Annual report

Annual fitness to practise report
Annual accounts
2013–2014

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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This year we have made significant progress in developing as an organisation, moving beyond our initial ‘set-up’ phase and setting out how we want to work as a regulator.

During the year we have formed a clear view that we need to keep a focus on our core regulatory functions. But we also aim to support and encourage improvement in pharmacy, as the profession rises to the many challenges that rapidly changing medicines and modes of practice present.

At the heart of what we do is our desire to achieve the best results for patients and people who use pharmacy services – whether that’s in a supermarket, on the high street, online, or from pharmacy professionals working in hospitals and other healthcare settings.

A key achievement this year which has put these aims into practice has been to test and implement the prototype phase of our new approach to inspecting registered pharmacies.

Our new approach aims to support improvements in pharmacy performance, by providing a check on how well they meet our standards for registered pharmacies.

In developing the prototype, we spoke to patients and the public, pharmacy professionals and owners, and organisations representing all parts of the pharmacy profession.

Their views have been key in making sure that the new approach works on a practical level and achieves its core aims as well as possible. It’s been very heartening that people and organisations have given their time and effort to help shape this piece of work – working in this way has been very positive.

We continue to gather feedback and will continue working with the profession, patients and the public as we refine the prototype.

This year we have also spent time evaluating our internal processes and infrastructure, looking for ways to improve and meet our aims more efficiently.

We have worked hard across the organisation to look at the data and information we have available to us, and have established a ‘knowledge and insight function’ to help us understand how we can use this information in making our policy decisions.

Our fitness to practise (FtP) staff carried out a ‘lean’ review of their processes, working with external consultants to identify key issues and generate improvement ideas.

We have commissioned a new customer relationship management (CRM) system to manage the information we hold more effectively, and will be rolling this out at the beginning of 2015.
A group of pharmacy owners are currently testing a new website, myGPhC pharmacy, which will allow all pharmacy owners to renew their premises registration online, making the process simpler and easier to manage.

Having met our target for financial reserves, we have been able to leave registrant fees at their present levels for 2014. We will be using some of these reserves in the coming year to complete a range of projects, including infrastructure improvements like those mentioned above.

Looking to the future, we have an ambitious strategic plan, and for 2014–15 a corporate plan which sets out how we will deliver against these aims.

For example, we’ll be:

• carrying out a review of our core standards of conduct, ethics and performance, which all pharmacists and pharmacy technicians must meet to remain on the register

• developing a framework for making sure that pharmacists and pharmacy technicians on our register remain fit to practise and keep patients safe

• updating our website to make sure that it includes easily accessible information for patients and members of the public, based on their feedback.

In developing these plans, we have aimed to incorporate everything we have learnt from Robert Francis’s reports into the failures at Mid Staffordshire NHS Trust, and the related Keogh review and Berwick report.

There is also the current UK-wide programme to redefine the balance between the scope of medicines legislation and statutory pharmacy regulation. We want to make sure that our aims allow us to respond effectively to this work, as it progresses and we are able to better understand what challenges and opportunities this will involve.

All of this will rely on our working with others to make sure that we achieve our core aims as well as possible. We look forward to hearing your views and suggestions.
About us

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

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

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

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

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

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

• we are based in London but have staff working around Great Britain. At 31 March 2014, we had the equivalent of 173 full-time staff. We also had 288 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 in the ‘How we govern ourselves’ section

• our chief executive and registrar, Duncan Rudkin, is accountable to this governing council. Read more about these arrangements in the chief executive’s statement on internal control.

What we do

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

**education and training**

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

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

• setting and running the final assessment that candidates must pass before they can apply to be registered

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

**registering competent professionals**

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

**registering pharmacies**

a pharmacy has to be registered to use the title ‘pharmacy’

**setting and monitoring standards**

pharmacists and pharmacy technicians must meet our standards to stay registered

**inspecting pharmacies**

our inspectors check that pharmacies are meeting our standards

**taking action when our standards are not met**

these actions include suspending someone from working as a pharmacist or pharmacy technician for a set period or removing them from the register. If someone is taken off the register, they cannot apply to register again for at least five years.

You can find out more about us and how we work at: www.pharmacyregulation.org/about-us
Changes to...

Our council membership and chair
Nigel Clarke became chair of our governing council on 13 March 2014. He was appointed by the Privy Council following a rigorous selection process approved by the Professional Standards Authority.

He replaces Bob Nicholls, who was appointed as the GPhC’s first chair in June 2009. We would like to thank Mr Nicholls for his role in establishing the organisation and leading the council for five years.

The membership of our governing council changed in March 2014 when we filled five vacancies.

Three of these appointments – made after a robust selection process and confirmed by the Privy Council – are new to the council: Alan Kershaw, Evelyn McPhail and Digby Emson. Liz Kay and Sarah Brown were reappointed.

We would like to thank the outgoing council members: Gordon Dykes, Ray Jobling and Keith Wilson.

Our location
In March 2014 we confirmed that we will be moving to a new location. This will be the 26th floor and part of the 25th floor at 25 Canada Square, Canary Wharf, London. We will relocate to Canary Wharf in September 2014, when our lease on 129 Lambeth Road expires.

Relocating to 25 Canada Square will offer good-value accommodation which will meet our present and future needs.
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 which tells patients, members of the public, employers, pharmacists and pharmacy technicians, and others about who is registered. It also records any decisions we have made about whether they are safe to practise pharmacy.

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

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

Anyone who is not registered with us but practises as a pharmacist or pharmacy technician, or calls themselves one of these titles, is breaking the law and can be prosecuted.

You can search the online register for details of pharmacists, pharmacy technicians and pharmacies.

Registration fees frozen

Registration fees for pharmacists, pharmacy technicians and owners will be frozen for the second year running, still reflecting the 10 per cent reduction made in 2012.

Our governing council has agreed to leave fees at their present levels because our reserves target has been met and exceeded. The council will next consider changes to fees in February 2015, with any changes coming into force in October 2015.

Registration (and annual renewal) fees are £240 for pharmacists, £108 for pharmacy technicians and £221 for pharmacies.

The council also agreed to invest a further £4.1 million in a range of activities, including new IT infrastructure for example, which will enable us to deliver our strategic plan aims. This would take the GPhC into a deficit in 2014–2015, but we can meet this from our existing reserves.
Our register

2.96% increase

Pharmacists
As at 31 March 2014
48,815
2014

Pharmacists
As at 31 March 2013
47,407
2013

2.66% increase

Pharmacy technicians
As at 31 March 2014
22,406
2014

Pharmacy technicians
As at 31 March 2013
21,824
2013

0.85% increase

Pharmacy premises
As at 31 March 2014
14,306
2014

Pharmacy premises
As at 31 March 2013
14,186
2013
Our achievements in 2013–14

• standards for registered pharmacies: we have put the focus on improving pharmacy services by raising awareness of our standards for registered pharmacies and rolling out a new prototype inspection model

• applying the lessons from the Francis Inquiry: making sure there is a continued focus on patient care and compassion in pharmacy, following the Francis Inquiry and other key reports

• making further improvements in our operational performance, including fitness to practise procedures and our registration processes

• developing new learning outcomes for the initial education and training of pharmacists

• improving how equality and diversity are built into the way we operate.

Standards for registered pharmacies
We have put the focus on improving pharmacy services by raising awareness of our standards for registered pharmacies and rolling out a new prototype inspection model

We published new standards for registered pharmacies in 2012. These standards introduced a new and ambitious approach to standards-setting for pharmacies, with its focus on outcomes for patients rather than rules based on process and procedure. The standards were designed to encourage a more patient-centred approach and to support professional decision-making and improve accountability. They make clear the responsibility of the pharmacy owner and the pharmacy superintendent, and promote professional decision-making. These standards were developed following extensive consultation with patients and the public, pharmacy professionals, employers and others with an interest in pharmacy services.

