

Consultation on the draft 2020 fees rules: analysis report



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Executive summary

Background

Between January and April 2020, we consulted on our draft 2020 fees rules and our long-term fees strategy. As part of this, we proposed to increase the registration and renewal fees for pharmacy premises and asked for views on whether the fees for pharmacy premises should be charged according to how much it costs to regulate them.

Based on 2018/19 figures, the cost of regulating each pharmacy premise is now £365 a year. The fees paid by pharmacy owners have not kept pace with the costs of regulating pharmacies. We are therefore proposing to increase the registration and renewal fees for premises by £103, from £262 to £365. The increase is based on the difference between the present fee for premises and the cost of regulating pharmacy premises in 2018/19.

Over the next two years, as part of our long-term fees strategy, we will be exploring changes to our fees for all our registrant groups. In this consultation, we sought views on whether the areas, including those listed below, are appropriate areas to look at in the future:

- setting fees for all registrant groups over a longer period; for example, by linking to inflation or setting fees to increase each year by a certain, fixed percentage for a multi-year period
- whether we could have more flexible fee options, including considering the cases for and against different fees for some registrants – for example, those on parental leave
- different fees for premises based on their type, turnover or other size measures
- the possibility of charging for additional regulatory activities – for example, reinspection

We delivered the consultation through an online survey and received 1710 responses: 188 from organisations and 1522 from individuals. There were also six additional responses which did not follow the structure of the survey: two from individuals and four from organisations, bringing the total number of responses to the consultation to 1716.

Key issues raised in responses

Around a third of respondents agreed with our proposals that premises should pay the costs of their regulation. Over half of respondents thought that the areas we identified as part of our long-term fees strategy were the right ones to focus on.

General views

The consultation sought views on two key areas; changes to the registration and renewal fees for pharmacy premises, and the areas that we should look at as part of our long-term fees strategy. On the former, a larger number of respondents disagreed with a proposed increase in premises fees compared to those who agreed. Views on our long-term fees strategy were mixed with more respondents in agreement with the areas proposed compared to those who disagreed.

Views on the proposals to increase the registration and renewal fees for pharmacy premises

In agreeing with the proposals, many respondents felt that the proposed increase was appropriate and necessary to cover the costs of regulating premises. Similarly, some respondents also thought that the increase was appropriate, based on the cost analysis commissioned by us and undertaken by Ernst and Young.

In disagreeing with our proposals, a large proportion of respondents drew attention to the financial burden that an increase in premises fee would have on pharmacy owners. Of these, many respondents felt that owners of smaller pharmacies would be worse-off compared to their larger, more profitable counterparts. There were also concerns about the possibility of a knock-on effect as owners attempt to make up the shortfall in other areas. Some respondents speculated that owners may look to reduce services or staffing levels to help recover costs, to the detriment of the public and profession alike whilst others were concerned about the timing of the proposals in light of the Covid-19 pandemic. Many respondents called on the GPhC to reduce its own costs and expenditure in order to make up the difference, whilst others thought that the increase proposed was too steep to manage in a short space of time.

Views on the areas we should look at as part of our long-term fees strategy

The majority of respondents agreed with the areas that we propose to look at as part of our long-term fees strategy. In particular, there was agreement amongst many respondents on the possibility of basing the premises fees on factors such as the size or turnover of a premise, as well as charging more for additional regulatory activities such as reinspection. Many respondents also put forward a number of other suggestions on differential fees such as reduced registrant fees for those that are on parental leave or working part-time.

For those that disagreed, some respondents found the prospect of differential fees to be confusing, unnecessary and difficult to implement, whilst others that the current flat fee model was more appropriate.

Views on the impact the proposals may have on various stakeholder groups

Many respondents thought that an increase in premises fees would impact negatively on pharmacy owners, primarily from a financial perspective. However, there were mixed views on the impact it would have on patients and the public. Some thought that the public would benefit if premises fees were linked to additional regulatory activities, such as reinspection as owners would be incentivised to maintain high standards. In contrast, a few respondents thought that an increase in premises fees could lead some owners to reduce the number of services offered in order to make up the shortfall, which could impact negatively on patients and the public.

Apart from age, and pregnancy and maternity, the majority of respondents felt that the proposals would not have an impact on people sharing protected characteristics. A few respondents anticipated that the introduction of differential fees would have a positive impact on those with protected characteristics. For example, reduced fees for those on parental leave may positively impact the pregnancy and maternity protected characteristic.

The consultation: what we did

1. Policy background

- 1.1. Our role is to protect the public and give them assurance that they will receive safe and effective care when using pharmacy services. We are responsible for making sure we have the financial resources to fulfil this role and our statutory duties.
- 1.2. Under the Pharmacy Order 2010 ('the Order'), the GPhC has the authority to charge fees and change the level of fees for registration of pharmacy professionals and registered pharmacies and to make rules for fees, so that the cost of pharmacy regulation is paid by those who are regulated.
- 1.3. The GPhC has an established fees policy which contain the principles that our Senior Leadership Group and Council base their fees decisions upon. When we review our fees, we always carry out a strategic analysis to decide whether we have the funds we need to cover the cost of regulation.
- 1.4. To make sure the fees are appropriate, we use a 'cost allocation model' which allocates actual costs and expenditure incurred across the registrant groups. This makes it clear how much our individual activities cost and provides a framework for discussions about the setting of fees. When we change the fees we charge we are required by law to consult with the people and organisations that pay them.
- 1.5. At the moment, the amount being underpaid by the owners of pharmacy premises is slightly over £103 for each pharmacy. Our long-term financial analysis shows that making up this deficit from our reserves is not a sustainable option.
- 1.6. There are no plans to increase fees for pharmacy professionals as part of this consultation. However, as part of our long-term financial strategy we are looking at ways to reduce our costs, become more efficient, use our reserves more effectively, and make sure that those being regulated are paying an appropriate amount in fees, as well as exploring other possible sources of income.

Analysis of consultation responses and engagement activities: what we heard

In this section of the report, the tables show the level of agreement/disagreement of survey respondents to our proposed changes. Please refer to Appendix 1 for more information on the proposals. In each column, the number of respondents ('N') and their percentage (%) is shown. The last column in each table captures the views of all survey respondents ('Total N and %'). The responses of individuals and organisations are also shown separately to enable any trends to be identified.

2. Changes to the registration and renewal fees for pharmacy premises

Table 1: Views on proposals to increase fees for pharmacy premises

Q1. Do you agree or disagree that the increase in fees for pharmacy premises should be the difference between the amount they now pay in fees (£262), and the amount they cost to regulate (£365)?	N and % individuals	N and % organisations	N and % Total
Agree	452 (30%)	17 (9%)	469 (27%)
Disagree	976 (64%)	170 (90%)	1,146 (67%)
Don't know	94 (6%)	1 (1%)	95 (6%)
Total N of responses	1,522 (100%)	188 (100%)	1,710 (100%)

Overall, the majority of respondents disagreed (67%) with our proposals to increase the fees for pharmacy premises based on the difference between the amount they now pay in fees and the amount they cost to regulate. However, a much larger proportion of organisational respondents (90%) disagreed with our proposals compared to individuals (64%).

