

# Fee review decision

## Meeting paper for Council on 09 November 2023

Confidential

### Purpose

To update the Council on the outcome of the consultation on the 2023 fee proposals.

### Recommendation

The Council is asked to:

- Note the analysis of consultation responses on the 2023 fee review (**Appendix 1**)
- Note the equality impact assessment (**Appendix 2**)
- Approve the proposed changes to fees summarised in section 4
- Make the General Pharmaceutical Council (Registration and Renewal Fees) (Amendment) Rules 2023 and authorise the corporate seal being applied to the rules (**Appendix 3**)

### 1. Introduction

- 1.1 The GPhC is almost exclusively funded by the fees we charge in connection with performing our regulatory obligations as set out in the Pharmacy Order 2010 (“the Order”).
- 1.2 In setting fees, Council must ensure that the organisation has sufficient funds to protect the public through effective regulation.
- 1.3 The Order requires us to consult on proposed changes to the fee rules.
- 1.4 The current registration fees are £257 (pharmacist), £121 (pharmacy technician) and £365 (premises)
- 1.5 The registration fees for pharmacist and pharmacy technicians have remained unchanged for four and half years since they were last increased in July 2019 and the current fees remain lower than they were in 2011.
- 1.6 The registration fees for premises have remained unchanged since they were last increased in April 2021.
- 1.7 On the 16 May 2023 we launched a 12-week public **consultation** on a 7.5% increase to all of the fees we charge for pharmacists, pharmacy technicians, registered premises and foundation training from April 2024.
- 1.8 The consultation closed on the 8 August 2023 and we received a total of 7,129 responses.

## 2. Summary of responses to consultation.

- 2.1 The consultation analysis report (**Appendix 1**) provides a full breakdown of qualitative and quantitative analysis.
- 2.2 In summary:
- 84% of respondents either disagreed or strongly disagreed with the reasoning we have given for increasing our fees.
  - 64% of respondents either disagreed or strongly disagreed with the approach of raising fees by the same percentage across all registrant and applicant groups.
  - 95% of respondents felt the proposed increase was either a bit too high or much too high.
  - 54% of respondents either agreed or strongly agreed with our proposal to freeze fees for 2023 and delay the proposed increase until 2024.
- 2.3 In strongly disagreeing with our proposals, a large proportion of respondents drew attention to the current cost-of-living challenges because of the high levels of inflation that have been present over the last couple of years. Many respondents registered their view that the % size of the increase was both too high and significantly higher than the % pay rises that individual registrants may be due to receive this year.
- 2.4 Many respondents called upon us to reduce our own costs and expenditure, with a number of respondents particularly highlighting they felt we should relocate from what they felt to be expensive headquarters in Canary Wharf, London.
- 2.5 Some registrants felt that they didn't receive any benefit from our services and others felt that the impact was unfair on those who might work part time, low income or are on parental leave.
- 2.6 Whilst many respondents agreed with the current freeze on fees many respondents expressed their view that the freeze should be extended for longer.

## 3. Analysis of proposals

- 3.1 There was strong opposition to the fee proposals in relation to the cost-of-living challenges that are being caused by the current high level of inflation. We acknowledge the concerns that have been raised related to the cost of living. These concerns were an important factor in us freezing fees for individual registrants in 2023, for a fourth consecutive year and delaying any proposed increase until April 2024.
- 3.2 We are also subject to the same inflationary pressures and financial challenges and to be effective in our role of protecting the public we need to make sure the fees we charge cover the cost of regulation going forward.
- 3.3 We recognise how pharmacy has evolved, and how the role of pharmacy professionals has already changed in recent years and will continue to change significantly in the future. This will continue to lead to significant changes in the scope and complexity of our work.
- 3.4 In the face of the combined factors of high inflation and increased breadth and complexity of our regulatory work, our proposal to increase fees will help to make sure that the work programmes we have already started, and those we will need to begin over the next months, will be effectively funded in the short term.