Much of our focus in the last twelve months has been on developing a brand-new approach to the inspection of pharmacies. We launched a full prototype inspection model on 4 November 2013, following detailed testing. The new inspection model aims to encourage improvements in the performance of pharmacies by assessing how well they are meeting the standards, rather than simply considering compliance against a series of checklists or rules.

Pharmacy owners and the superintendents of company-owned pharmacies are accountable for making sure that the standards are met. However, when inspectors visit, the pharmacy team will be asked to show and tell them how they are safeguarding patients in practice.

As at 31 March 2014, 732 pharmacies have been inspected using the new approach as part of this prototype phase.

Find out more about the standards for registered pharmacies and the new inspection process by visiting our online resources guide.

We are continuing our consultations to help us keep improving the inspection model.

Patients and members of the public
We worked with our expert patient and public group to check that the way we propose to describe the performance of pharmacies against the standards makes sense to them.

Inspectors are using a series of labels to describe that performance – either ‘poor’, ‘satisfactory’, ‘good’ or ‘excellent’ – which we intend to use in inspection reports. These may change, and we also need to wait for the relevant legislation to take effect.

Our expert patients helped to refine the description of each of those labels, reflecting what safe and effective care meant to them.
Pharmacy professionals
Members of our professional sounding-boards from England, Scotland and Wales came together in London late last year to consider the results of our test inspections programme, and feedback from patients and stakeholders.

The sounding-boards are groups of pharmacists, superintendent pharmacists, and owners of registered pharmacies from across England, Scotland and Wales who have volunteered to help us develop our new approach to inspection.

At the joint meeting, they looked at the inspection labels and the operational tools which help our inspectors make decisions during an inspection.

They considered feedback from our expert patient group on the inspection labels, and looked in more detail at what the difference is between an ‘excellent’ pharmacy and a ‘good’ one. We repeated this exercise at our stakeholder meeting, and compared the feedback from the two groups.

Pharmacy stakeholders
We also brought together stakeholder organisations involved in pharmacy (such as other regulators, education and training providers, and professional pharmacy organisations) to consider how we could work together to raise awareness of the standards for registered pharmacies, and to tell them about progress on the development of the inspection prototype.

Stakeholders discussed the inspection labels (‘poor’, ‘satisfactory’, ‘good’, and ‘excellent’) and what the difference is between an ‘excellent’ pharmacy from a ‘good’ one.

Regulating large companies effectively
In December 2013, we put in place strategic relationship managers to allow us to work with and regulate more effectively the groups owning the largest number of pharmacies.

The strategic relationship managers – drawn from our existing team of inspectors – are working with these companies to monitor risks more effectively and proportionately through their corporate structure. This will allow us to deal with the common issues and trends we are identifying in individual pharmacy inspections, and bring about those improvements that are better and more quickly delivered through corporate actions.

Strategic relationship managers will be able to exchange information in a more structured, effective and regular way, in addition to inspections carried out in individual pharmacies owned by the company.

Continuing the prototype phase
The prototype phase is crucial in letting us gather feedback from pharmacies and pharmacy professionals, so that we can make sure the new approach achieves its core aims as well as possible.

We continue to listen to feedback from pharmacies and to respond to what we hear. We are also making sure we have the internal systems in place to make consistent and sound findings. When we are satisfied that the process is performing consistently, and delivering effective results, we will implement the model in full and will give plenty of advance warning before doing so.
Applying the lessons from the Francis Inquiry
Making sure there is a continued focus on patient care and compassion in pharmacy following the Francis Inquiry and other key reports

The report by Robert Francis QC into the care of patients at Mid Staffordshire NHS Foundation Trust, published in February 2013, was a sobering account of what happens when people delivering healthcare lose sight of fundamental standards of care and compassion.

All regulators, including the GPhC, have a moral duty to learn from major failings such as these. Although this particular report was focused on England, as a regulator with responsibility across the whole of Great Britain we have a part to play in helping everyone involved in commissioning, managing and delivering healthcare – whether they are organisations or individuals – to make sure all their attention is on what is best for patients.

To this end our initial response in April 2013 picked out six key themes to guide our future work. These themes are also reflected in our strategic plan for 2014–17 which we published in September 2013.

We looked carefully at all our regulatory functions to make sure these themes were built into the way we work every day. This exercise and our approach were considered at length by our council in September 2013 and some of the key points are set out below.

Putting patients at the heart of our standards
Our core standards of conduct, ethics and performance make clear the requirement to be open and honest with patients. We have taken part in a joint-regulator review about how we can help fulfil the aims of the requirement and whether the requirement can be strengthened. This will be built into the full review of the professional regulatory standards in 2014–15.

Our standards for registered pharmacies are a major step forward in requiring people delivering pharmaceutical care from registered pharmacies to provide evidence about how they have considered the needs of patients. In particular we have put a focus on professional decision-making and the need for a culture of openness, honesty and learning.

Improving the quality of advice to patients
In July 2013, we brought together more than 80 representatives from across the pharmacy industry, from trade and manufacturing bodies, as well as patients, to discuss current practices in medicines advice and how this area of pharmacy could be improved.

The event was organised to consider the results of a survey carried out by the consumer magazine Which?, and academic research on the subject. The issues raised by the survey highlight the need for the profession and the GPhC to work together to identify areas for improvement. We committed to carrying out follow-up work including initiatives to support local groups and organisations in running workshops based on toolkits developed following the event.

Francis report: key themes for pharmacy regulation

- enabling the voice of patients to be heard in pharmacy and in the regulation of pharmacy
- improving our own use of information and making information about pharmacy regulation more accessible and useful – both for patients and for everyone else with responsibilities in the system
- making sure we do all we can to promote frankness and honesty with patients and families on the part of both pharmacy owners and individual pharmacy professionals
- enabling people, including patients and people working within pharmacy, to raise concerns about safety and standards of care so that these can be fully and openly dealt with
- continuing to use regulation to support the development of an open and accountable culture in pharmacy, in which professionalism can flourish
- working with other organisations to stop things ‘falling between the cracks’.
Delegates discuss ideas to help improve medicines advice
**Sharing information with other healthcare bodies**

One of the key risks identified by the Francis Inquiry was of regulators and organisations failing to share information and communicate feedback on risks and events appropriately. We have agreed memoranda of understanding (MoUs) with other key organisations that have a role in inspecting pharmacies in England. This is just one part of our work to improve joint working. We are in discussions with regulatory bodies and other NHS organisations in Scotland and Wales to build on current good practice and to formalise existing arrangements through more MoUs.

The MoUs provide a framework for sharing relevant information and intelligence with different bodies. They will help make sure that pharmacy inspections carried out by us and others do not duplicate each other unnecessarily.

MoUs have been signed with:
- Care Quality Commission (CQC)
- Medicines and Healthcare Products Regulatory Agency (MHRA)
- NHS England
- NHS Protect.

We are working to agree similar MoUs with the Home Office Drugs Licensing and Compliance Unit and with Healthcare Improvement Scotland and Healthcare Inspectorate Wales.

