive & Registrar*

*General Pharmaceutical Council*

*duncan.rudkin@pharmacyregulation.org*

*020 3713 7805*

*27 May 2016*
Annual report and accounts 2015/16

The combined annual report, fitness to practise report and accounts will be published on the GPhC website after it has been laid in both the Houses of Parliament and the Scottish Parliament. This will take place before summer recess.
The Audit Findings for General Pharmaceutical Council

31 March 2016

19 May 2016

Jenny M Brown
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T 020 7728 2316
E jenny.m.brown@uk.gt.com

Luke J Sanderson
Manager
T 020 7728 2615
E luke.j.sanderson@uk.gt.com
19 May 2016

Dear Sirs,

Audit Findings for General Pharmaceutical Council for the 31 March 2016

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK and Ireland) 260. Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK and Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Yours faithfully

Grant Thornton UK LLP
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Status of the audit and opinion

Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.

- Receipt of Santander bank confirmation
- Resolving a year end supplier confirmation discrepancy with the Advanced 365
- Finalisation of our VAT review
- Update our review of post year end bank statements to the end of May 2016.
- Review of draft financial statements
- Welsh translation of the financial statements
- Receipt of signed management representation letters.

Status

- Likely to result in material adjustment or significant change to disclosures within the financial statements
- Potential to result in material adjustment or significant change to disclosures within the financial statements
- Not considered likely to result in material adjustment or change to disclosures within the financial statements

Our anticipated audit report opinion will be unmodified
## Significant findings

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</tbody>
</table>
|   • Under ISA (UK and Ireland) 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue | Auditor commentary  
We have reviewed and tested revenue recognition policies for all material revenue streams and reviewed the key controls on revenue streams by performing a walkthrough on the revenue process to ensure that we have reviewed the revenue recognition policy and the key controls surrounding the recognition process. No issues have been noted from the work performed.  

Management response  
• Noted | | |
| 2. Management override of controls | Auditor commentary  
We consider the significant accounting judgement to be the recognition of the grant income. We have compared the current year release with the depreciation of the relevant assets. No issues have been noted from the work performed.  
We gained an understanding of the journals process and the policies in place. We have also tested a sample of journal entries by using our automated audit software to interrogate the journal data and extract higher risk journals. For all journals selected we obtained an understanding of why the journals were posted and agreed to supporting documentation. We noted that there was one transaction which was incorrectly reversed for £30. A control recommendation has been noted to ensure that journals are reviewed regularly and thoroughly especially journals which have been posted on the weekend.  
Management response  
• Agreed to carry out and record monthly review of journals | Yes |
## Significant findings (continued)

<table>
<thead>
<tr>
<th>Risks identified in our Audit Plan</th>
<th>Commentary</th>
<th>Communicated in Audit Plan?</th>
</tr>
</thead>
</table>
| **3.** Revenue (existence, completeness and cut off)  
- A substantial portion of revenue in the year is derived from registration fees from pharmacists, technicians and premises. This totalled £19.5m of the Council's total income of £21.4m. | **Auditor commentary**  
To gain assurance over the income stream, we confirmed that there had been no significant changes to the registration process or the system and controls in place around revenue.  
We obtained a copy of management's internal fee income data and ensured this was in line with the financial statements. As part of our testing performed on deferred income, it was noted that the unallocated amount of income of £43k within the Premises income stream for FY15, was input for March 2016 rather than March 2015. We note that this error was identified by management and corrected in June 2015, however it was not identified by management reconciliations as the correct reports were not available due to the switchover from the Concept to the CRM system.  
For Pharmacist, Technician, Pre-Registration and Premises income an expectation of revenue was created and compared to the income recognised. Based on the testing performed, no issues were noted and revenue was in line with our expectation.  
To test revenue cut off we tested deferred income by performing a review of the deferred income process. No changes to the process from the prior year were noted. We also performed an analytical review of deferred income and tested significant movements to expectations derived from membership data from the CRM system.  
**Management response**  
- WE plan to introduce improvements to our revenue reconciliation process. | Yes |
Significant findings (continued)

