Annual report

Annual fitness to practise report
Annual accounts
2012 - 2013

Annual Report and Annual Fitness to Practise Report presented to Parliament and the Scottish Parliament pursuant to Paragraph 8 of Schedule 1 to the Pharmacy Order 2010

Annual Accounts presented to Parliament and the Scottish Parliament pursuant to paragraph 7 of Schedule 1 to the Pharmacy Order 2010
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In this, our third annual report, we seek to demonstrate how we have taken forward our mission to protect, promote and maintain the health, safety and wellbeing of people who use pharmacy services and their trust in pharmacy professionals. This report covers our second full year of operation (April 2012 to March 2013).

Before looking at our year, I would first like to focus on another report which has given all healthcare organisations cause to consider how we are working in the best interests of patients. The report by Robert Francis QC into events at Mid Staffordshire NHS Foundation Trust asked all organisations involved in healthcare to report publicly on how they propose to respond to the issues raised and I am taking the opportunity to do this now on behalf of the GPhC.

We have expressed our sincere regret and sadness about the experiences described in the report of patients and their families at Mid Staffordshire. Although pharmacy and pharmacy regulation are not specifically mentioned in the report, we fully accept that it raises issues that are relevant to all regulators and for how we conduct our functions.

We have identified six areas that we need to focus on as we continue to develop our work programme:

- enabling the voice of patients to be heard in pharmacy and in the regulation of pharmacy
- improving our own use of information and making information about pharmacy regulation more transparent and useful both for patients and for everyone else with responsibilities in the system
- making sure we do all we can to promote frankness and honesty with patients and carers on the part of both pharmacy owners and individual pharmacy professionals
- enabling people, including patients and people working within pharmacy, to raise concerns about safety and standards of care so that these can be fully and openly addressed
- continuing to use regulation to support the development of an open, accountable and just culture in pharmacy in which professionalism can flourish
- working with other organisations proactively to identify and tackle issues of concern in order to improve patient safety and experience.

Through our new standards for registered pharmacies, we have sought to focus on what pharmacy can achieve for patients. These standards are a significant departure from the way pharmacy has been regulated in the past – focusing on what pharmacy is achieving for patients rather than imposing prescriptive rules, and making pharmacy owners and superintendents accountable for the decisions they take about how they run their pharmacies. Developing these standards was a bold step for the council and I would like to thank the many patients and carers, pharmacy professionals and owners who engaged in the process, and the council members for their commitment and ambition in agreeing them. These standards epitomise our vision for modernising pharmacy regulation and putting patients at the centre of our work.

The GPhC was created to strengthen the regulation of pharmacy, not just of pharmacy professionals.

We already hold pharmacists and pharmacy technicians to account for their conduct and practice through professional standards. With the registered pharmacies standards, we are making a clear distinction between what we think owners and superintendents are accountable for, and what their staff are accountable for.
This year we spent much of our time and effort on finalising the registered pharmacies standards and rolling them out, and developing a new approach to inspecting community pharmacy so we can check that the standards are being met. We plan to introduce this new approach in late autumn 2013.

All this work has been underpinned by a commitment to transparency, engagement and partnership working. We have significantly increased the scope of our engagement work – with patients and the public, pharmacists and pharmacy technicians, pharmacy owners and superintendents, organisations which represent pharmacy, other regulators, and many others. Our overall approach to regulation and inspection has been welcomed and people have been generous with their time, thoughts and advice.

Not all the details of our proposals have been agreed by everyone – the issue of open display of pharmacy medicines, for instance, continues to generate discussion. Where there has been disagreement, we have sought to keep lines of communication open and to produce additional guidance to supplement the standards.

It is a tribute to our staff that while all this work on the registered pharmacies standards and developing a new approach to inspection has been going on, the GPhC has remained firmly focused on improving how it delivers a range of services and activities, which you can read more about in this report. Highlights include: the use of the new standards for education and training introduced in 2011 in the final accreditation of two new schools of pharmacy, the assessment of three preparing for accreditation and the re-accreditation of nine existing schools; the improvement in the number and operation of centres for the registration assessments; and further significant progress, recognised by the Professional Standards Authority, in our handling of fitness to practise cases, whilst appreciating that there is still much to do to achieve the sort of standards we aspire to as an effective regulator.

All this has been achieved against a rapidly changing landscape in healthcare, particularly in England, where new structures have been emerging in response to the requirements of the Health and Social Care Bill, including in health, education, local government and public health. We have started to build relationships with the organisations most relevant to us, like NHS England, Health Education England and Healthwatch England, as well as continuing to build and strengthen our relationships with key bodies in Scotland and Wales. We contributed actively to the Law Commission’s Review of Health Regulation and to debate on proposed changes to the structures and funding of pharmacy education and are preparing for changes in this area in all three countries. Finally we have continued to develop constructive, collaborative working relationships with the two key professional bodies – The Association of Pharmacy technicians UK and the Royal Pharmaceutical Society.

We face an equally challenging year in 2013/14 as we seek to introduce our new approach to inspection. I would like to thank the chief executive and registrar, and his staff, for their commitment and energy in continuing to improve the efficiency and effectiveness of our core regulatory services and to bringing our vision for modernising pharmacy regulation closer in ways that I hope this annual report illustrates.
This year we took a significant leap forward in our work on modernising the regulation of pharmacy. We have dual roles in pharmacy regulation and this year we were able to make clearer what those roles are. We regulate community pharmacies as well as the pharmacists and pharmacy technicians who work in them.

By continuing to improve how we manage professional regulation, and by developing new standards for registered pharmacies and a new approach to inspection for community pharmacies, we have been able to set out how we intend to work as a regulator across pharmacy, and what we want our work to achieve.

At the heart of this work is a focus on achieving the best results for patients and people who use pharmacies.

As we have developed this new approach to regulation and inspection, we have tested our ideas and proposals with pharmacy, patients and the public, and internally, with our inspectors and other staff, as we have gone along. It has been impressive how willing people have been to offer advice and shape where we are going. It is important that this is a shared journey. We want to work with pharmacy to achieve our standards in the interests of patients, and only resort to enforcement action where that is absolutely necessary.

There is still much work to do to embed our new approach to regulation and inspection, but it has been a breakthrough year in terms of clarifying what it is we want to achieve with pharmacy for patients.

Developing this work on the standards and our approach to inspection has been challenging and at times has stretched the capacity of the organisation. But even with these challenges, we have kept a firm focus on improving most areas of our work, particularly the services we deliver to those on our register. Key areas of improvement include:

- the registration renewal process, where the number of applications for restoration to the register fell from 430 last year to 110 this year, and only 13 pharmacies were taken off the register for not renewing their registration
- preparation for and running of the registration assessment, with a 94 per cent satisfaction rating for the June assessment.

An external review of our fitness to practise processes also found that we are dealing with complaints about pharmacists and pharmacy technicians fairly, promptly and effectively. You can read more about that in the annual fitness to practise report on page 25.

It has been a busy year and the organisation has grown to meet those demands. The number of full-time staff increased from 146 last year to 163 this year.
We have had more pharmacists and pharmacy technicians join the register than last year, and more pre-registration trainees apply to sit the assessment. We have had to improve the way we work and become more efficient to meet these demands.

We have kept a firm grip on our finances, which allowed us to introduce a 10 per cent reduction in renewal fees for pharmacists and pharmacy technicians in October 2012, and then to freeze fees at those levels for 2013/14.

We have big ambitions for a relatively young organisation, and this year continued our programme of work to improve internal systems and processes so we are well set up to meet the challenges ahead.

As part of an annual review of our three-year corporate plan and setting our budget for next year, we took a careful look at the policy and operational challenges ahead. We used this process to identify where we need to focus our resource and efforts. Improving our information technology (IT) is a key priority, as reflected in our annual staff survey.

We inherited IT equipment and support arrangements from the previous regulator. This year we ended that shared arrangement, procuring an external provider for our IT helpdesk and infrastructure. We also selected a powerful new IT application to replace a suite of IT applications which are no longer fit for purpose. We will be developing that application to suit our needs next year, with the help of an external partner.

Looking forward, we face another step change as we introduce our new approach to inspection and develop public reporting of those inspections. Public reporting is a big and important step in our work to represent the interests of patients and people who use pharmacy. We remain committed to engaging with a wide range of interests in developing this work.

This year we introduced new ways of working, significantly improved the way we engage, and set in train new systems and processes to support our ambitions. I am confident that we are well prepared for the challenges ahead.

I would like to take the opportunity to thank the management team, our staff, and our many partners, for their contributions to such an important year in the development of pharmacy regulation.
About us

• we are the regulator for pharmacists, pharmacy technicians and pharmacies in Great Britain (not Northern Ireland)

• there are more than 1.6 million visits a day to pharmacies in Great Britain: it is our job to make sure that pharmacists and pharmacy technicians, the services they deliver from registered pharmacies, and those pharmacies themselves, are safe and protect the health and wellbeing of those who use them

• our role is set out in legislation called the Pharmacy Order 2010

• we protect the public in two main ways – by registering competent professionals to practise pharmacy and by regulating retail pharmacies, as well as a small number of hospital pharmacies

• we are funded by fees paid by the pharmacists, pharmacy technicians and pharmacies that register with us, not from the public purse

• our work touches the lives of pharmacy professionals from the day they start their training to the day they retire and cease to register with us

• we are based in London but have staff working around Great Britain. At 31 March 2013, we had the equivalent of 163 full-time staff and 270 associates, including, for example, our fitness to practise panel members and continuing professional development (CPD) reviewers

• we have a governing council made up of seven pharmacy professionals and seven members of the public. Find out more about them on page 30

• our chief executive and registrar, Duncan Rudkin, is accountable to this governing council. Read more about these arrangements on page 35.

What we do

We are involved in the lives of pharmacists and pharmacy technicians from the day they start their training to the day they retire. Our key areas of involvement are:

education and training
• setting standards, accrediting courses and approving qualifications for pharmacists and pharmacy technicians

• assuring the quality of the year-long pre-registration training which pharmacist trainees must undertake

• setting and running the final assessment that candidates must pass to be able to apply to be registered

• checking that pharmacists and pharmacy technicians are keeping their skills and knowledge up to date.

registering competent professionals
pharmacists and pharmacy technicians have to be registered to practise in Great Britain

registering pharmacies
a pharmacy has to be registered to use the title pharmacy

setting and monitoring standards
pharmacists and pharmacy technicians must meet our standards to stay registered

inspecting pharmacies
our inspectors check that pharmacies are meeting our standards

taking action when our standards are not met
those actions include suspending someone from working as a pharmacist or pharmacy technicians for a specified period or removing them from the register. If taken off the register, that person cannot apply for registration for a minimum of five years

You can find out more about us and how we work at: www.pharmacyregulation.org/about-us
The way health services are arranged and delivered in each part of Great Britain is changing. We must reflect and respond to developments in England, Scotland and Wales.

Our 14-member council includes at least one member who lives and works wholly or mainly in each of England, Scotland and Wales. We have a director for Scotland and a director for Wales, as well.

We continue to establish our presence in Scotland and Wales (our remit does not include Northern Ireland), and to work with other regulatory bodies and organisations to share and exchange information, reduce and eliminate regulatory overlap, and identify any regulatory gaps, across borders.