**GPhC survey: inspections in registered pharmacies**

**Independent pharmacy owners and superintendents**

- **82% agreed**
  - Inspections are necessary to ensure the quality of pharmacy services

**Independent pharmacy owners and superintendents**

- **45% agreed**
  - Inspections by different bodies tend to duplicate each other

**Pharmacy owners and superintendents**

- **52% agreed**
  - Inspections have helped improve the services a pharmacy provides

**Pharmacy owners and superintendents**

- **66% too long**
  - Inspections take too much time

**Pharmacy owners and superintendents**

- **74% agreed**
  - Inspections take time from patient contact
Making further improvements in our operational performance, including fitness to practise procedures and our registration processes

**Fitness to practise improvements**
Despite a significant increase in the number of concerns being raised – a trend seen across most regulators – we have seen continuing progress as we work towards our target of closing 95% of cases within 12 months. We carried out a ‘lean’ review of our operational processes to ensure we identify opportunities to speed up our processes and improve the quality of decisions. We have now closed all 589 fitness to practise cases we inherited when we began operating in September 2010.

**Improving the registration assessment**
A key way we aim to protect patients and the public is to make sure that pharmacists and pharmacy technicians are suitably qualified when they apply for registration.

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How to become a pharmacist: [www.pharmacyregulation.org/education/pharmacist-education](http://www.pharmacyregulation.org/education/pharmacist-education)

How to become a pharmacy technician: [www.pharmacyregulation.org/education/pharmacy-technician](http://www.pharmacyregulation.org/education/pharmacy-technician)
One of the requirements you need to satisfy to become a pharmacist is passing the registration assessment (exam) which we hold in June and September each year. The exam is designed to make sure that only the candidates with the skills and knowledge to practise safely can join the register.

This year we carried out a review of the registration exam, looking at the content of the questions and how well they reflected up-to-date practice and the type of situations trainees will be faced with as registered professionals.

We found a number of ways to strengthen the content of the exam.

We recruited a wider group of practising pharmacists to write more ‘scenario-based’ questions (based on realistic situations). These aimed to reproduce more closely the decision-making skills pharmacists need every day, and to reflect good clinical practice.

The questions written by the group were put through a robust quality-assurance process. This was to make sure they worked consistently and that they covered all areas of the syllabus. We then added them to a ‘question bank’ which will be used to put together future registration exam papers.

We used questions from this bank for the first time in the June sitting, where 1,999 trainees achieved the pass mark.

What do the results tell us?
For the first time, the way candidates performed in the June assessment was analysed according to a range of different factors. These included the country where they trained, their ethnicity, and the sectors (hospital or community pharmacy, for example) where they trained.
By examining this data we have found some significant trends in the results – such as the difference in pass rates between different ethnic groups. We are planning work to investigate the reasons for these results and take action if necessary.
Developing new learning outcomes for the initial education and training of pharmacists

Health ministers in England, Scotland and Wales have all made clear the need to make sure pharmacists, pharmacy technicians and pharmacies are delivering a wider range of clinical services in new and different ways in the future. This is part of the wider public health challenge facing us, coupled with the reality of tightening budgets in the NHS for England, Scotland and Wales.

As part of bringing about this change, the GPhC has a duty to consider the educational requirements of the pharmacy professions and pharmacy team. In 2013–14 we reviewed the ‘learning outcomes standard’ – a critical part of our standards for the initial education and training of pharmacists. These are the standards against which we accredit providers of the MPharm degree. New, learning outcomes were produced and we will carry out a consultation on new standards for initial education and training of pharmacists in 2014–15. There will be a similar exercise for pharmacy technicians the following year.

Improving how equality and diversity are built into the way we operate

During 2013–14, we concentrated on building equality and diversity into the work that we do as a health professions regulator, a public service provider and an employer.

**Equality and diversity training for staff and committee members**

We have reviewed the training we provide for staff and statutory committee members, taking into account feedback from previous training and responses to a series of staff focus groups set up to monitor our progress in this area.

As a result of the review, we have developed a new training model concentrating on areas of particular relevance to the work of the GPhC, particularly governance.

**Using equality and diversity information**

*Fitness to Practise: equality and diversity* investigates the ‘protected characteristic’ of the ethnicity of registrants involved in fitness to practise cases.

This report, which contains descriptive statistics and does not draw any conclusions, is a first step in our work to understand the equality and diversity of registrants who are referred to fitness to practise compared to the equality and diversity of our register. We will examine the findings further in future work.

**Reasonable adjustments for the registration assessment**

The GPhC registration assessment assesses the knowledge, skills and competence of candidates to make sure that they will be safe to practise once registered as a pharmacist.

Candidates who would be at a disadvantage during the process of sitting the assessment because of health issues, disabilities, specific learning needs or other specific needs, for example, can apply for reasonable adjustments to make up for these.

To try to find out best practice, and to meet our duties as a Qualification Body under the Equality Act, we worked with the Business Disability Forum to develop an adjustments framework to support our adjustment decision-making process. To make sure that the process was fair and accessible we also updated adjustment request documents and guidance.
We make sure pharmacists and pharmacy technicians are suitably qualified when they apply for registration.
Looking to the future

Our corporate plan sets out in more detail how, in the coming year, we will build on our achievements of 2013–14. It shows how we will incorporate our strategic aims into our work under six main themes.

Here are some examples of how we will deliver these aims in 2014–15.

1 Being people/patient focused

Improving the way we engage with patients and the public
We are planning to create a patient hub on our website to help make sure patients are confident in using pharmacy care, to hear their views about what we do, and let patients share their experiences of pharmacy care to help improve it.

The hub will have the sort of information patients and members of the public find useful, based on what they have told us and what they need to know about their pharmacy experience.

The hub will help to make sure that patients feel informed, so they can get the most benefit from their dealings with pharmacies.

Information will be displayed in a user-friendly way, by using ‘infographics’ for example, and by clear directions to other useful parts of our website.

2 Proactive, proportionate and good-quality regulation

Developing continuing fitness to practise
During 2014–15 we will develop a framework for making sure that pharmacists and pharmacy technicians on our register remain fit to practise and to keep patients safe.

The framework will have three parts, which will look at competence and professionalism:
• peer review – a review of the registrants’ work carried out by a fellow professional at the same level
• continuing professional development (CPD) review – we will evaluate the present CPD scheme and introduce a modified version which fits with the new framework
• external performance indicators – we will develop external performance measures which will be specific to the type of work a registrant carries out. (These indicators will be ‘external’ in the sense that they will be decided partly by people receiving the service, rather than being set just by the particular registrant or us.)

We will work closely with patients and the public, stakeholders and the pharmacy profession to develop the new framework and make sure it works well.

3 Promoting professionalism

Reviewing our core standards
Our standards of conduct, ethics and performance, which every pharmacist and pharmacy technician must keep to, are due to be reviewed in 2014–15.

We are also planning to look at the standards we set for responsible pharmacists and superintendents.

These sets of standards need to work together to be most effective, so we will be beginning a wider project to look at these two sets of standards overall.

We will be asking patients and the public, stakeholders and the pharmacy profession to contribute to the review. Looking at all these standards and rules together means that these groups will be able to consider and give views on the whole picture, rather than having to look at each set of standards or rules individually.
4 Being accessible

Improving the way we resolve queries
Our customer contact centre handled up to 1700 calls a week in 2013–14.

We will update the contact centre call handling system as part of the improvements to our IT infrastructure. This will allow our call handlers to deal more effectively with calls and handle a broader range of enquiries.

We have updated the ‘raising concerns’ area of our website so that it’s simpler and easier to raise a concern online. We will continue to improve access to our website information and make it easier for people to find the information they need on the website. We will include user testing in this work.

5 Understanding our regulated community and patients’ needs

Our registrant survey
In autumn 2013 we commissioned NatCen Social Research to carry out a survey of registered pharmacy professionals.

All pharmacy technicians (21,672) and a large sample of pharmacists (30,040), as well as pharmacist prescribers, were invited to take part in the survey asking about their work, practice and responsibilities.