<table>
<thead>
<tr>
<th>Risks identified in our Audit Plan</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4. Grant Income (existence)</strong></td>
<td><strong>Auditor commentary</strong></td>
</tr>
</tbody>
</table>
| • The Council is still utilising a working capital grant from the Department of Health. At the year end the Council held a deferred income balance in relation to this grant of £735K. | We generated an expectation of the grant income to be released during the year and compared this to actual. Our expectation was that all the deferred grant related to purchased assets and thus would be released in line with the depreciation policies of those assets. We have concluded that the movement was as expected and no issues were noted. 
Additionally we tested the major grant income stream released during the year and concluded it was in line with the depreciation policy of that asset. 
We reviewed the latest correspondence from Department of Health (DoH) confirming the grant income had now been utilised and that no further action required. We also ensured the FRS102 treatment of the grant was appropriate. 
No issues have been noted from the work performed on the grant income. |

<table>
<thead>
<tr>
<th>Management response</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Noted</td>
</tr>
</tbody>
</table>

Communicated in Audit Plan?

Yes
## Significant findings (continued)

<table>
<thead>
<tr>
<th>Risks identified in our Audit Plan</th>
<th>Commentary</th>
<th>Communicated in Audit Plan?</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Operating Expenses (completeness)</td>
<td><strong>Auditor commentary</strong>&lt;br&gt;We have updated our understanding of the systems and controls in place to identify and record expenditure and liabilities by performing a walkthrough on the purchases process. As in the prior year, it was noted that there is no purchase order system and that the date that the invoice is received is not compared to the date that the invoice is posted. Please see the responses to the prior year internal control issues below.&lt;br&gt;We have reviewed the bank statements post year end to identify significant payments made. For the payments selected we obtained supporting documentation for the amounts to identify whether it related to pre or post year end. If pre year end, it was ensured that the amount had been provided for within accruals, trade creditors or on the bank reconciliation. We also selected a sample of suppliers to obtain creditor confirmation emails to gain comfort over the amount within the trade creditors and accrual listing. Alternative procedures were performed for those suppliers for which no confirmation was obtained. We performed an analytical review of trade creditors year on year and we agreed the aged creditors listing to the financial statements. We performed testing on a sample of 25 expenditure line entries as part of our interim work, where we agreed to supporting documentation to ensure that the expense could be agreed to supporting documentation and was a legitimate business expense. We have also performed a substantive analytical review on operating expenses where we have generated an expectation of what we expect the costs to be based on our knowledge of the business and compared this to the actual expense recorded. Significant variances from expectation were investigated further with the client and explanations have been corroborated. No issues noted from the work performed. We performed an analytical review of accruals by comparing accruals year on year within each cost centre. For any cost centre where the movement in accruals was significant, these were investigated further. No issues noted from the work performed on operating expenses.</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Management response</strong>&lt;br&gt;- Noted</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Other communication requirements

<table>
<thead>
<tr>
<th>Issue</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Matters in relation to fraud</td>
<td>- We have previously discussed the risk of fraud with management. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.</td>
</tr>
<tr>
<td>2. Matters in relation to related parties</td>
<td>- This will be reviewed once the draft accounts have been reviewed.</td>
</tr>
<tr>
<td>3. Matters in relation to laws and regulations</td>
<td>- We are not aware of any significant incidences of non-compliance.</td>
</tr>
<tr>
<td>4. Written representations</td>
<td>- Our standard audit representations will be requested from Those Charged With Governance.</td>
</tr>
</tbody>
</table>
| 5. Confirmation requests from third parties                | - We requested from management permission to send confirmation requests to 4 suppliers with creditor balances at 31 March 2016. This permission was granted and the requests were sent. 4 were returned with positive confirmation.  
  - We requested from management permission to send confirmation requests to 8 banks with cash balances at 31 March 2016. This permission was granted and the requests were sent. 6 were returned with positive confirmation. 2 still remain outstanding. |
| 6. Disclosures                                             | - The disclosures will be reviewed once the draft accounts have been reviewed.                                                            |
| 7. Going Concern                                           | - Going concern is a fundamental accounting concept that underpins the preparation of financial statements. Under the going concern concept, it is assumed that an entity will continue in operation and that there is neither the intention nor the need to liquidate the business or to cease trading. From our work performed to date we have noted no issues in relation to the treatment of the General Pharmaceutical Council as a going concern. |
| 8. Estimates and Judgements                                | - In relation to estimates and judgements, the key area we have considered include:  
  - Depreciation expense  
  - Annual leave provision |
| 9. Accounting procedures                                   | - We will review the financial statements and ensure that the accounting policies adopted are appropriate and consistently applied.          |
## Internal control recommendations identified in current year