More individual respondents (30%) were inclined to agree with the proposals to increase the fees for pharmacy premises compared to organisations (9%). Around 6% of respondents did not know if they agreed or disagreed.

Around 70% of respondents left explanatory comments to this question. The following is an analysis of the themes found in these comments.

2.1. The proposals are appropriate to cover the costs of regulating premises

For those that agreed with our proposals, many respondents felt that an increase in fees for pharmacy premises was appropriate to ensure that the GPhC can fulfil its regulatory function in the future. However, individual respondents much more frequently shared this view compared to organisations. Some respondents drew attention to our new approach to inspections as an example of why an increase in the fees was justified, whilst others thought that the cost allocation model was a fair and proportionate way to determine how the fees should be calculated.

Many respondents agreed with the proposals as they felt it was appropriate for pharmacy owners to cover the costs for regulating their own premises. There were concerns that pharmacy professionals could end up subsidising pharmacy owners if the GPhC chose to make up the shortfall in other areas; some respondents thought this was unacceptable.

2.2. The increase in fees proposed is manageable

Some respondents thought that pharmacy owners were in a favourable position to take on an additional cost in their fees, compared to other groups. In particular, there was a perception amongst a few respondents that a £103 increase in the fees would be manageable for owners, many of whom already have established commercial and business interests to cover the costs.

A small minority of respondents went as far as to say that the fees for pharmacy owners could be increased further, to ensure that the GPhC has the means to carry out its regulatory function efficiently.

2.3. Financial burden on pharmacy owners

For those that disagreed with our proposals, a large proportion of responses, including more organisational than individual respondents, highlighted the financial burden the proposals would have on pharmacy owners. Many respondents drew attention to the context in which the proposed increase would take place, citing ongoing issues such as cuts to funding and increasing workplace pressures. Many respondents felt that an increase in the fees would exacerbate the situation particularly the long-term viability of the community pharmacy sector.

A large number of respondents indicated that those who owned small pharmacies with a low turnover would be the worst off. It was suggested that this could lead to the closure of some small pharmacies who would not have the means to manage an increase in their fees, compared to owners of multiple pharmacies with larger incomes. Some respondents felt that this would have a knock-on effect, to the detriment of patient care, if pharmacies were put under more strain.

Some respondents remarked that the proposals were hyperinflationary and unreasonable and that the cost should be shared amongst individuals and owners. Alternatively, some respondents indicated that whilst they were not opposed to an increase in the fees in principle, the level of increase proposed was excessive and substantial to reconcile in a single year. It was suggested that a phased increase would help ensure that pharmacy owners have the resources in place to soften the blow.

A few respondents thought that the symbolic nature of an increase in fees would lay down a precedent and lead to ill-feeling between the GPhC and pharmacy owners. There was a perception amongst these respondents that the increase proposed by the GPhC was difficult to quantify from a regulatory perspective.

2.4. GPhC should reduce their own costs/expenditure

Instead of looking to increase the fees for pharmacy premises, many respondents including more organisational than individual responses, felt that the GPhC had a responsibility to look internally as to where efficiency savings could be made at an organisational level. As the independent regulator for pharmacists, pharmacy technicians and pharmacy premises in Great Britain, these respondents felt that the GPhC should pay some of the costs of regulation.

A small minority of respondents highlighted the GPhC's current headquarters in Canary Wharf as an area where potential savings could be made. It was suggested that an alternative, cheaper location could help make up the required savings.

A few respondents indicated that the GPhC should explore more innovative and cost-effective ways to optimise the way it regulates, for example through technological developments. Other respondents held more traditional views about how costs could be recovered; for example, through staff redundancies and regular salary reviews. One suggestion called on the GPhC not to raise any fees until it can detail and demonstrate independently verifiable efficiency gains on an annual basis.

2.5. Financial burden on pharmacy staff

Concerns were raised by some respondents about the impact of the proposals on pharmacy staff, from a financial and earnings perspective. This was raised more frequently by individuals than organisational respondents. It was suggested that pharmacy owners may look to reduce the base salary of pharmacy professionals to make up the costs of a proposed increase in premises fees. A small number of individuals, some of whom were responding as pharmacy professionals, drew attention to their own circumstances to demonstrate how the proposals may impact on their wider employability and subsequent long-term earning potential.

A minority of respondents were concerned about the financial burden on locum pharmacists. It was suggested by a few respondents that owners may look to reduce the employment of locum pharmacists to help recover the costs of an increase in their premises fees. This was a worrying prospect for some respondents who indicated that it was already a challenging time for locum pharmacists in a competitive marketplace.

2.6. Other issues

Respondents provided a number of comments in addition to those already summarised. A selection of these are highlighted below.

- Some respondents felt they required further evidence of the rationale to help understand a proposed increase in premises fees. For example, a few respondents called for more information and transparency to help understand the costs associated with inspecting pharmacies.
- Some respondents encouraged the GPhC to carry out changes to its fees more strategically in future to avoid any large increases or decreases in fees.
- Some respondents were generally critical of the GPhC and were concerned that an increase in fees would not provide any clear benefit to registrants in exchange.
- A few respondents thought that a breakdown explaining where the recovered costs would be spent would provide clarity about why an increase in fees was required.
- A few respondents felt that alternative sources of income to make up the shortfall should be explored. The role of the Department of Health and NHS England in supporting pharmacy was questioned whilst others thought the government should consider how the public could bear some of the costs of regulation.
- A few respondents indicated that increasing premises fees was poorly timed considering the pressures caused by the coronavirus pandemic.
- Very few respondents thought that an increase in fees was disproportionate compared to the fees set by other healthcare regulators.

3. Areas to look at as part of our long-term fees strategy

Over the next two years, as part of our long-term fees strategy, we will be exploring changes to our fees for all our registrant groups. This will include looking at setting fees for all registrant groups over a longer period, whether we could have more flexible fee options, different fees for premises based on their type, turnover or other size measures. Please refer to Appendix 1 for full details.

Table 2: Views on our long-term fees strategy

Q3. Do you think these are the right areas to look at in the future?	N and % individuals	N and % organisations	N and % Total
Yes	858 (56%)	96 (51%)	954 (56%)
No	420 (28%)	72 (38%)	492 (29%)
Don't know	244 (16%)	20 (11%)	264 (15%)
Total N of responses	1,522 (100%)	188 (100%)	1,710 (100%)

Over half (56%) of respondents agreed with the areas that we propose to look at as part of our long-term fees strategy. Agreement was slightly higher among individual respondents (56%) compared to organisations (51%).

Around a third (29%) of respondents did not feel that the areas identified were appropriate for consideration as part of our long-term fees strategy. A higher proportion of organisations (38%) disagreed with the areas proposed compared to individuals (28%).

Overall, 15% of respondents, including a similar proportion of individuals (16%) and organisation (11%), did not know if the areas listed were the right areas to focus on in the future.

Around half of respondents left explanatory comments to this question. The following is an analysis of the themes found in these comments.