Key activities this year included:

**Scotland**

- with other UK health regulators and the Scottish government, we hosted the 5th annual regulation conference in Glasgow, which gave us an opportunity to explain our dual roles regulating pharmacists and pharmacy technicians, and pharmacies, and to discuss how we are developing our approach to regulation to take account of Scottish factors
- with other health and social care regulators, we hosted a joint Parliamentary reception for members of the Scottish Parliament (MSPs) to explain how we work to protect the health, safety and wellbeing of patients and the public in Scotland
- we contributed to the Review of NHS Pharmaceutical Care of Patients in the Community in Scotland, known as the Wilson Review, focusing on how our work takes account of ongoing developments in pharmaceutical care in Scotland.

**Wales**

- we became a member of the Welsh Pharmaceutical Committee, which advises the Welsh Government on matters relating to pharmacy and the pharmaceutical profession
- we are now part of the Wales Concordat, which supports improvement of services for patients, service users and carers
- we contributed to the National Health Service (Pharmaceutical Services) (Wales) Regulations 2013, which introduced checks and safeguards to help ensure providers of NHS pharmaceutical services are suitable and fit to be included in the Local Health Board pharmaceutical list
- we now sit on the Modernising Pharmacy Careers Wales programme board, helping to develop career pathways for pharmacists, pharmacy technicians and pharmacy support staff to improve quality of care, public health, and patient safety in Wales

We also invited views from pharmacists, pharmacy owners and superintendents from a range of geographical locations as we started to develop our new approach to inspection.

As the pharmacy regulator for Great Britain, it is important that the approach to inspection we develop meets the needs of the three countries. Read more about our work on developing our new approach to inspection on page 13.
Changes to...

**Council membership**
The membership of our governing council changed on 1 April 2013 following recruitment to eight vacancies early in 2013.

Five of these appointments – made after a robust selection process and confirmed by the Privy Council – are new to the council: Mary Elford, Mohammed Hussain, Berwyn Owen, David Prince and Samantha Quaye. Three are re-appointments: Soraya Dhillon, Tina Funnell and Judy Worthington.

Thanks are due to the outgoing council members: Cathryn Brown, Celia Davies, John Flook, Lesley Morgan and Peter Wilson.

**Our directorates**
We changed our leadership structure this year, with the creation of two directorates:

- resources and customer services, with responsibilities including registration, IT and finance
- inspection and fitness to practise, made up of investigations and case management, hearings and the inspection team.

Bernard Kelly leads the resources and customer services directorate. He was previously the director of resources and corporate development.

Hilary Lloyd left her post as director of regulatory services. Claire Bryce-Smith acted in the role of director for inspection and fitness to practise from November 2012 and was appointed to the director’s post after an open recruitment process.

Hugh Simpson leads the policy and communications directorate, which remains unchanged.

**Our location**
We have announced that we are moving to new offices in 2014.

The lease on our current accommodation at 129 Lambeth Road in London expires in September 2014. A review of our accommodation needs found that there are opportunities available in London which would better meet our current and future needs, including more flexible space for fitness to practise hearings.

Work continues to identify the best site for our new offices.
Our job is to uphold standards and public trust in pharmacy
Our job is to uphold standards and public trust in pharmacy. The register is a good place to start – this is a publicly-available online system informing patients, members of the public, employers, pharmacists and pharmacy technicians and others about who is registered. It also records any decisions we have made about whether they are safe to practise pharmacy.

In order to practise in Great Britain, pharmacists and pharmacy technicians must satisfy us that they meet a series of requirements designed to keep patients safe. Only then can they join the register. Similarly, anyone wishing to register a pharmacy or renew that registration must also meet our requirements.

When pharmacists and pharmacy technicians renew their registration with us every year, they must complete a declaration stating that they meet all our standards.

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

The register contains details of pharmacists, pharmacy technicians and pharmacies. You can search the register by going to: www.pharmacyregulation.org/theregister/index.aspx

### Fall in number of register removals

There was a big fall in the number of pharmacists, pharmacy technicians and pharmacies removed from the register at the start of 2013 because they did not renew their registration or asked to be removed:

- 555 pharmacists and pharmacy technicians were removed from the register on 2 January 2013, compared with 1195 for the same time the previous year, and
- 13 pharmacies were removed from the register compared with 34 for the same time the previous year.

We received 110 applications for restoration to the register, compared with 430 applications the previous year. This is a significant improvement, supported by better communication and engagement with pharmacists and pharmacy technicians, and owners of pharmacies.

### Registration and renewal fees frozen

From 14 October 2012, renewal fees for pharmacists and pharmacy technicians fell by 10 per cent – down to £240 for pharmacists and £108 for pharmacy technicians.

The fee for pharmacy premises remained unchanged at £221.

We also took a decision to freeze renewal fees for 2013/14 at 2012/13 levels.

Our budget for 2013/14 takes account of the effect on our reserves of that 10 per cent fee reduction.

The council will next consider changes to fees in 2014.

### Our register

(as at 31 March 2013)

- 47,407 pharmacists  up from 45,435 in 2012
- 21,824 pharmacy technicians  up from 20,766 in 2012
- 14,186 pharmacy premises  up from 13,850 in 2012
Who is on the register?
During the year, we commissioned our first analysis of pharmacists and pharmacy technicians on the register.

For pharmacists, the analysis looked at the register in 2011, and found:

- 59 per cent of registered pharmacists are female
- male pharmacists are particularly under-represented in Scotland, making up 30 per cent of registered pharmacists there
- average age is 39.9 years. Male pharmacists are on average four years older than females (42.3 years versus 38.4 years)
- pharmacists from Asian backgrounds make up over a quarter of pharmacists (27 per cent) on the register, with pharmacists from black, Chinese, and other minority ethnic communities representing a further 12 per cent. 69 per cent of new entrants to the register in 2011 were from a black or minority ethnic background
- more pharmacists joined the register in 2011 than in 2010. There were 3824 new entrants, of whom 61 per cent were women
- overseas-qualified pharmacists fell from 6130 (12.1 per cent of the register) in 2010 to 5460 (11.8 per cent of the register) in 2011.

For pharmacy technicians, the analysis looked at a snapshot of the register in July 2012, a year after mandatory registration came into effect, and found:

- 90 per cent of registered pharmacy technicians are female
- smaller proportions of male pharmacy technicians are registered in Scotland and Wales than in England
- mean average age is 41.4 years; female pharmacy technicians are on average older than their male counterparts
- 89.5 per cent of registered pharmacy technicians are white ethnic origin
- largest non-white group are Asian (7.6 per cent).

Second prosecution for practising while not registered
One of our key roles is to uphold public confidence in the register. One way we do that is to take action when someone who is not registered works as a pharmacist or pharmacy technician. This year we prosecuted someone for working as a pharmacist while not on the register: he had been removed from the register in 2009 but a GPhC inspector discovered him working while on a pharmacy inspection visit. On 6 July 2012 at Camberwell Magistrate’s Court, he pleaded guilty and was fined £3,000 plus costs and a victim surcharge. This is our second successful prosecution against a person for working as a pharmacist while not on the register.

A pharmacist from Swansea was removed from the register after an allegation involving unwanted sexual contact was found proven by the fitness to practise committee.

This is the first time the GPhC has taken forward a fitness to practise hearing for a serious sexual assault after an acquittal for rape in the crown court in relation to the same offence.

In UK case law, a regulator may still bring fitness to practise proceedings against a registrant who has been acquitted following a criminal trial if there is a real prospect of finding that their fitness to practise is impaired.

The purpose of our hearings is to determine if a pharmacist or pharmacy technician is still fit to practise pharmacy and we use a civil, not criminal, standard of proof.
Standards and guidance

We seek to encourage and promote professional pharmacy practice. One way we do this is to publish standards that pharmacists and pharmacy technicians, and those who own pharmacies, must meet to remain on the register.

We also publish guidance documents which expand on key areas of those standards. Our guidance is neither mandatory nor prescriptive – rather it seeks to support professional practice.

Regulating pharmacists and pharmacy technicians

Up until 2012/13, we were better known as a professional regulator, focused on regulating pharmacists and pharmacy technicians.

We set professional standards – called the standards of conduct, ethics and performance. These set out the conduct, behaviour and practice we expect from pharmacists and pharmacy technicians in Great Britain. If concerns are raised, we check if these standards are being met and can take action if they are not.

If our standards are not met, the registration of that pharmacist or pharmacy technician can be at stake. He or she is responsible for upholding the standards, as an individual.

We plan to review the standards of conduct, ethics and performance in 2014/15.

These professional standards are supported by four pieces of guidance – about raising concerns, patient confidentiality, consent and maintaining clear sexual boundaries.

Copies of these standards and the four pieces of guidance can be found at: www.pharmacyregulation.org/standards/guidance

Seven principles for pharmacy professionals

Our standards of conduct, ethics and performance are based on seven principles:

1. make patients your first concern
2. use your professional judgement in the interests of patients and the public
3. show respect for others
4. encourage patients and the public to participate in decisions about their care
5. develop your professional knowledge and competence
6. be honest and trustworthy
7. take responsibility for your working practices.

Regulating pharmacies

We also have a distinct and different role regulating pharmacies.

The creation of the GPhC was designed to strengthen the regulation of pharmacy, not just pharmacy professionals. And so we have new and different powers from the previous pharmacy regulator.

This dual role – regulating both professionals and pharmacies – is unusual among the nine health professions regulators in the UK.

We regulate community pharmacies and a small number of hospital pharmacies – the majority of hospital pharmacies are regulated by the Care Quality Commission.

As part of developing our role regulating pharmacies, this year we launched standards for pharmacies registered with us or seeking to register with us.

The standards set out what we think pharmacies should be doing to achieve the best results for patients. They move away from a rules-based approach to a clear focus on what is best for patients.
We believe that the professional practice of pharmacy offers the best protection for patients. So we want to do what we can to encourage and support a culture of professional practice in pharmacy.

Responsibility for meeting the standards lies with corporate owners and their superintendents, and those who own pharmacies in their own right. What the standards seek is that these owners and superintendents create an environment in their pharmacies in which professional practice can flourish.

Five principles for pharmacies

We have grouped the standards under five principles, each of which is equally important:

1. the governance arrangements safeguard the health, safety and wellbeing of patients and the public
2. staff are empowered and competent to safeguard the health, safety and wellbeing of patients and the public
3. the environment and condition of the premises from which pharmacy services are provided, and any associated premises, safeguard the health, safety and wellbeing of patients and the public
4. the way in which pharmacy services, including the management of medicines and medical devices, are delivered safeguards the health, safety and wellbeing of patients and the public
5. the equipment and facilities used in the provision of pharmacy services safeguard the health, safety and wellbeing of patients and the public.

Copies of these standards can be found at: www.pharmacyregulation.org/standards/standards-registered-pharmacies
A new approach to inspection

We are not extending our current approach to inspection; rather we are introducing a new and significantly different approach to inspection.

In 2012/13, we had 25 inspectors carrying out inspections of pharmacies on a three-year cycle, as well as investigating complaints about the safe practice of pharmacists and pharmacy technicians on our register.

The new registered pharmacies standards came into force at the end of September 2012, and since then, our inspectors have been working to make the transition to the new standards. They have been heavily involved in developing the new approach to inspection, and have undertaken training and development activities to support the transition.