We published the results of the survey in April 2014, and we will use the findings in our work to improve the way pharmacy professionals and services are regulated. This will include developing new approaches to assuring the continuing fitness to practise of registrants and the quality of education and training.

6 An effective and efficient organisation

Our new location and new IT infrastructure
We will move to our new location in Canary Wharf by the end of September 2014. The new location includes a separate dedicated space for hearings to take place, which will help us to deal with cases and hearings more efficiently.

Ahead of the move, we have been commissioning and developing a new IT system which will allow us to better manage, secure and manipulate the data we hold. This will make processes such as renewal more straightforward. The work to develop and test the new system continues and we will look to implement the changes in our new location.
Dealing effectively with fitness to practise concerns is at the heart of our commitment to protecting patients and the public, and maintaining public confidence in pharmacists and pharmacy technicians.
**What is fitness to practise?**

We describe fitness to practise (FtP) as a person’s suitability to be on our register without restrictions. In practical terms, this means:

- maintaining appropriate standards of proficiency
- being of good health and good character, and
- following principles of good practice, as set out in our standards and guidance and other relevant best practice advice.

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

If you are concerned that a pharmacist or pharmacy technician registered with us is not fit to practise, you can report your concern to us.

**How concerns come to us**

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

**How concerns come to us**

- Members of the public
- Self-referrals
- Employers
- GPhC inspectors
- Police and other enforcement organisations
- Other healthcare professionals
- Other

Total cases = 840

**How concerns come to us**

- Members of the public
- Self-referrals
- Employers
- GPhC inspectors
- Police and other enforcement organisations
- Other healthcare professionals
- Other

Total cases = 1038
Increase in the number of concerns raised

There has been an overall increase of 24% (198 concerns) in 2013–14 from 2012–13.

We expect that the number of cases will continue to increase over the next year.

To help us meet our target of closing 95 per cent of cases within 12 months, we carried out a ‘lean’ review of our FtP process between April and July 2013. Around 30 staff involved in the case-handling process worked with outside specialists to identify the key issues, and to generate, group and prioritise improvement ideas into 15 projects.

We have begun work on over half of these projects – you can find out more about our progress in our report to our council.

How we deal with concerns

Concerns are first reviewed by one of our case workers, who makes a recommendation on what should happen next. This review may result in a case being closed at this point because it is not within our jurisdiction to deal with it.

If the case is within our jurisdiction, the recommendation made by the case worker may include referring the matter to an investigating committee (IC), which meets in private.

That investigating committee may take a decision in its own right to go no further; or to issue a warning or letter of advice; or to refer the case to a fitness to practise committee (FtPC) for a hearing. Hearings are conducted by an independent panel, usually made up of three members.

The registrar has powers to refer cases directly to the fitness to practise committee in certain circumstances. And we can ask for ‘interim orders’, where registration can be suspended or conditions imposed on someone’s pharmacy practice, while a matter is being investigated.
Dealing efficiently with concerns
Between 1 April 2013 and 31 March 2014

Average closure time for cases has reduced from:
- 5.35 months in 2012–13
- to 4.82 months in 2013–14

Average age has reduced from:
- 9.47 months in 2012–13
- to 9.34 months in 2013–14

Of the cases we closed in 2013–14:
- 83% were closed within our 12 month KPI.
- In 2013–14 this figure was 85%

This might happen, for instance, in a case where a registered pharmacy professional is being investigated by the police for a serious offence, or if there is a serious continuing risk to patient safety.

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

In September 2010 we inherited 589 open cases from the previous regulator. These cases are all now closed.

How do I find out what is happening?
Fitness to practise committee hearings are usually held in public at our offices - and members of the public are welcome to attend.

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

Find out about upcoming hearings: [www.pharmacyregulation.org/raising-concerns/hearings/hearings-schedule](http://www.pharmacyregulation.org/raising-concerns/hearings/hearings-schedule)

Find out about decisions the fitness to practise committee have made: [www.pharmacyregulation.org/search/search_decisions](http://www.pharmacyregulation.org/search/search_decisions)
Our reporting requirements

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

We have to publish:

- an annual report on how we have carried out our functions, which includes a description of the arrangements we have to make sure we follow good practice in relation to equality and diversity
- a statistical report which shows the efficiency and effectiveness of the arrangements in place to protect members of the public from registrants whose fitness to practise is impaired. The report includes a description of the arrangements and the council’s observations on the report
- annual accounts, in a form set by the Privy Council
- our external auditors’ report on our accounts.

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 meet this determination.

As a body funded by registrants’ fees and independent of government, we are not covered by the Treasury guidance on Managing Public Money. But we want to follow best practice in both the transparency of our actions and in communicating with members of the public, who are our main 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). This covers 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 30). Information about the GPhC’s governance follows.
How we govern ourselves

The council is the GPhC’s governing body. It sets the strategic direction and objectives for the organisation, in line with its statutory purpose. It also monitors the organisation’s performance and holds the executive team to account, as well as making sure the organisation’s financial affairs are conducted properly and safeguarding the organisation’s assets.

The GPhC’s council has 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.

Six council members, including the chair, were appointed in March 2014 by an open competition appointments campaign. The process was scrutinised by the Professional Standards Authority to make sure it kept to the four principles of merit, fairness, transparency and openness, and inspiring confidence.

The selection panel for the appointment of the chair was: Olivia Grant (panel chair), Suzanne McCarthy (chair of another regulator), Stuart Johnstone (Scottish registrant member) and Radhika Seth (independent assessor).

The selection panel for the five council members was: Olivia Grant (panel chair), Nigel Clarke (as chair designate of GPhC), Stuart Johnstone (Scottish registrant member) and Radhika Seth (independent assessor).

The council has agreed a structure of pay and expenses for its members that reflects the Nolan standards of public life, and avoids features that would undermine good governance.

**Council development**

The council is committed to the annual appraisal of its members and of its own performance as a governing body. Council members are appraised by the chair of council each summer and the chair receives feedback from an external consultant following a 360-degree appraisal process. The council considers its performance as a governing body each spring.
### Council members’ pay and expenses April 2013–March 2014