3.1. General agreement with the areas proposed

A large number of respondents found the areas that we intend to look at as part of our long-term fees strategy to be reasonable. Of these respondents, many drew attention to the importance of sound financial planning and indicated that the areas listed in the consultation document such as setting fees based on the sector in which registrants work in were an appropriate first step in this process. Some respondents were encouraged that we were considering looking at flexible fee options, and felt that a one-fee-fits-all structure was outdated and no longer appropriate.

3.2. Agreement with basing fee on number/size of pharmacies owned

Many respondents, including a larger number of organisational than individual respondents, indicated that fees in the future should be linked to the size or number of pharmacies owned. They believed that this was the most equitable way in setting fees, highlighting the disparities between the profitability of large-chain multiple pharmacies and small independent community pharmacies. A few respondents queried if larger premises take longer to inspect than smaller pharmacies and if so, whether the fees should reflect this.

A small number of respondents felt that smaller pharmacies should be supported more in the current economic climate compared to their larger, more-profitable counterparts. Linking fees to the size of pharmacies was therefore proposed as a fair way of determining the costs that each pharmacy would have to pay. A small minority of respondents also thought that the fees could be stratified and linked to the number of items dispensed, or number of services offered, to help determine a specific fee that owners would be required to pay.

3.3. Agreement with basing fees on turnover

Those respondents who felt that the fees should be based on the number/size of pharmacies also felt the fees could be based on turnover and profits. This theme was raised more frequently by organisational than individual respondents. In agreeing with basing fees on turnover, many respondents thought that it would help protect smaller pharmacies by enabling larger, more profitable pharmacies to bear a higher proportion of the costs.

Whilst acknowledging that basing the fees on turnover was appropriate, a few respondents felt that net profit was a more proportionate and appropriate measure to determine how fees for pharmacy premises could be set.

3.4. Reduced fees for those on parental leave

Many respondents commented on proposals around differential fees for some registrants, for example those on parental leave or working part-time. A much higher proportion of individual respondents raised this issue compared to organisational respondents. Of those that raised this issue, the majority were in support of introducing differential fees for this particular group, claiming that it was unfair for those not in full time employment to pay the registrant fees in full. Some respondents felt that by introducing differential fees it would encourage those who are working part-time to stay on the register, which would benefit the profession as a whole.

Some respondents believed that registrants who were on maternity leave should have their fees frozen or reduced for that same period, since they were not practising as a pharmacy professional.

3.5. Agreement with setting fees over a multi-year period

A large number of respondents agreed with our proposals to set fees in advance, over a multi-year period. They explained that having a fixed fee structure over a period of three years, for example, would help support businesses in planning and budgeting for these ongoing changes in the long-term. These respondents were also largely in favour of linking the fees to inflation over a multi-year cycle.

A few respondents thought that the fees could be fixed over a period of five years, instead of three years as suggested in the consultation document. Explaining why, they indicated that a fixed price over a longer term would allow pharmacy owners to recover from funding shortages and pharmacy closures.

Despite this, some respondents took issue with were the proposals around linking the fees to inflation over a three-year period. These respondents felt that inflation was an unpredictable, and therefore unreliable measure in which to base the fees against. In particular, they remarked that the wages and salaries for pharmacy professionals had not risen in line with inflation and therefore it was unfair for the fees to do so also.

3.6. Charging for additional regulatory activities

Some respondents favoured proposals that would allow the GPhC to charge more if additional regulatory activities were required – for example, reinspection or registrants who undergo disciplinary

or fitness to practise proceedings. Respondents felt that it was reasonable to expect pharmacy owners to pay for any additional regulatory activity. This was viewed as fairer than if the GPhC made up the shortfall in other ways.

A small number of the respondents who supported this proposal thought that charging extra for additional regulatory activities would incentivise pharmacy owners to meet the standards thereby helping to drive improvement by providing safe and effective care.

Despite agreeing with this proposal a few respondents warned that issuing additional charges could be mistaken for a financial penalty/sanction. Others felt that charging for additional regulatory activities should depend on the type of regulatory activity required and whether it was the owner's fault; for example, a reinspection.

3.7. Other suggestions for differential fees

Many respondents suggested a number of areas the GPhC could look at in the future as part of its long-term fees strategy. Many focused on our proposals exploring changes to our fees for all registrant groups; a selection is outlined below in order of their frequency:

- A large number of respondents felt that there should be reduced fees for those non-practising or away from work.
- A large number of respondents suggested that those who work part-time should pay different fees to registrants who work full-time. It was noted that some part-time registrants may be studying to develop their pharmacy career and are unfairly penalised by paying their fees in full despite working less hours than their full-time counterparts. This was raised more frequently by individual than organisational respondents.
- Some respondents thought that registrant fees should be based on a registrant's salary/income or personal circumstances, e.g. those earning more should be required to pay more in fees.
- Some respondents thought that premises fees should be linked to the type of services offered, e.g. online pharmacies.
- Some respondents proposed the setting of fees based on location or working environment, e.g. registrants working in densely populated locations with a high turnover of patients.
- Some respondents called for greater flexibility to pay fees over a longer period of time, rather than on an annual basis.
- A few respondents thought that fees should be reduced dependent on a registrant's age, e.g. over 60's, newly qualified.
- A small number of respondents were in favour of reducing fees based on the number of uninterrupted years a pharmacy professional has been registered.
- A small number of respondents felt that those with caring responsibilities, who are absent from the profession for an extended period of time, e.g. sickness, and post-graduate students should not be required to pay the registrant fees in full.
- There were a few respondents who felt that premises fees should be reduced for pharmacies which consistently meet our standards.
- A small number of respondents suggested that we link registrant fees based on the ability and skills/qualifications acquired by a pharmacy professional.

- A small number of respondents suggested that we base fees on a remuneration criteria.
- A few respondents suggested that we set a retainer fee for those who live abroad but do not want to lose their registration.

3.8. Disagreement with differential fees

A minority of respondents disagreed with setting differential fees for a variety of reasons, some of which have already been discussed, for example, many respondents thought that they GPhC should reduce its own costs and expenditure before proposing new changes to the fees structure (see section 2.4 for more details).

However, respondents disagreed with differential fees for other reasons including those mentioned below:

- Having a multi-tiered fees-based system would lead to more bureaucracy and red tape
- Differential fees are confusing, needlessly complex and inefficient
- Differential fees will favour multiple pharmacies who may exploit it for commercial reasons
- Differential fees will be difficult to enforce and may prove counterproductive if it costs the GPhC more to assess each individual's circumstances
- The current flat-fee model has been working well and therefore no change is required
- Each change would require more in-depth analysis and consultation before being approved so that its impact can be assessed

4. The impact of the proposals

Table 3: Views on the impact our proposals will have on any other individuals or groups

Q6. Do you think our proposals will have a positive or negative impact on any other individuals or groups?	N and % individuals	N and % organisations	N and % Total
Positive impact	80 (5%)	5 (3%)	85 (5%)
Both positive and negative impact	217 (14%)	16 (9%)	233 (14%)
Negative impact	590 (39%)	120 (64%)	710 (42%)
No impact	229 (15%)	15 (8%)	244 (14%)
Don't know	406 (27%)	32 (17%)	438 (26%)
Total N of responses	1,522 (100%)	188 (100%)	1,710 (100%)

The largest proportion of respondents felt that our proposals would have a negative impact (42%) on any other individuals or groups. However, a much larger proportion of organisations (64%) felt this way compared to individuals (39%).