Our new approach to regulation and inspection seeks to support improvements in the performance of

Consulting on standards for registered pharmacies

To discuss and test our proposals for regulating pharmacies, we ran a comprehensive consultation and engagement process across Great Britain in the early part of 2012/13.

Over 13 weeks, we attended 35 events across Great Britain, talking to pharmacists, pharmacy technicians, pharmacy owners, superintendents, employers and organisations representing pharmacy.

We held events with patients and members of the public in London, Glasgow and Cardiff to take them through the proposals and seek their views, as well as developing a toolkit for organisations which represent the views and interests of patients and the public in healthcare.

We set up a dedicated website and used our own publications, website, traditional media and social media channels, as well as the communications activities of other organisations, including their websites and publications, to raise awareness of the opportunity to shape this work.

We ended up receiving 456 responses to the consultation, which we considered in detail.

A final version of the standards was approved by our council in September 2012, along with a full report on the consultation feedback and our formal response to the consultation.

The standards were formally launched at the end of September 2012, at which point they came into force, replacing interim standards for pharmacy owners and superintendents.

As part of our consultation response, we identified the need for additional guidance to expand on areas of the standards. The three areas of guidance we are working on are:

- pharmacy services provided via the internet
- preparation of unlicensed medicines
- supply of Pharmacy (P) category medicines.

We want to support pharmacy to make the transition to the new standards and our new approach to inspection. We agreed a set of principles to underpin the transition, which include:

- a commitment to clear and transparent communications
- a supportive approach to compliance
- working in partnership
- maximising opportunities to test our approach.

While our focus is on supporting pharmacy to comply with the new standards, we will have new and robust powers to enforce the standards in the future. These powers will include the ability to issue improvement notices and in the worst case scenario, to close a pharmacy.

We are working on the development of rules which will bring our enforcement powers into force. These rules must be consulted on, approved by our council and laid before parliament. The progress of this work depends on the status of parliamentary business.
pharmacies. When a pharmacy has met our standards overall, we will also recognise how well it has met our standards, identifying whether the pharmacy
• meets minimum standards
• consistently meets good standards
• exceeds standards.

We have tested this language with patients and the public, and pharmacy owners, superintendents, pharmacists and pharmacy technicians.

We continue to work with patients and the public, pharmacy owners and superintendents, pharmacists and pharmacy technicians, and organisations representing pharmacy, as we further develop all this work.

What do patients think?

We have worked across the year with a large group of patients and members of the public in England, Scotland and Wales who have become familiar with our work and have helped to shape the standards and our approach to inspection, as well as providing their insights about pharmacy and pharmacy services.

They first worked with us early in the year, commenting on the registered pharmacies standards proposals at events held in London, Glasgow and Cardiff. And we developed a toolkit which we sent to more than 30 organisations representing the interests of patients and the public in healthcare, to help them better understand what we were proposing.

We held a series of focus groups across the year with the same group of people.

In particular, we asked them to advise us on the language and tone of our approach to inspection, as well as the format and approach of public reporting on inspections specifically.

We will be publicly reporting on our inspection visits in 2014 and want to make sure that those reports are accessible and make sense to patients and members of the public.

Developing our approach to inspection: key points

These are key areas we have been working on in 2012/13:

Before an inspection:
• developing a two-stage process for registration of new pharmacies, including eligibility and compliance checks
• developing a decision framework to help inspectors to decide whether a pharmacy can meet our standards from day one
• identifying what needs to be done to prepare for an inspection, such as information and documents that could be reviewed, and tasks that could be done beforehand.

For the on-site inspection:
• developing an inspection decision framework to bring consistency to inspectors’ assessments
• developing examples of what we mean by “meeting minimum standards” and “consistently meeting good standards”
• developing criteria for minor and major non-compliance for a pharmacy that has not met our standards
• developing templates for public reporting and reports for owners and superintendents.
What does pharmacy think?

Work to develop our approach to inspection has also been supported by sounding boards, which are voluntary groups of pharmacists, pharmacy owners and superintendents who provide us with operational perspectives.

The sounding board in England is made up of 17 members, the board in Scotland 11 members, and the board in Wales nine members (see table for membership). Each board has met three times.

They have helped us to develop an inspection framework which will be used by inspectors to bring consistency to their assessments across Great Britain. They have also been involved in developing the language and tone of this work, and our approach to public reporting on inspection visits.

Members of our sounding boards are:

**England**
- Ramiz Bahnam
- Alison Cawdell
- Ian Clegg
- Kay Crockatt
- Alastair Farquhar
- Lindsey Gilpin
- Fiesa Govani
- Dr Tim Hanlon
- Pete Horrocks
- Satyan Kotecha
- Karl Legg
- Margaret MacRury
- Pat North
- Karen Rice
- Dr Justine Scanlan
- Kevin Smith
- Debra Woolley

**Scotland**
- Debbie Alexander
- Ewan Black
- Alyson Brown
- Stephen Dickson
- Alastair Farquhar
- Diane Fyffe
- Andrew Green
- Craig Larson
- Alasdair Macintyre
- Laura McElroy
- Jennifer Weir-Ahmed

**Wales**
- Sarah Bailey
- John Davies
- Richard Evans
- Jodine Fec
- Judy Henley
- Alan Hughes
- Linda Jones
- Dr Richard Schmidt
- Christine Wyn-Jones
We make sure pharmacists and pharmacy technicians are suitably qualified when they apply for registration.
A key way we seek to protect patients and the public is to make sure that pharmacists and pharmacy technicians are suitably qualified when they apply for registration.

In 2012/13, the Department of Health (England) announced that it was taking forward plans to change pharmacy education and training – moving the pharmacist qualification from a four plus one year degree course to an integrated five-year course. The Department of Health (England) also announced that it was intending to cap the number of MPharm students and trainees to reflect the demands of the pharmacy workforce.

Reforms to the pharmacist qualification are also being considered in Scotland and Wales.

Our council directed that we start preparing for these
changes to structures and funding. We reviewed our position and set out our initial thoughts in a paper that went to council in April 2013 (Item 9): www.pharmacyregulation.org/about-us/who-we-are/gphc-council/council-meetings/11-april-2013

We have committed to:

• enhancing our role in the quality assurance of pharmacy education, including preparing for any changes to the structure and funding of education and training

• a programme of work to make sure that the quality and experience of pre-registration education is appropriate, taking into account possible changes in pharmacy education

• strengthening our relationships with Health Education England and the Local Education and Training Boards in England, to prepare for the development of an integrated five-year pharmacy degree in England

• monitoring the impact of the new pharmacy technician qualification with a view to undertaking further work as necessary.

What you need to do to become a pharmacist

In Great Britain, it takes a minimum of five years to train as a pharmacist. In 2012/13, candidates had to pass a four-year masters degree in pharmacy (MPharm) from a course we have accredited. They then had to spend a year gaining practical experience in a working pharmacy, under the supervision of a tutor, who must be a registered pharmacist. A trainee must then sit our registration assessment, which they must pass to apply to join the register.

Pharmacy technicians must complete two years of work-based experience under the direction of a pharmacist, and achieve both competency-based and knowledge-based qualifications from courses which we have recognised or accredited.

The registration assessment

We hold two registration assessments (exams) each year – in June and September.

In line with our standards for education and training, this year we encouraged trainees to make the most of the practice opportunities in their training year and to not just focus on passing the assessment.

We have also used the experiences of candidates from the previous year to improve the organisation and running of both assessments.

For the June assessment, we:

• increased the number of venues from five to eight
• capped candidate numbers at 500 per venue
• designed a new process for registering candidates when they arrive.

We also reduced the fees for both entry to the pre-registration scheme and sitting the assessment itself. The GPhC’s Board of Assessors, an independent body made up of 11 pharmacists and a lay member, has overall responsibility for setting and moderating the assessments.

Accrediting pharmacy education and training

We introduced new standards for the education and training of pharmacists in May 2011, encouraging a focus on what trainees can achieve for patients. Pharmacy schools seek accreditation against our standards for a maximum of six years.

As of 31 March 2013, there are:

• 26 fully accredited pharmacy schools in Great Britain, and three working towards accreditation, an increase of two fully-accredited schools since last year
• nine schools reaccredited to the new standards, three schools working towards reaccreditation to the new standards and 17 yet to be reaccredited to the new standards
• 2719 new trainees entering pre-registration training – up from 2651 last year. There are 2549 undertaking a masters of pharmacy (MPharm), up from 2478 last year, and 170 overseas-qualified pharmacists starting the overseas pharmacists’ assessment programme (OSPAP), as compared with 173 last year.
The majority of candidates sit the assessment in June. The September assessment allows those who failed in June, or have failed it twice before, to prove that they have met the standards we have set. Three attempts at sitting the assessment are allowed.

**June 2012**
- 2477 candidates sat
- 94.5 per cent pass rate
- 94 per cent satisfaction rate from 560 respondents who answered our survey.

The Board of Assessors wanted to know why the pass mark for the September sitting was low compared to previous assessments. Analysis showed that a high proportion of candidates were sitting the assessment for the second or third time – 31 per cent and six per cent respectively.

Many had also started their pre-registration training late, for a variety of reasons, including failing MPharm assessments.

Candidates can now only start their pre-registration training once they have passed the MPharm degree or overseas pharmacists’ assessment programme (OSPAP). This means that candidates who start their training later than usual (because they have had to resit university finals, for example) usually have to sit the registration assessment in September.

**Continuing professional development**
Once a pharmacist or pharmacy technician is registered with us, we expect them to keep their knowledge and skills up to date. One way we check this is through a process called continuing professional development (CPD).

Every year, pharmacists and pharmacy technicians on our register are expected to document a minimum of nine examples of learning and development, reflecting the context in which they work and the scope of their practice. At least three of the nine entries must start with reflections on what that pharmacy professional thinks they need to learn and why.

We also run a checking system, known as ‘call and review’, where we request CPD records for the past five years and review them. This is run over a six-month period from November to May, so as to avoid the peak period for renewals of registration and new pharmacists applying for registration.

Anyone who fails to respond to our review request by the given deadline can be removed from the register.

We called 14,188 records between November 2012 and May 2013, which is approximately 20 per cent of the register. Since the GPhC came into operation in September 2010 we have called in and reviewed more than 27,790 CPD records.

**New online manual for trainees**
We launched a new online resource for pre-registration trainees this year, replacing the hard copy manual previously sent to trainees and tutors. The online manual includes the performance standards that trainees must meet during their training year, the registration assessment syllabus and a tutor resource. The text has been revised to clarify some of the requirements, and to improve readability. The manual has been designed to be viewed on mobile platforms such as smart phones and tablets, as well as more conventional devices, and is fully searchable. You can check the manual at: www.pharmacyregulation.org/preregmanual
Once a pharmacist or pharmacy technician is registered with us, we expect them to keep their knowledge and skills up to date.
Our achievements

• developing a new approach to regulation and inspection focused on what pharmacy should be achieving for patients – a once-in-a-generation change in pharmacy regulation

• launching new standards for registered pharmacies – seeking to hold pharmacy owners and superintendents to account

• reducing fees for all registrants by 10 per cent and freezing them at 2012/13 levels in 2013/14

• improving all aspects of the pre-registration trainee assessment

• widening the scope and regularity of our engagement work across Great Britain, particularly with patients and the public

• improving the management of investigations and FtP case processes – work that has been recognised by the Professional Standards Authority (PSA) (see page 28).