- 3.5 Alongside the fee proposals, we remain committed to challenging our own costs and improve efficiency.
- 3.6 Many respondents specifically criticised the specific location of our headquarters in Canary Wharf London and identified this as an area for increased savings.
- 3.7 We recently moved sites for our headquarters and before selecting our new offices, we carried out an external review of accommodation including exploring the merits of a geographic relocation. Several sites in and outside of London were considered and the final site was selected against strict criteria including supporting the delivery of our Vision 2030, providing economic savings and minimising disruption of services to the public and registrants.
- 3.8 The outcomes of this review demonstrated the competitiveness of the rent in Canary Wharf which remains one of the cheapest centrally accessible London locations. This includes the fact that our accommodation arrangements continue to benefit from the VAT exemptions that apply to many buildings in the Canary Wharf area.
- 3.9 Overall, because of the accommodation move we have nearly halved our office footprint and released annual savings that equate to almost £0.8m a year. On top of this we have also successfully secured a cost neutral outcome for the costs of the move and the fit out of the new offices, through commercial negotiations, which meant the relocation did not need to be funded by registrant fees.
- 3.10 The financial savings made from the accommodation strategy represented one part of a wider modernisation/efficiency strategy that was focused on reducing costs and or changing the way we operate. The focus on delivering these savings has helped us freeze the fees for the past four years.
- 3.11 Whilst some respondents suggested the proposed fee increases are unfair on those who might work part time, low income or are on parental leave, we did explore the prospect of bringing in differential fees for individual fee registrants as part of our last fee review in 2021. At that time there was strong support from respondents to the consultation to retain a single fee structure for individual registrants and the rationale provided for that support (which can be found in Council papers ([here](#)) remains sound in our view.
- 3.12 Some registrants expressed their views that they don't benefit from the GPhC services. Our annual plan sets out the programmes of work that have been agreed by our Council as being necessary to drive improvements in our performance and to help enable the pharmacy profession to continue to contribute effectively in the rapidly developing healthcare environment.
- 3.13 The wide-ranging programmes of transformative work that are being undertaken include reforms to initial education and training; post-registration assurance of practice, and development of new standards following legislative change. This sits alongside our commitment to achieve all PSA standards, developing our intelligence-led approach to inspection with particular focus on online pharmacies; and significant developments in our communications activity to highlight issues and learn directly from others.

#### **4. Summary of changes to Fees Rules.**

- 4.1 Having considered the consultation response, we propose the following fee structure to come into force on the 1 April 2024:

- 7.5% increase to all fees for pharmacists, pharmacy technicians, registered premises and foundation training from April 2024 as set out in full in Appendix

## 5. Equality and diversity implications<sup>3</sup>

- 5.1 Our equality impact analysis work has been informed by our qualitative and quantitative analysis of response to the consultation and the available evidence relating to groups by protected characteristics.
- 5.2 The detailed analysis of the equality and diversity implications of the proposed changes were updated throughout the development of this work as any new aspects were identified.
- 5.3 The equality impact analysis as provided in **Appendix 2** is to help Council in their decision making regarding the proposals.

## 6. Communications

- 6.1 The consultation analysis and the final version of the 2023 fees rules will be published on our website and highlighted to the pharmacy media.
- 6.2 The fees will be set out clearly in the relevant communications with registrants, including on application and renewal forms.

## 7. Resource implications

- 7.1 We have a long lead in time before income increases from any fee change takes effect. The full impact of the current fee proposal if endorsed would not feed through until the 2025/26 financial year.
- 7.2 As part of our longer term planning, we will continue to review our approach to fee setting. This includes continuing to consider an approach to setting fees in advance for a multiyear period as previously consulted on. If inflation begins to settle back down to more manageable levels then this approach could help transition to more regular and incremental changes to fees.

## 8. Risk implications

- 8.1 Council's risk appetite around fees recognises the inherent conflict between fee proposals and stakeholder views. The current position reflects we have a medium risk appetite around the setting of fees and expenditure, and recognising an overly conservative approach to our financial management may result in an even greater risk materialising of not being able to afford to regulate in a way that is fit for purpose and therefore fails to protect patients and the public.
- 8.2 Not increasing the fees as recommended would result in needing to delay or stop important programmes of work that have previously been agreed by Council as set out in section 3.13.

## 9. Recommendations

- 9.1 Council are asked to:
  - Note the analysis of our consultation responses on the 2023 fee review (**Appendix 1**)
  - Note the equality impact assessment (**Appendix 2**)
  - Approve the proposed changes to fees summarised in section 4

- Make the General Pharmaceutical Council (Registration and Renewal Fees) (Amendment) Rules 2023 and authorise the corporate seal being applied to the rules (**Appendix 3**).

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General Pharmaceutical Council

09 November 2023