



Fees for the registration of pharmacy premises

Consultation report: November 2009

DH INFORMATION READER BOX	
Policy	Estates HR / Workforce Commissioning Management IM & T Planning / Finance Clinical Social Care / Partnership Working
Document Purpose	For Information
Gateway Reference	12955
Title	Fees for the registration of pharmacy premises: Consultation report
Author	DH/NHS-MD-MPI-PHARMA
Publication Date	20 Nov 2009
Target Audience	Pharmacy Representative and Professional Bodies, Pharmacists, Owners of registered pharmacy premises
Circulation List	
Description	A summary response to the public consultation on the level of fees to be charged for the registration of pharmacy premises from 1 January 2010.
Cross Ref	SI No 2946 The Medicines (Pharmacies)(Applications for registration and Fees) Amendment Regulations 2008
Superseded Docs	N/A
Action Required	N/A
Timing	N/A
Contact Details	Pharmacy Professional Regulation Team Department of Health Room 454D Skipton House 80 London Road London SE1 6LH
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First published November 2009

Published to DH website, in electronic PDF format only.

<http://www.dh.gov.uk/publications>

Fees for the registration of pharmacy premises

Consultation report

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1. Introduction

This report is about the response to the consultation on the level of fees to be charged by the Royal Pharmaceutical Society of Great Britain for the registration of pharmacy premises from 1 January 2010.

The consultation took place between 7th August and 30th October 2009, and was published on the Department of Health website. The Department informed interested professional bodies about the consultation and also notified officials in Scotland and Wales who were able to identify organisations there to notify.

The Department has received responses to the consultation from 12 individuals and organisations and this analysis takes account of these replies.

2. Background

The registration of premises at which a retail pharmacy business is, or is to be, carried out is administered, in Great Britain, by a registrar appointed by the Royal Pharmaceutical Society of Great Britain (RPSGB). In accordance with Sections 75 and 76 of the Medicines Act 1968 a fee is payable for initial entry in the register, a retention fee is payable for each year subsequent to the year of entry and a penalty fee is payable where the fee is not paid to time.

The levels of the fees were initially set in the Medicines (Pharmacies) (Applications for Registration and Fees) Regulations 1973 and have since been increased by amending regulations. The most recent is The Medicines (Pharmacies) (Applications for Registration and Fees) Amendment Regulations 2008, which set the following fees from 1 January 2009;

- Initial registration fee: £529
- Annual retention fee: £168
- Penalty (restoration) fee: £529

The RPSGB proposes the level of the pharmacy premises registration fee. Under the Medicines Act 1968, after consultation with interested parties, it is for Ministers to make the regulations setting the fees payable.

The General Pharmaceutical Council

The Government has decided to establish a new regulatory body for pharmacy, the General Pharmaceutical Council (GPhC), and transfer the RPSGB's current regulatory functions, including the registration of pharmacy premises, to that body. Subject to the Parliamentary

process, approval and timetable the GPhC will be established in spring 2010 and will thereafter have responsibility for setting and collecting fees for registration. This will therefore be the last time that the pharmacy premises registration fee will be set under the current arrangements.

Until the GPhC is established the RPSGB remains the regulator for the pharmacy profession and pharmacy premises. 2010 will be the year of transition. It will be for the RPSGB to collect the income from fees for 2010 and then pass to the GPhC a proportion of the regulatory fee income, based on the point in the year at which the GPhC assumes responsibility for regulation.

Ministers set up the Pharmacy Professional Regulation and Leadership Oversight Group (PRLOG) to oversee the change of regulatory functions to the GPhC, including consideration of the financial aspects. Consideration of the activities and costs in relation to premises registration and the inspectorate was included in PRLOG's work programme and advice was prepared for and endorsed by PRLOG relating to both the level of fees for regulatory activities and a basis for the apportionment of fee income between the GPhC and the RPSGB in 2010.

3. Consultation process

The consultation took place between 7th August and 30th October 2009.

Respondents were requested to fill in a questionnaire response form and return either electronically, or by post to the Department. In total, 9 responses were received by the closing date covering 12 individuals and organisations. All responses were reviewed as part of the consultation process.

The responses to the consultation received by the Department represented a mix of responses from bodies/organisations and healthcare professionals in the field of pharmacy. Below is a summary of consultation responses received and the Department's position on these.

Annex A identifies those who responded to the consultation and who did not request that their names should be withheld.