The impact of social media

We significantly developed our presence on three of the main social media sites (LinkedIn, Twitter and Facebook) over the year. We ended the year with a social media impact measure (KLOUT) score of 51, which is ahead of the industry average of 47; over 2,700 regular followers on Twitter and a growing following on LinkedIn.
Our approach to equality, diversity and inclusion

We are committed to ensuring that unlawful discrimination does not occur in the way we employ people or the way we treat members of the public, pharmacists, pharmacy technicians or pharmacy owners on our register, or any of our service users.

This year we reviewed and revised our equality, diversity and inclusion (EDI) scheme, which sets out what we are required to do under the Equality Act 2010 and what more we want to do to make sure that we do not discriminate against people unlawfully.

This year, all staff and statutory committee members completed equality and diversity training.

As well, our managers undertook joint training with other regulators (the General Dental Council and Nursing and Midwifery Council) in how to conduct equality impact analyses. These help us to identify and address equality, diversity and inclusion (EDI) considerations at an early stage of policy development.

We have sought to reflect actions from our EDI plan in team and directorate planning.

We also want to identify what information we need to collect to make sure that our work supports best practice in EDI. We set up a data monitoring group to review our existing EDI data, research best practice and make recommendations on what information should be collected in future. These recommendations will inform work on the development of the organisation's information strategy and a survey of pharmacists and pharmacy technicians planned over summer 2013.

We have also become a member of the Business Disability Forum (until recently the Employers’ Forum on Disability), which aims to help organisations like ours to become more “disability confident”.

Telling it how it is

All new standards and guidance documents produced from 2012 onwards meet recognised best practice in terms of language and accessibility. Each has been assessed by independent plain English experts, carry the plain English logo, and display standard text setting out how copies can be obtained in other languages or formats.

Communicating with pharmacists and pharmacy technicians

We continue to improve our communications with registrants. This year we introduced the Good pharmacy practice pack, which is sent to all new registrants on a monthly basis.

This pack includes a welcome letter from the registrar, copies of our two key standards documents (Conduct, ethics and performance, and Standards for registered pharmacies) and the four guidance documents (Consent, Confidentiality, Raising concerns and Maintaining clear sexual boundaries), as well as links to key online resource materials.
Responding to the Francis Report
The report by Robert Francis QC into the care of patients at Mid Staffordshire NHS Foundation Trust has given all organisations working in healthcare cause to reflect and consider how we all work in the best interests of patients.

We recognise, like other organisations in healthcare, that we must try harder and work together, to minimise the risks of this happening again.

While this report made no direct references to pharmacists or pharmacy regulation, we would be failing in our duties to patients and the public if we did not take stock and consider how the issues raised apply to us and our work.

We have identified six topics that we think we need to focus on as we continue to develop our work programme:

- enabling the voice of patients to be heard in pharmacy and in the regulation of pharmacy
- improving our own use of information and making information about pharmacy regulation more transparent and useful both for patients and for everyone else with responsibilities in the system
- making sure we do all we can to promote frankness and honesty with patients and families on the part of both pharmacy owners and the individual pharmacists and pharmacy technicians on our register
- enabling people, including patients and people working within pharmacy, to raise concerns about safety and standards of care so that these can be addressed
- continuing to use regulation to support the development of an open and accountable culture in pharmacy
- working with other organisations proactively to stop things falling into a gap.

We will go back to our governing council in September 2013 to report on our progress in these six key areas.

Raising concerns about care
In October 2012 we joined other healthcare organisations in signing the “speaking up” charter, drawn up by the NHS Employers organisation. We are keen to play our part in helping to create a culture in healthcare where staff are supported to raise concerns about care that could result in risks to patient and public safety.
Looking ahead

Rebalancing legislation and regulation

We are working with the UK chief pharmaceutical officers and an independent board to look at the benefits of revising the way medicines legislation and professional regulation work together in the UK.

This work is known as the re-balancing initiative, and is being led by the UK chief pharmaceutical officers.

A programme board has been set up and held its first meeting in May 2013. Both our chair, Bob Nicholls, and chief executive, Duncan Rudkin, sit on that board.

The work of the board will focus on what improvements can be made to the two systems so people who use pharmacies continue to be safe – and the standards and the quality of service remain high. It will also look at how to make sure that these arrangements do not act as a barrier to development and innovation in pharmacy practice.

This work will take into account a number of other initiatives, including:

- the Medicines and Healthcare products Regulatory Agency’s (MHRA) planned review of penalties and sanctions (including penalties and sanctions for single dispensing errors)

- the Law Commission’s review of the legislative arrangements that sit behind the work of the nine healthcare professions regulators.

The commission has proposed that the law be simplified and modernised, with a single Act of Parliament replacing the individual governing legislation of each regulator.

The commission completed a formal consultation on its proposals in early 2012/13, which we contributed to. It has analysed the responses it received and is working on a final report, with the aim of publishing a draft Bill in early 2014.
Dealing effectively with fitness to practise concerns is at the heart of our commitment to protecting patients and the public, and maintaining public confidence in pharmacists and pharmacy technicians.
**What is fitness to practise?**

We describe fitness to practise (FtP) as a person’s suitability to be on our register without restrictions. In practical terms, this means maintaining appropriate standards of proficiency, being of good health and good character, and adhering to principles of good practice as set out in our standards and guidance, and other relevant best practice advice.

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

If you are concerned that a pharmacist or pharmacy technician registered with us is not fit to practise, you can make a formal complaint to us.

For more information about how to do that, go to [www.pharmacyregulation.org/raising-concerns/raising-concerns-about-pharmacy-professional](http://www.pharmacyregulation.org/raising-concerns/raising-concerns-about-pharmacy-professional) or call our customer contact centre on 020 3365 3400.

**How do those concerns come to us?**

They come from:

- a member of the public (52 per cent of concerns came from the public this year, compared with 47 per cent last year)
- public bodies such as NHS organisations and other regulators
- law enforcement agencies such as the police or local authorities
- colleagues of a pharmacist or pharmacy technician
- one of our inspectors, following a routine inspection.

We also deal with complaints involving pharmacies where there are concerns about whether they meet our standards for registered pharmacies.

**How we deal with concerns**

Concerns are initially reviewed by one of our case workers, who makes a recommendation on how to proceed. This may include referring the matter to an investigating committee (IC), which meets in private. That investigating committee may take a decision in its own right to go no further or issue a warning or letter of advice, or refer the case to a fitness to practise committee (FtPC) for hearing, which is conducted by an independent panel, usually made up of three members.

The registrar has powers to refer cases directly to the fitness to practise committee in certain circumstances. And we can seek interim orders, where registration can be suspended or conditions imposed on someone’s pharmacy practice while a matter is being investigated. This might happen, for instance, in a case where a registered pharmacy professional is being investigated by the police for a serious offence or where there is a serious ongoing risk to patient safety.

The High Court has said that fitness to practise is not about punishing past conduct. Rather, we consider whether a pharmacist or pharmacy technician is exactly that – fit to practise.
What we have achieved

We received 840 complaints about fitness to practise in 2012/13, up from 777 in 2011/12.

All these complaints were reviewed and 284 were closed at that first stage because they were not within our jurisdiction to resolve. This can mean a range of things, for instance that a complaint did not involve someone registered with the GPhC or that a complaint was about an issue other than being fit to practise.

The table below sets out how we closed other cases, ranging from sending a letter of advice, imposing conditions on registration, giving someone a warning, suspending them from practising to removing them from the register.

<table>
<thead>
<tr>
<th>Closure type</th>
<th>Number of cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Removals</td>
<td>23</td>
</tr>
<tr>
<td>Suspensions</td>
<td>25</td>
</tr>
<tr>
<td>Warnings (FtPC 4, IC 59)</td>
<td>63</td>
</tr>
<tr>
<td>Conditions</td>
<td>8</td>
</tr>
<tr>
<td>Interim order conditions</td>
<td>12</td>
</tr>
<tr>
<td>Undertakings</td>
<td>7</td>
</tr>
<tr>
<td>Letters of advice (IC 30, Inv team 211)</td>
<td>241</td>
</tr>
</tbody>
</table>

The total number of removals includes four cases which were the subject of review hearings where conditions or suspensions were changed to removals.

A number of cases received in 2012/13 are ongoing. We set ourselves an ambitious target of finalising cases within 15 months of receiving them. We did not achieve this target in 2012/13, closing just over 80 per cent in that time. We did significantly reduce the time each case takes from start to finish – down from an average of 39 weeks in 2011/12 to 29 weeks in 2012/13. And we made other improvements to our FtP processes which are described in more detail on page 28.

Cases inherited from the previous regulator are dealt with in a different way to cases received by the GPhC. The legislation that sets out our role and powers, the Pharmacy Order 2010, allows us to take a more innovative approach to managing so-called legacy cases, and some of the lessons we have learned over the year are helping to improve our approach to fitness to practise overall. We are on track to deal with the majority of legacy cases by September 2013.

<table>
<thead>
<tr>
<th></th>
<th>Number of cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cases inherited from the previous regulator</td>
<td>589</td>
</tr>
<tr>
<td>Cases dealt with as at 31 March 2013</td>
<td>578</td>
</tr>
</tbody>
</table>

Last year we reduced the average length of fitness to practise committee hearings from three days to two, and have maintained that average this year.

How do I find out what is happening?

Fitness to practise committee hearings are usually held in public and members of the public are welcome to attend. Hearings are held at our offices at 129 Lambeth Road, London SE1 7BT. We publish details of upcoming hearings at www.pharmacyregulation.org/raising-concerns/hearings/hearings-schedule

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

We publish decisions of the fitness to practise committee on the register or at: www.pharmacyregulation.org/search/search_decisions

Learning points from our fitness to practise cases

We feature case studies of our fitness to practise work in Regula+, our bi-monthly bulletin for registrants.

These case studies include “learning points”, which are a chance for our registrants to better understand the basis on which our investigators and committees make the decisions they do. By sharing learning, we aim to support safe and effective practice, promote professionalism and reduce the number of complaints that are made to us.
Our approach to FtP receives a positive assessment

We have dealt with complaints about pharmacists and pharmacy technicians on our register fairly, promptly and effectively, the Professional Standards Authority (PSA) has reported, after reviewing our FtP processes.

The PSA is the oversight body for the GPhC and reviews and reports on our performance.

In September 2012 the PSA audited 100 GPhC cases which had been closed at the initial stages of the FtP process over the previous six months. Their report found “nothing that gave cause for concern”.

The PSA found that our risk assessment of cases continued to be a strength. It recognised improvements in the way we manage these cases in the initial stages, including the introduction of a quality assurance scheme.

The report also suggested a number of improvements and welcomed the fact that work was already under way to address these issues, including a comprehensive review of the correspondence sent to registrants and a new system for assuring the quality of the information recorded during an investigation.
Our reporting requirements

The Pharmacy Order 2010 imposes reporting requirements on the GPhC as part of demonstrating our accountability to Parliament. The Order obliges us to publish annual reports and accounts and to provide them to the Privy Council Office for laying in the UK and Scottish Parliaments.