<table>
<thead>
<tr>
<th>Name</th>
<th>Registrant or lay member</th>
<th>Pay £</th>
<th>Total expenses £</th>
<th>Attendance</th>
<th>Committee meetings held/attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bob Nicholls³</td>
<td>Lay</td>
<td>48000</td>
<td>6188</td>
<td>5/5</td>
<td>RemC 3/4</td>
</tr>
<tr>
<td>Nigel Clarke⁴</td>
<td>Lay</td>
<td>2394</td>
<td>17</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Alan Kershaw⁵</td>
<td>Lay</td>
<td>598</td>
<td>0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Berwyn Owen</td>
<td>Pharmacist</td>
<td>12000</td>
<td>2423</td>
<td>5/5</td>
<td>-</td>
</tr>
<tr>
<td>David Prince⁶</td>
<td>Lay</td>
<td>14000</td>
<td>533</td>
<td>4/5</td>
<td>A&amp;RC 3/3</td>
</tr>
<tr>
<td>Digby Emson⁵</td>
<td>Pharmacist</td>
<td>598</td>
<td>116</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Evelyn McPhail⁵</td>
<td>Pharmacist</td>
<td>506</td>
<td>945</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gordon Dykes⁷</td>
<td>Pharmacist</td>
<td>11460</td>
<td>6440</td>
<td>4/5</td>
<td>RemC 4/4</td>
</tr>
<tr>
<td>Judy Worthington</td>
<td>Lay</td>
<td>12000</td>
<td>2484</td>
<td>5/5</td>
<td>A&amp;RC 2/3</td>
</tr>
<tr>
<td>Keith Wilson⁷</td>
<td>Pharmacist</td>
<td>11368</td>
<td>720</td>
<td>3/5</td>
<td>-</td>
</tr>
<tr>
<td>Liz Kay⁸</td>
<td>Pharmacist</td>
<td>14000</td>
<td>2830</td>
<td>5/5</td>
<td>RemC 4/4</td>
</tr>
<tr>
<td>Mary Elford</td>
<td>Lay</td>
<td>12000</td>
<td>767</td>
<td>4½ /5</td>
<td>RemC 4/4</td>
</tr>
<tr>
<td>Mohammed Hussain</td>
<td>Pharmacist</td>
<td>12000</td>
<td>3277</td>
<td>5/5</td>
<td>A&amp;RC 3/3</td>
</tr>
<tr>
<td>Ray Jobling⁷</td>
<td>Lay</td>
<td>11368</td>
<td>1230</td>
<td>5/5</td>
<td>-</td>
</tr>
<tr>
<td>Samantha Quaye</td>
<td>Pharmacy Technician</td>
<td>12000</td>
<td>423</td>
<td>4/5</td>
<td>-</td>
</tr>
<tr>
<td>Sarah Brown</td>
<td>Lay</td>
<td>12000</td>
<td>281</td>
<td>5/5</td>
<td>-</td>
</tr>
<tr>
<td>Soraya Dhillon</td>
<td>Pharmacist</td>
<td>12000</td>
<td>565</td>
<td>5/5</td>
<td>A&amp;RC 3/3</td>
</tr>
<tr>
<td>Tina Funnell</td>
<td>Lay</td>
<td>12000</td>
<td>2616</td>
<td>5/5</td>
<td>-</td>
</tr>
</tbody>
</table>

**Key**

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

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¹ Council members’ pay is given as a gross figure. Expenses for council members are covered by a PAYE Settlement Agreement with HM Revenue & Customs  
² The attendance figures cover only formal meetings of the council and committees. All council members must take part in other events such as strategy days, informal workshops, stakeholder meetings and task groups, for which they receive no additional payment  
³ Chair of council until 12 March 2014  
⁴ Chair of council from 13 March 2014  
⁵ Term of appointment began in March 2014  
⁶ Includes £2,000 for chairing the audit and risk committee  
⁷ Term of appointment ended in March 2014  
⁸ Includes £2,000 for chairing 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 about 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 about registration and education matters.

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

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

The committee is made up of four council members including the chair, David Prince (from 1 April 2013). The committee also has an independent member, Hilary Daniels.

The audit and risk committee met three times in the year: in May 2013, October 2013 and February 2014. The committee continues to focus 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 been used as part of the council’s scrutiny of the chief executive and registrar’s reports on risk management.

During the year, the committee reviewed the executive team’s proposals for revising the risk management arrangements. These centred on the introduction of a strategic risk register focused on the principal risks facing the organisation.

The committee received updates on progress against the information security work plan at its meetings throughout the year and ensured that the actions met the requirements identified in the internal audit report.

The committee also received a report on the progress of the GPhC’s IT projects, and assurance from the executive team on the planning and delivery of those projects and that there were suitable arrangements in place for disaster recovery.

Remuneration committee
The remuneration committee has delegated power to approve or reject the pay framework for GPhC employees and the packages for the chief executive and directors. It also advises the council on pay for council members and certain other non-employee groups. The committee is made up of four council members including the chair, Liz Kay, and an independent member, Paul Hart.

The committee met four times in the year: April 2013, June 2013, October 2013 and February 2014. Over the year the committee reviewed the pay for employees, associate groups (that is, members of statutory committees set up under the legislation), members of the council and non-statutory committee members. It also reviewed the staff benefits and expenses policies.

The committee’s other work in this area focused on:
• organisational capacity and capability in relation to the strategic plan
• pensions and auto-enrolment
• preparation for relocation.

The committee also began the process of simplifying the associate pay structure and removing anomalies that had developed over time.
Appointments committee
This committee is responsible for selecting and appointing 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. It also has an independent chair, Elizabeth Filkin. This is an important part of making sure there is 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 four directorates. During the year there was a restructure of the (previously three) directorates. The new directorates are:

- **Inspection and Fitness to Practise**
  Claire Bryce-Smith, director

- **Resources and Customer Service**
  Bernard Kelly, director

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

- **Knowledge and Insight**
  Gary Richardson, interim director

You can find more information on our website: [www.pharmacyregulation.org/about-us/who-we-are/organisation](http://www.pharmacyregulation.org/about-us/who-we-are/organisation)

Accounting requirements
The GPhC must, under the Pharmacy Order 2010, prepare annual accounts in a form set by the Privy Council. We must prepare accounts for each year in keeping with UK accounting principles and the disclosure requirements prescribed in the United Kingdom Generally Accepted Accounting Practices (GAAP). The accounts must be prepared so they 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.

Number and types of complaints
We received 132 complaints about our services in 2013–14 (126 in 2012–13). Some complaints were about more than one issue so we have set them out in the table on the top of the next page according to the main theme of the complaint.

How we meet freedom of information and data protection legislation
Under the Freedom of Information Act 2000, anyone can access GPhC records. Information on how to do this is on our website: [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 meet our statutory requirements, we may share personal data with organisations with a legitimate interest. But we will only do this 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 the information-sharing agreements we have with other organisations, on our website: [www.pharmacyregulation.org/privacy-policy](http://www.pharmacyregulation.org/privacy-policy)
As part of our commitment to information security we are continuing our project to meet ISO 27001, the international standard for information security. The project will provide assurance on our systems and process for the storage, use and management of the information we hold.

In May 2013, the GPhC suffered an information security breach. Against established procedures, the additional personal details of several witnesses in fitness to practise proceedings were not redacted (removed) from the case file sent to the registrant under investigation and their legal representatives. The matter was immediately reported to the Information Commissioner and an external review commissioned. Its findings have been implemented and the Information Commissioner’s Office has confirmed that it is taking no enforcement action.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of communication/information</td>
<td>45</td>
<td>59</td>
<td>30</td>
</tr>
<tr>
<td>GPhC policy/process</td>
<td>72</td>
<td>41</td>
<td>29</td>
</tr>
<tr>
<td>Accuracy of recorded information</td>
<td>2</td>
<td>19</td>
<td>13</td>
</tr>
<tr>
<td>Delays</td>
<td>10</td>
<td>19</td>
<td>15</td>
</tr>
<tr>
<td>Complaints handling (that is, complaints about registrants)</td>
<td>5</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>Outcome of a complaint/GPhC decision</td>
<td>11</td>
<td>11</td>
<td>7</td>
</tr>
<tr>
<td>Fees</td>
<td>14</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Loss of information/documentation</td>
<td>7</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Staff conduct</td>
<td>16</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Equality and diversity</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Information security</td>
<td>1</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>2</td>
<td>13</td>
</tr>
<tr>
<td>Registration assessment</td>
<td>116</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Failure to respond</td>
<td>7</td>
<td>0</td>
<td>11</td>
</tr>
<tr>
<td>GPhC standards</td>
<td>6</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>318</strong></td>
<td><strong>185</strong></td>
<td><strong>132</strong></td>
</tr>
</tbody>
</table>
Statement on internal control
by the chief executive and registrar

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

The purpose of the internal control system
The system of internal control is designed to manage risk to a reasonable level, not to eliminate all risk. It can therefore provide a reasonable but not absolute assurance. The GPhC’s internal control system has arrangements built in for identifying, assessing and managing risks to our 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 make the most of opportunities.

I report to the council on risk management within the GPhC through a regular strategic review of risk, using the audit and risk committee’s most recent review of risk management. The process aims to build risk management into every level of the organisation.

