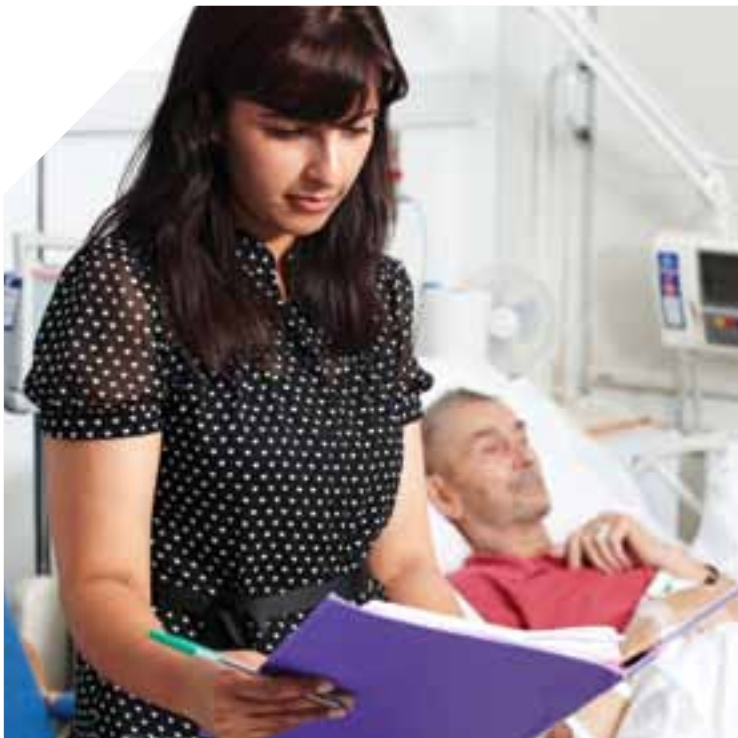


# Annual report:

Annual fitness to practise report  
Annual accounts  
2011 / 2012





# Annual report:

Annual fitness to practise report  
Annual accounts  
2011 - 2012

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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# A message from the chair

Bob Nicholls



This is our second annual report, covering our first full year of operation (April 2011 to March 2012). In it, we seek to demonstrate how we, the independent regulator for pharmacy, are contributing to protecting, promoting and maintaining the health, safety and well being of patients and pharmacy service users and to maintaining public confidence in pharmacy professionals.

A key part of our role is the registration of appropriately qualified and trained professionals. In addition to a small rise in registered pharmacists, a major achievement since we began work has been the registration of over 20,000 pharmacy technicians, more than doubling the number on our register and far exceeding the estimates of the numbers expected to seek registration under the demanding 'grandparenting' route. We welcome the pharmacy technicians who are now registered with us, recognising the benefit to patient safety they can make, and hope they will take pride in becoming new registered health professionals.

A further significant achievement during the year of benefit to complainants, the wider public and registrants, has been the reduction of the back log of cases that we inherited from nearly 600 (some of over 4 years duration) to 70, with a target of completing all those that fall within our ability to resolve by September 2012. A further contribution to public safety and confidence is speeding up the handling of new cases and progress towards the council's initial aim of completing all cases within 15 months.

Over the year, the council worked on and agreed a set of proposals for a new and modern approach to regulating retail pharmacies. These proposals include new draft standards which focus on achieving the best outcomes for patients. We went to formal consultation on these proposals towards the end of 2011/12 and expect to implement them during the second half of the current year.

Discussing and developing these proposals with our stakeholders and pharmacy professionals provided us with a range of opportunities to set out our vision for modernising pharmacy regulation and what we mean by fair and proportionate regulation.

This work on modernising the regulation of registered pharmacies encapsulates our approach and is significant for two reasons. It is the first time we, as the independent pharmacy regulator, have developed our own standards for the regulation of registered pharmacies and the services they deliver. And our approach is brand new, moving away from a highly prescriptive set of rules and guidance to one based on outcomes for patients.

We have sought to recognise, through this work, the significant contribution that pharmacy makes to the health and wellbeing of people in Great Britain. And the fact that pharmacy has the potential to make an even greater contribution with an enhanced role that goes far beyond dispensing medicines on prescription.

With this greater scope comes the potential for new risks, and it is our role to ensure that the public are kept safe while benefitting from these developments. Patient safety is of paramount concern, but we have recognised that it is not our role to stifle innovation or the provision of enhanced services which have the potential to benefit patients.

It is a tribute to our staff that while this development work was going on, the GPhC remained firmly focused on improving how it delivers services to those on the register, as well as how it manages the fitness to practise function. You can read more in these pages about the improvements that have been made.

External to us, this has been a year of reform and change, with the Health and Social Care Bill for England making its way through Parliament, and increasingly different healthcare arrangements being put in place in England, Scotland and Wales. With the appointment of directors in Scotland and Wales, we are now better placed to monitor and respond to those developments. Part of the reforms in England include significant changes in the development of the workforce and in public health, and we have played an active role in influencing these developments through membership of Medical Education England and the Pharmacy/Public Health Forum.

The council also played its part in helping to inform the development of the Law Commission's review of the regulation of healthcare professionals. We strongly support the review's aims of simplifying the complex legislative arrangements that sit behind the work of the nine health care professions' regulators. We are making a formal response to that review and will be following its progress with interest.

It has been a busy and productive year, and with the development of our Strategic Plan and the resultant Corporate Plan, this still relatively new professional regulator is beginning to move forward whilst ensuring that performance on our core activities is maintained and where possible enhanced. Seeking the appropriate balance has been a challenging but ultimately rewarding job for the council this year and I would like to thank council members for their contributions and commitment. I would also like to commend the chief executive and registrar, and his staff, for their work on bringing our vision of fair and proportionate regulation to life in this way.

# The year in review – chief executive and registrar

Duncan Rudkin



We set ourselves an ambitious agenda this year, seeking to develop a new system for the regulation of registered pharmacies while continuing to improve the way we work and how we deliver services for those who register with us.

While we faced some daunting challenges and learnt some valuable lessons, we end this year with a clear sense of purpose and confidence in our vision for pharmacy regulation.

In this, our second annual report, we set out the progress we have made, as well as areas we plan to focus on, as set out in our *Corporate Plan 2012 - 2015\** and our *Strategic Plan 2012 - 2015\*\**.

It's been a year of change and reform in the NHS in England, and increasingly diverging health arrangements in England, Scotland and Wales. In the midst of this, we have made it our priority to be as clear as we can about our role and vision – what we do and don't do, how we seek to work as a regulator and where we stand on a range of issues.

We have significantly improved the way we communicate and engage with patients and the public, pharmacy professionals and our stakeholders, so that we can start to move forward together on our plans to modernise pharmacy regulation.

At the core of our work is a commitment to regulating in a fair and proportionate way. To us, this means taking a less prescriptive approach, doing more to promote professionalism and placing greater trust in the judgement of pharmacy professionals.