We are required to publish:

• an annual report on the exercise of our functions, which includes a description of the arrangements in place to ensure that we adhere to good practice in relation to equality and diversity

• a statistical report which indicates the efficiency and effectiveness of, and includes a description of, the arrangements in place to protect members of the public from registrants whose fitness to practise is impaired, together with the council’s observations on the report

• annual accounts, in a form determined by the Privy Council

• our external auditors’ report on our accounts.

This report is published to fulfill the above requirements.

The Privy Council has issued an accounts determination, setting out the requirements we must meet in preparing our annual accounts. The accounts determination appears in appendix 1 to our financial statements (page 55). Our accounts have been produced to comply with this determination.

As a body funded by registrants’ fees and independent of government, we are not covered by the Treasury guidance on Managing Public Money. We want to adopt best practice as regards both transparency and communicating with members of the public, who are our primary stakeholders. We have therefore aimed to keep our reporting as clear and straightforward as possible, with the minimum amount of duplication.

As part of best practice, we have provided a statement on internal control (page 35) covering the systems in place to support the council’s strategy and objectives while safeguarding the organisation’s assets. Information about the GPhC’s governance follows.
How we govern ourselves

The council is the GPhC’s governing body and sets the strategic direction and objectives for the organisation, in line with its statutory purpose. It monitors the organisation’s performance and holds the executive to account, as well as ensuring probity and safeguarding the organisation’s assets.

The GPhC’s council comprises 14 members appointed by the Privy Council, with equal numbers of lay and registrant members. It includes least one member who lives or works wholly or mainly in each of England, Scotland and Wales. No council members were appointed during the year although an open competition appointments campaign was run for the eight vacancies that arose on 1 April 2013. The process was scrutinised by the Professional Standards Authority to ensure compliance with the four principles of merit, fairness, transparency and openness, and inspiring confidence. The selection panel comprised Rosie Varley (chair), Bob Nicholls, Chris Martin and Radhika Seth (independent assessor).

The council has agreed a structure of remuneration and expenses for its members that reflects the Nolan standards of public life and avoids disincentives to good governance.

Council development
The council is committed to the annual appraisal of its members and of its own performance as a governing body. Council members are appraised by the chair of council annually each summer and the chair receives feedback from an external consultant following a 360 degree appraisal process. The council considers its own performance annually each autumn.
## Council members’ remuneration and expenses April 2012–March 2013

<table>
<thead>
<tr>
<th>Name</th>
<th>Registrant or lay</th>
<th>Remuneration1 £</th>
<th>Total expenses £</th>
<th>Attendance2</th>
<th>Committee meetings held/attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bob Nicholls</td>
<td>Lay</td>
<td>48,000</td>
<td>6,951</td>
<td>6/6</td>
<td>RemC 3/3</td>
</tr>
<tr>
<td>Cathryn Brown</td>
<td>Pharmacist</td>
<td>12,000</td>
<td>3,312</td>
<td>6/6</td>
<td>A&amp;RC 3/3</td>
</tr>
<tr>
<td>Sarah Brown</td>
<td>Lay</td>
<td>12,000</td>
<td>208</td>
<td>6/6</td>
<td></td>
</tr>
<tr>
<td>Celia Davies</td>
<td>Lay</td>
<td>12,000</td>
<td>1,965</td>
<td>5/6</td>
<td>RemC 3/3</td>
</tr>
<tr>
<td>Soraya Dhillon</td>
<td>Pharmacist</td>
<td>12,000</td>
<td>273</td>
<td>6/6</td>
<td></td>
</tr>
<tr>
<td>Gordon Dykes</td>
<td>Pharmacist</td>
<td>12,000</td>
<td>3,793</td>
<td>4/6</td>
<td></td>
</tr>
<tr>
<td>John Flook3</td>
<td>Lay</td>
<td>14,000</td>
<td>2,547</td>
<td>6/6</td>
<td>A&amp;RC 3/3</td>
</tr>
<tr>
<td>Tina Funnell</td>
<td>Lay</td>
<td>12,000</td>
<td>2,453</td>
<td>5/6</td>
<td></td>
</tr>
<tr>
<td>Ray Jobling</td>
<td>Lay</td>
<td>12,000</td>
<td>1,208</td>
<td>6/6</td>
<td></td>
</tr>
<tr>
<td>Liz Kay4</td>
<td>Pharmacist</td>
<td>14,000</td>
<td>3,378</td>
<td>6/6</td>
<td>RemC 3/3</td>
</tr>
<tr>
<td>Lesley Morgan</td>
<td>Pharmacy technician</td>
<td>12,000</td>
<td>2,355</td>
<td>5/6</td>
<td>RemC 3/3</td>
</tr>
<tr>
<td>Keith Wilson</td>
<td>Pharmacist</td>
<td>12,000</td>
<td>789</td>
<td>5/6</td>
<td>A&amp;RC 3/3</td>
</tr>
<tr>
<td>Peter Wilson</td>
<td>Pharmacist</td>
<td>12,000</td>
<td>578</td>
<td>4/6</td>
<td></td>
</tr>
<tr>
<td>Judy Worthington</td>
<td>Lay</td>
<td>12,000</td>
<td>3,510</td>
<td>4/6</td>
<td>A&amp;RC 3/3</td>
</tr>
</tbody>
</table>

### Key

A&RC = audit and risk committee  
RemC = remuneration committee

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1 Council members’ remuneration is disclosed gross. Expenses for council members are covered by a PAYE Settlement Agreement with HM Revenue & Customs.
2 The attendance figures relate solely to formal meetings of the council and committees. All council members are required to take part in other events such as strategy days, informal workshops, stakeholder meetings and task groups, for which they receive no additional remuneration.
3 £2000 supplementary remuneration for the chair of the audit and risk committee.
4 £2000 supplementary remuneration for the chair of the remuneration committee.
**GPhC committees**
The GPhC’s main governing legislation, the Pharmacy Order 2010, provides for three statutory committees: investigating, fitness to practise and appeals.

- **Investigating committee**
  This committee considers concerns relating to a registrant’s fitness to practise or a person’s suitability to conduct a community pharmacy business. The committee decides whether to refer an allegation to the fitness to practise committee for a full hearing.

- **Fitness to practise committee**
  This committee makes decisions about whether a registrant’s fitness to practise is impaired for reasons concerning their conduct, professional performance or health, and about whether a person should be disqualified from conducting a community pharmacy business.

- **Appeals committee**
  This committee considers appeals relating to registration and education matters.

The council has taken the view that additional non-statutory committees should be kept to a minimum to help minimise bureaucracy and ensure clear responsibilities. The GPhC has three non-statutory committees (audit and risk, remuneration and appointments).

**Audit and risk committee**
The audit and risk committee supports the council by reviewing the GPhC’s internal and external audit arrangements. It also reviews the arrangements in place for managing risks. It provides assurance to the council that risks are being identified and managed. This includes advising the council on the implications of assurances, such as their comprehensiveness and reliability, provided in respect of risk and internal controls.

The committee comprises four council members including the chair, John Flook (up to 12 March 2013) and David Prince (from 1 April 2013). The committee also has an independent member, Hilary Daniels.

The audit and risk committee met three times in the year, in May 2012, October 2012 and February 2013. The committee continues to focus on risks to the achievement of the GPhC’s strategic objectives and to its reputation. The committee has reviewed the risk register at each meeting and its reviews have informed the council’s scrutiny of the chief executive and registrar’s reports on risk management.

During the year, the committee considered the actions being taken to reduce the risks relating to statutory committee decisions. The committee recommended a review of the governance, responsibility and accountability arrangements for the GPhC’s associates. These are non-employees who assist the GPhC in discharging its regulatory functions. A governance framework for associates has now been agreed by the council.

The committee asked that a review be undertaken into whether the risks relating to the GPhC’s role in quality assurance of pre-registration training and the registration assessment were being addressed appropriately.

The committee identified risks around the GPhC’s information security arrangements and highlighted the issue to the council of the GPhC.

**Remuneration committee**
The remuneration committee has delegated power to approve or reject the remuneration framework for GPhC employees and the remuneration packages for the chief executive and directors. It also advises the council on remuneration for council members and certain other non-employee groups. The committee comprises four council members, including the chair, Liz Kay, and an independent member, David Prince, who resigned in March 2013 shortly before being appointed to the council.

The committee met three times in the year: April 2012, September 2012 and March 2013. Over the year the committee reviewed the remuneration for employees, statutory committee members (i.e. associate groups established under legislation), members of the council and non-statutory committee members. It also reviewed the staff benefits and the expenses policy.

The committee monitored the implementation of a new grading structure for GPhC staff members which was implemented in June 2012.
**Appointments committee**
This committee is responsible for the selection and appointment of statutory committee members. It also oversees arrangements for their training and performance review.

The committee is accountable to the council but no council members serve on the committee and it has an independent chair, Elizabeth Filkin. This is an integral part of ensuring a proper separation of functions between the council and the statutory committees.

**Chief executive and registrar and directors**
The GPhC’s staff is headed by the chief executive and registrar and structured around three directorates. During the year a restructure of the directorates took place. The new directorates are:

- **Inspection and fitness to practise**
  Claire Bryce-Smith, director

- **Resources and customer service**
  Bernard Kelly, director

- **Policy and communications**
  Hugh Simpson, director.

More information can be found at: [www.pharmacyregulation.org/about-us/who-we-are/organisation](http://www.pharmacyregulation.org/about-us/who-we-are/organisation)

**Accounting requirements**
The GPhC is required, under the Pharmacy Order 2010, to prepare annual accounts in a form determined by the Privy Council. We must prepare accounts for each year in compliance with UK accounting principles and disclosure requirements prescribed in the Generally Accepted Accounting Standards (GAAS). The accounts must be prepared so as to give a true and fair view of the state of affairs of the organisation and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

**How we act on complaints and feedback**
We received 126 complaints about our services in 2012/13 (292 in 2011/12). Some complaints address more than one issue so we have split them into themes and recorded each issue thematically in the table (below).

<table>
<thead>
<tr>
<th>Issue</th>
<th>Total 2012/13</th>
<th>Total 2011/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of communication/information</td>
<td>59</td>
<td>45</td>
</tr>
<tr>
<td>GPhC policy/process</td>
<td>41</td>
<td>72</td>
</tr>
<tr>
<td>Accuracy of recorded information</td>
<td>19</td>
<td>2</td>
</tr>
<tr>
<td>Delays</td>
<td>19</td>
<td>10</td>
</tr>
<tr>
<td>Complaints handling (i.e. complaints against registrants)</td>
<td>12</td>
<td>5</td>
</tr>
<tr>
<td>Outcome/GPhC decision</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Fees</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>Loss of information/documentation</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Staff conduct</td>
<td>5</td>
<td>16</td>
</tr>
<tr>
<td>Equality and diversity</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Information security</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Registration assessment</td>
<td>0</td>
<td>116</td>
</tr>
<tr>
<td>Failure to respond</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>GPhC standards</td>
<td>0</td>
<td>6</td>
</tr>
</tbody>
</table>
In 2012/13 issues about the quality of our communication made up the largest category of complaints. We reviewed the standard operational letters used by the customer services and fitness to practise teams and initiated changes to our letters and communications plan for the 2012 peak renewal period.

How we comply with freedom of information and data protection legislation

The Freedom of Information Act 2000 ensures that anyone can access GPhC records. Information on how to do this is at:

www.pharmacyregulation.org/freedom-information

Our publication scheme – the 2009 model publication scheme approved by the Information Commissioner for all health regulators – commits us to publish information routinely.