This year we reviewed the GPhC’s arrangements for considering the principal risks that could affect the achievement of the strategic plan and objectives.

This review and the initial strategic risk register were scrutinised by the audit and risk committee before being considered and adopted by the council. The council has agreed to publish each strategic risk register one year after the year it applies to. A summary of the register will be published in the 2014–15 statement of internal control and each year after that.

The organisation’s approach to business planning was developed during the year. The changes to the process will in future assure the council on how individual work streams and projects contribute to the achievement of the strategic plan and objectives.

We have a programme of internal audits, 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.

The business analysis resource continues to support the organisation in reviewing its processes and identifying areas for potential improvement. Work was done during the year to:

• prepare for the move to a new customer relationship management system in 2015, reducing our reliance on systems we inherited
• improve information security and meet ISO 27001 (an international standard for information security).

We carried out a ‘lean’ review of our whole fitness to practise processes, which allowed us to draw up an improvement and development programme.
Review of effectiveness

As chief executive and registrar, I am responsible for reviewing the effectiveness of the system of internal control. My review is partly based on the work of the internal auditors and 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:

- inspection process
- register data integrity
- human resources
- corporate governance
- fitness to practise: scheduling and hearing
- business continuity
- corporate and business planning
- IT project and programme management
- core financial controls.

Based on the internal audit reports listed above, our internal auditors have assessed the GPhC’s systems of governance, risk management and internal control and are of the opinion that they give a sufficient level of assurance.

The audit and risk committee and the executive team received eight substantial assurance reports. The exception was for register data integrity where a limited overall assurance opinion was given. Management actions have been taken or are in hand to implement recommendations arising from the audits. However, some will rely on the implementation of new IT systems scheduled for 2015.

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

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

- the GPhC’s arrangements for governance and control processes have been adequate and effective generally, except in a specific area 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 has been developed so that it continues to be an integral part of the organisation’s ways of working.

Duncan Rudkin
Chief executive and registrar
12 June 2014
Financial statements
for the year ended 31 March 2014

Key figures and legal and professional advisors

Council members
Bob Nicholls (chair)¹
Nigel Clarke (chair)²
Sarah Brown
Soraya Dhillon
Gordon Dykes¹
Mary Elford
Digby Emson²
Tina Funnell
Mohammed Hussain
Ray Jobling¹
Liz Kay
Alan Kershaw²
Evelyn McPhail²
Berwyn Owen
David Prince
Samantha Quaye
Keith Wilson¹
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

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

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

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

¹ Retired 12 March 2014
² Appointed 13 March 2014
The council presents its annual audited statements of the General Pharmaceutical Council (GPhC) for the year ended 31 March 2014.

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.

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

GPhC committees
The Pharmacy Order 2010 makes provision for three statutory committees: investigation, 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 David Prince, the committee also has an independent member, Hilary Daniels.

The audit and risk committee met three times in the year: in May 2013, October 2013 and January 2014.

Internal audits on the following issues have been carried out, and reviewed by the committee during the financial year: core financial controls, corporate and business planning, corporate governance, human resources and register data integrity.

The risk register is produced and monitored by the chief executive. At each committee meeting the risk register is reviewed.

The role of internal audit at the GPhC is an extremely important one and forms part of our risk management strategy. In the 2012–13 financial year a total of 90 days of audit were carried out by our internal auditors. In the 2013–14 financial year there were 86 days of work. The Audit and Risk Committee has agreed a total of 90 days of audit for the 2014–15 financial year.

The remuneration committee met three times in the year: April 2013, September 2013 and March 2014. Chaired by Liz Kay, the committee provides advice to the council on pay 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 pay framework for employees and the packages for the chief executive and registrar, and directors. The committee also has an independent member, Paul Hart.

Over the year the committee reviewed the pay for staff, members of council, and the statutory committees and associate groups set up under the legislation. It also reviewed the pay policy for council members and non-statutory committees, and the staff benefits and expenses policies.

The appointments committee is responsible for selecting and appointing 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. It also has an independent chair, Elizabeth Filkin. This is an important part of making sure there is a proper separation of functions between the council and the statutory committees.

Review of business activities
The year to 31 March 2014 was our third full year of operations. We continued developing the organisation, in terms of both human and operational resources, so that we can enhance the safety of people who use pharmacy services.
Income

Our total income for the year 2013-14 was £20 million (2012-13: £20.9m). This was the first full year to carry the impact of the 10% reduction in fees that came into effect in October 2012. Our income was mainly made up of:

- £12.3m from the 48,815 pharmacists on the register (2012-13: £12.7m income from 47,407 pharmacists)
- 2.6m from the 22,406 pharmacy technicians on the register (2012-13: £2.8m from 21,284 pharmacy technicians), and
- £3.5m from the 14,306 registered pharmacies on the register (2012-13: £3.5m from 14,186 registered pharmacies).

These figures include annual renewal fees, and initial registration and application fees.

Not all registration fees received during the financial year from pharmacists, pharmacy technicians and premises are included in this. They are shown in the accounts over the length of the registration year, with the balance shown on the balance sheet as deferred income.

Income from registration fees is recognised over the period to which the fee relates. The balance of fees paid in advance of the relevant period are shown on the balance sheet as deferred income.

Department of Health grant-income of £0.4m funded some of the exceptional non-recurring costs the GPhC incurred. These included accommodation, IT, organisational development and the consultation on modernising the regulation of registered pharmacies.

Income received from the pre-registration assessment exam and the pre-registration year was £1m (2012–13: £0.9m). A total of 3,341 students took the exams, in June and September 2013 (2012: 2,938).

Expenditure

During the year to 31 March 2014 GPhC continued to develop its resources. Staffing numbers increased by 10% and we made greater use of external support services in preparing cases for submission to fitness to practise hearings, in IT developments and in developing our future accommodation requirements. Please see Note 3 for more details of our expenditure.

Good progress has been made in clearing the cases we inherited from the previous regulator. At the date of this report, all outstanding cases inherited from the previous regulator have been closed.

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.

Under the Pharmacy Order 2010, council members must prepare financial statements for each financial year. Under that law, the Privy Council has directed the GPhC 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 the surplus or deficit of the GPhC for that period. In preparing these financial statements, the council members must:

- 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, and disclose and explain any material departures from these in the financial statements
- prepare the financial statements on a ‘going-concern’ basis unless it is inappropriate to assume that the GPhC will continue its activities.
Council members are responsible for keeping adequate accounting records. These must be adequate to show and explain the GPhC’s transactions, and disclose with reasonable accuracy – at any time – the financial position of the GPhC. They must enable the council to ensure that the financial statements keep to the Pharmacy Order 2010. Council members are also responsible for safeguarding the assets of the GPhC and therefore for taking reasonable steps to prevent and detect fraud and other irregularities.

As far as each council member is aware:

- there is no relevant audit information of which the GPhC’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 reappointed Grant Thornton UK LLP as its auditors.

By the order of the council

Nigel Clarke  
Chair  
12 June 2014
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 2014 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 members, 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 33, council members are responsible for the preparation of financial statements which 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council’s website at www.frc.org.uk/apb/scope/private.cfm

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 2014, and of its surplus for the year then ended 31 March 2014; in accordance with United Kingdom Generally Accepted Accounting Practice.