An equal number of respondents (14%) felt that the proposals would have either no impact, or both a positive and negative impact on any other individuals or groups. A higher proportion of individuals (15%) thought that there would be no impact compared to organisations (8%).

Many respondents (26%) did not know whether the proposals would have a positive or negative impact on any other individuals or groups.

Around a third of respondents left explanatory comments to this question. The following is an analysis of the themes found in these comments.

4.1. Impact on pharmacy owners

A large number of respondents, including a similar proportion of individual and organisational respondents, thought that the proposals would have a negative impact on pharmacy owners. Most respondents cited the financial burden that the proposals would have on this group as the main reason why the impact would be more negatively felt.

As highlighted in section 2.3, respondents drew attention to the current economic difficulties facing the sector and the size of the proposed increase as amongst the main reasons why owners would be negatively impacted. A small number of respondents also indicated that the pressure in making up the difference in premises fees, could adversely impact on the mental health of pharmacy owners.

Some respondents felt that pharmacy owners would feel no substantial impact as a result of an increase in premises fees. They indicated that the cost was manageable and that owners would be able to absorb an increase in fees for premises, for much of the same reasons outlined in section 2.2.

A few respondents commented on the potential impact that the setting of different fees for premises could have on pharmacy owners. In particular, they thought that setting premises fees based on their type or turnover was fair and proportionate as owners of smaller pharmacies would not be required to subsidise larger, more profitable pharmacies that are more expensive to regulate.

4.2. Impact on the public and patients

Many respondents, including a larger proportion of organisational respondents than individuals, thought that the potential negative impact on pharmacy owners would have a knock-on effect on other groups, such as patients and the public. Some respondents felt that the quality of some services may be reduced or removed entirely as pharmacies attempt to make up the shortfall caused by increased premises' fees. A few respondents indicated that those in rural or smaller communities would be impacted the most if services are affected, as they have access to fewer pharmacies.

A small number of respondents felt that introducing some differential fees could have a positive impact on the wider public. They indicated that by linking fees to turnover, smaller pharmacies could remain open and serve the public as they won't be pressured into subsidising larger, more profitable pharmacies. Similarly, it was noted by a few respondents that pharmacy owners may be incentivised to meet the standards to ward off potential extra costs related to any additional regulatory activities, such as reinspection. In turn, this would benefit the public as standards would be maintained.

A few respondents thought that an increase in premises fees would benefit the wider public as it would allow the GPhC to carry out its regulatory function to the best of its ability.

4.3. Impact on pharmacy professionals

Many respondents thought that an increase in premises fees would impact negatively on pharmacy professionals. Some respondents felt that pharmacy professionals would be under more pressure as

owners attempt to make up the shortfall in the fees; there was particular concerns that pharmacy professionals could lose their job which may have a knock-on effect on incumbent staff being overworked and under supported.

A few respondents indicated that differential fees had the potential to positively impact pharmacy professionals, for example reduced fees for those on parental leave.

4.4. Impact on any other individuals or groups

Some respondents thought that the proposals would have an impact on a number of other individuals or groups not already identified. For example, some thought that the proposals had the potential to negatively impact upon locum pharmacists, low income households and multi role professionals.

5. The impact of the proposed changes on people sharing particular protected characteristics

Impact on protected characteristics - all respondents

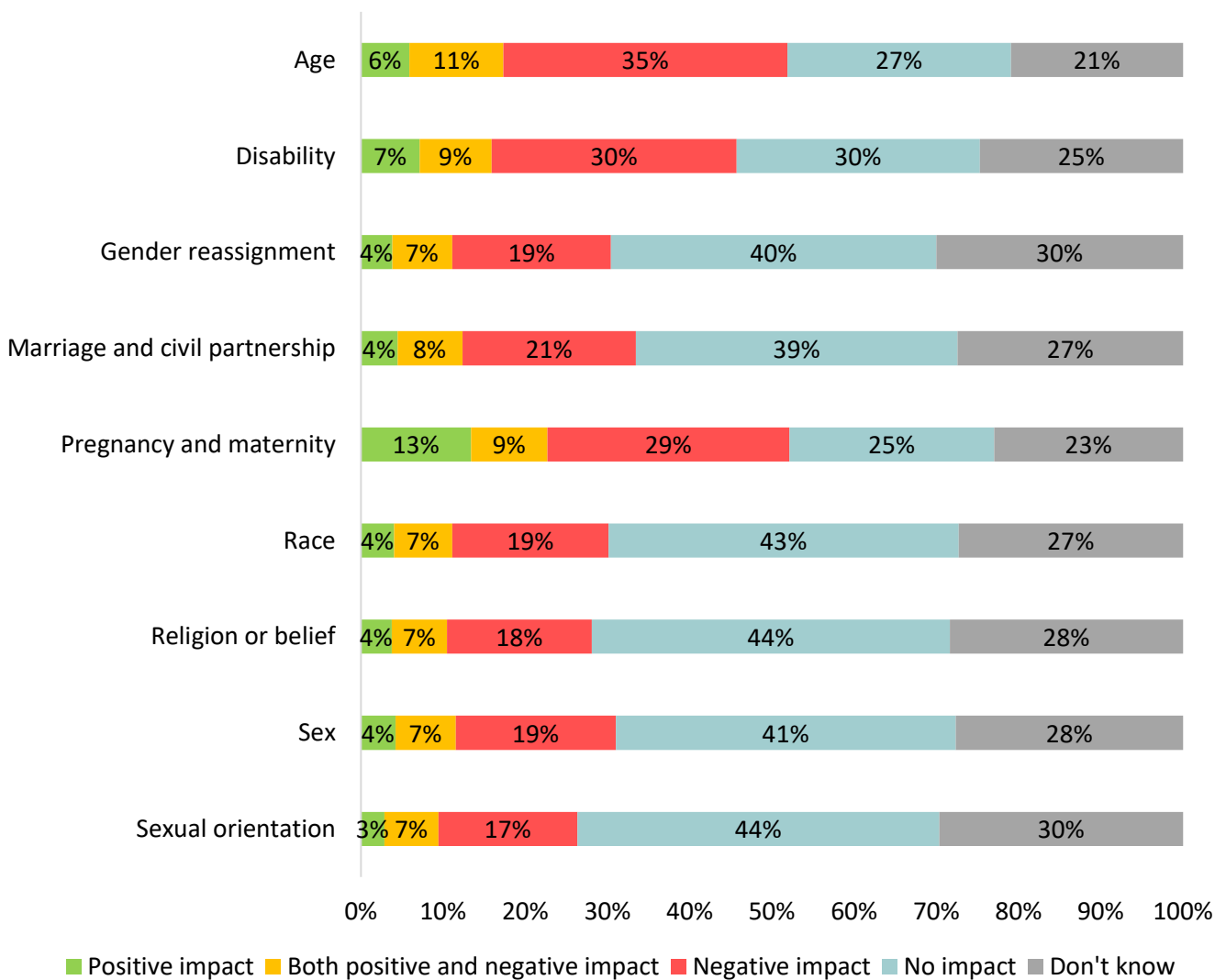


Figure 1: Views of all respondents (N = 1,710) on whether our proposals positively or negatively impact any individuals or groups sharing any of the protected characteristics in the Equality Act 2010

Apart from age, and pregnancy and maternity, the majority of respondents felt that the proposals would not have an impact on people sharing protected characteristics. Regarding disability an equal number of respondents felt that the proposals would have a negative impact or no impact.