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Issue and risk</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>• As part of the testing performed on journal entries, we identified a journal entry of an immaterial amount, £30 which was incorrectly posted and as part of the reversal was posted to the incorrect TB code.</td>
<td>• We recommend that journals are reviewed more regularly and more thoroughly especially journals which have been posted on a weekend date.</td>
</tr>
</tbody>
</table>

**Management response**

• Agreed

“The purpose of an audit is for the auditor to express an opinion on the financial statements. Our audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters being reported are limited to those deficiencies that the auditor has identified during the audit and that the auditor has concluded are of sufficient importance to merit being reported to those charged with governance.” (ISA UK and Ireland 265)
Internal controls – review of issues raised in prior year

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Issue and risk previously communicated</th>
<th>Update on actions taken to address the issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. ✓</td>
<td>Segregation of duties</td>
<td>• This change was implemented during 2014/15.</td>
</tr>
<tr>
<td></td>
<td>A potential control weakness has been identified whereby it was found that the same individual had access to change supplier details whilst also being the reviewer of the BACS payments. It is recommended that roles are clearly defined and reviewing of payments is conducted by a separate individual to those who have access to modify the supplier details. It has been noted that this has now been implemented and separate people review the payments to those that have access to modifying details on the system.</td>
<td></td>
</tr>
<tr>
<td>2. ✓</td>
<td>Wages and salaries reconciliation to the Trial Balance</td>
<td>• These reconciliations are now performed quarterly; this change was implemented in 2015/16.</td>
</tr>
<tr>
<td></td>
<td>Although we note that salary control reconciliations are performed at each month end and no discrepancies were found during the testing performed, it was found during our testing that the reconciliation process between the TB amounts and the payroll reports was very time consuming. In order to ensure that the amounts in the TB match the amounts on the payroll reports it is important to reconcile these amounts on a frequent basis. It is recommended that a reconciliation between the payroll reports and the charge in the Trial Balance is performed on a more frequent basis – we would recommend doing this process on a quarterly basis.</td>
<td></td>
</tr>
<tr>
<td>3. ✓</td>
<td>Purchase order system</td>
<td>• GPhC have reviewed the requirement for a purchase order system and have trialled a process using a word version of a purchase order with the IT and Facilities department. During the trial they identified a number of proposed improvements and are now in the process of implementing a more automated process which has been developed with the IT department using Sharepoint. This has taken some time partly due to resource but they now have 2 permanent full time procurement staff on board so plan for the purchase ordering system to be fully utilised for 2016/17.</td>
</tr>
<tr>
<td></td>
<td>It was noted that there is no purchase order system within the company and once goods have been ordered, this is not logged. Therefore at any one point in time, goods that have been ordered and are in transit cannot be traced. Anybody within the organisation can order goods before it is approved and there is no documented process for matching goods received to the invoice. It is assumed that this process has been completed once the budget holder approves the invoice. It was also noted that the date that the invoice is received is not matched with the date of the invoice. It is recommended that the need for a purchase order system is reviewed. A documented process of matching goods received to the invoice should be implemented to ensure that purchases of assets are appropriate.</td>
<td></td>
</tr>
</tbody>
</table>
## Internal controls – review of issues raised in prior year

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>4. ✔</td>
<td><strong>Bank reconciliation review</strong>&lt;br&gt;It was noted that the interest for March 2015 on the Handelsbanken account was not accounted for on the reconciliation as the bank statement used for the reconciliation was dated 25/03/15 and this was not picked up upon review. We do however note that there have been many changes in the Interim Heads of Finance. It is recommended that bank reconciliations are reviewed appropriately to ensure that balances as at the month end are recorded appropriately.</td>
<td>• Bank reconciliations are all performed and reviewed monthly.</td>
</tr>
<tr>
<td>5. ✔</td>
<td><strong>Documentation of significant agreements</strong>&lt;br&gt;During the work performed, it was noted that there was no revised lease agreement for the Canary Wharf building even though the capital contributions from each party had been agreed at a later date and were of different amounts to the original lease agreement. It was also noted that there was no documentation for the terms of the original grant which was transferred from the Royal Pharmaceutical Society. It is recommended that for all key agreements, sufficient documentation is kept in order to have a good audit trail and to support the numbers within the ledgers.</td>
<td>• This issue was partly due to changes in staffing meaning that documentation was not all easily accessible. A contracts register has now been put in place and they are keeping pdf copies of all contracts; these are being converted to searchable pdf documents so they are able to perform searches as required.</td>
</tr>
<tr>
<td>6. ✔</td>
<td><strong>Journals with no description</strong>&lt;br&gt;During our testing of journals, it was noted that a small number of journals were posted on the system with no description. In order to ensure that journals are appropriate and to keep a clear trail, it is important that each journal has a description attached to it. It is recommended that upon review the description of journals is reviewed to ensure that all journals have narrative attached to it in order to keep a clearly documented trail of why each journal has been posted.</td>
<td>• A list of journals is produced each month and kept in the balance sheet reconciliation folder. This list is reviewed by the Head of Finance. They have recently agreed to formalise this process whereby the Head of Finance carries out a spot check of a sample of journals.</td>
</tr>
</tbody>
</table>