Grant Thornton UK LLP
Statutory auditor
London NW1 2EP
12 June 2014
## Income and expenditure statement

for the year ending 31 March 2014

<table>
<thead>
<tr>
<th></th>
<th>Note</th>
<th>2014 £000</th>
<th>2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>2</td>
<td>20,013</td>
<td>20,905</td>
</tr>
<tr>
<td>Expenditure</td>
<td>3</td>
<td>(19,151)</td>
<td>(16,278)</td>
</tr>
<tr>
<td><strong>Operating surplus</strong></td>
<td></td>
<td>862</td>
<td>4,627</td>
</tr>
<tr>
<td>Interest receivable and similar income</td>
<td>4</td>
<td>364</td>
<td>214</td>
</tr>
<tr>
<td><strong>Surplus on ordinary activities before taxation</strong></td>
<td>5</td>
<td>1,226</td>
<td>4,841</td>
</tr>
<tr>
<td>Taxation</td>
<td>6</td>
<td>(74)</td>
<td>(44)</td>
</tr>
<tr>
<td><strong>Surplus on ordinary activities after taxation</strong></td>
<td></td>
<td>1,152</td>
<td>4,797</td>
</tr>
</tbody>
</table>

### Reconciliation of funds

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>14,642</th>
<th>9,845</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total funds brought forward</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated fund as at 31 March</td>
<td></td>
<td>15,794</td>
<td>14,642</td>
</tr>
</tbody>
</table>

All activities of the GPhC are continuing.

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

as at 31 March 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2014</th>
<th>2013</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible assets</td>
<td>7</td>
<td>727</td>
<td></td>
<td>206</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>8</td>
<td>1,113</td>
<td></td>
<td>1,073</td>
</tr>
<tr>
<td>Bank and cash</td>
<td>9</td>
<td>29,667</td>
<td></td>
<td>28,855</td>
</tr>
<tr>
<td></td>
<td></td>
<td>30,780</td>
<td></td>
<td>29,928</td>
</tr>
<tr>
<td><strong>Creditors: amounts falling due within one year</strong></td>
<td>10</td>
<td>(15,713)</td>
<td></td>
<td>(15,492)</td>
</tr>
<tr>
<td><strong>Net current assets</strong></td>
<td></td>
<td>15,067</td>
<td></td>
<td>14,436</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td></td>
<td>15,794</td>
<td></td>
<td>14,642</td>
</tr>
<tr>
<td><strong>Funds employed</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated fund brought forward</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus for the year</td>
<td></td>
<td>14,642</td>
<td></td>
<td>9,845</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,152</td>
<td></td>
<td>4,797</td>
</tr>
<tr>
<td><strong>Total funds employed</strong></td>
<td></td>
<td>15,794</td>
<td></td>
<td>14,642</td>
</tr>
</tbody>
</table>

The financial statements on pages 37 to 48 were approved and signed on behalf of the council on 12 June 2014 by:

Nigel Clarke
Chair
12 June 2014
## Cash flow statement
for the year ended 31 March 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash inflow from operating activities</td>
<td>12</td>
<td>1,219</td>
</tr>
<tr>
<td><strong>Return on investments and servicing of finance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and other similar income received</td>
<td></td>
<td>364</td>
</tr>
<tr>
<td><strong>Taxation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK corporation tax paid</td>
<td></td>
<td>(43)</td>
</tr>
<tr>
<td><strong>Capital expenditure and financial investment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of tangible fixed assets</td>
<td>(728)</td>
<td>(170)</td>
</tr>
<tr>
<td>Increase in cash for the period</td>
<td>812</td>
<td>3,486</td>
</tr>
<tr>
<td><strong>Reconciliation of net cash flow to movement in net funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in cash for the period</td>
<td></td>
<td>812</td>
</tr>
<tr>
<td>Net cash funds as at 1 April</td>
<td></td>
<td>28,855</td>
</tr>
<tr>
<td><strong>Net cash funds as at 31 March</strong></td>
<td></td>
<td>29,667</td>
</tr>
</tbody>
</table>
Notes to the financial statements
for the year ended 31 March 2014

1. Accounting policies
We have prepared the accounts under the historical cost convention, in line with applicable accounting standards issued or adopted by the Accounting Standards Board. The accounts have been prepared on a going-concern basis.

a) Format of the accounts
We have to prepare annual accounts in a form set by the Privy Council. The Privy Council must then 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 two leasehold buildings: one in Albert Embankment, whose lease will terminate on 7 November 2014 and the other in Lambeth Road, which will expire on 26 September 2014.

When the GPhC took responsibility for all regulation, all assets that were in use by the staff who transferred in also transferred to the GPhC on 27 September 2010. These assets were mainly IT equipment and were transferred over at zero value. The largest asset transferred was a server which, if it needed to be replaced, would cost up to £125,000. During the year £559,000 has been invested on new IT equipment and software. The IT infrastructure of the GPhC has been outsourced to Advanced 365 Ltd. Further investment will be needed over the next 18 months as we look to replace the ‘legacy’ systems we inherited.

The principal useful economic lives of assets are as follows:

- short leasehold property – length of the lease
- office furniture – five years
- computer software – five years
- computer hardware (excluding PCs and laptops) – three years
- PCs and laptops – one year.

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

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

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

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

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

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

ii) Accounting valuation
A valuation of the scheme liability, as it stands at the end of the reporting period, is carried out every year by the scheme actuary 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 about the composition of the scheme membership are updated to allow the scheme liability to be valued.

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

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) resource account published each year. You can see these accounts on the NHS Pensions website, or get copies from The Stationery Office.

iii) Scheme provisions
The scheme is a ‘final-salary’ scheme. Annual pensions are normally based on:
- 1/80th (for members in the 1985 scheme), or
- 1/60th (for members in the 1998 scheme)
of the average of the best three years in the last 10 years of pensionable pay, for each year of service.

A lump sum, normally equal to three years’ pension, is payable on retirement for members in the 1995 scheme, and 25% of their pension ‘pot’ in the 2008 scheme. Yearly increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971. These are based on changes in consumer prices in the 12 months ending 30 September of the previous calendar year.
A death gratuity is payable for members who die in service or shortly after retirement. This is twice the final year’s pensionable pay for death in service. For members who die after retirement it is five times their annual pension, less any pension already paid (up to a limit of twice the member’s final year’s pensionable pay), less their retirement lump sum.

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

Members can buy additional service in the NHS Scheme and contribute to money-purchase ‘additional voluntary contributions’ run by the scheme’s approved providers or by other free-standing additional voluntary contributions (FSAVC) providers.

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

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

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmacists</td>
<td>12,298</td>
<td>12,707</td>
</tr>
<tr>
<td>Premises</td>
<td>3,460</td>
<td>3,519</td>
</tr>
<tr>
<td>Pharmacy technicians</td>
<td>2,614</td>
<td>2,817</td>
</tr>
<tr>
<td>Pre-registration</td>
<td>1,024</td>
<td>951</td>
</tr>
<tr>
<td>Grant income</td>
<td>345</td>
<td>563</td>
</tr>
<tr>
<td>Other income</td>
<td>272</td>
<td>348</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td><strong>20,013</strong></td>
<td><strong>20,905</strong></td>
</tr>
</tbody>
</table>

### 3. Expenditure

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief executive and registrar</td>
<td>1,286</td>
<td>1,158</td>
</tr>
<tr>
<td>Policy and Communications</td>
<td>2,289</td>
<td>1,948</td>
</tr>
<tr>
<td>Education and Continuing Professional Development</td>
<td>1,759</td>
<td>1,428</td>
</tr>
<tr>
<td>Investigation and Case Management</td>
<td>2,267</td>
<td>1,881</td>
</tr>
<tr>
<td>Inspection</td>
<td>2,392</td>
<td>2,056</td>
</tr>
<tr>
<td>Hearings</td>
<td>1,390</td>
<td>1,327</td>
</tr>
<tr>
<td>Customer Services (including registration)</td>
<td>1,899</td>
<td>1,585</td>
</tr>
<tr>
<td>Resources and Corporate Development</td>
<td>4,913</td>
<td>4,283</td>
</tr>
<tr>
<td>Council and governance</td>
<td>799</td>
<td>769</td>
</tr>
<tr>
<td>Provision against tax and national insurance</td>
<td>157</td>
<td>(157)</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td><strong>19,151</strong></td>
<td><strong>16,278</strong></td>
</tr>
</tbody>
</table>
Employee costs