Age was viewed as a protected characteristic that respondents felt would have the biggest negative impact (35%), followed by disability (30%).

A full breakdown of individual and organisational responses to this question is available in appendix 5.

5.1. Age

Some respondents felt that our proposals may have a negative impact on certain people due to their age. For example, an increase in fees could result in pharmacy owners in the upper age bracket deciding to take early retirement. Some respondents also noted that closures of pharmacies would have the biggest impact on the elderly.

A few respondents suggested that the introduction of differential fees linked to an individual's age may encourage elderly people to stay in the profession for longer, and thus have a positive impact on this age-group

5.2. Disability

Some respondents thought that those with disabilities and that require a frequent service from a pharmacy would be negatively impacted. This was based on the assumption that pharmacy owners may look to reduce services or close pharmacies to compensate for an increase in premises fees, e.g. charging more for home delivery.

5.3. Impact on those with other protected characteristics

The impact of the proposals on any other groups or individuals with protected characteristics are highlighted below:

- Some respondents claimed that the proposals would have a negative impact across the board, irrespective of any individual characteristic, if fees were to increase.
- Some respondents felt that the introduction of flexible fees would have a positive impact on those who were pregnant or on maternity, for the reasons highlighted in section 3.7
- A few respondents indicated that black, Asian and minority ethnics (BAME) would be negatively impacted as a result of the proposals, if fees were to increase.
- It was noted by a small number of respondents that the proposals may impact based on sex or gender. For example, female pharmacy owners who already earn less than their male counterparts may be more disadvantaged.

5.4. No impact

Many respondents felt that our proposals would have no impact on any of the protected characteristics listed. Explaining why, respondents claimed that if the changes or proposals were implemented with due diligence then individuals or groups with protected characteristics should not be disproportionately impacted.

On the increase in premises fees, a few respondents indicated that the increase was manageable and proportionate and therefore would not impact on any individual or group.

Appendix 1: Summary of our proposals

Part 1: Changes to the registration and renewal fees for pharmacy premises

At the GPhC we use a cost allocation model to make sure that our fees are appropriate. This allocates expenditure according to our statutory roles (what we have to do), and the cost of regulating each registrant group (pharmacists, pharmacy technicians, and premises). This makes it clear how much it costs to regulate each of these registrant groups and gives us information to use for any review of fees.

Our review included an analysis of:

- the present fees paid by all registrant groups
- the regulatory work we know we need to do in the coming year, and
- the likely gap between our forecast budget and what our income would be if fees for premises stay the same

We are proposing to increase the registration and renewal fees for pharmacy premises by £103, from £262 to £365. The £103 increase in fees for pharmacy premises has been based on how much they cost to regulate, and the shortfall between that figure and the amount they now pay in fees.

By continuing to improve our efficiency and by using some of our financial reserves to cover the gap between our income and our expenditure, we have not increased our fees significantly or regularly in recent years. Using our reserves in this way is not sustainable now or in the long term. We plan to carry out our role and achieve our aims in a sustainable way by:

- continuing to reduce our costs by working as efficiently as we can, including by investing in service improvements when this is appropriate
- making best use of financial reserves
- keeping our fees structures and fee levels under review

Part 2: Our long-term financial strategy

Five years ago, the GPhC decided that we were keeping our reserves at too high a level. We decided to reduce the level in a number of ways, including restricting the rise in registration and renewal fees for a limited amount of time. Instead we covered the rising costs of regulation from our reserves.

Financial deficits in four out of the last five years have reduced our reserves level as originally intended. Although we could afford this approach in the short term (because our reserves were big enough), this is no longer the case. Our most recent financial review has shown that we cannot continue to cover registration and renewal fees. Therefore, we have decided to consult on proposed increased fees for registered premises in 2020, so that they are paying a fee which more accurately reflects the cost of their regulation.

We are continuing to develop our long-term financial strategy to make sure that we are a financially stable and sustainable organisation, which:

- is funded appropriately by those we regulate, and
- makes the best use of resources

This financial planning will make sure that the GPhC is able to fund regulation at the right level in the future. The key parts of our long-term financial strategy include:

- responding to what we find out about how changes in pharmacy may affect our income and costs
- planning, prioritising and funding investment in our systems and processes
- making sure that we continue to improve our efficiency and effectiveness across all areas of the GPhC, including through our organisation design and accommodation strategies
- implementing an investment strategy to get the most income we can from other sources
- maintaining sound financial controls
- aligning the financial strategy with the GPhC strategic plan
- the possibility of setting fees for all registrant groups over a longer period – for example, by linking to inflation over a three-year period or setting fees to increase each year by a certain, fixed percentage over a three-year period
- exploring whether we could have more flexible fee options, including considering the cases for and against different fees for some registrants – for example, those on parental leave – and the extra costs and other implications of this
- a scale of fees for premises based on type, turnover or other size measures
- the possibility of charging directly for additional regulatory activities – for example, re-inspection

Appendix 2: About the consultation

5.5. Overview

The consultation was open for 14 weeks, beginning on 7 January 2020 and ending on 15 April 2020. To make sure we heard from as many individuals and organisations as possible:

- an online survey was available for individuals and organisations to complete during the consultation period. We also accepted postal and email responses
- we promoted the consultation through a press release to the pharmacy trade media, via our social media and through our e-bulletin Regulate.

5.6. Survey

We received a total of **1716** written responses to our consultation. **1524** of these respondents identified themselves as individuals and **192** responded on behalf of an organisation.

Of these responses, **1710** had responded to the consultation survey. The vast majority of these respondents completed the online version of the survey, with the remaining respondents submitting their response by email, using the structure of the consultation questionnaire.

Alongside these, we received **six** responses from individuals and organisations writing more generally about their views.

5.7. Social media

We monitored social media activity during the consultation period. However, we did not receive any feedback for inclusion in our consultation analysis.

Appendix 3: Our approach to analysis and reporting

5.8. Overview

Every response received during the consultation period has been considered in the development of our analysis. Our thematic approach allows us to represent fairly the wide range of views put forward, whether they have been presented by individuals or organisations, and whether we have received them in writing, or heard them in meetings or events.

The key element of this consultation was a self-selection survey, which was hosted on the Smart Survey online platform. As with any consultation, we expect that individuals and groups who view themselves as being particularly affected by the proposals, or who have strong views on the subject matter, are more likely to have responded.

The purpose of the analysis was to identify common themes amongst those involved in the consultation activities rather than to analyse the differences between specific groups or sub-groups of respondents.

The term 'respondents' used throughout the analysis refers to those who completed the consultation survey or submitted a general response by email. It includes both individuals and organisations.

