2011-2012 Fees Rules consultation document

Purpose
To provide the Council with the proposed consultation on the fees rules for Sept 2011-Aug 2012.

Recommendations
The Council is asked to agree:

i. the content of the 2011-12 fees consultation; and

ii. the launch of the 2011-12 fees consultation.

1.0 Introduction

1.1 The Council has the responsibility, under the Pharmacy Order 2010 (‘the Order’) to make rules in a number of areas, including fees. The current fees rules were made in September 2010.

1.2 The Council is now asked to approve the draft consultation document on fees rules which will cover the period 1 Sept 2011 – 31 Aug 2012. It is intended that, following a 12-week consultation, the Council will consider the draft consultation report and make the 2011-12 fees rules in June 2011. This will mean that renewal forms can be printed and circulated before 30 September, which is the deadline for issuing renewal forms to all registrants who transferred automatically to the GPhC’s register.

1.3 In setting fees, the Council must ensure that the GPhC has sufficient funds to protect the public through effective regulation. It must also be conscious of its
responsibility to set fees which are reasonable and proportionate. The issues for the Council to bear in mind include:

- the GPhC’s statutory functions and responsibilities;
- the need to ensure the GPhC’s financial stability and to work towards establishing an appropriate level of reserves;
- the impact of fees on those who are required to pay them, and the burden which fees represent on those who run pharmacy businesses;
- the level of fees relative to those of other regulators; and
- current and future inflation rates.

1.4 Annual inflation to December 2010, measured by the RPIX index (the all items RPI excluding mortgage interest payments), was 4.7%. The need to set fees well in advance makes financial planning challenging but the proposed fees for 2011-12 aim to take account of both potential impacts on our costs and our aim to increase the efficiency of our regulatory processes.

1.5 The draft consultation document on 2011-12 fees, including the draft fees rules, is at Appendix 1.

2.0 Expenditure

2.1 The Council has stated its aim of aligning the structure and levels of fees more closely with relevant costs. We are continuing to move in this direction. The GPhC is still a new organisation and we will continue to deepen our understanding of the costs of our regulatory functions with time. However, we also recognise that our financial planning and fee-setting will always entail complex judgements which take account of factors including costs, but also a range of external factors, judgements about fairness and relativities, and comparisons with other regulators.

2.2 The expenditure estimates summarised in Appendix 1 have been produced by projecting current costs forward and uplifting for inflation. Allowance has been made for the cost of dealing with the legacy of fitness to practise cases inherited from the RPSGB. Whilst in our current context this represents a prudent approach, we are fully committed to making significant measurable efficiency improvements. Our draft Business Plan for 2011-1012, which is on today’s Council agenda, identifies a number of areas where a degree of investment is required in order to create the conditions for worthwhile long-term efficiency improvements in some key areas.

2.3 On the assumption that the GPhC should: at least break even; be able to cover any fluctuations in expenditure such as could arise from major court cases, and build reserves, fees should be set at a level which provides a clear but not excessive margin over estimated expenditure.
3.0 **Revenue**

3.1 As an independent regulator, the GPhC must set fees to cover the costs of its activities. The GPhC’s principal source of revenue is the fees paid by registrants, prospective registrants and pharmacy owners.

3.2 In general, the proposals for 2011-12 do not differ radically from the structure and level of fees agreed in September 2010. The main changes proposed are summarised in the sections below.

4.0 **Levels of fees for pharmacy technicians, pharmacists & premises**

4.1 It is proposed that fees should generally increase by 4%, subject to rounding adjustments.

4.2 A reduction is proposed in initial registration and renewal fees for pharmacy technicians, so as to better reflect costs and to bring these fees more in line with fees for comparable professions.

4.3 It is proposed that the renewal fees for 2011-12 be set at £272 for pharmacists, £120 for pharmacy technicians and £226 for pharmacy premises.