Employee costs were made up as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014 £000</th>
<th>2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>6,940</td>
<td>6,172</td>
</tr>
<tr>
<td>Employer’s National Insurance</td>
<td>663</td>
<td>604</td>
</tr>
<tr>
<td>Pension costs</td>
<td>594</td>
<td>510</td>
</tr>
<tr>
<td></td>
<td><strong>8,197</strong></td>
<td><strong>7,286</strong></td>
</tr>
</tbody>
</table>

As at 31 March 2014 the number of staff employed by the GPhC was 180 (163 at 31 March 2013). The average number of staff employed during the year ended 31 March 2014 was 177 (158 for the year ended 31 March 2013).

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

<table>
<thead>
<tr>
<th>Range</th>
<th>2014 Number of individuals</th>
<th>2013 Number of individuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>£50,001 - £80,000</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>£80,001 - £100,000</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>£100,001 - £120,000</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>£120,001 - £140,000</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>£140,001 - £160,000</td>
<td>1</td>
<td>-</td>
</tr>
</tbody>
</table>

Council members’ pay and expenses

<table>
<thead>
<tr>
<th></th>
<th>2014 £000</th>
<th>2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total pay, council members</td>
<td>210</td>
<td>208</td>
</tr>
<tr>
<td>Total expenses paid to council members</td>
<td>32</td>
<td>33</td>
</tr>
<tr>
<td></td>
<td><strong>242</strong></td>
<td><strong>241</strong></td>
</tr>
</tbody>
</table>
4. Interest receivable and similar income

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest receivable</td>
<td>£364</td>
<td>£214</td>
</tr>
<tr>
<td></td>
<td>364</td>
<td>214</td>
</tr>
</tbody>
</table>

5. Surplus on ordinary activities before taxation
This is stated after charging:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor vehicles: operating lease rentals</td>
<td>£143</td>
<td>£125</td>
</tr>
<tr>
<td>Depreciation of tangible fixed assets</td>
<td>£207</td>
<td>£120</td>
</tr>
<tr>
<td>Auditors’ fees: for audit services</td>
<td>£25</td>
<td>£24</td>
</tr>
<tr>
<td></td>
<td>375</td>
<td>269</td>
</tr>
</tbody>
</table>

6. Taxation

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK corporation tax at 20% (2012: 20%) in the year</td>
<td>£75</td>
<td>£44</td>
</tr>
<tr>
<td>(Over) provision in respect of prior year</td>
<td>(1)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>74</td>
<td>44</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Leasehold</th>
<th>Office equipment</th>
<th>Assets under construction</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td></td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at 1 April 2013</td>
<td>135</td>
<td>275</td>
<td>-</td>
<td>410</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>202</td>
<td>526</td>
<td>728</td>
</tr>
<tr>
<td><strong>As at 31 March 2014</strong></td>
<td>135</td>
<td>477</td>
<td>526</td>
<td>1,138</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at 1 April 2013</td>
<td>81</td>
<td>123</td>
<td>-</td>
<td>204</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>41</td>
<td>166</td>
<td></td>
<td>207</td>
</tr>
<tr>
<td><strong>As at 31 March 2014</strong></td>
<td>122</td>
<td>289</td>
<td>-</td>
<td>411</td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at 31 March 2014</td>
<td>13</td>
<td>188</td>
<td>526</td>
<td>727</td>
</tr>
<tr>
<td>As at 31 March 2013</td>
<td>54</td>
<td>152</td>
<td>-</td>
<td>206</td>
</tr>
</tbody>
</table>

### 8. Debtors

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trade debtors</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Registrant direct debits to be collected</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other debtors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepayments and accrued income</td>
<td>842</td>
<td>614</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,113</td>
<td>1,073</td>
</tr>
</tbody>
</table>
9. Bank and cash

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Current accounts</td>
<td>293</td>
<td>23</td>
</tr>
<tr>
<td>Deposit accounts</td>
<td>29,374</td>
<td>28,832</td>
</tr>
<tr>
<td></td>
<td>29,667</td>
<td>28,855</td>
</tr>
</tbody>
</table>

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

10. Creditors: amounts falling due within one year

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Trade creditors</td>
<td>823</td>
<td>584</td>
</tr>
<tr>
<td>Corporation tax</td>
<td>75</td>
<td>44</td>
</tr>
<tr>
<td>Other taxes and HMRC</td>
<td>200</td>
<td>198</td>
</tr>
<tr>
<td>Other creditors</td>
<td>1</td>
<td>56</td>
</tr>
<tr>
<td>Accruals</td>
<td>746</td>
<td>512</td>
</tr>
<tr>
<td>Deferred income</td>
<td>13,868</td>
<td>14,098</td>
</tr>
<tr>
<td></td>
<td>15,713</td>
<td>15,492</td>
</tr>
</tbody>
</table>

Deferred income is made up of the following:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred income from registrants and premises</td>
<td>12,483</td>
<td>12,368</td>
</tr>
<tr>
<td>Other deferred income</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Working capital grant</td>
<td>709</td>
<td>1,510</td>
</tr>
<tr>
<td>Deferred capital grant</td>
<td>586</td>
<td>131</td>
</tr>
<tr>
<td>Revalidation grant</td>
<td>76</td>
<td>76</td>
</tr>
<tr>
<td>Other grants</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>13,868</td>
<td>14,098</td>
</tr>
</tbody>
</table>
11. Commitments
As at 31 March 2014, the GPhC has the following annual commitments relating to operating leases:

<table>
<thead>
<tr>
<th></th>
<th>2014 £000</th>
<th>2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating leases which expire:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Within one year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>41</td>
<td>37</td>
</tr>
<tr>
<td>Property</td>
<td>284</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>325</td>
<td>37</td>
</tr>
<tr>
<td>After one year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>87</td>
<td>49</td>
</tr>
<tr>
<td>Property</td>
<td>839</td>
<td>568</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>926</td>
<td>617</td>
</tr>
</tbody>
</table>

With the lease at 129 Lambeth Road coming to an end in September 2014, the GPhC has agreed to lease space at 25 Canada Square, Canary Wharf for its head office. The lease starts on 1 June 2014 and runs for fifteen years, but with a tenant-only break-clause at 10 years.

At 31 March 2014 there are outstanding capital commitments of £920,000 relating to the acquisition and conversion of the space at Canary Wharf.

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

<table>
<thead>
<tr>
<th></th>
<th>2014 £000</th>
<th>2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating surplus</td>
<td>862</td>
<td>4,627</td>
</tr>
<tr>
<td>Depreciation of tangible fixed assets</td>
<td>207</td>
<td>120</td>
</tr>
<tr>
<td>(Increase)/decrease in debtors</td>
<td>(40)</td>
<td>(152)</td>
</tr>
<tr>
<td>Increase/(Decrease) in creditors</td>
<td>190</td>
<td>(1,113)</td>
</tr>
<tr>
<td><strong>Net cash inflow from operating activities</strong></td>
<td>1,219</td>
<td>3,482</td>
</tr>
</tbody>
</table>

13. Related parties
There are no transactions with related parties other than those transactions disclosed with council members in note 3 (council members’ remuneration and expenses).
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.