Full details of the profile of respondents to the online survey is given in [Appendix 4](#).

For transparency, [Appendix 6](#) provides a list of the organisations that have engaged in the consultation through the online survey and email responses. A number of organisations asked for their participation to be kept confidential and their names have been withheld.

The consultation questions are provided in [Appendix 7](#).

5.9. Quantitative analysis

The survey contained a number of quantitative questions such as yes/no questions. All responses have been collated and analysed including those submitted by email or post using the consultation document. Those responding by post or email more generally about their views are captured under the qualitative analysis only.

Responses have been stratified by type of respondent, so as not to give equal weight to individual respondents and organisational ones (potentially representing hundreds of individuals). These have been presented alongside each other in the tables throughout this report, in order to help identify whether there were any substantial differences between these categories of respondents.

A small number of multiple responses were received from the same individuals and organisations. These were identified by matching on email address and name or organisation. In these cases, the individual respondent's most recent response was included in the quantitative analysis, and all qualitative responses were analysed.

The tables contained within this analysis report present the number of respondents selecting different answers in response to questions in the survey. The ordering of relevant questions in the survey has been followed in the analysis.

Percentages are shown without decimal places and have been rounded to the nearest whole number. As a result, some totals do not add up to 100%. Figures of less than 1% are represented as <1%.

All questions were mandatory and respondents had the option of selecting 'don't know'. Cells with no data are marked with a dash.

5.10. Qualitative analysis

This analysis report includes a qualitative thematic analysis of all responses to the consultation, including online survey responses from individuals and organisations and email and postal responses.

The qualitative nature of the responses here meant that we were presented with a variety of views, and rationales for those views. Responses were carefully considered throughout the analysis process.

A coding framework was developed to identify different issues and topics in responses, to identify patterns as well as the prevalence of ideas, and to help structure our analysis. The framework was built bottom up through an iterative process of identifying what emerged from the data, rather than projecting a framework set prior to the analysis on the data.

Prevalence of views was identified through detailed coding of written responses using the themes from the coding framework. The frequency with which views were expressed by respondents is indicated in this report with themes presented in order of prevalence. The use of terms also indicates the frequency of views, for example 'many'/'a large number' represent the views with the most support amongst respondents. 'Some'/'several' indicate views shared by a smaller number of respondents and 'few'/'a small number' indicate issues raised by only a limited number of respondents. Terms such as 'the majority'/'most' are used if more than half of respondents held the same views. NB. This list of terms is not exhaustive and other similar terms are used in the narrative.

5.11. The consultation survey structure

The consultation survey was structured in such a way that one or more open-ended questions followed each closed question on the consultation proposals. This allowed people to explain their reasoning, provide examples and add further comments.

For ease of reference, we have structured the analysis section of this report in such a way that it reflects the order of the consultation proposals. This has allowed us to present our quantitative and qualitative analysis of the consultation questions alongside each other, whereby the thematic analysis substantiates and gives meaning to the numeric results contained in the tables.

Appendix 4: Respondent profile: who we heard from

A series of introductory questions sought information on individuals' general location, and in what capacity they were responding to the online survey. For pharmacy professionals, further questions were asked to identify whether they were pharmacists, pharmacy technicians or pharmacy owners, and in what setting they usually worked. For organisational respondents, there were questions about the type of organisation that they worked for. The tables below present the breakdown of their responses.

Category of respondents

Table 4: Pharmacy owners (*base: all respondents*)

Are you responding as a pharmacy owner?	Total N	Total %
Yes	411	24%
No	1,299	76%
Total N of responses	1,710	100%

Table 5: Type of pharmacy owned (*base: pharmacy owners*)

Which of the following best describes the pharmacy you own?:	Total N	Total %
Body corporate	235	57%
Sole trader	126	31%
Partnership	50	12%
Total N of responses	411	100%

Table 6: Responding as an individual or on behalf of an organisation (*base: all respondents*)

Are you responding:	Total N	Total %
As an individual	1,522	89%
On behalf of an organisation	188	11%
Total N of responses	1,710	100%

Profile of individual respondents

Table 7: Countries (*base: all individuals*)

Where do you live?	Total N	Total %
England	1,307	86%

Where do you live?	Total N	Total %
Scotland	133	9%
Wales	55	4%
Northern Ireland	2	<1%
Other	25	2%
Total N of responses	1,522	100%

Table 8: Respondent type (*base: all individuals*)

Are you responding as:	Total N	Total %
A pharmacist	1,333	88%
A pharmacy technician	144	9%
A member of the public	6	<1%
Other	39	3%
Total N of responses	1,522	100%

Table 9: Main area of work (*base: pharmacists, pharmacy technicians and 'other' individual respondents*)

Please choose the option which best describes the area you mainly work in?	Total N	Total %
Community pharmacy	930	61%
Hospital pharmacy	294	19%
Prison pharmacy	97	6%
Primary care organisation	56	4%
GP practice	34	2%
Care home	30	2%
Pharmaceutical industry	4	<1%
Research, education or training	3	<1%
Other	68	4%
Total N of responses	1,516	100%

Table 10: Size of community pharmacy (*base: individuals working in community pharmacy*)

Which of the following best describes the pharmacy you work in or own?	Total N	Total %
Large multiple pharmacy chain (Over 100 pharmacies)	361	39%
Medium multiple pharmacy chain (26-100 pharmacies)	72	8%

Which of the following best describes the pharmacy you work in or own?	Total N	Total %
Small multiple pharmacy chain (6-25 pharmacies)	81	9%
Independent pharmacy chain (2-5 pharmacies)	166	18%
Independent pharmacy (1 pharmacy)	242	26%
Online only pharmacy	8	1%
Total N of responses	930	100%

Table 11: Online pharmacy services (*base: individuals working in community pharmacy, excluding online only pharmacy*)

Does the community pharmacy you work in or own deliver online pharmacy services?	Total N	Total %
Yes	312	34%
No	557	60%
Don't know	53	6%
Total N of responses	922	100%

Profile of organisational respondents

Table 12: Pharmacy organisation (*base: all organisations*)

Please choose the option below which best describes your organisation:	Total N	Total %
Registered pharmacy	174	93%
Organisation representing pharmacy professionals or the pharmacy sector	6	3%
Organisation representing patients or the public	5	3%
NHS organisation or group	2	1%
Other	1	1%
Total N of responses	188	100%

Table 13: Type of organisation (*base: registered pharmacies*)

Which of the following best describes the registered pharmacy you represent?	Total N	Total %
Large multiple pharmacy chain (over 100 pharmacies)	3	2%
Medium multiple pharmacy chain (26-100 pharmacies)	3	2%
Small multiple pharmacy chain (6-25 pharmacies)	17	10%

Which of the following best describes the registered pharmacy you represent?	Total N	Total %
Independent pharmacy chain (2-5 pharmacies)	60	34%
Independent pharmacy (1 pharmacy)	79	45%
Online only pharmacy	7	4%
Hospital pharmacy	1	1%
Prison pharmacy	1	1%
Other	3	2%
Total N of responses	174	100%

Monitoring questions

Data was also collected on respondents' protected characteristics, as defined within the Equality Act 2010. The GPhC's equality monitoring form was used to collect this information, using categories that are aligned with the census, or other good practice (for example on the monitoring of sexual orientation). The monitoring questions were not linked to the consultation questions and were asked to help understand the profile of respondents to the consultation, to provide assurance that a broad cross-section of the population had been included in the consultation exercise. A separate equality impact assessment has been carried out and will be published alongside this analysis report.