The best illustration of what we mean by fair and proportionate regulation can be seen in our work:

- developing our own set of standards for the regulation of registered pharmacies, signalling a fundamental change in the regulation of pharmacy, with an approach based on achieving the best outcomes for patients (read more on page 10)
- reducing our fitness to practise (FtP) caseload by 30 per cent
- improving our fitness to practise processes, reducing the average length of FtP committee hearings from three days to two

Our work to promote professionalism has included:

- doubling the number of pharmacy technicians on our register to 20,766 at 31 March 2012
- launching four new pieces of guidance for pharmacy professionals – on consent, patient confidentiality, maintaining clear sexual boundaries, and raising concerns
- developing new standards for the education and training of pharmacists
- building our 'learning' approach, with a learning points section from our fitness to practise cases in our registrants' bulletin, *Regula+e*

\* [www.pharmacyregulation.org/sites/default/files/GPhC%20Corporate%20Plan%202012-15.pdf](http://www.pharmacyregulation.org/sites/default/files/GPhC%20Corporate%20Plan%202012-15.pdf)

\*\* [www.pharmacyregulation.org/sites/default/files/Strategic%20plan\\_lores.pdf](http://www.pharmacyregulation.org/sites/default/files/Strategic%20plan_lores.pdf)



We have made good progress on improving the levels of assurance we provide and working in more efficient and cost effective ways by:

- making efficiency savings of just over £2 million by dealing with fitness to practise cases more proportionately and changing the way we obtain and manage legal services
- setting up an in-house customer contact centre, which handles an average of 1,000 queries a week

We continued to improve our internal systems and processes, including taking the decision to outsource our IT support arrangements in response to what staff told us in our annual staff survey.

We have also reviewed our pay and reward structure to simplify our arrangements, move towards a performance-related approach to reward, and place a greater emphasis on training and development opportunities for staff, in response to what staff told us in the staff survey.

You can read more about our achievements on page 13.

Of course, we didn't get everything right. A key part of living our values is our ability to learn when things go wrong and improve the way we work. For example, the registration assessment in June 2011 encountered a number of difficulties. We took the opportunity of the September assessment to review and scrutinise our processes and have made key changes to the June 2012 assessment, including adding three venues and changing the way we register candidates as they arrive.

Looking forward, we have another busy and challenging year ahead. We will finalise the new standards for regulating pharmacies and develop a new inspection model to monitor and enforce those standards. Part of that work involves developing public reporting on how pharmacies perform against those standards. We are keen to build on the good work we have done this year to improve our communications and engagement with patients and the public, so that the reporting we devise is meaningful and useful to them.

All those who work for and with the GPhC should recognise how far we have come this year. I would like to thank them, and our many partners, for their continued support.



From left to right, Bernard Kelly (Director of Finance and Resources), Duncan Rudkin (Chief Executive and Registrar), Hilary Lloyd (Director of Regulatory Services) and Hugh Simpson (Director of Policy and Communications).

## About us

- there are over 1.6 million visits a day to pharmacies in Great Britain. The job of the General Pharmaceutical Council (GPhC) is to make sure that registered pharmacists and pharmacy technicians, and the services they deliver from registered pharmacies, are safe
- our role is to protect the health, safety and wellbeing of patients and people who use pharmacy services. This role is set out in legislation called the Pharmacy Order
- we protect the public in two main ways – by registering competent professionals to practise pharmacy and by regulating the system for managing and delivering retail pharmacy services
- we were set up by the UK and Scottish Parliaments
- we are the first independent regulator for pharmacy in Great Britain, and cover England, Scotland and Wales, but not Northern Ireland
- we are funded by fees paid by the pharmacy professionals 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 when they cease to practise and register with us (see figure 1)
- we are based in London but have staff working around Great Britain. At 31 March 2012, we had the equivalent of 134 full-time staff and 247 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 25
- our chief executive and registrar, Duncan Rudkin, is accountable to this governing council. Three directors lead the main executive functions of the council. Read more about them on page 25

## Figure 1: What we do

We are involved in the lives of pharmacy professionals from the day they start their professional training

### 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 registered pharmacy professionals are keeping their skills and knowledge up to date

### registering competent professionals

pharmacists and pharmacy technicians have to be registered to practise and to use one of those titles

### registering pharmacies

such as high street and supermarket pharmacies, and some hospital pharmacies

### setting and monitoring standards

our standards aim to keep patients and people who use pharmacy services safe. Pharmacy professionals and pharmacies must meet our standards to stay registered

### inspecting pharmacies

our inspectors regularly check that registered pharmacies are meeting our standards

### taking action when our standards are not met

those actions include suspending someone from working as a pharmacy professional 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](http://www.pharmacyregulation.org/about-us)



## Around Great Britain

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.

This year we recruited a director for Scotland and a director for Wales, and have put in place a Welsh Language Scheme. You can find out more about that Scheme, including our service standards, at [www.pharmacyregulation.org/sites/default/files/Welsh%20Language%20Scheme.pdf](http://www.pharmacyregulation.org/sites/default/files/Welsh%20Language%20Scheme.pdf)

We have also agreed to collaborate with the Pharmaceutical Society of Northern Ireland by signing a memorandum of understanding, so we will be better able to protect public safety together.



# The register

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, pharmacy professionals and others about who is registered and whether we have made any decisions about their fitness to practise.

In order to practise in Great Britain, pharmacists and pharmacy technicians, and those who operate retail pharmacy premises, must satisfy us that they meet our detailed requirements. Only then can they join the register.

And when pharmacy professionals 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](http://www.pharmacyregulation.org/theregister/index.aspx)



## Who is on the register? (as at 31 March 2012)

- 45,435 pharmacists
- 20,766 pharmacy technicians
- 13,850 pharmacy premises



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 practises as a pharmacist or pharmacy technician. This year we brought our first prosecution against someone for working as a pharmacist while suspended from the register. He was convicted at Tower Bridge Magistrates Court and fined £1,750 plus costs.



A total of 2.5 per cent of registrants were removed from the register on 31 December 2011 for not renewing their registration.

These included:

- 1037 pharmacists
- 158 pharmacy technicians
- 34 pharmacy premises

They can apply to be restored to the register. By the end of 2011/12, we had restored 340 pharmacists and 34 pharmacy technicians.



**The GPhC Appeals Committee considered an appeal against a decision not to allow an individual to register as a pharmacy technician.**

She had applied for voluntary entry to the previous regulator's (Royal Pharmaceutical Society of Great Britain) register in 2008, declaring a criminal conviction relating to overpayment of benefits. Her application had been refused.

In 2011, she applied to join our register, as she was obliged to do in order to continue working as a pharmacy technician. But when asked "Have you ever applied previously for registration with the RPSGB?" and "Have you previously been convicted of a criminal offence?", she answered "No" to both questions. The appeal was dismissed and GPhC registration refused.

To find out more about the work of our Appeals Committee, go to [www.pharmacyregulation.org/about-us/who-we-are/gphc-committees/appeals-committee](http://www.pharmacyregulation.org/about-us/who-we-are/gphc-committees/appeals-committee)





We set standards to underpin the safe and effective practice of pharmacy. Pharmacy professionals must comply with our standards and follow the law, to remain registered.

## Standards and guidance

We seek to promote and underpin professional practice. One way we do this is to publish standards that registered pharmacy professionals and those who operate registered 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, but does seek to support pharmacy professionals to exercise their professional judgement.

### Standards

We have published standards on:

- conduct, ethics and performance
- retail pharmacy businesses (these are interim standards, for owners of retail pharmacies and superintendent pharmacists)

- continuing professional development (CPD)
- education and training for pharmacists
- education and training for pharmacy technicians

Go to [www.pharmacyregulation.org/standards](http://www.pharmacyregulation.org/standards) for more details.

### Guidance

This year we published four pieces of guidance covering:

- obtaining patient consent
- patient confidentiality
- raising concerns
- maintaining clear sexual boundaries

Go to [www.pharmacyregulation.org/standards/guidance](http://www.pharmacyregulation.org/standards/guidance) for more details.