As a registered data controller under the Data Protection Act 1998, we collect, store and use personal data. We use this, for example, for updating the register, processing complaints, compiling statistics and keeping stakeholders updated with information about the GPhC. To protect the public, improve customer services and respond to statutory requirements, we may share personal data with organisations with a legitimate interest but only in support of our statutory role and responsibilities, while respecting confidentiality. You can find out more about how we use and protect personal data, including information sharing agreements we have with other organisations, at:

www.pharmacyregulation.org/privacy-policy

As part of our ongoing commitment to information security we have begun a project to align the organisation to ISO 27001, the international standard for information security. Alignment to the standard will provide us with a consistent approach for how we manage information. It will also deliver assurance that we have the necessary systems and procedures in place to safeguard the integrity and security of our information.

In February 2013, the GPhC suffered an information security breach. Contrary to established procedures, the address of the principal witness in fitness to practise proceedings was not redacted from a statement sent to the registrant under investigation. The matter was immediately reported to the Information Commissioner and an external review commissioned. Its findings are being implemented and we await the Information Commissioner’s substantive response.
Statement on internal control
by the chief executive and registrar

Scope of responsibility
As chief executive and registrar, I am accountable to the council for maintaining a sound system of internal control that supports the council’s strategy and objectives while safeguarding the GPhC’s assets.

The purpose of the internal control system
The system of internal control is designed to manage risk to a reasonable level, not to eliminate all risk. It can therefore provide a reasonable but not absolute assurance. The GPhC’s internal control system includes embedded arrangements for identifying, assessing and managing risks to achieving our strategic aims and objectives.

The risk and internal control framework
The delivery of an organisation’s objectives is surrounded by uncertainty which poses threats to success. Risk is this uncertainty of outcome. Risk management is the identification, assessment, and prioritisation of risks followed by coordinated and proportionate application of resources to minimise, monitor, and control the probability and/or impact of unfortunate events or to maximise the realisation of opportunities.

I report to the council on risk management within the GPhC via a regular strategic review of risk, informed by the audit and risk committee’s most recent review of risk management. The process seeks to embed risk management at every level within the organisation.

A programme of internal audits is in place, to provide additional assurance on internal controls. Reports from both the internal and external auditors are provided to the audit and risk committee, which reviews the audit findings and associated management responses.

Business analysis resource continues to support the organisation in reviewing its processes and identifying areas for potential improvement. Work was undertaken during the year to outsource the hosting and support of our IT infrastructure to a new service provider with a view to:

- lessening the management time and effort required to support our IT infrastructure
- increasing our resilience including disaster recovery and business continuity options
- keeping abreast of changing technology and potential improvements to infrastructure
- improving the service to business users.

Review of effectiveness
As chief executive and registrar, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors, the managers who develop and maintain the risk and internal control framework, and comments made by the external auditors in their management reports.

The council has appointed Deloitte LLP as our internal auditors. The internal reports considered by the audit and risk committee during this period covered the following areas:

- risk management
- core financial controls
- external communications
- whistleblowing
- registration
- evidence management
- standards advice and information
- contract compliance
- standards development.
Based on the internal audit reports listed above, our internal auditors have assessed the GPhC’s systems of governance, risk management and internal control and are of the opinion that they give a reasonable level of assurance except for specific areas relating to external communications, registration, evidence management and standards advice and information in respect of which a limited overall assurance opinion was given. These are being addressed and management actions have been taken or are in hand to implement recommendations arising from the audits.

The internal audit plan for the year ahead is considered by the audit and risk committee each February and a progress report is reviewed at each committee meeting.

On the basis of the sources available to me, including the assurances given to me by my managers, my knowledge of the risk management activity undertaken and the opinions expressed by the internal auditors, I consider that:

- the GPhC’s arrangements for governance and control processes have been adequate and effective generally, except in specific areas where assurance is limited and agreed management action has been reported to the audit and risk committee
- the risk management process in place has been adequate for the GPhC and will continue to be developed as an integral part of the organisation’s ways of working.

Duncan Rudkin  
Chief executive and registrar  
13 June 2013
Financial statements
for the year ended 31 March 2013

Key figures and legal and professional advisers

Council members
Bob Nicholls (chair)
Cathryn Brown¹
Sarah Brown
Celia Davies¹
Soraya Dhillon²
Gordon Dykes
Mary Elford¹
John Flook³
Tina Funnell³
Mohammed Hussain³
Ray Jobling
Liz Kay

Lesley Morgan¹
Berwyn Owen³
David Prince¹
Samantha Quaye³
Keith Wilson
Peter Wilson¹
Judy Worthington³

Chief executive and registrar
Duncan Rudkin

Principal office
129 Lambeth Road
London SE1 7BT

External auditors
Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London NW1 2EP

Internal auditors
Deloitte LLP
2 New Street Square
London EC4A 3BZ

Solicitors
Capsticks LLP
1 St George’s Road
London SW19 4DR

Bankers
NatWest Bank plc
91 Westminster Bridge Road
London SE1 7HW

¹ Retired 31 March 2013
² Reappointed 1 April 2013
³ Appointed 1 April 2013
⁴ Retired 12 March 2013

Annual report: Annual fitness to practise report | Annual accounts 2012/13
The council presents its annual audited statements of the General Pharmaceutical Council (GPhC) for the year ended 31 March 2013.

The GPhC is the independent regulator for pharmacists, pharmacy technicians and registered pharmacies in Great Britain. It is our job to protect, promote and maintain the health, safety and wellbeing of patients and the public who use pharmacy services in England, Scotland and Wales.

**Governance**

The GPhC obtained legal status on 12 March 2010 as the shadow regulator for pharmacists, pharmacy technicians and pharmacy premises in Great Britain and on 27 September 2010 took on the regulatory responsibilities previously held by the Royal Pharmaceutical Society of Great Britain (RPSGB).

**GPhC committees**

The Pharmacy Order 2010 makes provision for three statutory committees: investigating; fitness to practise, and appeals. The GPhC also has three non-statutory committees.

- The **audit and risk committee** supports the council by reviewing the GPhC’s internal and external audit arrangements. It also reviews the arrangements in place for managing risks. It provides assurance to the council that risks are being identified and managed. This includes advising the council on the implications of assurances, such as their comprehensiveness and reliability, provided in respect of risk and internal controls.

  - The committee comprises four council members including the chair, John Flook (up to 12 March 2013) and David Prince (from 1 April 2013). The committee also has an independent member, Hilary Daniels.

  - The audit and risk committee met three times in the year, in May 2012, October 2012 and February 2013. The committee continues to focus on risks to the achievement of the GPhC’s strategic objectives and to its reputation. The committee has reviewed the risk register at each meeting and its reviews have informed the council’s scrutiny of the chief executive and registrar’s reports on risk management.

  - During the year, the committee considered the actions being taken to reduce the risks relating to statutory committee decisions. The committee recommended a review of the governance, responsibility and accountability arrangements for the GPhC’s associates. These are non-employees who assist the GPhC in discharging its regulatory functions. A governance framework for associates has now been agreed by the council.

- The committee asked that a review be undertaken into whether the risks relating to the GPhC’s role in quality assurance of pre registration training and the registration assessment were being addressed appropriately.

- The committee identified risks around the GPhC’s information security arrangements and highlighted the issue to the council of the GPhC.

- The role of internal audit at the GPhC is an extremely important one and forms part of our risk management strategy. In the 2011/12 financial year a total of 88 days of audit were carried out by our internal auditors; in the 2012/13 financial year this rose to 90 days of work. The audit and risk committee has agreed a total of 90 days of audit for the 2013/14 financial year.

  - Audits on the following issues have been undertaken and reviewed by the committee during the financial year: risk management, core financial controls, external communications, “whistle blowing”, registration, evidence management, standards advice and information, contract compliance and standards development.

  - The committee approved the internal audit plan for the year and reviewed progress on the plan at each meeting, reviewing the internal audit reports and the management actions in response to audit findings.

  - The committee also approved the external audit plan and reviewed the annual reports and accounts, before recommending them to the council for approval.
The remuneration committee has delegated power to approve or reject the remuneration framework for GPhC employees and the remuneration packages for the chief executive and directors. It also advises the council on remuneration for council members and certain other non-employee groups. The committee comprises four council members, including the chair, Liz Kay, and an independent member, David Prince, who resigned in March 2013 shortly before being appointed to the council.

The committee met three times in the year: April 2012, September 2012 and March 2013. Over the year the committee reviewed the remuneration for employees, statutory committee members (i.e. associate groups established under legislation), members of the council and non-statutory committee members. It also reviewed the staff benefits and the expenses policy.

The committee monitored the implementation of a new grading structure for GPhC staff members which was implemented in June 2012.

The appointments committee is responsible the selection and appointment of statutory committee members. It also oversees arrangements for their training and performance review.

The committee is accountable to the council but no council members serve on the committee and it has an independent chair, Elizabeth Filkin. This is an integral part of ensuring a proper separation of functions between the council and the statutory committees.

**Review of business activities**

The year to 31 March 2013 was our second full year of operations. It was a period of growing the organisation in terms of people and systems to meet the challenges of fulfilling our regulatory responsibilities.

As a result of efficiency savings it was agreed to reduce renewal fees by 10 per cent for pharmacists and pharmacy technicians from 1 October 2012.

**Income**

Our total income for the year was £20.9 million (2012; £21.3m) which was mainly comprised of:

- £12.7m of income from 47,407 pharmacists on the register (2012; £12.4m income and 45,435 respectively)
- £2.8m from the 21,824 pharmacy technicians on the register (2012; £3.4m and 20,766 respectively) and
- £3.5m from the 13,850 registered pharmacies on the register (2012; £3.4m and 13,850 respectively).

These figures are inclusive of both annual renewal fees and initial registration and application fees. In 2012 the income from pharmacy technicians included £938,000 from application fees. There were a large number of applications because transitional (grandparenting) arrangements ended in July 2011 and registration for pharmacy technicians became mandatory.

Income received from pharmacists, pharmacy technicians and premises does not reflect the total monies received in the year. Income is recognised in the accounts over the length of the registration year with the balance remaining on the balance sheet as deferred income.

Department of Health grant income of £563,000 funded some of the exceptional non-recurring costs the GPhC incurred, including accommodation, IT, organisational development and the consultation on modernising the regulation of registered pharmacies.

Income received in relation to the pre-registration assessment exam and the pre-registration year was £951,000 (2012: £969,000). A total of 2938 students took the exams, in June and September 2012 (2012: 2850).

**Expenditure**

During the year to 31 March 2013, the GPhC continued to develop its resources to meet the increasing regulatory requirements demanded by council: staffing numbers increased by 17 per cent and greater use was made of external solicitors in preparing cases for submission to fitness to practise hearings. Please see Note 3 for more detail of our expenditure.
In March 2013, the GPhC reached agreement with Her Majesty’s Revenue and Customs that associates, who serve on fitness to practise and investigations committees, should be classed as self-employed rather than as employees. This ruling was backdated to March 2011, resulting in a refund of £157,000. This has been taken as a reduction in expenditure in 2012/13, rather than an increase in income. The ongoing effect will be a saving in the order of £100,000 per annum.