### Assessment

- ✔: Action completed
- X: Not yet addressed

## Internal controls – review of issues raised in prior year

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Issue and risk previously communicated</th>
<th>Update on actions taken to address the issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>✔️</td>
<td><strong>HMRC confirmation</strong></td>
<td>• GPhC have sought advice from Hays McIntyre on this and they have confirmed their opinion that the income is not taxable and have provided them with a copy of the letter to HMRC requesting clearance on the Council’s corporation tax treatment.</td>
</tr>
<tr>
<td></td>
<td>It is recommended that they obtain confirmation from HMRC of the income that is exempt from tax and what sources of income this covers. It is also recommended that permission is obtained from HMRC to discount most invoices.</td>
<td></td>
</tr>
<tr>
<td>✔️</td>
<td><strong>Department of Health grant income</strong></td>
<td>• The grant is now fully utilised and DoH confirmed that there was no further requirement for corresponding on this after the 2014/15 financial year.</td>
</tr>
<tr>
<td></td>
<td>GT support management’s approach of writing to the Department of Health during the year, detailing the use of the grant during 2014/15 as in previous years. The use of this grant remains an area of judgement for the GPhC and regular communication with the Department of Health will help to highlight any potential issues in relation to its usage on a timely basis.</td>
<td></td>
</tr>
<tr>
<td>✔️</td>
<td><strong>Authorisation of expenses</strong></td>
<td>• Credit card expenses are authorised online by the relevant line manager and the back-up documentation is also signed off.</td>
</tr>
<tr>
<td></td>
<td>It was noted during our review of credit card expenses, that for one of the expenses selected for testing, there was no documentation to show that it was authorised appropriately. It is important that expenses are authorised as per the expenses policy in order to ensure that expenses are incurred for legitimate commercial reasons. It is recommended that the authorisation of expenses is documented on the expense claim form or credit card statement as well as electronically before the expenses are reimbursed.</td>
<td></td>
</tr>
</tbody>
</table>

**Assessment**

- ✔️ Action completed
- X Not yet addressed

Non-audit fees and independence

<table>
<thead>
<tr>
<th>GPhC</th>
<th>Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory audit</td>
<td>22,000</td>
</tr>
<tr>
<td>Welsh statutory accounts</td>
<td>2,500</td>
</tr>
<tr>
<td>Interactive web accounts review</td>
<td>1,800</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>26,300</strong></td>
</tr>
</tbody>
</table>

**Independence and ethics:**

- Ethical Standards and ISA (UK and Ireland) 260 require us to give you timely disclosure of matters relating to our independence. In this context, we disclose the following to you:
- We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and confirm that we are independent and are able to express an objective opinion on the financial statements.
- We confirm that we have implemented policies and procedures to meet the requirement of the Auditing Practices Board's Ethical Standards.
Communication of audit matters with those charged with governance

<table>
<thead>
<tr>
<th>Our communication plan</th>
<th>Audit Plan</th>
<th>Audit Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respective responsibilities of auditor and management/those charged with governance</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Overview of the planned scope and timing of the audit, form, timing and expected general content of communications</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Views about the qualitative aspects of the group’s accounting and financial reporting practices, significant matters and issue arising during the audit and written representations that have been sought</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Confirmation of independence and objectivity</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Material weaknesses in internal control identified during the audit</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Non-compliance with laws and regulations</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Expected modifications to the auditor's report, or emphasis of matter</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Unadjusted misstatements and material disclosure omissions</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Significant matters arising in connection with related parties</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Significant matters in relation to going concern</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

International Standard on Auditing (ISA) (UK and Ireland) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Distribution of this Audit Findings report

Whilst we seek to ensure our Audit Findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the company directors and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to those charged with governance.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK and Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.
09 June 2016

Dear Sirs

General Pharmaceutical Council
Financial Statements for the Year Ended 31 March 2016

This representation letter is provided in connection with the audit of the financial statements of the General Pharmaceutical Council (the 'Council') for the year ended 31 March 2016 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('UK Generally Accepted Accounting Practice').