## Modernising pharmacy regulation

In early 2012, we proposed major changes to the way registered pharmacies across Great Britain are regulated. These changes include new registration requirements, new draft standards and a new approach to compliance and enforcement.

Our proposals include new standards which are focused on achieving the best outcomes for patients. This outcomes-focused approach is a significant change in pharmacy regulation, moving away from prescriptive step-by-step guides.

This work is significant because it is a brand new approach and it is about standards for registered pharmacies rather than for individual professionals. We started the consultation with a national launch attended by national professional and industry bodies in pharmacy, and held stakeholder events in Edinburgh and Cardiff. We attended 35 meetings and events across Great Britain, including discussing the proposals with patients and members of the public in London, Liverpool, Glasgow and Cardiff.

We have received formal responses from the national professional and industry bodies, over 300 questionnaires from pharmacy professionals, and have had over 4,700 visitors to our dedicated consultation website.



*Our chair, Bob Nicholls, at the national launch*

Our governing council will make a decision on the proposed new standards in September 2012 and further work is planned on developing our approach to implementation of these new standards, including a new inspection model and a new approach to reporting on performance against the standards.

## Inspecting pharmacies

We are unique among the nine professional regulators in healthcare in that we have our own inspectors. Their job is to inspect pharmacies registered with us to check if they are meeting our standards, and if they are not, advising on how to meet our standards.

Under our current inspection model, every pharmacy should be inspected approximately every three years. Our proposals on modernising the regulation of registered pharmacies include developing a new inspection approach over 2012/13 that is risk-based and focuses on supporting

pharmacies where there is a higher risk to patients and the public. This could be either because of the nature of the services they provide or because there are concerns.

# Education and training

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 Great Britain, it takes a minimum of five years to train as a pharmacist. Candidates must pass a four-year masters degree in pharmacy (MPharm) from a course we have accredited. They must also 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 exam, which they must pass to apply to be on 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.



## Our role in education and training

- setting standards for the education and training of pharmacists and pharmacy technicians
- accrediting courses and approving qualifications for pharmacists and pharmacy technicians, including MPharm degree courses
- assuring the quality of pre-registration training
- setting and running the registration assessment for trainees seeking to become pharmacists
- accrediting courses for pharmacy support staff, including dispensing assistants and medicines counter assistants.



*Preparing to register candidates at the September 2011 assessment*



### This year there were:

- 24 fully accredited pharmacy schools in Great Britain, and five working towards accreditation, an increase of one fully accredited school since last year. Three universities started the accreditation process for the first time
- 2,651 new trainees entering pre-registration training – 2,478 undertaking a masters of pharmacy and 173 overseas-qualified pharmacists starting the overseas pharmacists' assessment programme (OSPAP)

### As well:

- 2,357 candidates sat the assessment in June 2011 and 570 candidates in September 2011, achieving a pass rate of 87.9 per cent in the September assessment.

## Continuing professional development

Once pharmacy professionals are registered, 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, pharmacy professionals 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.

We put in place new rules in July 2011 which underpin new CPD arrangements. As part of those arrangements, 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 of CPD, known as 'call and review', where we request CPD records for the past five years and review them.

This year we made a decision to run the call and review process over a six month period from November to the start of May. This avoids the peak period for renewals of registration and new applications for registration.

Our aim is to call 800 records every fortnight over that six month period.

Due to capacity and restructuring issues, we started the call and review process in January 2012, calling 1,000 records each fortnight so that we can complete this round of the process by May 2012.

Under the new rules that came into force in July 2011, a pharmacy professional who fails to respond to our review request by the given deadline could be removed from the register. We are developing the process for this administrative removal and 30 registrants who did not meet the CPD requirements were referred from the fitness to practise process to this new process this year.



*Talking to members of the public in Glasgow*

## Our achievements



### Listening to patients and members of the public

We organised events in London, Liverpool, Glasgow and Cardiff, attended by more than 110 patients and members of the public, to consult about our proposals to modernise the regulation of registered pharmacies. We plan to use their views and feedback to shape how we take this work forward.

We developed a consultation toolkit which we sent to more than 30 organisations which work with or represent patients and members of the public. This toolkit explains both our role and the changes we are seeking to make to pharmacy regulation.

We also brought together, for the first time, representatives of 11 pharmacy schools, to share ideas about how to involve patients and members of the public more in pharmacy education.

Patients shared their experiences of using pharmacy services. This work supported universities to assess and improve their performance against the patient involvement requirements set out in our new education standards.

And we asked patients and members of the public what they wanted to know about us and what we could do to improve the way we communicate and engage with them.

This has led to new ways of working – we introduced new ways of having conversations with the public and having them share with us their experiences of using pharmacy services, as well as their expectations of us.

We also redesigned our publications, changing the style in which they are written and seeking the 'plain English approved' logo from the Word Centre on any new standards and guidance documents we produce.

## Our achievements

### To illustrate what we mean by fair and proportionate regulation, we have:

- reduced our fitness to practise caseload by 30 per cent
- improved our fitness to practise processes, reducing the average length of committee hearings from three days to two
- proposed a 10 per cent reduction in renewal fees for pharmacists and pharmacy technicians, from 15 October 2012
- developed our own set of standards for the regulation of registered pharmacies (as described on page 8)
- produced our own prosecution policy, making clear that in the vast majority of cases involving pharmacy professionals registered with us, our fitness to practise regime is the appropriate way to deal with concerns about their conduct
- clarified, in light of a planned review of the Medicines Act, that we don't think single dispensing errors constitute a fitness to practise concern unless there are significant aggravating factors.

### To promote professionalism, we have:

- doubled the number of pharmacy technicians on our register to 20,766 at 31 March 2012
- launched four new pieces of guidance for pharmacy professionals – on consent, patient confidentiality, maintaining clear sexual boundaries, and raising concerns
- developed new standards for the education and training of pharmacists
- built a 'learning' approach, including featuring learning points from fitness to practise cases in our bi-monthly registrants' bulletin
- scoped the development of a programme of revalidation, to make sure that pharmacy professionals are competent to continue to practise.

### We have worked in more efficient and cost-effective ways:

- making efficiency savings of more than £2 million by dealing with fitness to practise cases more proportionately and changing the way we obtain and manage legal services
- improving services we offer to those who register with us, including setting up an in-house customer contact centre, which handles an average of 1,000 queries a week.

## Putting the needs of patients first

**We developed and launched a new equality, diversity and inclusion scheme for our organisation, which we hope will be used by pharmacy as a guide.**

The Equality Act 2010 gives us a duty to promote equality – not just to protect people from unlawful discrimination – but also to seek that pharmacy services are free from unlawful discrimination.

This duty is fundamental to all the standards we set and the guidance we develop. This is not about placing requirements on registrants. We are keen to influence pharmacy as well as to regulate it, helping people to see that there is a strong business case for good equality and diversity practice.

In the end, this is about providing the best possible service to each patient and customer – whoever they are, and whatever the setting.

# Our achievements

## Communicating with our registrants

### We have improved the way we communicate with registrants by:

- setting up our in-house customer contact centre, which deals with more than 1,000 queries a week
- redesigning our communications tools and activities to raise awareness of the need to renew registration
- revamping our website to make it easier to use
- using social media to raise awareness of our work, and
- setting up online reference groups in England, Scotland and Wales, which have over 3,000 subscribers.