The increase in the chief executive and registrar’s expenditure was caused by the transfer of responsibility for the HR and organisational development functions to his directorate during the year.

Great progress has been made in clearing the legacy cases that were inherited from the previous regulator. The number of outstanding cases has fallen from 70 at the beginning of the year to 11 at 31 March 2013.

**Statement of council’s responsibilities for the preparation of financial statements**

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

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

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

Council members are responsible for keeping adequate accounting records. These must be sufficient to show and explain the council’s transactions and disclose with reasonable accuracy, at any time, the financial position of the council. They must enable them to ensure that the financial statements comply with the Pharmacy Order 2010. Council members are also responsible for safeguarding the assets of the council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As far as each council member is aware:

- there is no relevant audit information of which the council’s auditors are unaware
- council members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**Appointment of auditors**

The GPhC has appointed Grant Thornton UK LLP as its auditors.

By the order of the council

R M Nicholls  
Chair  
19 June 2013
Independent auditor’s report to the council members of the General Pharmaceutical Council

We have audited the financial statements of the General Pharmaceutical Council (GPhC) for the year ended 31 March 2013 which comprise the income and expenditure statement, balance sheet and the cash flow statement and the related notes. 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).

This report is made solely to the General Pharmaceutical Council in accordance with Schedule 1, paragraph 7(3) of the Pharmacy Order 2010. Our audit work has been undertaken so that we might state to the council, as a body, those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the GPhC, and its council members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of council members and auditor

As explained more fully in the council members’ responsibilities statement set out on page 40, council members are responsible for the preparation of financial statements and being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s (APB’s) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of: whether the accounting policies are appropriate to the GPhC’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the council members; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements give a true and fair view of the state of the GPhC’s affairs as at 31 March 2013, and of its surplus for the year then ended 31 March 2013; in accordance with United Kingdom Generally Accepted Accounting Practice.

Grant Thornton UK LLP
Statutory auditor
London NW1 2EP
20 June 2013
### Income and expenditure statement

for the year ending 31 March 2013

<table>
<thead>
<tr>
<th>Note</th>
<th>2013 (£000)</th>
<th>2012 (£000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>20,905</td>
<td>21,327</td>
</tr>
<tr>
<td>Expenditure</td>
<td>16,278</td>
<td>14,115</td>
</tr>
<tr>
<td><strong>Operating surplus</strong></td>
<td>4,627</td>
<td>7,212</td>
</tr>
<tr>
<td>Interest receivable and similar income</td>
<td>214</td>
<td>208</td>
</tr>
<tr>
<td><strong>Surplus on ordinary activities before taxation</strong></td>
<td>4,841</td>
<td>7,420</td>
</tr>
<tr>
<td>Taxation</td>
<td>(44)</td>
<td>(40)</td>
</tr>
<tr>
<td><strong>Surplus on ordinary activities after taxation</strong></td>
<td>4,797</td>
<td>7,380</td>
</tr>
</tbody>
</table>

### Reconciliation of funds

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total funds brought forward</td>
<td>9,845</td>
<td>2,465</td>
</tr>
<tr>
<td>Accumulated fund as at 31 March</td>
<td>14,642</td>
<td>9,845</td>
</tr>
</tbody>
</table>

All activities of the GPhC are continuing.

There are no recognised gains or losses for the current or preceding financial year other than as stated in the income and expenditure above; therefore no separate statement of recognised gains and losses has been prepared.
Balance sheet
as at 31 March 2013

<table>
<thead>
<tr>
<th>Note</th>
<th>2013 £000</th>
<th>2013 £000</th>
<th>2012 £000</th>
<th>2012 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible assets</td>
<td>7</td>
<td>206</td>
<td></td>
<td>156</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>8</td>
<td>1,073</td>
<td></td>
<td>921</td>
</tr>
<tr>
<td>Bank and cash</td>
<td>9</td>
<td>28,855</td>
<td></td>
<td>25,369</td>
</tr>
<tr>
<td></td>
<td></td>
<td>29,928</td>
<td></td>
<td>26,290</td>
</tr>
<tr>
<td>Creditors: amounts falling due within one year</td>
<td>10</td>
<td>(15,492)</td>
<td></td>
<td>(16,601)</td>
</tr>
<tr>
<td>Net current assets</td>
<td></td>
<td></td>
<td>14,436</td>
<td></td>
</tr>
<tr>
<td>Total net assets</td>
<td></td>
<td></td>
<td><strong>14,642</strong></td>
<td></td>
</tr>
<tr>
<td>Funds employed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated fund brought forward</td>
<td></td>
<td></td>
<td>9,845</td>
<td></td>
</tr>
<tr>
<td>Surplus for the year</td>
<td></td>
<td></td>
<td>4,797</td>
<td></td>
</tr>
<tr>
<td>Total funds employed</td>
<td></td>
<td></td>
<td><strong>14,642</strong></td>
<td></td>
</tr>
</tbody>
</table>

The financial statements on pages 43 and 44 were approved and signed on behalf of the Council on 19 June 2013 by:

R M Nicholls
Chair
19 June 2013
## Cash flow statement
for the year ended 31 March 2013

<table>
<thead>
<tr>
<th>Note</th>
<th>2013 £000</th>
<th>2012 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash inflow from operating activities</td>
<td>12</td>
<td>3,482</td>
</tr>
<tr>
<td><strong>Return on investments and servicing of finance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and other similar income received</td>
<td></td>
<td>214</td>
</tr>
<tr>
<td><strong>Taxation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK corporation tax paid</td>
<td></td>
<td>(40)</td>
</tr>
<tr>
<td><strong>Capital expenditure and financial investment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of tangible fixed assets</td>
<td>(170)</td>
<td>(171)</td>
</tr>
<tr>
<td><strong>Increase in cash for the period</strong></td>
<td></td>
<td>3,486</td>
</tr>
<tr>
<td><strong>Reconciliation of net cash flow to movement in net funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in cash for the period</td>
<td></td>
<td>3,486</td>
</tr>
<tr>
<td>Net cash funds as at 1 April</td>
<td></td>
<td>25,369</td>
</tr>
<tr>
<td><strong>Net cash funds as at 31 March</strong></td>
<td></td>
<td>28,855</td>
</tr>
</tbody>
</table>
Notes to the financial statements
for the year ended 31 March 2013

1. Accounting policies
The accounts have been prepared under the historical cost convention, in accordance with applicable accounting standards issued or adopted by the Accounting Standards Board in so far as those requirements are appropriate. The accounts have been prepared on a going concern basis.

a) Format of the accounts
The GPhC is required to prepare annual accounts in a form determined by the Privy Council. The Privy Council is required to lay the certified accounts before each House of Parliament and the Scottish Parliament.

b) Fixed assets
Tangible fixed assets include leasehold properties and equipment. All assets in these categories with a value of £1,000 or more have been capitalised (including the cost of implementation), the only exception to this rule is for personal computers and laptops as these have also been capitalised but are depreciated within 12 months of the date of purchase. Fixed assets are valued at cost less depreciation.

There are currently two leasehold buildings, one in Albert Embankment, which is due to expire on 28 September 2015, but with provision to terminate earlier, and the other in Lambeth Road, which is due to expire on 26 September 2014.

When the GPhC took responsibility for all regulation, all assets that were in use by those staff who transferred also transferred across to the GPhC on 27 September 2010. These assets primarily consisted of IT equipment and were transferred over at zero value. The largest asset transferred was a server which if needed to be replaced would cost up to £125,000. During the year a total of £108,000 has been invested on new IT equipment and software. The IT infrastructure of the GPhC has been outsourced to a new supplier. Significant investment was needed to complete this. Further investment will be needed over the next 18 months as we look to replace legacy systems.

The principal useful economic lives of assets are as follows:

- Short leasehold property – length of the lease
- Office furniture – five years
- Computer software – five years
- Computer hardware (excluding PCs and laptops) – three years
- PCs and laptops – one year

c) Expenditure
Expenditure is accounted for on an accrual basis. Irrecoverable VAT is included with the item of expense to which it relates.

d) Income
All fees from registrants and premises are recognised in the income and expenditure account in the period to which they relate. Income attributable to future periods is included in creditors under deferred income.

Interest on loans and deposits is accrued as earned.

Revenue grants received are matched against the expenditure of the specific project for which they were granted. Where projects span more than one accounting period, the balance of the remaining grant is carried forward and included in creditors under deferred income. All other income is recognised in the income and expenditure statement when due.

e) Pension costs
Employees are covered by the provisions of the NHS pension scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers and other bodies allowed under the direction of the Secretary of State in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying assets and liabilities. Therefore the scheme is accounted for as if it were a defined contribution scheme; the cost to the GPhC of participating in the scheme is taken as equal to the contributions payable for the scheme for the accounting period.
The scheme is subject to a full actuarial valuation every four years and an accounting valuation every year. An outline of these follows:

i) Full actuarial (funding) valuation
The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by employers and scheme members. The last formal actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2004. Consequently, a formal actuarial valuation would have been due for the year ending 31 March 2008. However, formal actuarial valuations for unfunded public service schemes have been suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions, and while future scheme terms are developed as part of the reforms to public service pension provision.

The conclusion from the 2004 valuation was that the scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004. However, after taking into account the changes in the benefit and contribution structure effective from 1 April 2008, the scheme actuary reported that employer contributions could continue at the existing rate of 14 per cent of pensionable pay. On advice from the scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme’s liabilities. Up to 31 March 2008, the vast majority of employees paid contributions at the rate of 6 per cent of pensionable pay. From 1 April 2013, employee contributions are on a tiered scale from 5 per cent up to 13.3 per cent of their pensionable pay, depending on total earnings.

ii) Accounting valuation
A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period by updating the results of the full actuarial valuation.

Between the full actuarial valuations at a two-year midpoint, a full and detailed member data-set is provided to the scheme actuary. At this point the assumptions regarding the composition of the scheme membership are updated to allow the scheme liability to be valued.

The valuation of the scheme liability as at 31 March 2012 is based on detailed membership data as at 31 March 2010 (the latest midpoint) updated to 31 March 2012 with summary global member and accounting data.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) resource account, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

iii) Scheme provisions
The scheme is a “final salary” scheme. Annual pensions are normally based on 1/80th (for those members in the 1985 scheme) or 1/60th (for those members in the 1998 scheme) of the best of the last three years’ pensionable pay for each year of service. A lump sum normally equivalent to three years’ pension is payable on retirement. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the 12 months ending 30 September in the previous calendar year.
A death gratuity is payable for those who die in service or shortly after retirement of twice final year’s pensionable pay for death in service, and five times their annual pension for death after retirement, less pension already paid, subject to a maximum amount equal to twice the member’s final year’s pensionable pay, less their retirement lump sum.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to GPhC at the time it commits itself to the retirement, regardless of the method of payment.