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

i. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated 1 May 2015 (amended on 26 April 2016), for the preparation of the financial statements in accordance with UK Generally Accepted Accounting Practice; in particular the financial statements give a true and fair view in accordance therewith.

ii. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

iii. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

iv. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of UK Generally Accepted Accounting Practice.

v. All events subsequent to the date of the financial statements and for which UK Generally Accepted Accounting Practice require adjustment or disclosure have been adjusted or disclosed.

vi. The financial statements are free of material misstatements, including omissions.

vii. No unadjusted differences have been brought to our attention.

viii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of UK Generally Accepted Accounting Practice.
Information Provided

ix. We have provided you with:
   a. access to all information of which we are aware that is relevant to the preparation of
      the financial statements such as records, documentation and other matters;
   b. additional information that you have requested from us for the purpose of your
      audit; and
   c. unrestricted access to persons within the Council from whom you determined it
      necessary to obtain audit evidence.

x. All transactions have been recorded in the accounting records and are reflected in the
   financial statements.

xi. We have disclosed to you the results of our assessment of the risk that the financial
    statements may be materially misstated as a result of fraud.

xii. We have disclosed to you all information in relation to fraud or suspected fraud that we are
     aware of and that affects the Council and involves:
     a. management;
     b. employees who have significant roles in internal control; or
     c. others where the fraud could have a material effect on the financial statements.

xiii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud,
     affecting the Council’s financial statements communicated by employees, former employees,
     analysts, regulators or others.

xiv. We have disclosed to you all known instances of non-compliance or suspected non-
     compliance with laws and regulations whose effects should be considered when preparing
     financial statements.

xv. We have disclosed to you the identity of the Council’s related parties and all the related party
    relationships and transactions of which we are aware.

xvi. We have disclosed to you all known actual or possible litigation and claims whose effects
     should be considered when preparing the financial statements.

Yours faithfully

Nigel Clarke
Chair
On behalf of the General Pharmaceutical Council
Public business

Appointment of external auditors 2016/17

Purpose
To appoint the GPhC’s external auditors for the year 2016/17

Recommendation
Council is asked to appoint Grant Thornton as the GPhC’s external auditors for the year 2016/17

1. Background
1.1 The Pharmacy Order 2010 requires the GPhC to:

“…ensure that a person eligible for appointment as a statutory auditor under Part 42 of the Companies Act 2006(a) (statutory auditors) audits the Council’s annual accounts.”

1.2 Council has delegated responsibility to the Audit and Risk Committee to:

“…consider the appointment and performance of the external auditor, the audit fee and any questions of resignation or dismissal and make appropriate recommendations to the Council”.

(Audit and Risk Committee, terms of reference)

1.3 At its meeting on 25 May 2016, the Audit and Risk Committee recommended the appointment of Grant Thornton as the GPhC’s external auditors for a further year. The minutes of this decision can be seen in 16.06.C.04a.

1.4 Council should note that this appointment is an additional year beyond the original contract award. The Audit and Risk Committee ran a tender process for external audit service which commenced in late 2015 but received no expressions of interest. Further investigation has led the committee to believe that the framework and rates in the tender specification were unattractive to firms for an audit of our size and would be unprofitable. This was combined with the fact that the market was anticipating a change in the framework in the near future.

1.5 Extending the contract of an existing provider in this way is not unprecedented in audit appointments but the committee considered that as a matter of transparency Council should be aware of the reasoning.
1.6 The timetable and approach for the tender process (taking account of the imminent framework revision) is in development and will be presented to the 19 July 2016 meeting of the Audit and Risk Committee.

**Recommendations**

Council is asked to appoint Grant Thornton as the GPhC’s external auditors for the year 2016/17

*David Prince*

*Chair, Audit and Risk Committee*

26 May 2016