*Regula+e* is our bulletin for registrants, published every two months, which provides news and views on pharmacy regulation, as well as key learning points from our fitness to practise cases.

We have also redesigned our spring and autumn bulletins for pharmacist trainees preparing to take the registration assessment, to make those publications easier to use.



## Welcoming pharmacy technicians to the register

By the end of March 2012, we had 20,766 pharmacy technicians on the register, more than double those registered (9,127) in September 2010. They join 1.2 million registered healthcare professionals in Great Britain.

Compulsory registration for pharmacy technicians came into effect on 1 July 2011. We had a higher than expected number of applications for registration, and processing them posed significant challenges for us. We had expected the register of pharmacy technicians to rise to only 16,500.

We engaged more staff in order to work through these applications as quickly and effectively as we could. We finished the initial stage of processing by the end of 2011 and had a small number of outstanding applications at the end of 2011/12, some waiting for external evaluation.

If an application is refused, that person will need to stop working as a pharmacy technician and obtain new qualifications

## What we said

As part of our work to clarify our role and how we seek to work as a regulator, we have made our views known on a number of pharmacy-related issues this year.



### Encouraging openness about dispensing errors

We want to encourage a culture of openness among pharmacy professionals – and this includes whenever ‘adverse incidents’ occur, such as single dispensing errors.

Anything that deters individuals from disclosing such adverse incidents is potentially damaging to public safety. That’s why we’ve made it clear that we don’t think single dispensing errors raise fitness to practise concerns, unless there are significant other factors.

There is a review of the relevant legislation in 2012/13, which we will support.



### Assessing language competence to protect patients

A House of Lords inquiry into the mobility of European healthcare professionals in 2011 gave us the opportunity to reiterate our view on the issue of language competency.

We believe that all healthcare regulators should be given the right to test how competent potential registrants are when it comes to the English language, before granting them registration.

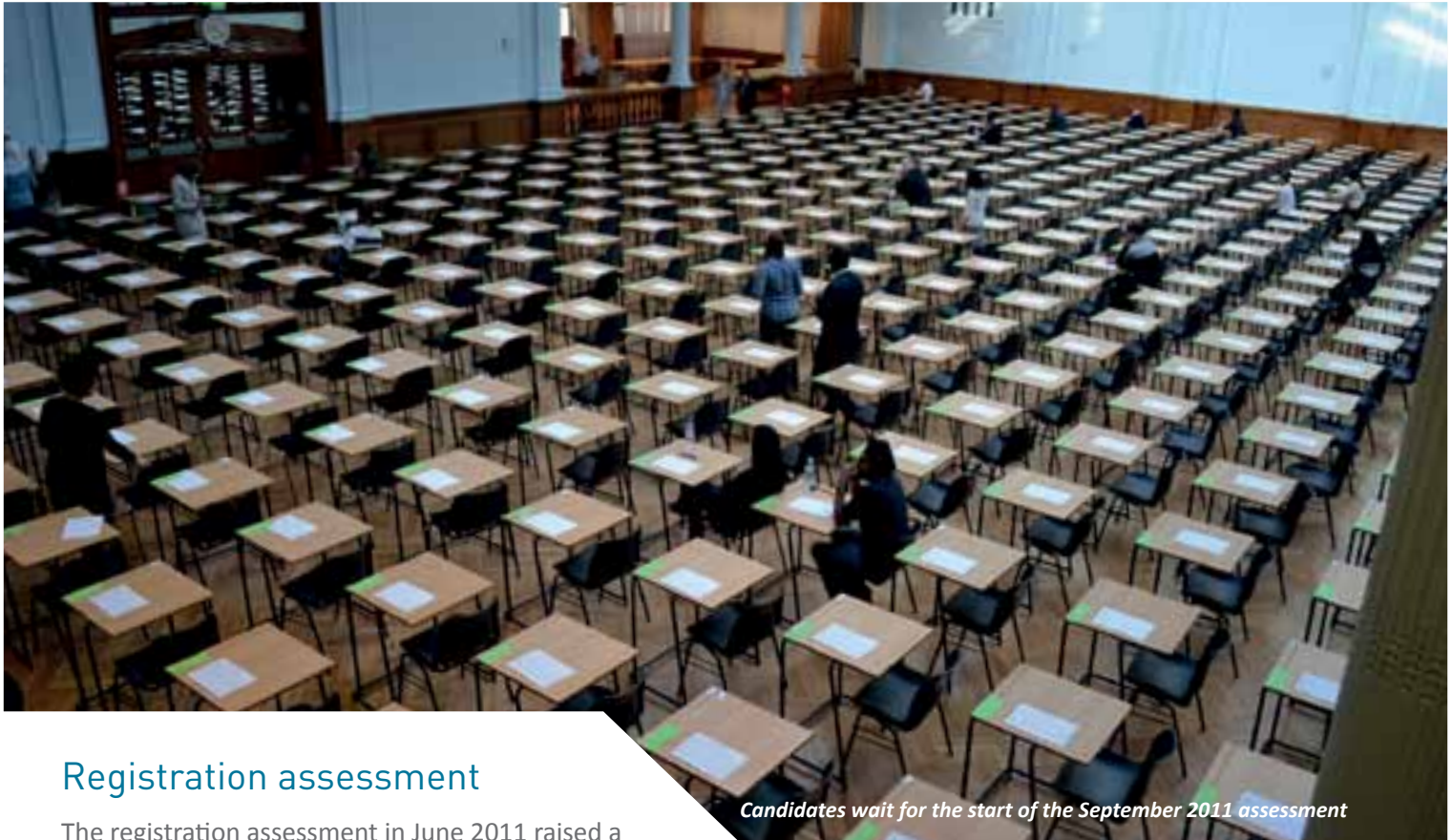
We welcomed the findings of the House of Lords Social Policies and Consumer Protection EU Sub-Committee inquiry that all health professional regulators should be permitted to ensure the language competency of professionals from the European Economic Area (EEA). We are currently not allowed to test the language competency of potential registrants from the EEA.

In April 2012, the Department of Health announced enhanced language testing arrangements for doctors. We believe similar provisions should be made for pharmacy practice. Good and clear communication is key to ensuring the safety and wellbeing of patients and the public.

We will continue to seek ways to raise this issue and influence any legislative or policy change in this area.



# Lessons learned



*Candidates wait for the start of the September 2011 assessment*

## Registration assessment

The registration assessment in June 2011 raised a number of issues, starting late at two centres and highlighting delays in the processing of candidates when they arrived at the assessment halls to register.

At the September assessment, we reviewed our processes and brought in independent consultants to observe and make recommendations.

We also worked with the British Pharmaceutical Students' Association to check that what we were planning to put in place in 2012/13 would meet the requirements of current trainees.

As a result, we have increased the number of assessment venues from five to eight, capped candidate numbers at 500 per venue and designed a new process for registering candidates when they arrive.

As well, we have reduced the fees for both entry to the pre-registration scheme and sitting the registration assessment.

## Renewing registration

The process of asking pharmacy professionals to renew their registration posed a communications challenge this year.

As the main deadline for renewals approached, we found that higher numbers than expected had not renewed. We reviewed and redesigned our communications, used our own publications and website, and letters and emails, to raise awareness of the key October deadline.

We also sought the support of stakeholders and the pharmacy press, to encourage people to renew by the deadline.

There was a surge of renewal applications close to the deadline. In the end, 2.5 per cent of registrants were removed from the register on 31 December 2011 for not renewing their registration.