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVCs run by the scheme’s approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

f) Operating lease rentals
Operating lease rentals are charged to the income and expenditure account as they are incurred over the lease term on a straight line basis.

g) Management of liquid resources
The GPhC has one main current account from which all day to day transactional activity takes place. The balance of this account is kept to a minimum to ensure that excess monies are placed on short to medium term deposits. The policy in managing cash is to maximise returns while minimising risk.
### 2. Income

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Pharmacists</td>
<td>12,707</td>
<td>12,445</td>
</tr>
<tr>
<td>Premises</td>
<td>3,519</td>
<td>3,449</td>
</tr>
<tr>
<td>Pharmacy technicians</td>
<td>2,817</td>
<td>3,443</td>
</tr>
<tr>
<td>Pre-registration</td>
<td>951</td>
<td>969</td>
</tr>
<tr>
<td>Other fee related income</td>
<td>-</td>
<td>89</td>
</tr>
<tr>
<td>Grant income</td>
<td>563</td>
<td>528</td>
</tr>
<tr>
<td>Other income</td>
<td>348</td>
<td>404</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td><strong>20,905</strong></td>
<td><strong>21,327</strong></td>
</tr>
</tbody>
</table>

The 2012 “Other fee related income” contained the monies relating to the pre-registration fees as part of the transfer order for fees.

### 3. Expenditure

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Establishment costs</td>
<td>-</td>
<td>25</td>
</tr>
<tr>
<td>Chief executive and registrar</td>
<td>1,158</td>
<td>551</td>
</tr>
<tr>
<td>Policy and communications</td>
<td>1,948</td>
<td>1,766</td>
</tr>
<tr>
<td>Education and continuing professional development</td>
<td>1,428</td>
<td>1,372</td>
</tr>
<tr>
<td>Investigation and case management</td>
<td>1,881</td>
<td>1,361</td>
</tr>
<tr>
<td>Inspection</td>
<td>2,056</td>
<td>1,892</td>
</tr>
<tr>
<td>Hearings</td>
<td>1,327</td>
<td>1,202</td>
</tr>
<tr>
<td>Customer services (including registration)</td>
<td>1,585</td>
<td>1,529</td>
</tr>
<tr>
<td>Resources and corporate development</td>
<td>4,283</td>
<td>3,830</td>
</tr>
<tr>
<td>Council and governance</td>
<td>769</td>
<td>587</td>
</tr>
<tr>
<td>HMRC refund re change of employment status</td>
<td>(157)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td><strong>16,278</strong></td>
<td><strong>14,115</strong></td>
</tr>
</tbody>
</table>
Employee costs
Employee costs were made up as follows:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>6,172</td>
<td>5,222</td>
</tr>
<tr>
<td>Employer’s National Insurance</td>
<td>604</td>
<td>498</td>
</tr>
<tr>
<td>Pension costs</td>
<td>510</td>
<td>453</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,286</td>
<td>6,173</td>
</tr>
</tbody>
</table>

As at 31 March 2013 the number staff employed by the GPhC was 163 (146 at 31 March 2012).

The average number of staff employed during the year ended 31 March 2013 was 158 (134 for the year ended 31 March 2012).

The chief executive and registrar and directors’ remuneration, excluding pension contributions, fell within the following ranges:

<table>
<thead>
<tr>
<th>Number of individuals</th>
<th>Number of individuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>£50,001 - £80,000</td>
<td>1</td>
</tr>
<tr>
<td>£80,001 - £100,000</td>
<td>2</td>
</tr>
<tr>
<td>£100,001 - £120,000</td>
<td>1</td>
</tr>
<tr>
<td>£120,001 - £140,000</td>
<td>1</td>
</tr>
</tbody>
</table>

Council members’ remuneration and expenses

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total remuneration paid to council members</td>
<td>208</td>
<td>208</td>
</tr>
<tr>
<td>Total expenses paid to council members</td>
<td>33</td>
<td>29</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>241</td>
<td>237</td>
</tr>
</tbody>
</table>

4. Interest receivable and similar income

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest receivable</td>
<td>214</td>
<td>208</td>
</tr>
</tbody>
</table>
5. Surplus on ordinary activities before taxation
This is stated after charging:

<table>
<thead>
<tr>
<th></th>
<th>2013 £000</th>
<th>2012 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor vehicles: operating lease rentals</td>
<td>125</td>
<td>126</td>
</tr>
<tr>
<td>Depreciation of tangible fixed assets</td>
<td>120</td>
<td>73</td>
</tr>
<tr>
<td>Auditors’ remuneration: for audit services</td>
<td>24</td>
<td>22</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>269</strong></td>
<td><strong>221</strong></td>
</tr>
</tbody>
</table>

6. Taxation

<table>
<thead>
<tr>
<th></th>
<th>2013 £000</th>
<th>2012 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK corporation tax at 20% (2012: 20%) in the year</td>
<td>44</td>
<td>40</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>44</strong></td>
<td><strong>40</strong></td>
</tr>
</tbody>
</table>

Corporation tax is only payable on interest receivable and data subscription income in the year.
7. Fixed assets

<table>
<thead>
<tr>
<th></th>
<th>Short leasehold</th>
<th>Office equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at 1 April 2012</td>
<td>80</td>
<td>160</td>
<td>240</td>
</tr>
<tr>
<td>Additions</td>
<td>55</td>
<td>115</td>
<td>170</td>
</tr>
<tr>
<td><strong>As at 31 March 2013</strong></td>
<td><strong>135</strong></td>
<td><strong>275</strong></td>
<td><strong>410</strong></td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at 1 April 2012</td>
<td>31</td>
<td>53</td>
<td>84</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>50</td>
<td>70</td>
<td>120</td>
</tr>
<tr>
<td><strong>As at 31 March 2013</strong></td>
<td><strong>81</strong></td>
<td><strong>123</strong></td>
<td><strong>204</strong></td>
</tr>
<tr>
<td><strong>Net Book Value</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at 31 March 2013</td>
<td>54</td>
<td>152</td>
<td>206</td>
</tr>
<tr>
<td>As at 31 March 2012</td>
<td>49</td>
<td>107</td>
<td>156</td>
</tr>
</tbody>
</table>

8. Debtors

<table>
<thead>
<tr>
<th></th>
<th>2013 £000</th>
<th>2012 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade debtors</td>
<td>29</td>
<td>166</td>
</tr>
<tr>
<td>Registrant direct debits to be collected</td>
<td>229</td>
<td>264</td>
</tr>
<tr>
<td>Other debtors</td>
<td>201</td>
<td>40</td>
</tr>
<tr>
<td>Prepayments and accrued income</td>
<td>614</td>
<td>451</td>
</tr>
<tr>
<td></td>
<td><strong>1,073</strong></td>
<td><strong>921</strong></td>
</tr>
</tbody>
</table>
9. Bank and cash

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current accounts</td>
<td>23</td>
<td>217</td>
</tr>
<tr>
<td>Deposit accounts</td>
<td>28,832</td>
<td>25,152</td>
</tr>
<tr>
<td></td>
<td>28,855</td>
<td>25,369</td>
</tr>
</tbody>
</table>

The bank balance of the current account is never overdrawn. The balance of the current account is kept to a minimum and monies are swept from deposit accounts into the current account as and when needed to ensure a maximum return is earned from monies on deposit.

10. Creditors: amounts falling due within one year

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td>584</td>
<td>408</td>
</tr>
<tr>
<td>Corporation tax</td>
<td>44</td>
<td>40</td>
</tr>
<tr>
<td>Other taxes and HMRC</td>
<td>198</td>
<td>180</td>
</tr>
<tr>
<td>Other creditors</td>
<td>56</td>
<td>39</td>
</tr>
<tr>
<td>Accruals</td>
<td>512</td>
<td>555</td>
</tr>
<tr>
<td>Deferred income</td>
<td>14,098</td>
<td>15,379</td>
</tr>
<tr>
<td></td>
<td>15,492</td>
<td>16,601</td>
</tr>
</tbody>
</table>

Deferred income is made up of the following:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred income from registrants and premises</td>
<td>12,368</td>
<td>13,089</td>
</tr>
<tr>
<td>Other deferred income</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Working capital grant*</td>
<td>1,510</td>
<td>2,067</td>
</tr>
<tr>
<td>Deferred capital grant</td>
<td>131</td>
<td>122</td>
</tr>
<tr>
<td>Revalidation grant*</td>
<td>76</td>
<td>76</td>
</tr>
<tr>
<td>Other grants*</td>
<td>7</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>14,098</td>
<td>15,379</td>
</tr>
</tbody>
</table>

* These represent as yet unspent grants received from the Department of Health to fund specific aspects of the GPhC’s development.
11. Commitments
As at 31 March 2013, the GPhC has the following annual commitments relating to operating leases:

<table>
<thead>
<tr>
<th></th>
<th>2013 £000</th>
<th>2012 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating leases which expire:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Within one year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>37</td>
<td>117</td>
</tr>
<tr>
<td>Property</td>
<td>-</td>
<td>287</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>37</strong></td>
<td><strong>404</strong></td>
</tr>
<tr>
<td>After one year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>49</td>
<td>114</td>
</tr>
<tr>
<td>Property</td>
<td>568</td>
<td>117</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>617</strong></td>
<td><strong>291</strong></td>
</tr>
</tbody>
</table>

12. Reconciliation of operating surplus to net cash inflow from operating activities

<table>
<thead>
<tr>
<th></th>
<th>2013 £000</th>
<th>2012 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating surplus</td>
<td>4,627</td>
<td>7,212</td>
</tr>
<tr>
<td>Depreciation of tangible fixed assets</td>
<td>120</td>
<td>73</td>
</tr>
<tr>
<td>(Increase)/decrease in debtors</td>
<td>(152)</td>
<td>72</td>
</tr>
<tr>
<td>(Decrease) in creditors</td>
<td>(1,113)</td>
<td>(1,725)</td>
</tr>
<tr>
<td><strong>Net cash inflow from operating activities</strong></td>
<td><strong>3,482</strong></td>
<td><strong>5,632</strong></td>
</tr>
</tbody>
</table>

13. Related parties
There are no transactions with related parties other than those transactions disclosed with council members in note 3 (“council members’ remuneration and expenses”).
General Pharmaceutical Council
Accounts Determination given by the Privy Council under the Pharmacy Order 2010

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

This determination has effect from 13 March 2010.

Interpretation
1. In this determination –

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

“the Council” means the General Pharmaceutical Council.

Determination
2. The Council must prepare the accounts for each calendar year in compliance with the accounting principles and disclosure requirements prescribed in the Generally Accepted Accounting Standards (GAAS).

3. The first accounts will be prepared for the financial year 2010-2011, and will incorporate any residual accounts declaration from the financial year 2009-2010.

4. The accounts must be prepared so as to:

• give a true and fair view of the state of affairs as at the end of the calendar year and of the income and expenditure, total recognised gains and losses (or, as appropriate, recognised gains and losses), and cash flows of the Council for the calendar year then ended; and

5. Compliance with the requirements of the GAAS will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view of the state of affairs for the financial year in question.

6. If there are such exceptional circumstances and compliance with the requirements of the GAAS would give rise to the preparation of accounts which were inconsistent with the requirement for those accounts to give a true and fair view of the state of affairs at the end of that year, the requirements of the GAAS should be departed from only to the extent necessary to give a true and fair view of that state of affairs.

7. In cases referred to in paragraph 5, informed and unbiased judgement should be used to devise an appropriate alternative treatment which is consistent with both the economic characteristics of the circumstances concerned.

8. Any material departure from the GAAS should be discussed, in the first instance, with the Privy Council Office in any event.

9. This determination is to be reproduced as an appendix to the published accounts.

Signed by the authority of the Privy Council