5.0 **Fees for restoration of an entry in the register or an annotation**

5.1 *Fees in respect of restoration of an entry in the register*

The current Fees Rules provide for two levels of fees for restoration to the register: one for restoration following voluntary removal and one for restoration after removal for any other reason. In order to better reflect costs, it is proposed that the 2011-12 Fees Rules include three different levels of restoration fee which would apply in the circumstances below ie. for restoration following:

(i) Voluntary removal (but see (ii) below);

(ii) - Removal under art 25(3) of the Pharmacy Order pursuant to a decision by the Registrar under art 23(2)(b) to refuse renewal (eg. failure to renew, non-payment of fees);

- Removal under art 28(2) or (3) (eg. registrant cannot be contacted at their registered address); or

- Voluntary removal less than one month prior to restoration;

(iii) - Removal under art 29(3) (fraudulent or incorrect entries);

- Removal under art 30(1) or (3) (fitness to practise matters before entry or renewal);
- Removal under art 32(8)(a) (indemnity arrangements);
- Removal due to failure to comply with the CPD framework adopted under art 43(4)(a) or a false declaration about such compliance; or
- Removal by the Fitness to Practise Committee under art 57.

5.2 The proposed fee for restoration within one month of voluntary removal from the register is to remove any financial incentive for a registrant who has not applied for renewal by the due date to seek voluntary removal then restoration, rather than simply seeking restoration. This should help to avoid the creation of additional work during the busy renewals period.

5.3 *Fees in respect of restoration of an annotation to an entry in the register*

Once the GPhC CPD rules come into force, it will also be possible for the Registrar to remove an annotation because of failure to comply with the CPD requirements or making a false declaration about compliance. It is proposed that restoration of an annotation after removal for non-compliance with CPD requirements or making a false declaration should carry a higher fee than restoration after voluntary removal.

6.0 **Administration fee for payment by credit card**

6.1 A significant cost is incurred by accepting payment of fees by credit card (over £200,000 in the recent renewals exercise). This is a cost that could be either avoided or compensated for by incentivising registrants to pay by debit card or annual direct debit. As we cannot discount our fees, an administration fee is proposed for credit card transactions, in keeping with the aim that fees should reflect costs and to reduce costs overall. We will work to promote wider use of those payment methods which are more efficient for us and cheaper for registrants.

7.0 **Changes relating to end of pharmacy technician grandparenting period**

7.1 The grandparenting period for pharmacy technician registration ends on 30 June 2011. The 2011-12 Fees Rules therefore need to reflect the 'permanent' routes to registration as a pharmacy technician. Scrutiny fees are proposed as follows:

- **UK-qualified applicants** - No scrutiny fee
- **Exempt/EEA applications** - Scrutiny fee currently covered by R17(1), 2010-11 Fees Rules
- **Overseas non-exempt applications** - Scrutiny fee, lower than that for exempt/EEA applications. This would not be for
assessment of the applicant’s qualification, which would be the same as for UK applicants, but for assessment of evidence of their registration overseas as a pharmacist or pharmacy technician.

8.0 Initial registration fee for persons previously removed from the register by the RPSGB’s Statutory or Disciplinary Committee

8.1 A higher initial registration fee is proposed for persons applying for first-time registration with the GPhC who were removed from the register by the RPSGB’s Statutory Committee or Disciplinary Committee and were not restored to the RPSGB’s register before 27 Sept 2010. This is to reflect the more detailed consideration required for such applications, which may include referral to the Fitness to Practise Committee.

9.0 Potential to renew premises for longer than 12 months

9.1 The draft fees rules include a provision to allow fees to be levied on a proportional basis, should a decision be taken to renew premises for longer than 12 months.

10.0 Equality and diversity implications

10.1 The fees rules have the potential to affect different groups either positively or negatively. An equality impact assessment of the draft rules will be published on the GPhC website during the consultation.

11.0 Communications implications

11.1 The fees rules will affect registrants, prospective registrants and pharmacy owners. It is important that we communicate our proposals clearly and seek views from all who may be affected by the proposed fees.

11.2 The consultation will be published on the GPhC’s website. In addition, it will be sent to a wide range of stakeholders and communicated to the pharmacy media. The consultation will run for 12 weeks and respondents will be able to respond online, by email or by post.

12.0 Resource implications

12.1 The setting of fees is integral to the management of the GPhC’s resources.
12.2 The launch and conduct of the 2011-12 fees consultation can be covered within existing resources.

13.0 Risk implications

13.1 Failure to set appropriate fees could create financial risk for the GPhC. This could, in turn, affect the GPhC’s capacity to protect the public or to carry out its regulatory functions in a timely way.

13.2 Failure to consult appropriately on the 2011-12 fees rules would mean that the GPhC would not be complying with its statutory duties.

Recommendations

The Council is asked to agree:

i. the content of the 2011-12 fees consultation; and
ii. the launch of the 2011-12 fees consultation.

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