# Looking ahead

## Revalidation

We have started work on plans to introduce revalidation, which is a process of seeking assurance that registered pharmacy professionals remain competent and fit to practise.

In developing this work, we have met with stakeholders, reviewed evidence, and looked at the challenges faced by other health professions who have sought to introduce revalidation.

We don't want revalidation to be an abstract assessment of knowledge and skills, and nor are we looking at a one-size-fits-all approach. We want to develop different approaches depending on areas of pharmacy practice.

We have agreed a definition of revalidation (see box) and have a work programme planned over 2012/13 to further develop this model. We don't expect to introduce revalidation before 2014/15.



### **Revalidation:**

The process by which assurance of continuing fitness to practise of registrants is provided and in a way which is aimed primarily at supporting and enhancing professional practice.

## Law Commission review of regulation

In March 2012, the Law Commission started a formal consultation on the regulation of health care professionals, proposing to replace a complex set of laws and arrangements with a single Act of Parliament to improve the legal framework for all nine regulators.

The aim of this work is to allow regulators, like us, to adopt our own approaches to professional regulation, taking into account relevant circumstances and resources.

We worked closely with the Law Commission as they developed their proposals and the benefit of involvement is clearly visible in the final proposals.

We have submitted a formal response to that consultation, which you can find at: [www.pharmacyregulation.org/our-response-law-commissions%E2%80%99-consultation](http://www.pharmacyregulation.org/our-response-law-commissions%E2%80%99-consultation)

# Annual Fitness to Practise Report



🗨️ We value the professionalism of the people on our register. When there are serious concerns raised about their conduct, then our fitness to practise (FtP) system is usually the most appropriate and proportionate way of dealing with those concerns. 🗨️



## What is fitness to practise?

We describe fitness to practise 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 character and in good enough health to practise safely and effectively, and adhering to principles of good practice as set out in our standards and guidance, and other relevant best practice advice.

Patients and members of the public should expect that pharmacists and pharmacy technicians are fit to practise. Dealing effectively with fitness to practise concerns is a key part of our commitment to protecting patients and the public, and maintaining public confidence in pharmacy professionals.

If you are concerned that a pharmacy professional registered with us (a pharmacist or pharmacy technician) 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 ring our customer contact centre on 020 3365 3400.

### How do those concerns come to us?

#### They come from:

- a member of the public (47 per cent of concerns came from the public this year)
- public bodies such as NHS organisations
- law enforcement agencies such as the police or local authorities
- one of our own inspectors, following a routine inspection.

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

## How we deal with concerns

Concerns are initially reviewed by one of our case managers, who makes a recommendation on how to proceed. They are members of the investigations and case management team (Inv team). This may include referring the matter to an investigating committee (IC), which meets in private. The investigating committee looks at whether there is a real prospect that the fitness to practise committee (FtPC) will make a finding that a registrant's fitness to practise is impaired. The investigating committee can close a matter or issue a warning or letter of advice, or refer the case to a fitness to practise committee hearing, which is conducted by an independent panel, usually made up of three members. The investigating committee's annual report for 2011/12 is available here:

[www.pharmacyregulation.org/sites/default/files/June%202012%20Council%20Investigating%20Committee%20annual%20report%20for%20June%202012%20Council.pdf](http://www.pharmacyregulation.org/sites/default/files/June%202012%20Council%20Investigating%20Committee%20annual%20report%20for%20June%202012%20Council.pdf)

The registrar can also refer a case directly to the fitness to practise committee to consider imposing an interim order, suspending registration or imposing conditions on registration, while a matter is investigated. This might happen, for instance, in a case where a registered pharmacy professional is being investigated by the police or has been convicted of an offence.

The High Court has ruled that fitness to practise is not about punishing past conduct. Rather, we consider whether a registrant's fitness to practise is currently impaired.

# Fitness to Practise

Annual Report 2011/12

## What we have achieved

We received 777 complaints about fitness to practise in 2011/12. All these complaints were reviewed and 254 were closed at that first stage because they were not within our jurisdiction to resolve.

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.

Closure type	Number of cases
Removals	10
Suspensions	45
Warnings (FtPC 18, IC 70)	88
Conditions	15
Undertakings	3
Letters of advice (IC 24, Inv Team 229)	253

A number of cases received in 2011/12 are ongoing. This year we set ourselves an ambitious target of finalising cases with 15 months of receiving them. While we didn't achieve this target in 2011/12, we did significantly reduce our caseload. We improved our database, introduced new case monitoring arrangements and started trialling a new case-handling process which we plan to roll out from May 2012.

Cases inherited from the previous regulator are dealt with in a different way than cases received by the GPhC. The legislation that sets out our role and powers, the Pharmacy Order, allows us to take a more innovative approach to managing 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 all the legacy cases by September 2012.

	Number of cases
Cases inherited from the previous regulator	589
Cases dealt with as at 31 March 2012	519

We have reduced our caseload (GPhC and legacy) by nearly 30 per cent since becoming the regulator. We have put an enormous amount of time and effort into streamlining our fitness to practise processes and doing this work as proportionately as we can. As a result, we have reduced the average length of fitness to practise committee hearings from three days to two.

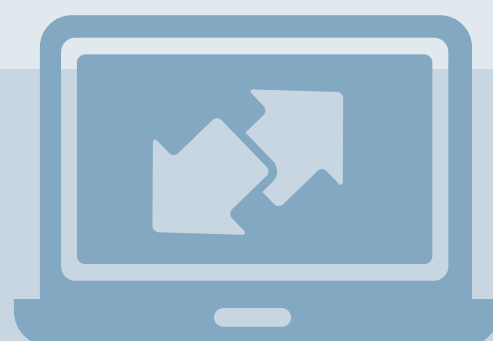
We have also made just over £2 million in efficiency savings by dealing with cases more proportionately and by changing the way we manage legal services.



## Learning points from our fitness to practise cases

We feature case studies of our fitness to practise work in *Regula+e*, our 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.



We surveyed *Regula+e* readers during the year and more than 80 per cent said they would like even more information on learning scenarios and fitness to practise cases. With that in mind, we will be launching a new online learning tool in 2012/13.

## 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](http://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](http://www.pharmacyregulation.org/search/search_decisions)



## Exchanging fitness to practise information across Europe

We have been calling for a robust mechanism for the exchange of fitness to practise information Europe-wide.

If such information is not shared efficiently and effectively, a pharmacy professional could be erased or suspended in one country while continuing to practise in another.

That could pose a serious risk to patients and the public, and undermine public confidence in the registration system.



# Our reporting requirements

The Pharmacy Order 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 fulfil 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 49). 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 *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 29) covering the systems in place to support the council's strategy and objectives while safeguarding the organisation's assets. The statement also includes the chief executive's review of the effectiveness of the system of internal control (page 29). Information about the GPhC's governance is provided below.



## How we govern ourselves

The 14-member 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 at least one member who lives or works wholly or mainly in each of England, Scotland and Wales.

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.