Appendix 5: The impact of the proposed changes on people sharing particular protected characteristics

Impact on protected characteristics - individuals

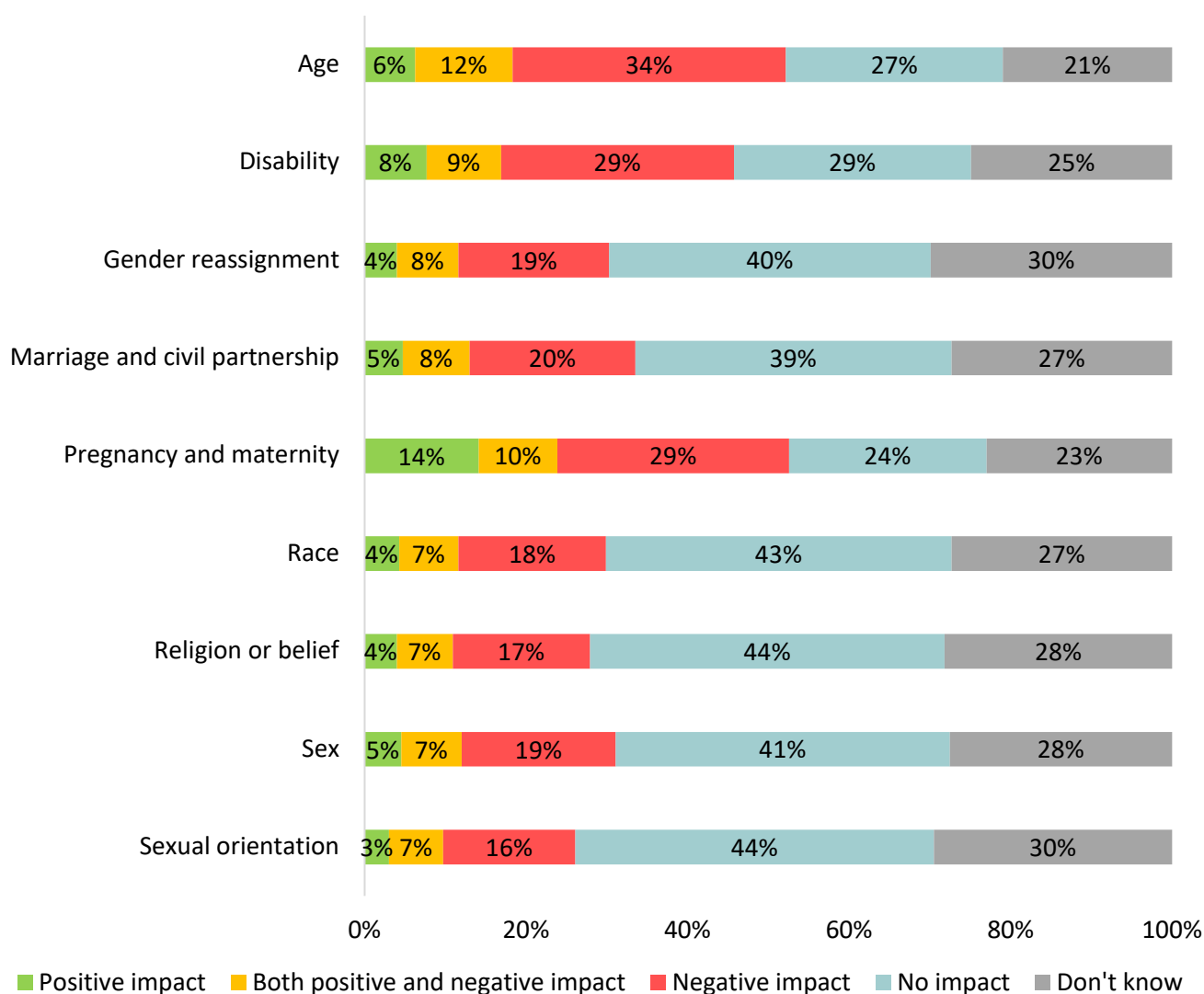


Figure 2: Views of individual respondents (N = 1,522) on whether our proposals positively or negatively impact any individuals or groups sharing any of the protected characteristics in the Equality Act 2010