4. Response to consultation

The document *Fees for the registration of pharmacy premises: A consultation on the level of fees to be charged from 1 January 2010*, identified a number of options for setting the level of pharmacy premises registration fees for 2010 and asked for respondents views about the fairness and reasonableness of any increase to the fees and the impact any increase would have on the equality of pharmacy service provision from registered pharmacy premises. An analysis of the responses is set out below.

What level of fee for the registration of pharmacy premises do you consider to be fair and reasonable?

67% (8) of respondents expressed the opinion that fees should remain at the current level. 25% (3) suggested that fees should be increased but did not propose a figure for the increase and 1 respondent said that while the proposed increase did not appear excessive they did not have the knowledge and experience to judge whether the increase was fair or reasonable.

Issues which were identified by those opposed to an increase in fees included;

- The current financial climate made trading extremely difficult and an above inflation increase in fees was not justified.
- The regulator could have better control of its costs.
- Pharmacists were the only healthcare provider who had to pay inspection costs for controlled drugs inspections through their registration fee.
- With more pharmacies now owned by multiples there would be greater consistency of standards and consequently the burden of regulation could be reduced.

Those who suggested that the proposed increase was too little commented;

- The retention fee for premises registration was very low when compared to the retention fee for individual pharmacists on the register.
- The fee for registration of premises should fully fund the cost of regulation of pharmacy premises with no subsidy from the fees paid by individual pharmacists for registration.
- Initial registration fees for pharmacy premises should be aligned to the fees charged for inclusion on a PCT's pharmaceutical list where the application is under one of the four new exemptions.

Do you think these proposals will have an impact on equality of pharmacy service provision from registered pharmacy premises? If so, how will it impact? Please elaborate.

Three respondents replied to this question. There was a view that the larger pharmacy groups would be able to absorb the additional costs occasioned by an increase in registration fees. One respondent suggested that there would be a greater effect on independent pharmacies, who would have their profit margins tightened. Another respondent expressed the view that the annual retention fee was a charge against the global sum for Part 2 Pharmaceutical Services which meant that its impact would be distributed evenly across pharmacy service providers.

Other issues raised during consultation

Five respondents commented on the need for the GPhC to develop its own methodology in relation to inspection of registered pharmacy premises. There was positive feedback on the GPhC's proposed standards having been developed with a view to reducing duplication of inspection. It was also suggested that the adoption of risk based inspections and greater use of self assessments by the GPhC could reduce the costs of inspection in the future.

5. DH reply and conclusion

We are grateful to everyone who took the time to respond to the consultation.

Although the majority of respondents were in favour of no increase to the pharmacy premises registration fee from 1 January 2009 there are a number of factors which ought also to be considered.

- In the spring of 2010 the regulation and inspection of pharmacy premises, as well as regulation of pharmacy professionals, will transfer from the RPSGB to the GPhC.
- In preparation for this the Pharmacy Regulation and Leadership Group (PRLOG), which was established by Ministers to oversee the move of regulatory functions to the GPhC, commissioned advice on the financial implications. This included consideration of the activities and costs in relation to premises registration and the inspectorate and covered the level of fees which the GPhC would require to generate a sufficient level of income to carry out these obligations. An increase of 2.2% was proposed as a result of this review and was endorsed by PRLOG. This proposal was set out in the consultation as Option2 Scenario 1.
- Salaries are the largest element of the costs covered by the premises fees. In recent years the approach which has been adopted to the increase in pharmacy premises registration fees has been to increase them in line with the increase in the index for

average earnings rather than employing a measure of general inflation. The latest (October 2009) figure for the increase in average earnings shows a rise of 1.6%, slightly below the increase of 2.2% proposed by the PRLOG review. However the proposal from PRLOG is below the general level of increase in inflation, which is currently 2.45%.

To ensure that the new regulator for pharmacy is adequately funded in its initial operation, and to give the new management team the opportunity to develop the regulator's financial model, Ministers have agreed to an increase of 2.2% to the fees for the registration of pharmacy premises. The new fees will be payable to the RPSGB from 1 January 2010, with an agreed proportion being transferred to fund the GPhC when it is established which, subject to Parliamentary time and process, is expected to be in spring 2010.

Annex A

Responses received from:

Association of Independent Multiple Pharmacies*
Berkshire Local Pharmaceutical Committee
Board of Community Health Councils in Wales
Community Pharmacy Scotland
Company Chemists' Association*
East Riding and Hull Local Pharmaceutical Committee
Mr Austin Gibbons MRPharmS
National Pharmacy Association*
Pharmaceutical Advisers Group
Pharmaceutical Services Negotiating Committee*
Mr Frank J Randall MRPharmS DFHom(Pharm)
Rowlands Pharmacy

KEY:

* A joint response