# How we govern ourselves

## Council members' remuneration and expenses April 2011-March 2012

Name	Registrant or lay	Remuneration <sup>1</sup> £	Total expenses £	Attendance <sup>2</sup>	Committee meetings held/attended
Bob Nicholls	Lay	48,000	5,992	6/6	RemC 2/2
Cathryn Brown	Pharmacist	12,000	2,595	5/6	A&RC 2/3
Sarah Brown	Lay	12,000	301	6/6	
Celia Davies (from June 2011)	Lay	12,000	1,204	6/6	RemC 1/1
Soraya Dhillon	Pharmacist	12,000	375	5/6	
Gordon Dykes (from September 2011)	Pharmacist	7,000	4,790	4/4	
John Flook <sup>3</sup>	Lay	14,000	2,349	5/6	A&RC 3/3
Tina Funnell	Lay	12,000	2,190	6/6	
Kirstie Hepburn (until June 2011)	Pharmacist	5,000	315	1/2	RemC 0/1
Ray Jobling	Lay	12,000	981	5/6	
Liz Kay <sup>4</sup>	Pharmacist	14,000	2,656	6/6	RemC 2/2
Lesley Morgan	Pharmacy technician	12,000	1,514	4/6	RemC 2/2
Keith Wilson	Pharmacist	12,000	694	5/6	A&RC 3/3
Peter Wilson	Pharmacist	12,000	529	6/6	
Judy Worthington	Lay	12,000	2,626	6/6	A&RC 2/3

### Key

A&RC = Audit & Risk Committee

RemC = Remuneration Committee

<sup>1</sup> Council members' remuneration is disclosed gross. Expenses for council members are covered by a PAYE Settlement Agreement with HM Revenue & Customs.

<sup>2</sup> 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.

<sup>3</sup> £2,000 supplementary remuneration for the chair of the audit and risk committee.

<sup>4</sup> £2,000 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**

This committee supports the council by reviewing internal and external audit arrangements. It also monitors risk management arrangements and advises the council on the implications of assurances provided in respect of risk and control. The committee comprises four council members, including the chair John Flook, and an external member, Hilary Daniels.

The committee has a key role in providing assurance to the council on risk management, focusing on risks to the achievement of the GPhC's strategic objectives. 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. The Committee considers that the arrangements in place for managing risks are operating effectively to provide assurance that risks are being identified and managed.

In response to the Bribery Act coming into force, the committee agreed an anti-bribery statement, bringing together procedures the GPhC has in place to prevent bribery and corruption. This has now been approved by the council and incorporated in the council's governance and assurance framework.

Internal audit is an important part of the GPhC's internal controls. 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.

### **Remuneration committee**

This 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 other non-employee groups. The committee comprises four council members, including the chair Liz Kay, and an external member, David Prince.

# How we govern ourselves

## 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:

### Regulatory Services

Hilary Lloyd, director

### Resources & Corporate Development

Bernard Kelly, director

### Policy & 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 292 complaints about our services 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).

Issue	Total
Registration assessment	116
GPhC policy/process	72
Quality of communication/information	45
Staff conduct	16
Fees	14
Outcome/GPhC decision	11
Delays	10
Loss of information/documentation	7
Failure to respond	7
GPhC standards	6
Complaints handling (i.e. complaints against registrants)	5
Other	4
Accuracy of recorded information	2
Equality & diversity	2
Information security	1



In 2011/12, issues about the June 2011 registration assessment made up the largest category of complaints. We reviewed the assessment process and our communications, and engaged Deloitte to review the candidate registration process at the September assessment in London. We have acted on their recommendations and the lessons we learned from our review.

### **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](http://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

<http://www.pharmacyregulation.org/privacy-policy>

Our risk assessment and risk management process identified information security as a risk area requiring further work. We plan to implement new and effective IT during 2012/13 to support our organisational aims, objectives and performance. As part of our ongoing commitment to information security, we will use this project as an opportunity for further improvement in our information security policies and procedures.

# Statement of 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.

The council is accountable for ensuring that an effective system of internal control of risks is maintained.

The council has delegated responsibility for routine oversight of these arrangements to the audit and risk committee. The committee advises the council on the comprehensiveness and reliability of assurances and internal controls, including internal and external audit programmes, and on the implications of assurances provided in respect of risk and control. The committee considers that the arrangements in place for managing risks are operating effectively to provide assurance that risks are being identified and managed.

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. A draft change control procedure is being piloted. It is anticipated that a more rigorous change control process regarding IT infrastructure and systems will be introduced as part of the move to a new outsourced IT provider.

## 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:

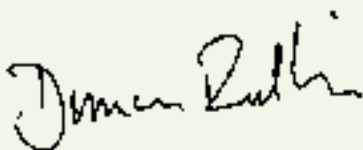
- Procurement
- Programme management
- Corporate governance
- Core financial controls
- Registration framework
- Management of controlled drugs
- Fitness to practise
- Legacy cases
- General IT controls
- Pharmacy school accreditation
- Registration assessment
- Human resources

Based on the internal audit reports listed above, our internal auditors have assessed the GPhC's arrangements for governance, risk management and internal control processes as adequate and effective except for specific areas relating to the registration assessment, registration framework, legacy cases and general IT controls where a limited overall assurance opinion was given. Management actions have been taken or are in hand to implement recommendations arising from the audits; in relation to IT controls, some of these are linked to a change in our outsourced IT supplier.

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 my knowledge of the risk management activity undertaken, the opinions expressed by the internal auditors and such management assurance as is available to me, I am confident 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; and
- 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  
14 June 2012

# Financial statements

for the year ended 31 March 2012



## Key figures and legal and professional advisers

### Council members

Bob Nicholls (chair)  
Cathryn Brown  
Sarah Brown  
Celia Davies  
Soraya Dhillon  
Gordon Dykes (from September 2011)  
John Flook  
Tina Funnell  
Kirstie Hepburn (until June 2011)  
Ray Jobling  
Liz Kay  
Lesley Morgan  
Keith Wilson  
Peter Wilson  
Judy Worthington

### 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

### Solicitors

Capsticks LLP  
1 St George's Road  
London SW19 4DR

### Internal auditors

Deloitte LLP  
2 New Street Square  
London EC4A 3BZ

### Bankers

NatWest Bank plc  
91 Westminster Bridge Road  
London SE1 7HW

# Report of the General Pharmaceutical Council

The council presents its annual audited statements of the General Pharmaceutical Council (GPhC) for the year ended 31 March 2012.

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 full regulatory responsibility from the Royal Pharmaceutical Society of Great Britain.

## 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 GPhC by reviewing internal and external audit arrangements, and advising the council on the implications of assurances provided in respect of risk and control. Chaired by John Flook, it advises the council on the implications of assurances provided in respect of risk and control. The committee also has an independent member, Hilary Daniels.

The audit and risk committee met three times in the year, in May 2011, October 2011 and February 2012.

Audits on the following issues have been undertaken and reviewed by the committee during the financial year:

Procurement, programme management, legacy cases project, general IT controls, corporate governance, core financial controls, registration framework, management of controlled drugs, pharmacy school accreditation, fitness to practise, registration assessment and human resources.

The risk register is produced and monitored by the chief executive; at each committee meeting the risk register is reviewed. Other work undertaken included oversight and recommendation to the council of the 2010/2011 annual review. The committee agreed an anti-bribery statement and reviewed the policy on raising concerns.

The role of internal audit at the GPhC is an extremely important one and forms part of our risk management strategy. In the 2010/2011 financial year a total of 74 days of audit were carried out by our internal auditors; in the 2011/2012 financial year this rose to 88 days of work. The audit and risk committee has now agreed a total of 98 days of audit for the 2012/2013 financial year.

The **remuneration committee** met three times in the year: April 2011, September 2011 and March 2012. Chaired by Elizabeth Kay, the committee provides advice to the council on remuneration for council members and other non-employee groups such as members of the statutory committees. The committee has the power to approve or reject the remuneration framework for employees and the remuneration packages for the Chief Executive and Registrar, and directors. The committee also has an independent member, David Prince.