Impact on protected characteristics - organisations

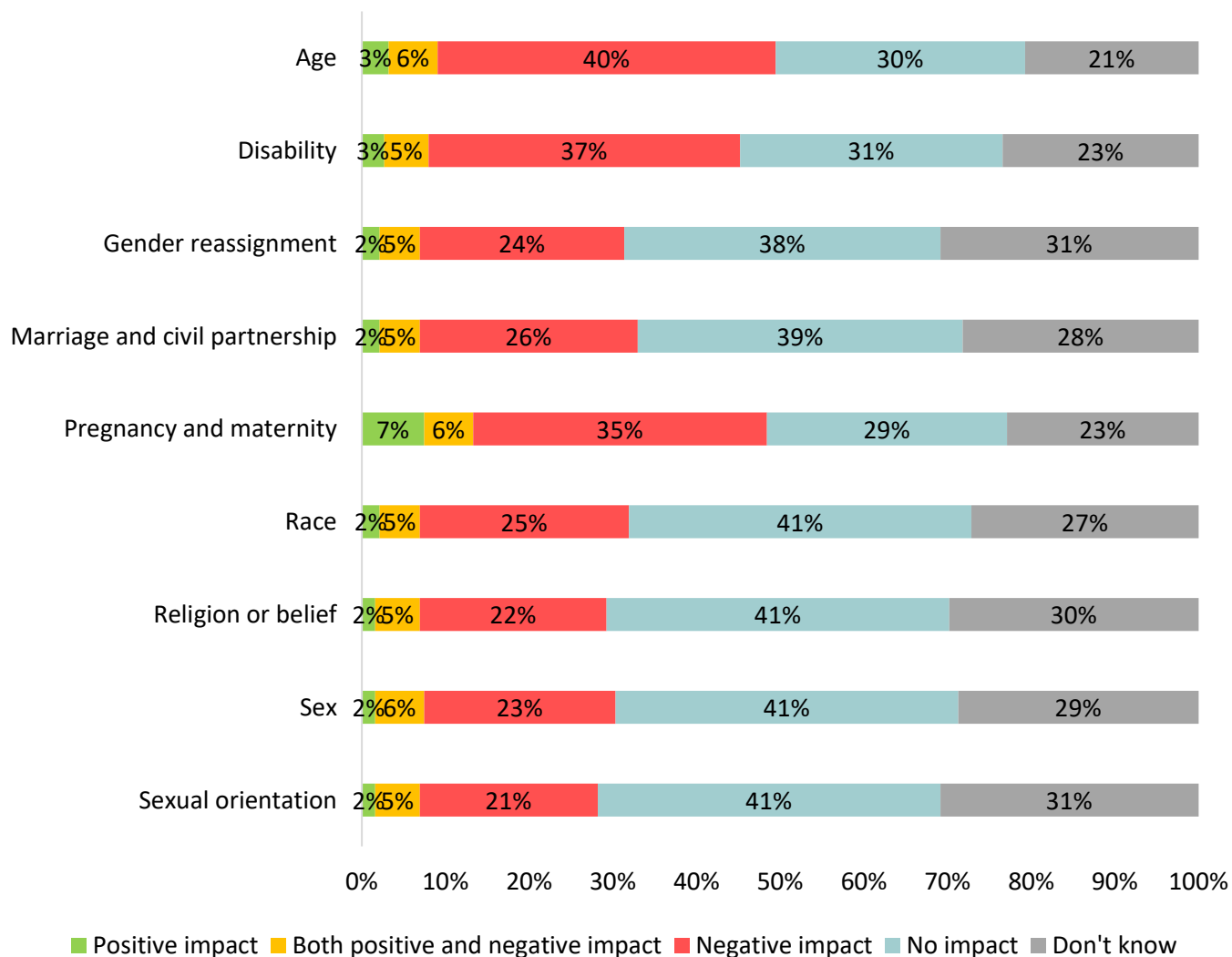


Figure 3: Views of organisations (N = 188) on whether our proposals positively or negatively impact any individuals or groups sharing any of the protected characteristics in the Equality Act 2010

Appendix 6: Organisations

Organisations who engaged in the consultation through the online survey and email responses are listed below. Those who wished for their response to remain confidential have been removed from this list.

A & P Macintyre Ltd
ACE GREENACRE Ltd
Ackers Chemists
AG Bannerman Ltd
Allens
Amin Pharmacy
aqua pharmacy Ltd
Arran pharmacy Ltd
Ashburton Pharmacy
Audenshaw pharmacy Ltd
Ayc north end Ltd
Benchill pharmacy
Bobat Pharmacy
BRAMPTON PHARMACY Ltd
C & S pharmacy Ltd
Canning Ltd
Care Pharmacy Limited
Carter Chemist (2005) Ltd
Carters Chemist
Chemycare
City Pharmacy
Clarks Pharmacy
Community pharmacy
Community Pharmacy Scotland
Community Pharmacy Wales
Compoder Ltd
Crescent Pharmacy
D R Harris

D&M Gompels Ltd + Gompels Ltd
Dales pharmacy
Dean & Smedley Ltd
Doctors Direct Pharma Ltd
Dolphins pharmacy
Drugs4Delivery
Easons Pharmacy
F p cross Ltd
FARNCRAY Ltd
Flagship (Dorset) Ltd
Frosts Pharmacy
G.S.Amar Ltd
Gastropharm
Gateacre Chemists Ltd
Ghyll Grange
Good Life Pharmacy Ltd
Grand Union PCN
Guilsborough Medical Supplies Ltd
H A McParland
Hatch Ride Holdings Ltd
Haxby Group Pharmacy Limited
HealthPharmLtd
Healthpoint Pharmacy
Heath Pharmacy Ltd
HJ Everett Chemist Ltd
I-DISPENSE Ltd
Infohealth Ltd
J M &W Darling
Jays Pharmacy
John & John Ltd t/a Housley Pharmacy
Joseph Cowper Ltd
K Pharmacy
Kays Pharmacy

KiCo
King Chemist
Kingston pharmacy
Lindsay & Gilmour Pharmacy
Liverpool LPC
Lloyds (single branch)
Locum
Madesil
Maverick pharmacy
MEDICINES 4 U LTD
Medizen healthcare services ltd
Melody Healthcare Ltd
Mitchells Chemist Ltd
Moul Pharmacy Ltd
Mr
Muhammads Pharmacy
Newline pharmacy ltd
NIK PHARMA LTD
Nima Pharmacy
Norfolk healthcare
Online Chemist
Oxleas Prison Services Ltd
P&C Paterson Ltd
Pearl Chemist Ltd
Pearn's Pharmacies Ltd
Peter Jamieson Ltd
Pharma
Pharmacists' Defence Association
Pharmacy
Pharmacy Team Ltd
Pharmacy@QEHB Ltd
pharmacyhaus.com
Pharm-Assist (Healthcare) Ltd

Pimhole Pharmacy
Pledger pharmacy ltd
POLYPHARM LTD
PSNC
Quadrant Pharmacies Ltd
Reane Ltd
Robert & Roberts Ltd
Rosehill Pharmacy Ltd
Roseway Labs
Rowlands Pharmacy
Royal Pharmaceutical society
Setfield Limited
Shirley Pharmacy Ltd
Smart Pharm
Solent NHS Trust
Stuart Beer and Co Ltd
Superdrug Store plc
Sutton Associates Ltd
SYKES CHEMISTS LTD
SYNC Chem Ltd
THE OLD SWAN PHARMACY
The Olde Pharmacy
VMS Pharmacy
WALDEN CHYMIST
Walkers pharmacy
Whithorn Pharmacy, Welcome Pharmacy Wigtown, Welcome Pharmacy Creebridge
Whitworth Chemists Ltd
Witterings Pharmacy
Wood End Healthcare Ltd
Wymeswold Pharmacy

Appendix 7: Consultation questions

We are proposing to increase the registration and renewal fees for premises by £103, from £262 to £365. The increase is based on the difference between the present fee for premises and the cost of regulating pharmacy premises according to our cost allocation model.

- 1. Do you agree or disagree that the increase in fees for pharmacy premises should be the difference between the amount they now pay in fees (£262), and the amount they cost to regulate (£365)?**
- 2. What is the reason for your answer?**

Over the next two years, as part of our long-term fees strategy, we will be exploring changes to our fees for all our registrants groups. This will include looking at:

- setting fees for all registrant groups over a longer period; for example, by linking to inflation over a three-year period or setting fees to increase each year by a certain, fixed percentage over a three-year period
- whether we could have more flexible fee options, including considering the cases for and against different fees for some registrants – for example, those on parental leave
- different types for premises based on their type, turnover or other size measures
- the possibility of charging for additional regulatory activities – for examples, reinspection

- 3. Do you think these are the right areas to look at in the future?**
- 4. Please explain your answer and tell us about any other areas you think we should look at as part of our long-term fees strategy.**

Equality impact

We want to understand whether our proposals may have a positive or negative impact on any individuals or groups sharing any of the protected characteristics in the Equality Act 2010. The protected characteristics are:

- age
- disability
- gender reassignment
- marriage and civil partnership
- pregnancy and maternity
- race/ethnicity
- sex
- sexual orientation

- 5. What type of impact do you think our proposals will have on individuals or groups who share any of the protected characteristics?**

We also want to know if our proposals will have any other impact on any other individuals or groups (not related to protected characteristics) – for example, patients, pharmacy owners or pharmacy staff.

- 6. Do you think our proposals will have a positive or negative impact on any other individuals or groups?**
- 7. Please give comments explaining your answers to questions 5 and 6 above. Please describe the individuals or groups concerns and the impact you think our proposals will have.**