Over the year the committee reviewed the remuneration for members of the council, statutory committees and non-statutory committees, as well as staff benefits and the expenses policy.

The committee also discussed a new grading structure for GPhC staff members. This is currently at an early stage and will not be finalised until June 2012.

# Report of the General Pharmaceutical Council

The **appointments committee** is responsible for the selection, recruitment and performance review of statutory committee members.

## Review of business activities

The period ending 31 March 2012 was our first full year of activity, and therefore direct comparison with the prior published figures is not possible. The financial statements for the period ending 31 March 2011 contained six months of regulatory activity and six months when the GPhC was in shadow form. During that period, all GPhC costs were covered by grants received from the Department of Health (DH).

## Efficiencies

As a young organisation, the GPhC does not have a long-established baseline against which to measure efficiency gains. Our first budgets were set using the modelling assumptions inherited from the Royal Pharmaceutical Society of Great Britain, particularly as they applied to fitness to practise activities. Total expenditure budgeted for 2011/12 was based on and consistent with the modelling work on which the Department of Health's Impact Assessment for the Pharmacy Order was based. When measured against this budget, a substantial number of efficiency improvements were identified. The largest, of more than £2 million, came from regulatory services. Almost half of this was due to changing the way we obtain and manage legal services. A renegotiation of rates paid to legal firms also resulted in lower costs for those cases that were outsourced.

The average length of a fitness to practise hearing was reduced from three days to two days, while the investigating committee also sat less frequently than budgeted, reducing total costs by more than £300,000.

Great progress has been made in clearing the legacy cases that were inherited from the previous regulator. The year started with 311 open cases and ended with 70. Under the delegated authority the Registrar closed 47 of the cases, which helped to achieve a saving of £476,000 against the budget for dealing with such cases.

The GPhC's education team saved £61,000 by using an online resource rather than the medicines ethics and practice study text.

Our council met less frequently than originally budgeted, which helped to save £224,000 within council and governance. Any additional meetings were scheduled either to precede or follow formal council meetings, incurring less in the way of travel and accommodation costs. Also down was the cost of legal advice to help draft the rules that registrants and registered pharmacies must follow.

Finally, the use of the government procurement website significantly reduced the cost of photocopiers, stationery and professional services.

## Income

Our total income for the year is £21.3 million, which is comprised of:

£12.4m of income from 45,435 pharmacists on the register  
£3.4m from the 20,766 pharmacy technicians on the register, and  
£3.4m from the 13,850 registered pharmacies on the register.

These figures are inclusive of both annual renewal fees and initial registration and application fees. The income from pharmacy technicians included £938,000 from application fees, which was significantly higher than the previous period. 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 £528,000 funded some of the exceptional non-recurring costs the GPhC incurred, including accommodation, IT and the consultation on modernising the regulation of registered pharmacies.

Income received in relation to the pre-registration assessment and the pre-registration year was £969,000. A total of 2,850 students took the assessment, in June and September 2011. The previous set of financial statements did not include income from these activities, as regulatory responsibilities were not transferred until after the September 2010 assessment.

Income from all other sources amounted to £404,000.

In October 2011, fees were increased by 2 per cent generally, although renewal fees for pharmacy technicians were reduced. The main impact of this did not take effect until January 2012, when the annual registration period for the majority of our registrants and pharmacies started.

A reduction in renewal fees of 10 per cent for pharmacist and pharmacy technicians is currently the subject of consultation. If agreed, it will come into effect in October 2012.

## Expenditure

A new bi-monthly bulletin for registrants, *Regula+e*, was launched in September. Every pharmacist and pharmacy technician on our register, and pre-registration pharmacist trainees, are posted a copy, which is also available online.

A consultation on modernising the regulation of registered pharmacies began in early February 2012. Patients, members of the public, pharmacy professionals and representative bodies have been asked for their views on proposed standards that all registered pharmacies across Great Britain would have to meet.

An internal re-organisation came into effect in October 2011, improving quality control, marketing and customer service. With customer focus in mind, we launched a new customer services department. Members of the team handle all calls to the switchboard and ensure that the register is kept up to date.

In education, costs include running the pre-registration assessment in June and September. As stated earlier, these costs were not incurred in the previous financial year.

As part of our education work, we accredit courses that pharmacists undertake. Many courses were due for accreditation this year and the number of MPharm events also rose, as three universities started the accreditation process for the first time. A large number of MPharm reaccreditation events took place in the 2011/12 academic year because those due for reaccreditation in 2010/11 were extended by a year following the introduction of new education standards.

Of total accreditation costs of £621,000, income of £207,000 was received to recover the costs of chargeable events. A total 41 events were attended in the year, up from 19 in the previous year.

Resources and corporate development costs of £3.8 million include occupancy costs of £726,000 and outsourced services of £1.6 million, which includes IT, HR, building services and finance.

There were six formal council meetings held in the year and a further seven meetings: a strategy day and a number of workshops.

# Report of the General Pharmaceutical Council

## 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 re-appointed Grant Thornton UK LLP as its auditors.

By the order of the Council



Bob Nicholls

Chairman

14 June 2012



### **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 2012 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 35, 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 2012, and of its surplus for the year then ended 31 March 2012; in accordance with United Kingdom Generally Accepted Accounting Practice.



Grant Thornton UK LLP  
Statutory auditor  
London NW1 2EP  
14 June 2012

# Income and expenditure statement

for the year ending 31 March 2012

	Note	2012 £000	2011 £000
Income	2	21,327	10,716
Expenditure	3	14,115	8,339
<b>Operating surplus</b>		<b>7,212</b>	<b>2,337</b>
Interest receivable and similar income	4	208	112
<b>Surplus on ordinary activities before taxation</b>	5	<b>7,420</b>	<b>2,489</b>
Taxation	6	40	24
<b>Surplus on ordinary activities after taxation</b>		<b>7,380</b>	<b>2,465</b>
<b>Reconciliation of funds</b>			
Total funds brought forward		2,465	-
Accumulated fund as at 31 March		<u>9,845</u>	<u>2,465</u>

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 2012

	Note	2012 £000	2012 £000	2011 £000	2011 £000
<b>Fixed assets</b>					
Tangible assets	7		156		58
<b>Current assets</b>					
Debtors	8	908		980	
Bank and cash	9	25,382		19,737	
		<u>26,290</u>		<u>20,717</u>	
Creditors: amounts falling due within one year	10	16,601		18,310	
<b>Net current assets</b>			9,689		2,407
<b>Total net assets</b>			<u>9,845</u>		<u>2,465</u>
<b>Funds employed</b>					
Accumulated fund brought forward					
Surplus for the year			2,465		2,465
			7,380		-
<b>Total funds employed</b>			<u>9,845</u>		<u>2,465</u>

The financial statements on pages 37 to 48 were approved and signed on behalf of the Council on 14 June 2012 by:



Bob Nicholls  
Chair  
14 June 2012

# Cash flow statement

for the year ended 31 March 2012

	Note	2012 £000	2011 £000
<b>Operating activities</b>			
Net cash inflow from operating activities	12	5,649	19,718
<b>Return on investments and servicing of finance</b>			
Interest and other similar income received		-	112
Interest payable and other similar expenditure		-	-
<b>Taxation</b>			
UK corporation tax paid		(41)	(24)
UK corporation tax refunded		-	-
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(171)	(69)
<b>Increase in cash for the period</b>		<u>5,645</u>	<u>19,737</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase in cash for the period		5,645	19,737
Net cash funds as at 1 April		19,737	-
<b>Net cash funds as at 31 March</b>		<u>25,382</u>	<u>19,737</u>

# Notes to the financial statements

for the year ended 31 March 2012

## 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, and the other in Lambeth Road, which is due to expire on 26 September 2012. Negotiations are currently taking place with the landlord of Lambeth Road to extend this lease for a further two years.

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. 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 £64,000 has been invested on new IT equipment and software. Over the next 12 months the IT infrastructure of the GPhC will be outsourced to a new supplier. Significant investment will be 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.

Income from investments is included in the financial statement when received. 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) Foreign exchange

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate at the balance sheet date. Any foreign exchange differences are recorded in the income and expenditure account in the year to which they relate.

# Notes to the financial statements

for the year ended 31 March 2012

## f) Pension costs

Employees are covered by the provisions of the NHS pensions 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 (until 2004, every five 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 2008, employee contributions are on a tiered scale from 5 per cent up to 8.5 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 2011 is based on detailed membership data as at 31 March 2008 (the latest midpoint) updated to 31 March 2011 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 the statement of comprehensive income at the time the GPhC 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 AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

#### **g) 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.

#### **h) 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.

# Notes to the financial statements

for the year ended 31 March 2012

## 2. Income

	2012	2011
	£000	£000
Pharmacists	12,445	3,099
Premises	3,449	947
Pharmacy technicians	3,443	642
Pre-registration	969	14
Other fee related income	89	4,040
Grant income	528	1,767
Other income	404	207
<b>Total income</b>	<b>21,327</b>	<b>10,716</b>

“Other fee related income” contains the monies due from the Royal Pharmaceutical Society as part of the transfer order for fees.

## 3. Expenditure

	2012	2011
	£000	£000
Establishment costs	25	1,764
Chief Executive and Registrar	551	173
Policy and Communications	1,766	476
Accreditation	621	239
Education and Continuing Professional Development	751	457
Investigation and Case Management	1,849	1,036
Inspection	1,892	1,013
Hearings	714	387
Customer Services	1,529	793
Resources and Corporate Development	3,830	1,699
Council and Governance	587	302
<b>Total expenditure</b>	<b>14,115</b>	<b>8,339</b>

\*Restated to more appropriately reflect the restructure of the organisation in September 2011.



## Employee costs

Employee costs were made up as follows:

	<b>2012</b>	<b>2011</b>
	£000	£000
		<i>Restated*</i>
Wages and salaries	5,222	2,743
Employer's National Insurance	498	253
Pension costs	453	261
	<u>6,173</u>	<u>3,257</u>

\*Restated to exclude associate costs.

As at 31 March 2012 the number staff employed by the GPhC was 146.

The Chief Executive and Registrar and directors' remuneration, excluding pension contributions, fell within the following ranges:

	<b>Number of individuals</b>	<b>Number of individuals</b>
£0 - £50,000	-	-
£50,001 - £80,000	-	-
£80,001 - £100,000	2	2
£100,001 - £120,000	1	1
£120,001 - £140,000	1	1

## Council members' remuneration and expenses

	<b>2012</b>	<b>2011</b>
	£000	£000
Total remuneration paid to council members	208	204
Total expenses paid to council members	29	33
	<u>237</u>	<u>237</u>

## 4. Interest receivable and similar income

	<b>2012</b>	<b>2011</b>
	£000	£000
Interest receivable	208	112
	<u>208</u>	<u>112</u>

# Notes to the financial statements

for the year ended 31 March 2012

## 5. Surplus on ordinary activities before taxation

This is stated after charging:

	<b>2012</b>	<b>2011</b>
	£000	£000
Motor vehicles: operating lease rentals	126	109
Depreciation of tangible fixed assets	73	11
Auditors' remuneration: for audit services	22	25
for other services	-	-
	<u>221</u>	<u>145</u>

## 6. Taxation

	<b>2012</b>	<b>2011</b>
	£000	£000
UK corporation tax at 20% (2011: 21%) in the year	40	24
	<u>40</u>	<u>24</u>

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

## 7. Fixed assets

	Short leasehold £000	Office equipment £000	Total £000
<b>Cost</b>			
As at 1 March 2011	28	41	69
Additions	52	119	171
Disposals	-	-	-
<b>As at 31 March 2012</b>	<b>80</b>	<b>160</b>	<b>240</b>
<b>Depreciation</b>			
As at 1 March 2011	4	7	11
Charge for the year	27	46	73
Disposals	-	-	-
<b>As at 31 March 2012</b>	<b>31</b>	<b>53</b>	<b>84</b>
<b>Net Book Value</b>			
<b>As at 31 March 2012</b>	<b>49</b>	<b>107</b>	<b>156</b>
As at 31 March 2011	24	34	58

## 8. Debtors

	2012 £000	2011 £000
Trade debtors	166	27
Registrant direct debits to be collected	264	649
Other debtors	27	15
Prepayments and accrued income	451	289
	<b>908</b>	<b>980</b>

Trade debtors increased due to large corporate organisations paying for their pharmacy technicians to register. Invoices were sent out in March. This one-off exercise was due to the mandatory registration of pharmacy technicians. In future they will register directly with GPhC.

The lower balance of registrants' direct debits to be collected is because all registrants must pay their renewal fees two months in advance of their expiry date. During the previous financial year the rules were slightly different: registrants had to renew within one month of their expiry date. This has meant that the main quarterly direct debit was taken a month earlier than the previous year.

# Notes to the financial statements

for the year ended 31 March 2012

## 9. Bank and cash

	2012	2011
	£000	£000
Current accounts	217	(317)
Deposit accounts	25,152	20,040
Petty cash floats	13	14
	<b>25,382</b>	<b>19,737</b>

The bank balance of the current account is never overdrawn. The current account in March 2011 showed an overdrawn balance because £339,000 of payments had yet to clear the bank account. 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

	2012	2011
	£000	£000
Trade creditors	408	369
Corporation tax	41	24
Other taxes and HMRC	180	160
Other creditors	39	1,286
Accruals	554	1,342
Deferred income	15,379	15,129
	<b>16,601</b>	<b>18,310</b>

The reduction in other creditors is due to an amount owed to the DH for £1,286,000 in relation to pensions for those staff who transferred to the NHS pension scheme. This was paid within the current financial year.

The reduction in accruals in the year was due to accruing for the outsourced services received. However, during the current financial year the contract was signed and all payments have been made.

Deferred income is made up of the following:

	2012	2011
	£000	£000
Deferred income from registrants and premises	13,089	12,315
Other deferred income	3	-
Working capital grant	2,189	2,604
Revalidation grant	76	76
Other grants	22	134
	<b>15,379</b>	<b>15,129</b>

## 11. Commitments

As at 31 March 2012 the GPhC has the following commitments relating to operating leases:

	2012	2011
	£000	£000
<b>Operating leases which expire:</b>		
within one year	30	12
after one year	135	220
	<u>165</u>	<u>232</u>

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

	2012	2011
	£000	£000
Operating surplus	7,212	2,377
Depreciation of tangible fixed assets	73	11
Profit/loss on disposal of tangible fixed assets	-	-
Decrease in debtors	72	(980)
(Decrease) in creditors	(1,708)	18,310
<b>Net cash inflow from operating activities</b>	<u>5,649</u>	<u>19,718</u>

## 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



